

# **Rising Ground, Inc. and Affiliates**

**Consolidated Financial Statements  
and Supplementary Information  
Year Ended June 30, 2022**

## **Rising Ground, Inc. and Affiliates**

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Consolidated Financial Statements and Supplementary Information  
Year Ended June 30, 2022

# Rising Ground, Inc. and Affiliates

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## Independent Auditor's Report

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

### ***Opinion***

We have audited the consolidated financial statements of Rising Ground, Inc. and Affiliates (Rising Ground), which comprise the consolidated statement of financial position as of June 30, 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Rising Ground as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Rising Ground and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rising Ground's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.



### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rising Ground's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rising Ground's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



***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 consolidating schedules 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*BDO USA, LLP*

November 30, 2022

**Rising Ground, Inc. and Affiliates**  
**Consolidated Statement of Financial Position**

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*June 30, 2022*

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**Assets**

**Current Assets**

Cash and cash equivalents	\$	6,528,616
Investments, at fair value, current portion		19,592,139
Accounts receivable, net		22,731,947
Other receivables		49,425
Prepaid expenses		3,363,553
Assets held-for-sale		744,667
Accrued investment interest receivable		43,334

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**Total Current Assets** 53,053,681

**Assets Limited as to Use**

Assets limited as to use - investments		528,864
Self-insurance deposits		9,242,884
Cash reserve for liabilities		3,840,864

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**Total Assets Limited as to Use** 13,612,612

**Other Assets**

Investments, at fair value, net of current portion		2,361,096
Security deposits		498,128
Operating lease right-of-use assets		7,168,021
Fixed assets, net		10,929,413

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**Total Other Assets** 20,956,658

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**Total Assets** \$ 87,622,951

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**Rising Ground, Inc. and Affiliates**  
**Consolidated Statement of Financial Position**

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*June 30, 2022*

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**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable	\$ 4,552,329
Accrued payroll and employee benefits, current portion	9,429,329
Accrued expenses and other liabilities	26,130,784
Due to government agencies, current portion	104,952
Accrued interest payable	24,512
Line of credit and notes payable, current portion	7,044,903
Finance leases payable, current portion	164,421
Operating leases payable, current portion	2,259,279
Bonds payable, current portion	1,760,000
Paycheck protection payable	10,000,000

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**Total Current Liabilities** 61,470,509

**Accrued Payroll and Employee Benefits, net of current portion** 128,863

**Line of Credit and Notes Payable, net of current portion** 3,874,203

**Finance Leases Payable, net of current portion** 155,591

**Operating Leases Payable, net of current portion** 5,621,081

**Due to Government Agencies, net of current portion** 5,471,173

**Bonds Payable, net of current portion, unamortized discount and unamortized debt issuance costs** 9,587,859

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**Total Liabilities** 86,309,279

**Commitments and Contingencies**

**Net Assets (Deficit)**

Without donor restrictions	(1,333,129)
With donor restrictions	2,646,801

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**Total Net Assets** 1,313,672

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**Total Liabilities and Net Assets** \$ 87,622,951

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*See accompanying notes to consolidated financial statements.*



## Rising Ground, Inc. and Affiliates

### Consolidated Statement of Activities

*Year ended June 30, 2022*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenues</b>			
Program revenue	\$ 127,157,011	\$ 98,250	\$ 127,255,261
In-kind contributions	23,662	-	23,662
Other income	127,499	-	127,499
<b>Total Operating Revenues</b>	<b>127,308,172</b>	<b>98,250</b>	<b>127,406,422</b>
<b>Operating Expenses</b>			
Program services:			
Children and Family Services	53,436,697	-	53,436,697
Developmental Disabilities	24,531,331	-	24,531,331
Juvenile Justice	15,289,679	-	15,289,679
Special Education	10,410,183	-	10,410,183
Early Childhood	7,063,933	-	7,063,933
Anti-Intimate Partner Services	5,799,922	-	5,799,922
<b>Total Program Services Expenses</b>	<b>116,531,745</b>	<b>-</b>	<b>116,531,745</b>
Supporting services:			
Management and general	13,688,360	-	13,688,360
Development	781,822	-	781,822
<b>Total Supporting Services Expenses</b>	<b>14,470,182</b>	<b>-</b>	<b>14,470,182</b>
<b>Total Operating Expenses</b>	<b>131,001,927</b>	<b>-</b>	<b>131,001,927</b>
<b>Change in Net Assets, before non-operating revenues (expenses)</b>	<b>(3,693,755)</b>	<b>98,250</b>	<b>(3,595,505)</b>
<b>Non-Operating Revenues (Expenses)</b>			
Investment loss, net	(2,185,300)	-	(2,185,300)
Contributions	9,276,368	-	9,276,368
Special events	648,355	-	648,355
Direct costs of special events to donors	(148,984)	-	(148,984)
Net assets released from restrictions	74,934	(74,934)	-
<b>Total Non-Operating Expenses</b>	<b>7,665,373</b>	<b>(74,934)</b>	<b>7,590,439</b>
<b>Change in Net Assets</b>	<b>3,971,618</b>	<b>23,316</b>	<b>3,994,934</b>
<b>Transfer Equity</b>	<b>(931,246)</b>	<b>(2,108,553)</b>	<b>(3,039,799)</b>
<b>Net Assets, beginning of year</b>	<b>(4,373,501)</b>	<b>4,732,038</b>	<b>358,537</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ (1,333,129)</b>	<b>\$ 2,646,801</b>	<b>\$ 1,313,672</b>

*See accompanying notes to consolidated financial statements.*

## Rising Ground, Inc. and Affiliates

### Consolidated Statement of Functional Expenses

Year ended June 30, 2022

	Program Services							Supporting Services				Total
	Children and Family Services	Developmental Disabilities	Juvenile Justice	Special Education	Early Childhood	Anti-Intimate Partner Services	Total Program Services	Management and General	Development	Direct Costs of Special Events	Supporting Services	
<b>Employee Compensation and Benefits</b>												
Salaries and wages	\$ 29,191,729	\$ 15,783,836	\$ 8,662,658	\$ 6,295,625	\$ 3,019,498	\$ 3,400,978	\$ 66,354,324	\$ 5,921,842	\$ 431,413	\$ -	\$ 6,353,255	\$ 72,707,579
Fringe benefits	8,356,635	3,871,034	2,478,992	1,757,475	849,336	991,533	18,305,009	1,692,459	120,368	-	1,812,827	20,117,832
<b>Total Employee Compensation and Benefits</b>	37,548,364	19,654,870	11,141,650	8,053,100	3,868,834	4,392,511	84,659,333	7,614,301	551,781	-	8,166,082	92,825,411
<b>Specific Assistance to Individuals</b>												
Payments to foster parents	5,371,035	-	-	-	-	-	5,371,035	-	-	-	-	5,371,035
Food	144,998	281,797	282,819	72,757	25,346	-	1,107,705	-	-	-	-	1,107,705
Children's allowances and activities	804,338	88,756	210,578	185,090	113,092	565,918	1,967,772	-	-	-	-	1,967,772
Consumer incidentals	20,329	6,809	1,944	-	-	-	29,082	-	-	-	-	29,082
Clothing	131,521	29,956	15,186	-	-	-	176,663	-	-	-	-	176,663
<b>Total Specific Assistance to Individuals</b>	6,772,203	407,318	510,527	257,847	138,438	565,918	8,652,251	-	-	-	-	8,652,251
<b>Occupancy</b>												
Interest expense	117,858	249,197	-	181,578	66,931	-	615,564	251,230	-	-	251,230	866,794
Rent	1,613,634	700,254	406,733	-	366,446	208,649	3,295,716	263,675	37,278	-	300,953	3,596,669
Utilities	643,138	249,790	118,397	416,218	17,129	17,129	1,574,567	215,202	2,995	-	218,197	1,792,764
Maintenance and repairs	454,872	283,920	333,602	186,866	75,350	3,133	1,337,745	190,372	698	-	191,070	1,528,753
Security	169,724	58,973	57,288	5,713	-	-	230,712	18,072	2,364	-	21,336	311,608
Janitorial services	356,964	45,746	4,021	135,633	119,720	11,543	677,629	363,907	4,634	-	370,361	1,048,190
<b>Total Occupancy</b>	3,356,190	1,589,780	920,041	926,212	758,362	240,726	7,791,311	1,305,498	47,989	-	1,353,487	9,144,798
<b>Professional Fees</b>												
Clinical services	302,488	3,571	46,001	-	815,190	-	1,167,250	-	-	-	-	1,167,250
Legal and audit	156,404	15,408	423,276	26,547	864,495	199,723	2,494,138	402,337	44,983	-	402,337	600,696
Other independent contractors	658,464	163,050	-	185,130	-	-	-	1,165,297	-	-	1,210,280	3,704,418
<b>Total Professional Fees</b>	1,117,356	182,029	469,277	211,677	1,679,685	199,723	3,659,747	1,567,634	44,983	-	1,612,617	5,472,364
<b>Other</b>												
Supplies	578,088	361,731	566,589	232,273	193,854	43,657	1,978,192	279,655	33,176	-	312,831	2,291,023
Transportation and other travel-related expenses	480,595	99,782	58,859	19,992	20,609	3,799	683,636	58,519	1,929	-	60,448	744,084
Insurance	758,027	500,654	190,211	185,146	75,256	47,167	1,756,461	685,028	2,005	-	687,033	2,443,494
Telephone	531,792	214,387	169,687	70,774	74,837	64,414	1,125,891	170,919	4,369	-	175,288	1,301,179
Vehicle rentals, repairs, and replacement	331,783	334,392	53,043	27,982	1,049	-	748,249	20,775	-	-	20,775	769,024
Equipment/furniture rentals, repairs, and replacement	486,245	187,235	118,434	63,708	23,604	31,253	910,479	279,114	5,204	-	284,318	1,194,797
Staff development	245,914	30,152	114,484	260,594	77,584	63,795	792,523	45,388	-	-	46,633	839,156
Staff recruitment	67,314	5,466	25,530	-	2,499	1,572	102,381	255,133	-	-	255,133	357,514
Printing, postage, subscriptions, and publications	26,971	212	453	8,263	793	-	36,692	161,620	81,645	-	243,265	279,957
Dues, licenses, and permits	47,773	16,815	-	29,739	5,630	784	100,741	82,626	1,599	-	84,225	184,966
Bad debt expense	360,956	227,027	14,733	-	-	-	722,807	206,333	-	-	206,333	929,140
Miscellaneous	288,970	48,182	8,330	2,600	100	120,091	328,182	665,444	1,499	-	666,943	722,807
<b>Total Other</b>	4,184,428	2,026,035	1,322,353	901,071	475,815	376,532	9,286,234	2,510,554	132,671	148,984	3,192,209	12,478,443
<b>Total Expenses, before depreciation and amortization</b>	52,978,541	23,860,032	14,363,848	10,349,907	6,921,134	5,775,410	114,248,872	13,397,987	777,424	148,984	14,324,395	128,573,267
<b>Depreciation and Amortization</b>	458,156	671,299	925,831	60,276	142,799	24,512	2,282,873	290,373	4,398	-	294,771	2,577,644
<b>Total Expenses</b>	53,436,697	24,531,331	15,289,679	10,410,183	7,063,933	5,799,922	116,531,745	13,688,360	781,822	148,984	14,619,166	131,150,911
<b>Less: Expenses Deducted Directly from Revenues</b>												
Direct cost of special events to donors	-	-	-	-	-	-	-	-	-	(148,984)	-	(148,984)
<b>Total Expenses Reported by Function</b>	\$ 53,436,697	\$ 24,531,331	\$ 15,289,679	\$ 10,410,183	\$ 7,063,933	\$ 5,799,922	\$ 116,531,745	\$ 13,688,360	\$ 781,822	\$ -	\$ 14,470,182	\$ 131,001,927

See accompanying notes to consolidated financial statements.

## Rising Ground, Inc. and Affiliates

### Consolidated Statement of Cash Flows

*Year ended June 30, 2022*

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 3,994,934
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	2,577,645
Interest expense related to amortization of deferred issuance costs	71,683
Interest expense related to amortization of bond discount	3,500
Realized gains on investments	(746,485)
Unrealized losses on investments	3,175,688
Provisions for bad debts	722,807
Operating lease expense	2,670,468
Payments on operating leases payable	(2,811,979)
Changes in:	
Accounts receivable, net	(1,339,342)
Other receivables	172,659
Prepaid expenses	113,540
Accrued investment interest receivable	(513)
Security deposits	(35,746)
Accounts payable	(1,084,981)
Accrued payroll and employee benefits	2,179,472
Accrued expenses and other liabilities	2,674,215
Due to government agencies	(705,712)
Accrued interest payable	(3,481)
<b>Net Cash Provided by Operating Activities</b>	<b>11,628,372</b>
<b>Cash Flows from Investing Activities</b>	
Purchases of investments	(12,450,676)
Proceeds from sales of investments	7,453,393
Change in assets limited as to use - investments	3,262
Purchases of fixed assets	(1,521,598)
<b>Net Cash Used in Investing Activities</b>	<b>(6,515,619)</b>
<b>Cash Flows from Financing Activities</b>	
Principal payments on line of credit and notes payable	(999,884)
Principal payments on bonds payable	(1,870,000)
Principal payments on finance leases payable	(221,354)
<b>Net Cash Used in Financing Activities</b>	<b>(3,091,238)</b>
<b>Net Increase in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents</b>	<b>2,021,515</b>
<b>Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, beginning of year</b>	<b>17,590,849</b>
<b>Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, end of year</b>	<b>\$ 19,612,364</b>
<b>Supplemental Disclosure of Cash Flow Information</b>	
Cash paid during the year for interest	\$ 997,943

*See accompanying notes to consolidated financial statements.*

# Rising Ground, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### 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 (NYCACs) and various New York State (NYS) government agencies.

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. The Trust is maintained within Rising Ground but monitored in a separate cost center for tracking purposes.

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.

Our program services consist of the following:

#### ***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 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. Key to these efforts are several unique programs that help guide a child's and his/her family's future toward a positive path - Co-Parenting, Parents Supporting Parents, and RG, Inc.'s Mentored Internship Program.

#### ***Multidimensional Treatment Foster Care***

RG, Inc.'s evidence-based Multidimensional Treatment Foster Care serves teens in foster care with emotional and behavioral challenges with more intensive support.

#### ***Intimate Partner & Gender-Based Violence Prevention***

RG, Inc.'s array of intimate partner/gender-based violence cadre of programs, STEPS to End Family Violence, is committed to both healing and prevention. Community-based services help with

## **Rising Ground, Inc. and Affiliates**

### **Notes to Consolidated Financial Statements**

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survivors and their families to overcome histories of abuse to find positive paths forward. RG, Inc.'s STEPS to End Family Violence program specially focuses on the needs of incarcerated survivors. In Respect and Responsibility, RG, Inc. works with those who have caused or those who recognize the potential to cause harm, to explore root causes and envision healthy relationships. RG, Inc.'s RAPP and Early RAPP programs teach middle and high school students to recognize and change destructive patterns of behavior before transitioning into adult relationships. Additionally, JustUs is a gender-responsive diversion program for girls and LGBTQ+ young people who are either involved, or at high risk of involvement, in the juvenile legal system.

#### ***Mother/Child Home***

RG, Inc.'s 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***

RG, Inc.'s 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 Passage of Hope 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 Services***

Youngsters in RG, Inc.'s children and family services programs also receive services and referrals from RG, Inc.'s 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 RG Inc.'s 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

## **Rising Ground, Inc. and Affiliates**

### **Notes to Consolidated Financial Statements**

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achievement, skills development, and increasing each student's ability to remain on task, interact appropriately with peers, and improve behavior so that they can return to their local public school.

*Developmental Disabilities Services*

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. RG Inc.'s supportive clinical practices address the associated emotional, behavioral, and psychological issues/disorders in order to assist its consumers in living 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. As of July 1, 2021 RG, Inc. will only be providing services in one middle school in the Bronx.

#### ***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***

Located in the Bronx, RG Inc.'s federally funded Early Head Start program serves pregnant women, infants, and toddlers living at or below the poverty level.

#### ***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

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### ***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***

RG, Inc.'s 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. RG Inc. ensures 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***

RG Inc.'s Non-Secure Placement program is also part of the residential care continuum for adjudicated Juvenile Delinquents in New York City ages 12 to 14. The 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 RG Inc.'s 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.

# Rising Ground, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### *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. Financial Condition**

For the year ended June 30, 2022, RG, Inc., the Trust, and EGSCF (collectively, Rising Ground) has a positive change in net assets, but as shown in the accompanying consolidated statement of financial position, Rising Ground has a net asset deficit without donor restrictions of \$1,333,129 as of June 30, 2022.

This deficit is the result of Rising Ground entering into a purchase sale agreement (PS Agreement) for its Yonkers Campus in a prior year for the sale of land and certain buildings and building improvements. The PS Agreement resulted in the long-lived assets included in the sale being evaluated for impairment and while the entire sale price exceeds the appraised value of the land, buildings, and building improvements, accounting principles generally accepted in the United States of America (U.S. GAAP) requires the buildings and building improvements to be impaired to its appraised value as U.S. GAAP does not allow the gain on the sale to be recorded until the close of the sale. The Yonkers Campus has been classified as assets held-for-sale in the consolidated statement of financial position as of June 30, 2022.

Additionally:

- The \$10,000,000 paycheck protection loan payable has been forgiven on October 12, 2022 (see Note 12) and is not required to be repaid.
- Self-insurance deposits within assets limited as to use are available to satisfy the related liability which are included within current liabilities.
- See Note 16 related to liquidity and Rising Ground's ability to fund current liabilities.

## **3. Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of RG, Inc., the Trust, and EGSCF. All material intercompany transactions and balances have been eliminated in the consolidated financial statements.

## **4. 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.



# Rising Ground, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### *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. 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, 2022, Rising Ground had net assets with donor restrictions held in perpetuity of \$2,361,096. See Note 15 for further discussion of net assets with donor restrictions held in perpetuity.

### *Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents*

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:

*June 30, 2022*

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Cash and cash equivalents	\$	928,616
Self-insurance deposits		9,242,884
Cash and cash equivalents from Paycheck Protection Program loan		5,600,000
Cash reserve for liabilities		3,840,864
<b>Total</b>	<b>\$</b>	<b>19,612,364</b>

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### *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

# Rising Ground, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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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.

*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, at the date of purchase, are valued at contract value and are considered investments for cash flow purposes.

### ***Accounts Receivable, Net***

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 after the initial recording of revenue. 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.

### ***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 cost of \$5,000 or more. Depreciation is computed on the straight-line basis over the estimated useful life of the assets. Assets acquired through finance leases and leasehold

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

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improvements are amortized over either the remaining term of the underlying lease or the useful lives of the improvements, whichever is shorter, using the straight-line method.

The 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. There were no impairment charges recorded during the year ended June 30, 2022.

***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 accrued expenses and other liabilities in the consolidated statement of financial position at June 30, 2022.

***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, 2022.

***Debt Issuance Costs***

Debt issuance costs are reflected as a direct 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 in the consolidated statement of functional expenses.

***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.

# Rising Ground, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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### ***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 Financial Accounting Standards Board (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 \$23,662 of contributed costs.

### ***Investment Loss, Net***

Investment loss, net, 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 development 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 loss, net, contributions, both with and without donor restrictions, special events and related direct costs, and net assets released from restrictions 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

## Rising Ground, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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of the appropriated amount to without donor restrictions does not occur until the purpose restriction has been met.

#### ***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 54% of their operating revenues from the City of New York for the year ended June 30, 2022.

77% of Rising Ground's accounts receivable at June 30, 2022 are from the City of New York.

#### ***Income Taxes***

RG, Inc. and EGSCF are charitable organizations that are exempt from federal, state, and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, have made no provision for income taxes in the accompanying consolidated financial statements. In addition, RG, Inc. and EGSCF have 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 2022.

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, 2022. 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, 2022, there were no interest or penalties recorded or included in the accompanying financial statements.

# Rising Ground, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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Rising Ground is subject to routine audits by taxing authorities. As of June 30, 2022, Rising Ground was not subject to any examination by a taxing authority.

### ***Recently Adopted Accounting Pronouncements***

#### ***Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets***

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The adoption of the ASU did not have a material impact on Rising Ground's financial statements.

#### ***Accounting Pronouncements Issued but Not Yet Adopted***

##### ***Financial Instruments - Credit Losses***

In June 2016, the FASB issued ASU 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying Accounting Standards Codification (ASC) 606, loans, and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-03 is effective for annual periods beginning after December 31, 2022. Rising Ground is currently evaluating the impact of the adoption of this ASU on its consolidated financial statements.

## **5. 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

# Rising Ground, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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financial statements. Revenue and support payments have been reconciled with the NYS Rate Setting Unit through the fiscal year ended June 30, 2017.

### *Foster Care, Residential Treatment, and Medical and Mental Health Services*

The principal source of revenue consists of support payments received from the City of New York (the City) and Westchester County for congregate and foster boarding home care, and health care provided to children referred to Rising Ground. Such payments based initially upon per diem rates established annually by the New York State Office of Children and Family Services (NYS-OCFS), 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. This also includes approximately \$4,687,000 of Federal Medical Assistance Percentage Funding payments received and distributed as of June 30, 2022 and included within program revenue in the consolidated statement of activities.

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, 2022, Rising Ground recognized revenue of \$122,719,451 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 price 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

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

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

From time to time, Rising Ground will receive overpayments from third-party payers resulting in amounts owed back. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2022, Rising Ground has a liability of refunds to funding sources recorded of \$5,576,125. 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, 2022***

Contracts/Grants - New York City Government Agencies	\$ 35,775,097
NYC Government Agencies	33,512,239
Medicaid	26,236,797
Contracts/grants - Federal	20,698,688
Contracts/grants - New York State Government Agencies	4,549,063
Managed Care	901,865
Other	575,498
Contracts/grants - other	470,204
<b>Total Revenue Subject to ASC 606</b>	<b>122,719,451</b>
<b>Total Revenue Not Subject to ASC 606</b>	<b>12,232,410</b>
<b>Total</b>	<b>\$ 134,951,861</b>

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.

***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.



## Rising Ground, Inc. and Affiliates

### Notes to Consolidated Financial Statements

#### *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.

#### **6. 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 4 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 and Mortgage-Backed Securities* - These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

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

*June 30, 2022*

	Level 1			Level 2	Level 3	Total
	Investments	Assets Limited as to Use	Total Level 1			
<b>Investments, at fair value:</b>						
U.S. Treasury obligations	\$ 8,495,365	\$ 528,864	\$ 9,024,229	\$ -	-	\$ 9,024,229
Equities	8,305,190	-	8,305,190	-	-	8,305,190
Mutual funds	1,024,876	-	1,024,876	-	-	1,024,876
Corporate bonds	-	-	-	4,006,941	-	4,006,941
Alternative Investments	93,379	-	93,379	-	-	93,379
Mortgage-backed securities	-	-	-	27,484	-	27,484
<b>Total Investments</b>	<b>\$17,918,810</b>	<b>\$ 528,864</b>	<b>\$18,447,674</b>	<b>\$ 4,034,425</b>	<b>\$ -</b>	<b>\$22,482,099</b>

There have been no changes in the methodologies used at June 30, 2022. There were no transfers between levels during the year ended June 30, 2022.

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

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**7. Accounts Receivable, Net**

Accounts receivable, net, consists of the following:

*June 30, 2022*

New York City - government agencies	\$ 17,480,745
New York State - government agencies	4,089,617
Federal contracts	654,054
Other	397,565
Managed Care	109,966
<b>Total Accounts Receivable</b>	<b>\$ 22,731,947</b>

**8. Fixed Assets, Net**

Fixed assets, net, consist of the following:

*June 30, 2022*

Building and building improvements	\$ 21,718,559
Leasehold improvements	9,540,117
Furniture, fixtures, and equipment	12,645,085
Construction in progress	295,636
<b>Total Fixed Assets</b>	<b>44,199,397</b>
Less: accumulated depreciation and amortization	(33,269,984)
<b>Fixed Assets, Net</b>	<b>\$ 10,929,413</b>

Depreciation and amortization expense for the year ended June 30, 2022 totaled \$2,577,644. Equipment costing \$1,749,488 and associated accumulated amortization of \$1,394,392 are subject to finance lease agreements as described in Note 10.

As part of the PS Agreement entered into by Rising Ground, in a prior year certain fixed assets were impaired, adjusted, and classified as assets held-for-sale. See Note 2 for additional information.

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

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**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, New York. 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%.	\$ 1,814,932
(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.	1,933,767
(C) On September 1, 2021, Rising Ground assumed the balance of EGSCF's mortgage loan agreement with Citi Bank N.A. in the amount of \$362,832 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, New York.	304,398
(D) On September 1, 2021, Rising Ground assumed the balance of EGSCF's 15-year mortgage for the purchase of a Queens, New York property for an IRA program with Citi Bank N.A. The loan balance at the date of the transfer was \$347,882 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.	305,968
(E) On September 1, 2021, Rising Ground assumed the balance of EGSCF's 15-year mortgage for the purchase of a Manhattan, New York property for an IRA program with Citi Bank N.A. The loan balance at the date of the transfer was \$649,892 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.	584,246
(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, 2023 and bears interest rate of prime. The line of credit is secured by accounts receivable and is guaranteed by EGSCF.	6,000,000
	<b>\$ 10,943,311</b>

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

*Year ending June 30,*

2023	\$ 7,044,903
2024	1,085,719
2025	1,129,080
2026	475,364
2027	453,738
Thereafter	754,507
	<b>10,943,311</b>
Less:	
Unamortized debt issuance costs	(24,205)
Current portion	(7,044,903)
<b>Net</b>	<b>\$ 3,874,203</b>

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

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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, 2022. As of June 30, 2022, RG, Inc. and EGSCF were in compliance with these covenant requirements.

Interest expense related to the line of credit and notes payable was \$486,518 for the year ended June 30, 2022. Interest is included as a component of interest expense and line of credit interest expense on the accompanying consolidated statement of functional expenses.

**10. Leases**

Rising Ground leases certain property and equipment under finance and operating leases. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and the criteria included in U.S. GAAP.

For leases with initial terms of greater than one year, Rising Ground records the related right-of-use assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless Rising Ground is reasonably certain to exercise the option to extend the lease. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, Rising Ground has elected to use the incremental borrowing rate based on the information available at the lease inception date. Rising Ground has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by U.S. GAAP. As such, Rising Ground accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities. Rising Ground has made an accounting policy election not to record leases with an initial term of less than one year as right-of-use assets and liabilities in the consolidated statement of financial position.

The following tables summarize information related to the lease assets and liabilities:

*Year ended June 30, 2022*

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Lease costs:

Finance lease cost:	\$	199,937
Amortization of right-of-use assets		22,987
Interest on lease liabilities		2,670,468
Operating lease cost		2,670,468

<b>Total Lease Cost</b>	<b>\$</b>	<b>2,893,392</b>
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*June 30, 2022*

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Right-of-use assets and liabilities:

Finance lease right-of-use assets, net	\$	355,096
Finance lease liabilities		320,012
Operating lease right-of-use assets		7,168,021
Operating lease liabilities		7,880,360

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

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*Year ended June 30, 2022*

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Other information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from finance leases	\$ 236,362
Operating cash flows from operating leases	2,811,979

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Weighted-average remaining lease term - finance leases	1.76 years
Weighted-average remaining lease term - operating leases	2.90 years
Weighted-average discount rate - finance leases	5.58%
Weighted-average discount rate - operating leases	3.83%

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For finance leases, right-of-use assets are recorded in fixed assets, net and lease liabilities are recorded in finance leases payable in the accompanying consolidated statement of financial position. For operating leases, right-of-use assets are recorded in operating lease right-of-use assets and lease liabilities are recorded in operating leases payable in the accompanying consolidated statement of financial position.

***Finance Leases***

*TD Equipment Finance, Inc.*

Rising Ground entered into a \$1,250,000 equipment financing agreement with TD Equipment Finance, Inc. to lease equipment. The agreement expired in March 2021 and was not renewed.

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

(A) \$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.	\$ 36,577
	\$ 36,577

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*The remainder of this page was intentionally left blank.*

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

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*Hewlett-Packard Financial Services*

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

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(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.	\$	13,372
(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.		921
(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.		9,712
(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.		10,854
(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.		21,583
(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.		33,587
(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.		11,296
(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.		91,853
(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.		24,779
(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.		5,629
(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.		14,576
(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.		14,293
(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.		14,216
(N) \$24,141 in November 2020. Payments of \$457, including imputed interest at an estimated annual rate of 5.08% charged on the outstanding balance, are due monthly. The lease matures in October 2025.		16,764
	\$	283,435

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

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The following is a schedule of future minimum lease payments, including interest under the term of the leases, together with the present value of the net minimum lease payments.

*Year ending June 30,*

2023	\$	177,644
2024		125,574
2025		34,287
2026		1,826
		339,331
Less: interest		(19,319)
<b>Total</b>		<b>320,012</b>
Less: current portion		(164,421)
<b>Long-Term Obligation Under Operating Leases</b>	<b>\$</b>	<b>155,591</b>

***Operating Leases***

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the accompanying consolidated statement of financial position at June 30, 2022.

*Year ending June 30,*

2023	\$	2,522,493
2024		2,232,537
2025		917,567
2026		697,778
2027		716,755
Thereafter		1,626,483
		8,713,613
Less: interest		(833,253)
<b>Total</b>		<b>7,880,360</b>
Less: current portion		(2,259,279)
<b>Long-Term Obligation Under Finance Leases</b>	<b>\$</b>	<b>5,621,081</b>

**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. <sup>23</sup>rd Street, Bronx (<sup>23</sup>rd Street) for \$965,000; (b) 634 East <sup>24</sup>1st Street, Bronx (<sup>24</sup>1st Street) for \$590,000; (c) 954 East <sup>21</sup>1th Street, Bronx (<sup>21</sup>1th 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.

# Rising Ground, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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One twelfth of the annual principal payment and one sixth of the semiannual interest payment are paid to the bond trustee monthly. The debt service schedule (term of loan) for each Facility coincides with its reimbursement commitment from OPWDD. The principal balance outstanding on the bonds at June 30, 2022, was \$1,680,000.

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, 2022, the amount held in the debt service reserve fund was \$189,080; the amount held in the debt service fund was \$339,784. 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 \$256,243 and the bond discount of \$47,860. At June 30, 2022, the unamortized debt issuance cost was \$91,671. At June 30, 2022, the unamortized bond discount was \$16,982.

### **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 remaining component features of the bond financing are set forth in the table below:

Series	Original Principal Amount	Balance, June 30, 2022	Maturity	Interest Rate (%)	Price (%)
Series 2014A	\$ 16,670,000	\$ 8,875,000	June 1, 2029	3.330	100
Series 2014B	1,240,000	-	June 1, 2022	3.550	100
Series 2014C	3,125,000	1,210,000	June 1, 2026	4.380	100
	\$ 21,035,000	\$ 10,085,000			

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, 2022, the unamortized debt issuance cost was \$308,488.

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 \$10,085,000 at June 30, 2022.

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.



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

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

<i>Year ending June 30,</i>	
2023	\$ 1,760,000
2024	1,810,000
2025	1,850,000
2026	1,800,000
2027	1,560,000
Thereafter	2,985,000
	<hr/> 11,765,000
Less:	
Net unamortized discount	(16,982)
Unamortized debt issuance costs	(400,159)
Current portion	(1,760,000)
<b>Total</b>	<hr/> <b>\$ 9,587,859</b> <hr/>

Interest expense related to bonds payable was \$433,270 in 2022 and includes amortization of debt issuance cost of \$71,683. Interest has been included as a component of interest expenses on the accompanying consolidated statement of functional expenses.

The bonds payable are subject to the same financial covenants discussed in Note 9.

## **12. Small Business Administration Paycheck Protection Program Loan**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted. The CARES Act, among other things, appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loan, which are forgivable in certain situations to promote continued employment. On April 27, 2021, Rising Ground received proceeds from a PPP loan in the amount of \$10,000,000. The loan under the SBA PPP may be forgiven according to Rising Ground's compliance with the terms of the loan. The application for these PPP funds required Rising Ground to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of Rising Ground. This certification further requires Rising Ground to take into account the current business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to Rising Ground. The receipt of these funds, and the forgiveness of the loan related to these funds, is dependent on Rising Ground having initially qualified for the loan and qualifying for the forgiveness of such loan based on future adherence to the forgiveness criteria. As of June 30, 2022, the PPP loan had a balance of \$10,000,000. Rising ground received forgiveness of the loan on October 12, 2022.

## **13. Commitments and Contingencies**

### ***Operating Leases***

Rising Ground is a party to certain operating leases which were not evaluated under ASU 2016-02, *Accounting for Leases (Topic 842)*, as Rising Ground made a determination that not including these leases in the adoption of ASU 2016-02 would not have a material impact on the consolidated financial

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

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statements of Rising Ground. These noncancelable leases principally relate to leases with a term of less than one year for residential housing, and multiyear leases for office equipment and automobiles, with expiration dates through 2026. The aggregate minimum payments for these leases are as follows:

<i>Year ending June 30,</i>	
2023	\$ 1,788,000
2024	1,023,000
2025	893,000
2026	162,000
<b>Total</b>	<b>\$ 3,866,000</b>

Total rent expense relating to these leases, amounted to \$2,504,906 for the year ended June 30, 2022 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, 2022 was \$183,220, 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:

<i>Year ending June 30,</i>	
2023	\$ 54,357
2024	63,303
2025	65,560
<b>Total</b>	<b>\$ 183,220</b>

Interest expense related to the workers' compensation liability was \$7,775 in 2022 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.

## Rising Ground, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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#### *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 \$14,171,805 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 \$5,576,125 has been included in due to government agencies in the consolidated financial statements. Rising Ground has agreed to settlement plans with some of the agencies for \$1,291,634 with terms ranging from three to ten years.

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

#### *Year ending June 30,*

2023	\$	104,952
2024		104,952
2025		104,952
2026		104,952
2027		104,952
Thereafter		766,874
<b>Total</b>	<b>\$</b>	<b>1,291,634</b>

#### **14. Net Assets**

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

#### *June 30, 2022*

<b>Net Assets with Purpose Restrictions</b>		
Parent child home program	\$	38,865
STEPS program		246,840
<b>Total Net Assets with Purpose Restrictions</b>		<b>285,705</b>
<b>Net Assets Restricted in Perpetuity</b>		
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
<b>Total Net Assets Restricted in Perpetuity</b>		<b>2,361,096</b>
<b>Total</b>	<b>\$</b>	<b>2,646,801</b>

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

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

*June 30, 2022*

Parent child home program	\$	2,419
STEPS program		72,515
	\$	74,934

**15. Endowment**

*General*

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

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

As required by 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 net assets restricted in perpetuity (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 net assets restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Rising Ground.

## Rising Ground, Inc. and Affiliates

### Notes to Consolidated Financial Statements

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*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.

#### *Changes in Endowment Net Assets*

*Year ended June 30, 2022*

	With Donor Restrictions - Purpose Restricted	With Donor Restrictions - Restricted in Perpetuity	Total
<b>Endowment Net Assets, beginning of year</b>	\$ -	\$ 2,361,096	\$ 2,361,096
Interest and dividends	30,789	-	-
Appropriation of endowment assets for expenditure	(30,789)	-	-
<b>Endowment Net Assets, end of year</b>	<b>\$ -</b>	<b>\$ 2,361,096</b>	<b>\$ 2,361,096</b>

There were no endowments under water as of June 30, 2022.

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

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**16. 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, 2022*

Cash and cash equivalents	\$ 6,528,616
Investments	19,592,139
Accounts receivable	22,731,947
Other receivables	49,425
Accrued investment interest receivable	43,334
<hr/>	
<b>Total Financial Assets Available to Management for General Expenditure Within One Year</b>	<b>48,945,461</b>
Amounts unavailable to management for general expenditures within one year, due to:	
Net assets with donor restrictions	(2,646,801)
<hr/>	
<b>Total Financial Assets Available to Management for General Expenditures Within One Year Without Restrictions</b>	<b>\$ 46,298,660</b>

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 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.

**17. Retirement Plan**

RG, Inc. 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 \$1,924,251 for the year ended June 30, 2022 and is included in fringe benefits on the consolidated statement of functional expenses.

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, 2022. This plan was frozen as of December 31, 2018.

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

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**18. Subsequent Events**

Rising Ground has evaluated subsequent events through November 30, 2022, 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:

As further disclosed in note 13, the SBA has authorized full forgiveness of the PPP loan in the amount of \$10,000,000 on October 12, 2022.

## Supplementary Information

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**Rising Ground, Inc. and Affiliates**  
**Consolidating Schedule of Financial Position**

*June 30, 2022*

	Rising Ground and Affiliate	Edwin Gould	Eliminations	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 6,389,347	\$ 139,269	\$ -	\$ 6,528,616
Investments, at fair value, current portion	19,592,139	-	-	19,592,139
Accounts receivable, net	20,735,895	1,996,052	-	22,731,947
Other receivables	43,681	5,744	-	49,425
Prepaid expenses	2,963,202	400,351	-	3,363,553
Assets held-for-sale	744,667	-	-	744,667
Accrued investment interest receivable	43,334	-	-	43,334
Due from Rising Ground	690,214	-	(690,214)	-
<b>Total Current Assets</b>	<b>51,202,479</b>	<b>2,541,416</b>	<b>(690,214)</b>	<b>53,053,681</b>
<b>Assets Limited as to Use</b>				
Assets limited as to use - investments	528,864	-	-	528,864
Self-insurance deposits	9,242,884	-	-	9,242,884
Cash reserve for liabilities	3,840,864	-	-	3,840,864
<b>Total Assets Limited as to Use</b>	<b>13,612,612</b>	<b>-</b>	<b>-</b>	<b>13,612,612</b>
<b>Other Assets</b>				
Investments, at fair value, net of current portion	2,361,096	-	-	2,361,096
Security deposits	211,964	286,164	-	498,128
Investment in equity investee	2,388,311	-	(2,388,311)	-
Operating lease right-of-use assets	3,056,870	4,111,151	-	7,168,021
Fixed assets, net	10,532,013	397,400	-	10,929,413
<b>Total Other Assets</b>	<b>18,550,254</b>	<b>4,794,715</b>	<b>(2,388,311)</b>	<b>20,956,658</b>
<b>Total Assets</b>	<b>\$ 83,365,345</b>	<b>\$ 7,336,131</b>	<b>\$ (3,078,525)</b>	<b>\$ 87,622,951</b>

**Rising Ground, Inc. and Affiliates**  
**Consolidating Schedule of Financial Position**

June 30, 2022

	Rising Ground and Affiliate	Edwin Gould	Eliminations	Total
<b>Liabilities and Net Assets (Deficit)</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 4,500,354	\$ 51,975	\$ -	\$ 4,552,329
Accrued payroll and employee benefits, current portion	9,429,329	-	-	9,429,329
Accrued expenses and other liabilities	25,249,925	880,859	-	26,130,784
Due to government agencies, current portion	30,000	74,952	-	104,952
Accrued interest payable	24,512	-	-	24,512
Line of credit and notes payable, current portion	7,044,903	-	-	7,044,903
Finance leases payable, current portion	164,421	-	-	164,421
Operating leases payable, current portion	729,560	1,529,719	-	2,259,279
Bonds payable, current portion	1,760,000	-	-	1,760,000
Paycheck protection program loan	10,000,000	-	-	10,000,000
Due to Rising Ground	-	690,214	(690,214)	-
<b>Total Current Liabilities</b>	<b>58,933,004</b>	<b>3,227,719</b>	<b>(690,214)</b>	<b>61,470,509</b>
Accrued Payroll and Employee Benefits, net of current portion	128,863	-	-	128,863
Line of Credit and Notes Payable, net of current portion	3,874,203	-	-	3,874,203
Finance Leases Payable, net of current portion	155,591	-	-	155,591
Operating Leases Payable, net of current portion	2,364,783	3,256,298	-	5,621,081
Due to Government Agencies, net of current portion	3,247,132	2,224,041	-	5,471,173
Bonds Payable, net of current portion, unamortized discount and unamortized debt issuance costs	9,587,859	-	-	9,587,859
<b>Total Liabilities</b>	<b>78,291,435</b>	<b>8,708,058</b>	<b>(690,214)</b>	<b>86,309,279</b>
<b>Commitments and Contingencies</b>				
<b>Net Assets (Deficit)</b>				
Without donor restrictions	2,427,109	(1,618,767)	(2,141,471)	(1,333,129)
With donor restrictions	2,646,801	246,840	(246,840)	2,646,801
<b>Total Net Assets (Deficit)</b>	<b>5,073,910</b>	<b>(1,371,927)</b>	<b>(2,388,311)</b>	<b>1,313,672</b>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ 83,365,345</b>	<b>\$ 7,336,131</b>	<b>\$ (3,078,525)</b>	<b>\$ 87,622,951</b>

**Rising Ground, Inc. and Affiliate**  
**Consolidating Schedule of Financial Position**

*June 30, 2022*

	Rising Ground, Inc.	Employee Benefits Program Revocable Trust	Eliminations	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 6,389,347	\$ -	\$ -	\$ 6,389,347
Investments, at fair value, current portion	19,592,139	-	-	19,592,139
Accounts receivable, net	20,735,895	-	-	20,735,895
Other receivables	43,681	-	-	43,681
Prepaid expenses	2,963,202	-	-	2,963,202
Assets held-for-sale	744,667	-	-	744,667
Accrued investment interest receivable	43,334	-	-	43,334
Due from Edwin Gould	690,214	-	-	690,214
<b>Total Current Assets</b>	<b>51,202,479</b>	<b>-</b>	<b>-</b>	<b>51,202,479</b>
<b>Assets Limited as to Use</b>				
Assets limited as to use - investments	528,864	-	-	528,864
Self-insurance deposits	-	9,242,884	-	9,242,884
Cash reserve for liabilities	3,840,864	-	-	3,840,864
<b>Total Assets Limited as to Use</b>	<b>4,369,728</b>	<b>9,242,884</b>	<b>-</b>	<b>13,612,612</b>
<b>Other Assets</b>				
Investments, at fair value, net of current portion	2,361,096	-	-	2,361,096
Security deposits	211,964	-	-	211,964
Investment in equity investee	2,388,311	-	-	2,388,311
Operating lease right-of-use assets	3,056,870	-	-	3,056,870
Fixed assets, net	10,532,013	-	-	10,532,013
<b>Total Other Assets</b>	<b>18,550,254</b>	<b>-</b>	<b>-</b>	<b>18,550,254</b>
<b>Total Assets</b>	<b>\$ 74,122,461</b>	<b>\$ 9,242,884</b>	<b>\$ -</b>	<b>\$ 83,365,345</b>

**Rising Ground, Inc. and Affiliate**  
**Consolidating Schedule of Financial Position**

June 30, 2022

	Rising Ground, Inc.	Employee Benefits Program Revocable Trust	Eliminations	Total
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 4,500,354	\$ -	\$ -	\$ 4,500,354
Accrued payroll and employee benefits, current portion	9,429,329	-	-	9,429,329
Accrued expenses and other liabilities	17,154,041	8,095,884	-	25,249,925
Due to government agencies, current portion	30,000	-	-	30,000
Accrued interest payable	24,512	-	-	24,512
Line of credit and notes payable, current portion	7,044,903	-	-	7,044,903
Finance leases payable, current portion	164,421	-	-	164,421
Operating leases payable, current portion	729,560	-	-	729,560
Bonds payable, current portion	1,760,000	-	-	1,760,000
Paycheck protection program loan	10,000,000	-	-	10,000,000
<b>Total Current Liabilities</b>	<b>50,837,120</b>	<b>8,095,884</b>	<b>-</b>	<b>58,933,004</b>
Accrued Payroll and Employee Benefits, net of current portion	128,863	-	-	128,863
Line of Credit and Notes Payable, net of current portion	3,874,203	-	-	3,874,203
Finance Leases Payable, net of current portion	155,591	-	-	155,591
Operating Leases Payable, net of current portion	2,364,783	-	-	2,364,783
Due to Government Agencies, net of current portion	3,247,132	-	-	3,247,132
Bonds Payable, net of current portion, unamortized discount and unamortized debt issuance costs	9,587,859	-	-	9,587,859
<b>Total Liabilities</b>	<b>70,195,551</b>	<b>8,095,884</b>	<b>-</b>	<b>78,291,435</b>
<b>Commitments and Contingencies</b>				
<b>Net Assets</b>				
Without donor restrictions	1,280,109	1,147,000	-	2,427,109
With donor restrictions	2,646,801	-	-	2,646,801
<b>Total Net Assets</b>	<b>3,926,910</b>	<b>1,147,000</b>	<b>-</b>	<b>5,073,910</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 74,122,461</b>	<b>\$ 9,242,884</b>	<b>\$ -</b>	<b>\$ 83,365,345</b>

# Edwin Gould Services for Children and Families

## Schedule of Financial Position

June 30, 2022

### Assets

#### Current Assets

Cash and cash equivalents	\$	139,269
Accounts receivable, net		1,996,052
Other receivables		5,744
Prepaid expenses		400,351

**Total Current Assets** 2,541,416

#### Other Assets

Security deposits		286,164
Operating lease right-of-use assets		4,111,151
Fixed assets, net		397,400

**Total Other Assets** 4,794,715

**Total Assets** \$ 7,336,131

### Liabilities and Net Deficit

#### Current Liabilities

Accounts payable	\$	51,975
Accrued expenses and other liabilities		880,859
Due to government agencies, current portion		74,952
Operating leases payable, current portion		1,529,719
Due to Rising Ground		690,214

**Total Current Liabilities** 3,227,719

**Operating Leases Payable, net of current portion** 3,256,298

**Due to Government Agencies, net of current portion** 2,224,041

**Total Liabilities** 8,708,058

#### Commitments and Contingencies

#### Net Assets (Deficit)

Without donor restrictions	(1,618,747)
With donor restrictions	246,840

**Total Net Deficit** (1,371,927)

**Total Liabilities and Net Deficit** \$ 7,336,131

**Rising Ground, Inc. and Affiliates**  
**Consolidating Schedule of Activities**

Year ended June 30, 2022

	Rising Ground and Affiliate		Edwin Gould		Eliminations		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
<b>Operating Revenues</b>								
Program revenue	\$ 118,417,339	\$ -	\$ 8,739,672	\$ 98,250	\$ -	\$ -	\$ 127,157,011	\$ 98,250
In-kind contributions	23,662	-	-	-	-	-	23,662	-
Other income	127,499	-	-	-	-	-	127,499	-
<b>Total Operating Revenues</b>	<b>118,568,500</b>	<b>-</b>	<b>8,739,672</b>	<b>98,250</b>	<b>-</b>	<b>-</b>	<b>127,308,172</b>	<b>98,250</b>
<b>Operating Expenses</b>								
Total program services expenses	108,878,867	-	7,652,878	-	-	-	116,531,745	-
Supporting services:								
Management and general	12,625,545	-	1,062,815	-	-	-	13,688,360	-
Development	781,822	-	-	-	-	-	781,822	-
<b>Total Supporting Services Expenses</b>	<b>13,407,367</b>	<b>-</b>	<b>1,062,815</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,470,182</b>	<b>-</b>
<b>Total Operating Expenses</b>	<b>122,286,234</b>	<b>-</b>	<b>8,715,693</b>	<b>98,250</b>	<b>-</b>	<b>-</b>	<b>131,001,927</b>	<b>98,250</b>
<b>Change in Net Assets, before non-operating revenues (expenses)</b>	<b>(3,717,734)</b>	<b>-</b>	<b>23,979</b>	<b>(72,515)</b>	<b>-</b>	<b>-</b>	<b>(3,693,755)</b>	<b>(74,934)</b>
<b>Non-Operating Revenues (Expenses)</b>								
Investment loss, net	(2,185,300)	-	-	-	-	-	(2,185,300)	-
Contributions	9,276,368	-	-	-	-	-	9,276,368	-
Special events	648,355	-	-	-	-	-	648,355	-
Direct costs of special events to donors	(148,984)	-	-	-	(96,494)	(25,735)	(148,984)	-
Contribution from Edwin Gould Services for Children and Families	96,494	25,735	-	-	-	-	-	-
Impairment of fixed assets	-	(2,419)	-	(72,515)	-	-	-	-
Net assets released from restrictions	2,419	(2,419)	72,515	(72,515)	-	-	74,934	(74,934)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>7,689,352</b>	<b>23,316</b>	<b>72,515</b>	<b>(72,515)</b>	<b>(96,494)</b>	<b>(25,735)</b>	<b>7,665,373</b>	<b>(74,934)</b>
<b>Change in Net Assets (Deficit)</b>	<b>3,971,618</b>	<b>23,316</b>	<b>96,494</b>	<b>25,735</b>	<b>(96,494)</b>	<b>(25,735)</b>	<b>3,971,618</b>	<b>23,316</b>
<b>Transfer Equity</b>	<b>(931,246)</b>	<b>(2,108,553)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(931,246)</b>	<b>(2,108,553)</b>
<b>Change in Net Assets for Management and General Allocation</b>	<b>3,024,725</b>	<b>-</b>	<b>(3,024,725)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>(3,637,988)</b>	<b>4,732,038</b>	<b>1,309,464</b>	<b>221,105</b>	<b>(2,044,977)</b>	<b>(221,105)</b>	<b>(4,373,501)</b>	<b>4,732,038</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ 2,427,109</b>	<b>\$ 2,646,801</b>	<b>\$ (1,618,767)</b>	<b>\$ 246,840</b>	<b>\$ (2,141,471)</b>	<b>\$ (246,840)</b>	<b>\$ (1,333,129)</b>	<b>\$ 2,646,801</b>
								<b>\$ 1,313,672</b>

**Rising Ground, Inc. and Affiliate**  
**Consolidating Schedule of Activities**

Year ended June 30, 2022

	Rising Ground, Inc.		Employee Benefits Program Revocable Trust		Total	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>Operating Revenues</b>						
Program revenue	\$ 118,417,339	\$ -	\$ 11,290,265	\$ -	\$ 118,417,339	\$ -
In-kind contributions	23,662	-	-	-	23,662	-
Other income	127,499	-	-	-	127,499	-
<b>Total Operating Revenues</b>	118,568,500	-	11,290,265	-	118,568,500	-
<b>Operating Expenses</b>						
Total program services expenses	108,878,867	-	-	-	108,878,867	-
Supporting services: Management and general Development	12,580,545 781,822	-	11,335,265	-	12,625,545 781,822	-
<b>Total Supporting Services Expenses</b>	13,362,367	-	11,335,265	-	13,407,367	-
<b>Total Operating Expenses</b>	122,241,234	-	11,335,265	-	122,286,234	-
<b>Change in Net Assets, before non-operating revenues (expenses)</b>	(3,672,734)	-	(45,000)	-	(3,717,734)	-
<b>Nonoperating Revenues (Expenses)</b>						
Investment loss, net	(2,185,300)	-	-	-	(2,185,300)	-
Contributions	9,276,368	-	-	-	9,276,368	-
Special events	648,355	-	-	-	648,355	-
Direct costs of special events to donors	(148,984)	-	-	-	(148,984)	-
Contribution from Edwin Gould Services for Children and Families	96,494	25,735	-	-	96,494	25,735
Miscellaneous income	-	-	-	-	-	-
Impairment of fixed assets	-	(2,419)	-	-	-	(2,419)
Net assets released from restrictions	2,419	-	-	-	2,419	-
<b>Total Non-Operating Revenues</b>	7,689,352	23,316	-	-	7,689,352	23,316
<b>Change in Net Assets (Deficit)</b>	4,016,618	23,316	(45,000)	-	3,971,618	23,316
<b>Transfer Equity</b>						
Change in Net Assets for Management and General Allocation	3,024,725	-	-	3,039,799	(931,246)	(2,108,553)
<b>Net Assets (Deficit), beginning of year *</b>	(5,761,234)	2,623,485	1,192,000	-	(3,637,988)	4,732,038
<b>Net Assets, end of year</b>	\$ 1,280,109	\$ 2,646,801	\$ 1,147,000	\$ -	\$ 2,421,109	\$ 2,646,801

\* This includes a \$(931, 246) and \$(2, 108, 553) of without donor restrictions and with donor restrictions, respectively, of transfer of equity that offset between Rising Ground and Affiliates and Rising Ground, Inc.

# Edwin Gould Services for Children and Families

## Schedule of Activities

*Year ended June 30, 2022*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenues</b>			
Program revenue	\$ 8,739,672	\$ 98,250	\$ 8,837,922
<b>Total Operating Revenues</b>	<b>8,739,672</b>	<b>98,250</b>	<b>8,837,922</b>
<b>Operating Expenses</b>			
Total program services expenses	7,652,878	-	7,652,878
Supporting services:			
Management and general	1,062,815	-	1,062,815
<b>Total Operating Expenses</b>	<b>8,715,693</b>	<b>-</b>	<b>8,715,693</b>
<b>Change in Net Assets, before non- operating revenues (expenses)</b>	<b>23,979</b>	<b>98,250</b>	<b>122,229</b>
<b>Nonoperating Revenues (Expenses)</b>			
Investment income (loss), net	-	-	-
Contributions of assets from Kingsland Services Fund, Inc.	-	-	-
Forgiveness of debt from Kingsland Services Fund, Inc.	-	-	-
Contribution to Edwin Gould Services for Children and Families	-	-	-
Net assets released from restrictions	72,515	(72,515)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>72,515</b>	<b>(72,515)</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>96,494</b>	<b>25,735</b>	<b>122,229</b>
<b>Change in Net Assets for Management and General Allocation</b>	<b>(3,024,725)</b>	<b>-</b>	<b>(3,024,725)</b>
<b>Net assets, beginning of year</b>	<b>1,309,464</b>	<b>221,105</b>	<b>1,530,569</b>
<b>Net Assets (Deficits), end of year</b>	<b>\$ (1,618,767)</b>	<b>\$ 246,840</b>	<b>\$ (1,371,927)</b>



**Rising Ground, Inc. and Affiliate**  
**Consolidated Schedule of Functional Expenses -**  
**Rising Ground, Inc. and the Employee Benefits Program Revocable Trust**

Year ended June 30, 2022

	Program Services							Supporting Services			Total	
	Children and Family Services	Developmental Disabilities	Juvenile Justice	Special Education	Early Childhood	Anti-Intimate Partner Services	Total Program Services	Management and General	Development	Direct Costs of Special Events		Total Supporting Services
<b>Employee Compensation and Benefits</b>	\$ 27,870,881	\$ 14,019,042	\$ 8,462,658	\$ 6,295,625	\$ 3,019,498	\$ 1,507,984	\$ 61,376,688	\$ 5,538,059	\$ 431,413	\$ -	\$ 5,970,272	\$ 67,345,960
Salaries and wages	7,972,419	3,441,964	2,478,992	1,757,475	849,336	445,124	16,945,310	1,583,003	120,368	-	1,703,371	18,648,681
Fringe benefits	35,843,300	17,461,006	11,141,650	8,053,100	3,868,834	1,953,108	78,320,998	7,121,862	551,781	-	7,673,643	85,994,641
<b>Specific Assistance to Individuals</b>	5,371,025	-	282,819	-	-	-	5,371,025	-	-	-	-	5,371,025
Payments to foster parents	444,990	249,207	210,578	72,757	25,346	380,407	1,075,119	-	-	-	-	1,075,119
Food	788,883	86,028	210,578	185,090	113,092	-	1,764,078	-	-	-	-	1,764,078
Children's allowances and activities	20,329	2,389	1,944	-	-	-	24,662	-	-	-	-	24,662
Consumer incidentals	131,521	26,276	15,186	-	-	-	172,983	-	-	-	-	172,983
Clothing	363,900	510,527	257,847	-	138,438	380,407	8,407,867	-	-	-	-	8,407,867
<b>Total</b>	117,858	248,472	117,578	181,578	66,931	614,839	2,879,224	221,638	37,278	-	221,638	3,163,124
Interest expense	1,400,472	601,176	406,733	193,609	129,915	104,397	2,879,224	246,622	2,995	-	246,622	3,163,124
Rent	626,863	248,816	118,397	416,218	129,915	9,058	1,549,267	204,741	698	-	204,741	1,757,003
Utilities	452,586	272,679	333,602	186,866	75,300	2,381	1,323,464	178,004	698	-	178,004	1,502,166
Maintenance and repairs	168,799	38,431	57,288	5,915	119,720	4,610	270,433	17,932	2,364	-	17,932	290,729
Security	336,472	45,166	4,021	135,635	119,720	4,610	645,624	342,243	4,654	-	346,897	992,521
Janitorial services	3,103,050	1,454,740	920,041	926,212	758,382	120,446	7,282,851	1,211,180	47,989	-	1,259,169	8,542,020
<b>Total Occupancy</b>	302,488	3,246	46,001	26,547	815,190	-	1,166,925	376,317	-	-	376,317	1,166,925
Professional Fees	156,404	13,804	-	185,130	664,495	150,909	2,481,524	1,089,934	44,983	-	1,134,917	3,566,441
Clinical services	658,464	149,250	423,276	-	-	-	-	-	-	-	-	-
Legal and audit	1,117,356	166,300	469,277	211,677	1,679,685	150,909	3,795,204	1,466,251	44,983	-	1,511,234	5,306,438
Other independent contractors	577,785	323,654	568,589	232,273	193,854	32,769	1,928,924	261,569	33,176	-	294,745	2,223,669
<b>Other</b>	475,563	97,332	36,859	193,992	20,609	3,180	673,735	34,734	1,929	-	36,663	732,396
Supplies	727,889	488,671	190,211	183,176	79,256	5,687	1,644,960	641,211	2,005	-	643,216	2,288,076
Transportation and other travel-related expenses	437,085	331,783	190,211	183,176	79,256	5,687	1,644,960	641,211	2,005	-	643,216	2,288,076
Insurance	331,783	27,984	153,093	27,984	1,049	18,905	478,596	19,893	4,389	-	19,434	1,172,929
Telephone	417,550	177,325	118,434	63,706	1,049	17,427	818,048	261,633	5,204	-	266,767	1,084,315
Vehicle rentals, repairs, and replacement	220,199	28,679	114,484	260,594	77,584	34,400	738,940	42,443	1,245	-	43,688	779,628
Furniture, repairs, and replacement	66,165	4,539	25,530	8,263	2,499	1,572	100,305	238,633	81,645	-	238,633	338,938
Staff development	25,316	190	453	29,739	793	-	35,015	151,168	1,599	-	152,767	176,972
Printing, postage, subscriptions, and publications	47,773	14,949	-	29,739	5,630	-	98,091	77,282	78,881	-	78,881	176,972
Dues, licenses, and permits	360,956	227,027	14,733	2,600	100	120,091	732,807	206,333	1,499	-	206,333	206,333
Line of credit interest expense	268,970	47,018	8,330	2,600	100	327,018	440,686	148,984	1,499	-	148,984	722,807
Bad debt expense	4,013,034	1,860,610	1,322,353	901,071	475,815	234,031	8,826,914	2,554,418	132,671	-	2,687,089	11,662,987
Miscellaneous	50,833,488	21,326,556	14,363,848	10,349,907	6,921,134	2,838,901	106,633,834	12,353,711	777,424	148,984	13,280,119	119,913,953
<b>Total Expenses, before depreciation and amortization</b>	430,758	670,760	925,831	60,276	142,799	14,589	2,245,033	271,834	4,398	-	276,232	2,521,265
<b>Depreciation and Amortization</b>	51,264,246	21,997,336	15,289,679	10,410,183	7,065,933	2,853,490	108,878,667	12,625,545	781,822	-	13,556,351	122,495,218
<b>Total Expenses</b>	\$ 51,264,246	\$ 21,997,336	\$ 15,289,679	\$ 10,410,183	\$ 7,065,933	\$ 2,853,490	\$ 108,878,667	\$ 12,625,545	\$ 781,822	\$ -	\$ 13,556,351	\$ 122,495,218
<b>Less: Expenses Deducted Directly from Revenues</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Direct cost of special events to donors</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses Reported by Function</b>	\$ 51,264,246	\$ 21,997,336	\$ 15,289,679	\$ 10,410,183	\$ 7,065,933	\$ 2,853,490	\$ 108,878,667	\$ 12,625,545	\$ 781,822	\$ -	\$ 13,556,351	\$ 122,495,218

**Rising Ground, Inc. and Affiliate**  
**Schedule of Functional Expenses -**  
**Edwin Gould Services for Children and Families**

Year ended June 30, 2022

	Program Services						Supporting Services				
	Children and Family Services	Developmental Disabilities	Special Education	Juvenile Justice	Early Childhood	Anti-Intimate Partner Services	Total Program Services	Management and General	Development	Direct Costs of Special Events	Total Supporting Services
<b>Employee Compensation and Benefits</b>											
Salaries and wages	\$ 1,320,848	\$ 1,764,794	\$ -	\$ -	\$ -	\$ 1,892,994	\$ 4,978,636	\$ 382,983	\$ -	\$ -	\$ 5,361,619
Fringe benefits	384,216	429,070	-	-	-	546,409	1,359,695	109,456	-	-	1,469,151
<b>Total Employee Compensation and Benefits</b>	<b>1,705,064</b>	<b>2,193,864</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,439,403</b>	<b>6,338,331</b>	<b>492,439</b>	<b>-</b>	<b>-</b>	<b>6,830,770</b>
<b>Specific Assistance to Individuals</b>											
Occupancy											
Interest expense	-	-	-	-	-	-	-	-	-	-	-
Rent	213,162	99,078	725	-	-	104,252	416,492	29,592	-	-	29,592
Utilities	16,275	974	-	-	-	8,071	25,320	17,053	-	-	17,053
Maintenance and repairs	2,286	11,241	-	-	-	752	14,279	10,461	-	-	10,461
Security	925	18,442	-	-	-	19,639	272	12,308	-	-	12,308
Janitorial services	20,492	4,580	-	-	-	6,933	32,005	1,240	-	-	1,240
<b>Total Specific Assistance to Individuals</b>	<b>253,140</b>	<b>135,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,280</b>	<b>508,460</b>	<b>94,318</b>	<b>-</b>	<b>-</b>	<b>602,778</b>
<b>Professional Fees</b>											
Clinical services	-	325	-	-	-	-	325	-	-	-	325
Legal and audit	-	1,604	-	-	-	-	1,604	26,020	-	-	27,624
Other independent contractors	-	13,800	-	-	-	48,814	62,614	73,363	-	-	137,977
<b>Total Professional Fees</b>	<b>-</b>	<b>15,729</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,814</b>	<b>64,543</b>	<b>101,383</b>	<b>-</b>	<b>-</b>	<b>165,926</b>
<b>Other</b>											
Supplies	303	38,077	-	-	-	10,888	49,268	18,086	-	-	18,086
Transportation and other travel-related expenses	5,032	2,250	-	-	-	619	7,901	3,785	-	-	3,785
Insurance	30,138	41,983	-	-	-	41,480	113,601	43,817	-	-	43,817
Telephone	38,707	33,300	-	-	-	45,509	117,516	11,054	-	-	11,054
Vehicle rentals, repairs, and replacement	-	14,453	-	-	-	-	14,453	1,344	-	-	1,344
Equipment/furniture rentals, repairs, and replacement	68,695	9,910	-	-	-	13,826	92,431	18,051	-	-	18,051
Staff development	25,715	1,473	-	-	-	29,395	56,583	2,945	-	-	2,945
Staff recruitment	1,149	927	-	-	-	2,076	16,500	16,500	-	-	16,500
Printing, postage, subscriptions, and publications	1,655	22	-	-	-	1,677	2,076	10,452	-	-	10,452
Dues, licenses, and permits	-	1,866	-	-	-	784	2,650	5,344	-	-	5,344
Bad debt expense	-	-	-	-	-	-	-	224,758	-	-	224,758
Miscellaneous	-	1,163	-	-	-	-	1,163	-	-	-	-
<b>Total Other</b>	<b>171,394</b>	<b>145,424</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,501</b>	<b>459,319</b>	<b>356,136</b>	<b>-</b>	<b>-</b>	<b>815,455</b>
<b>Total Expenses, before depreciation and amortization</b>	<b>2,145,053</b>	<b>2,533,475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,936,509</b>	<b>7,615,037</b>	<b>1,044,276</b>	<b>-</b>	<b>-</b>	<b>8,659,313</b>
<b>Depreciation and Amortization</b>	<b>27,398</b>	<b>520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,923</b>	<b>37,841</b>	<b>18,539</b>	<b>-</b>	<b>-</b>	<b>18,539</b>
<b>Total Expenses Reported by Function</b>	<b>\$ 2,172,451</b>	<b>\$ 2,533,995</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,946,432</b>	<b>\$ 7,652,878</b>	<b>\$ 1,062,815</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,715,693</b>