



**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**



**CONSOLIDATED FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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**CONSOLIDATED FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report .....	1-2
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses.....	5-6
Consolidated Statements of Cash Flows.....	7
Notes to Consolidated Financial Statements.....	8-19



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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
The Children's Village, Inc. and Affiliates  
Dobbs Ferry, NY

### ***Opinion***

We have audited the consolidated financial statements of The Children's Village, Inc. and Affiliates (the "Agency"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 the Agency as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Agency's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### ***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Agency'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 the Agency'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.

*CBIZ CPAs P.C.*

New York, NY  
February 7, 2024

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2D and 17)	\$ 982,196	\$ 1,147,564
Accounts receivable from governmental agencies, net (Notes 2I, 2L, 2R, and 4)	47,666,140	40,996,662
Contributions receivable (Note 2G)	295,968	158,597
Other receivables (Note 11B)	1,986,436	2,842,319
Investments (Notes 2J, 5, 6, 9A and 16)	16,386,324	14,921,584
Prepaid expenses, security deposits and other	1,827,449	1,473,051
Property and equipment, net (Notes 2F and 7)	29,651,558	29,873,282
Restricted deposits and funded reserves (Note 8)	472,241	493,289
Operating lease right-of-use assets (Notes 2O and 13)	9,171,990	9,281,537
Finance lease right-of-use assets (Notes 2O and 13)	<u>886,833</u>	<u>1,577,690</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 109,327,135</u></u>	<u><u>\$ 102,765,575</u></u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses (Notes 2S and 16)	\$ 7,826,829	\$ 7,260,700
Accrued salaries and vacation	11,758,925	11,929,854
Bank line of credit (Note 9A)	12,800,000	10,776,404
Refundable advances from governmental agencies (Note 2K)	10,153,424	7,923,180
Accrued pension obligation (Note 15)	144,432	500,616
Other liabilities (Note 12A)	10,489,703	9,354,145
Long-term debt, net (Notes 2S and 10)	13,924,174	12,265,475
Operating lease liabilities (Notes 2O and 13)	9,232,665	9,302,492
Finance lease liabilities (Notes 2O and 13)	<u>911,096</u>	<u>1,596,882</u>
<b>TOTAL LIABILITIES</b>	<u>77,241,248</u>	<u>70,909,748</u>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 12)		
<b>NET ASSETS</b> (Note 2C)		
Without donor restrictions		
Invested in property and equipment, net	14,201,563	18,101,024
Board-designated funds (Note 20)	11,365,204	11,253,808
Board-designated capital projects (Note 20)	1,756,572	-
Available for operations	<u>2,810,022</u>	<u>592,306</u>
Total without donor restrictions	30,133,361	29,947,138
With donor restrictions (Note 19)	<u>1,952,526</u>	<u>1,908,689</u>
<b>TOTAL NET ASSETS</b>	<u>32,085,887</u>	<u>31,855,827</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 109,327,135</u></u>	<u><u>\$ 102,765,575</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total 2024	Without Donor Restrictions	With Donor Restrictions	Total 2023
<b>OPERATING REVENUES</b> (Notes 2K and 2L):						
Residential care programs	\$ 85,723,448	\$ -	\$ 85,723,448	\$ 79,270,879	\$ -	\$ 79,270,879
Medical and mental health services	6,944,346	-	6,944,346	6,205,346	-	6,205,346
Community based services	53,084,173	-	53,084,173	50,861,530	-	50,861,530
Rental income (Note 2P)	1,328,956	-	1,328,956	1,292,336	-	1,292,336
Investment income used for operations (Note 5)	651,640	-	651,640	651,000	-	651,000
Special events (net of direct costs of \$162,083 and \$166,916) (Note 2H)	510,932	-	510,932	559,915	-	559,915
Contributions (Note 2G)	10,766	3,726,347	3,737,113	683,709	3,813,105	4,496,814
Gifts in-kind (Notes 2Q and 18)	524,703	-	524,703	331,487	-	331,487
Other income	5,174,324	-	5,174,324	1,683,943	-	1,683,943
Net assets released from restrictions (Notes 2C and 19)	3,682,510	(3,682,510)	-	3,696,495	(3,696,495)	-
<b>TOTAL OPERATING REVENUES</b>	<u>157,635,798</u>	<u>43,837</u>	<u>157,679,635</u>	<u>145,236,640</u>	<u>116,610</u>	<u>145,353,250</u>
<b>OPERATING EXPENSES</b> (Note 2N):						
<b>Program Services:</b>						
Residential care programs	85,784,977	-	85,784,977	80,070,682	-	80,070,682
Medical and mental health services	8,580,905	-	8,580,905	7,908,407	-	7,908,407
Community based services	41,511,605	-	41,511,605	40,034,789	-	40,034,789
Housing	1,358,399	-	1,358,399	1,565,582	-	1,565,582
<b>Total Program Services</b>	<u>137,235,886</u>	<u>-</u>	<u>137,235,886</u>	<u>129,579,460</u>	<u>-</u>	<u>129,579,460</u>
<b>Supporting Services:</b>						
Management and general	20,644,939	-	20,644,939	17,669,507	-	17,669,507
Fundraising	670,550	-	670,550	586,815	-	586,815
<b>Total Supporting Services</b>	<u>21,315,489</u>	<u>-</u>	<u>21,315,489</u>	<u>18,256,322</u>	<u>-</u>	<u>18,256,322</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>158,551,375</u>	<u>-</u>	<u>158,551,375</u>	<u>147,835,782</u>	<u>-</u>	<u>147,835,782</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<u>(915,577)</u>	<u>43,837</u>	<u>(871,740)</u>	<u>(2,599,142)</u>	<u>116,610</u>	<u>(2,482,532)</u>
<b>NON-OPERATING ACTIVITIES</b> (Note 2N):						
Depreciation of property and equipment acquired with capital grants (Note 2M)	(578,361)	-	(578,361)	(750,315)	-	(750,315)
Investment income over amounts used for operations (Note 5)	1,436,038	-	1,436,038	965,997	-	965,997
Change in value of charitable remainder trust	(32,540)	-	(32,540)	(20,140)	-	(20,140)
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<u>825,137</u>	<u>-</u>	<u>825,137</u>	<u>195,542</u>	<u>-</u>	<u>195,542</u>
<b>CHANGES IN NET ASSETS BEFORE PENSION RELATED CHANGES AND OTHER</b>	<u>(90,440)</u>	<u>43,837</u>	<u>(46,603)</u>	<u>(2,403,600)</u>	<u>116,610</u>	<u>(2,286,990)</u>
Other components of net periodic pension cost (Note 15)	206,598	-	206,598	162,102	-	162,102
Net pension related changes other than net periodic pension cost (Note 15)	<u>70,065</u>	<u>-</u>	<u>70,065</u>	<u>(407,626)</u>	<u>-</u>	<u>(407,626)</u>
<b>CHANGES IN NET ASSETS</b>	<u>186,223</u>	<u>43,837</u>	<u>230,060</u>	<u>(2,649,124)</u>	<u>116,610</u>	<u>(2,532,514)</u>
Net assets- beginning of year	<u>29,947,138</u>	<u>1,908,689</u>	<u>31,855,827</u>	<u>32,596,262</u>	<u>1,792,079</u>	<u>34,388,341</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 30,133,361</u>	<u>\$ 1,952,526</u>	<u>\$ 32,085,887</u>	<u>\$ 29,947,138</u>	<u>\$ 1,908,689</u>	<u>\$ 31,855,827</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(With Comparative Totals For June 30, 2023)**

	Program Services				Supporting Services				2024 Total	2023 Total
	Residential Care Programs	Medical and Mental Health Services	Community Based Services	Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 55,237,258	\$ 5,128,954	\$ 21,185,845	\$ 166,193	\$ 81,718,250	\$ 9,856,512	\$ 461,073	\$ 10,317,585	\$ 92,035,835	\$ 84,635,949
Fringe benefits and payroll taxes (Notes 14 and 15)	14,065,577	1,306,033	5,394,749	50,872	20,817,231	2,509,855	117,407	2,627,262	23,444,493	21,461,014
<b>Total salaries and related costs</b>	69,302,835	6,434,987	26,580,594	217,065	102,535,481	12,366,367	578,480	12,944,847	115,480,328	106,096,963
Food	2,922,165	16,828	302,885	-	3,241,878	157,292	-	157,292	3,399,170	2,908,913
Supplies and office expenses	872,794	185,874	241,727	-	1,300,395	212,898	8,266	221,164	1,521,559	1,945,803
Children's allowance and activities	1,695,858	6,803	1,460,579	-	3,163,240	-	-	-	3,163,240	2,740,168
Clothing	371,925	-	35,635	-	407,560	-	-	-	407,560	465,620
Occupancy (Note 13)	759,785	114,815	1,923,585	-	2,798,185	247,724	190	247,914	3,046,099	2,750,023
Utilities	1,340,331	54,745	162,399	287,090	1,844,565	218,392	-	218,392	2,062,957	1,862,305
Repairs and maintenance	1,260,335	30,083	257,334	268,390	1,816,142	119,865	-	119,865	1,936,007	2,105,595
Insurance	1,298,276	116,827	307,520	148,555	1,871,178	685,231	1,523	686,754	2,557,932	2,649,365
Interest (Notes 9A and 10)	100,057	-	13,069	76,657	189,783	1,356,681	-	1,356,681	1,546,464	1,463,820
Depreciation (Note 7)	1,654,650	188,620	325,405	214,275	2,382,950	428,125	-	428,125	2,811,075	2,663,462
Amortization of finance leases	69,086	69,086	69,086	-	207,258	483,600	-	483,600	690,858	683,474
Transportation	1,250,338	78,255	730,432	-	2,059,025	215,961	1,710	217,671	2,276,696	2,569,092
Data processing and system support	1,911,205	333,197	1,629,379	-	3,873,781	1,930,422	47,136	1,977,558	5,851,339	6,180,489
Postage and supplies	16,320	49	11,367	-	27,736	24,902	132	25,034	52,770	77,405
Telephone	492,308	67,251	470,003	-	1,029,562	81,188	4,263	85,451	1,115,013	1,212,773
Board payments to foster parents	20,403	33,797	6,313,718	-	6,367,918	-	-	-	6,367,918	6,183,205
Professional fees	44,643	4,011	415,347	121,367	585,368	747,491	-	747,491	1,332,859	1,106,260
Employment advertising	45,371	5,328	5,361	-	56,060	41,241	1,205	42,446	98,506	174,795
Dues, licensing, subscriptions and publications	14,644	900	21,116	-	36,660	188,124	27,645	215,769	252,429	435,452
Bedding linen and uniforms	62,472	147	8,332	-	70,951	43,978	-	43,978	114,929	92,037
Staff development and other	179,176	525,072	41,732	-	745,980	1,065,087	-	1,065,087	1,811,067	1,098,763
Bad debt expense	100,000	314,230	185,000	25,000	624,230	15,000	-	15,000	639,230	370,000
<b>TOTAL OPERATING EXPENSES</b>	85,784,977	8,580,905	41,511,605	1,358,399	137,235,886	20,629,569	670,550	21,300,119	158,536,005	147,835,782
Depreciation of assets purchased with capital grants (Note 7)	578,361	-	-	-	578,361	-	-	-	578,361	750,315
<b>TOTAL EXPENSES</b>	<u>\$ 86,363,338</u>	<u>\$ 8,580,905</u>	<u>\$ 41,511,605</u>	<u>\$ 1,358,399</u>	<u>\$ 137,814,247</u>	<u>\$ 20,629,569</u>	<u>\$ 670,550</u>	<u>\$ 21,300,119</u>	<u>\$ 159,114,366</u>	<u>\$ 148,586,097</u>

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services					Supporting Services			2023 Total
	Residential Care Programs	Medical and Mental Health Services	Community Based Services	Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 51,275,836	\$ 4,732,338	\$ 19,974,488	\$ 176,644	\$ 76,159,306	\$ 8,065,447	\$ 411,196	\$ 8,476,643	\$ 84,635,949
Fringe benefits and payroll taxes (Notes 14 and 15)	13,004,915	1,200,247	5,066,061	39,889	19,311,112	2,045,612	104,290	2,149,902	21,461,014
<b>Total salaries and related costs</b>	64,280,751	5,932,585	25,040,549	216,533	95,470,418	10,111,059	515,486	10,626,545	106,096,963
Food	2,432,102	16,931	345,354	-	2,794,387	114,526	-	114,526	2,908,913
Supplies and office expenses	987,652	181,441	549,754	-	1,718,847	217,628	9,328	226,956	1,945,803
Children's allowance and activities	1,258,830	17,855	1,463,483	-	2,740,168	-	-	-	2,740,168
Clothing	429,810	(1,292)	37,102	-	465,620	-	-	-	465,620
Occupancy (Note 13)	754,257	112,280	1,743,986	-	2,610,523	139,500	-	139,500	2,750,023
Utilities	1,109,324	48,456	148,159	354,540	1,660,479	201,826	-	201,826	1,862,305
Repairs and maintenance	1,397,344	16,285	196,996	374,461	1,985,086	120,509	-	120,509	2,105,595
Insurance	1,207,408	175,881	267,141	140,221	1,790,651	856,493	2,221	858,714	2,649,365
Interest (Notes 9A and 10)	102,733	-	56,980	85,286	244,999	1,218,821	-	1,218,821	1,463,820
Depreciation and amortization (Note 7)	1,642,828	52,947	290,429	210,735	2,196,939	466,523	-	466,523	2,663,462
Amortization of finance leases	68,348	68,348	68,348	-	205,044	478,430	-	478,430	683,474
Transportation	1,469,481	78,617	805,280	-	2,353,378	215,268	446	215,714	2,569,092
Data processing and system support	1,949,225	627,320	1,798,501	-	4,375,046	1,767,033	38,410	1,805,443	6,180,489
Postage and supplies	50,518	39	6,744	-	57,301	19,984	120	20,104	77,405
Telephone	531,399	54,127	502,746	-	1,088,272	119,271	5,230	124,501	1,212,773
Board payments to foster parents	27,561	49,916	6,105,728	-	6,183,205	-	-	-	6,183,205
Professional fees	15,115	-	346,099	133,806	495,020	611,240	-	611,240	1,106,260
Employment advertising	69,759	10,791	22,033	-	102,583	69,373	2,839	72,212	174,795
Dues, licensing, subscriptions and publications	14,039	200	129,459	-	143,698	282,233	9,521	291,754	435,452
Bedding linen and uniforms	55,131	-	6,768	-	61,899	30,138	-	30,138	92,037
Staff development and other	137,067	337,680	1,150	-	475,897	619,652	3,214	622,866	1,098,763
Bad debt expense	80,000	128,000	102,000	50,000	360,000	10,000	-	10,000	370,000
<b>TOTAL OPERATING EXPENSES</b>	80,070,682	7,908,407	40,034,789	1,565,582	129,579,460	17,669,507	586,815	18,256,322	147,835,782
Depreciation of assets purchased with capital grants (Note 7)	750,315	-	-	-	750,315	-	-	-	750,315
<b>TOTAL EXPENSES</b>	<u>\$ 80,820,997</u>	<u>\$ 7,908,407</u>	<u>\$ 40,034,789</u>	<u>\$ 1,565,582</u>	<u>\$ 130,329,775</u>	<u>\$ 17,669,507</u>	<u>\$ 586,815</u>	<u>\$ 18,256,322</u>	<u>\$ 148,586,097</u>



**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 230,060	\$ (2,532,514)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,389,436	4,097,251
Non-cash interest expense	23,938	12,924
Bad debt expense	639,230	370,000
Realized and unrealized gain on investments	(1,701,510)	(1,418,650)
Change in value of split interest agreements	32,540	20,140
Pension related changes	(70,065)	407,626
Amortization of right-of-use assets - finance lease	690,857	683,474
Non-cash lease expense and change in operating liabilities, net	<u>39,720</u>	<u>20,955</u>
Subtotal	3,274,206	1,661,206
Changes in operating assets and liabilities:		
Decrease in assets:		
Accounts receivable from governmental agencies	(7,308,708)	(3,635,354)
Contributions receivable	(137,371)	287,778
Other receivables	855,883	89,227
Prepaid expenses, security deposits and other	(354,398)	(226,591)
Increase in liabilities:		
Accounts payable and accrued expenses	533,589	985,439
Accrued salaries and vacation	(170,929)	1,139,961
Refundable advances from governmental agencies	2,230,244	2,793,323
Accrued pension obligation	(286,119)	(955,630)
Other liabilities	<u>1,135,558</u>	<u>1,554,351</u>
<b>Net Cash (Used in) Provided by Operating Activities</b>	<u>(228,045)</u>	<u>3,693,710</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	307,089	632,960
Purchase of investments	(70,319)	(143,349)
Purchase of property and equipment	<u>(3,167,712)</u>	<u>(395,719)</u>
<b>Net Cash (Used in) Provided by Investing Activities</b>	<u>(2,930,942)</u>	<u>93,892</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from debt issuance	2,000,000	-
Principal payments of long-term debt	(365,239)	(806,807)
Capital lease repayments	-	(1,500,215)
Net line of credit activity	2,023,596	(893,596)
Payments to principal - finance lease liabilities	<u>(685,786)</u>	<u>(664,282)</u>
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>2,972,571</u>	<u>(3,864,900)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS, RESTRICTED DEPOSITS AND FUNDED RESERVES</b>	(186,416)	(77,298)
<b>CASH AND CASH EQUIVALENTS, RESTRICTED DEPOSITS AND FUNDED RESERVES - BEGINNING OF YEAR</b>	<u>1,640,853</u>	<u>1,718,151</u>
<b>CASH AND CASH EQUIVALENTS, RESTRICTED DEPOSITS AND FUNDED RESERVES - END OF YEAR</b>	<u>\$ 1,454,437</u>	<u>\$ 1,640,853</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 1,148,129</u>	<u>\$ 855,348</u>
<b>Consolidated Statements of Financial Position Reconciliation:</b>		
Cash and cash equivalents	\$ 982,196	\$ 1,147,564
Restricted deposits and funded reserves	<u>472,241</u>	<u>493,289</u>
Cash and cash equivalents, restricted deposits and funded reserves - end of year	<u>\$ 1,454,437</u>	<u>\$ 1,640,853</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

The Children's Village, Inc. (the "Village"), is a not-for-profit 501(c)(3) corporation incorporated in the State of New York. The purpose of the Village is to partner with families to help society's most vulnerable children so that they can become educationally proficient, economically productive and socially responsible members of their communities. The Village works together with its affiliates: The Children's Village Institute (the "Institute"), The Joseph M. d'Assern Housing Corporation (the "Housing Corporation") and The Children's Village Management Services, LLC (the "LLC") in fulfilling its corporate purpose. Collectively, the Village, the Institute, the Housing Corporation and the LLC are referred to as the "Agency."

The Institute is a Delaware not-for-profit 501(c)(3) corporation. The Institute was incorporated on July 1, 2001 to support and benefit the programs and activities of the Village. The Institute's purpose is also to assist the Village in the furtherance of its corporate purposes, such as the treatment and prevention of emotional and behavioral problems of children and families, by operating programs that further such purposes, disseminating model programs of the Village, training of the Village's staff members, conducting fundraising activities, maintaining the investment portfolio and providing financial and other forms of assistance and support. The Village is the sole member of the Institute and elects its Board of Directors.

The Housing Corporation is a not-for-profit 501(c)(2) tax exempt housing company duly organized and existing under the provisions of Article II of the New York State Private Housing and Finance Law. The purpose of the Housing Corporation is to provide housing and auxiliary facilities for staff members, employees and/or students of the Village. The Housing Corporation's major sources of revenue are rental fees. The Housing Corporation has a fiscal year end of March 31. The Village is the sole member of the Housing Corporation and elects its Board of Directors.

The LLC was formed during 2013 to provide management services to both the Village's affiliates and to other clients. The Village is the sole member of the LLC. In August 2023, the LLC entered into a Management Services Agreement ("MSA") with Lincoln Hall, a mission-aligned not-for-profit corporation based in Lindendale, NY. Under the MSA, the LLC has provided certain administrative, strategic and executive services. In April 2024, the LLC entered into an Administrative Services Agreement ("ASA") with St. Christopher's, Inc., a mission-aligned not-for-profit corporation based in Dobbs Ferry, NY. Under the ASA, the LLC will provide certain administrative and executive services.

In February 2023, the Village and Urban Pathways, Inc., a not-for-profit corporation (together, the "Joint Venture Parties"), entered into a joint venture for the development of affordable housing. In April 2024, the Joint Venture Parties, through their affiliates, closed on the purchase of a property located on East 147th Street in The Bronx, New York. The Joint Venture Parties intend to develop affordable housing on the property. As the Village does not control the joint venture, these operations have not been consolidated into the accompanying consolidated financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. *Basis of Accounting and Use of Estimates*** – The Agency's consolidated financial statements have been prepared on the accrual basis of accounting. The Agency adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of consolidated financial statements with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.
- B. *Principles of Consolidation*** – The Agency's accompanying consolidated financial statements include the financial statements of the Village, the Housing Corporation, the Institute and the LLC. The Village has consolidated the Housing Corporation, the Institute and the LLC pursuant to U.S. GAAP due to its financial interest and control over them. All material intercompany transactions and balances have been eliminated in the consolidation.
- C. *Basis of Presentation*** – The Agency maintains its net assets under the following classes:
- Without Donor Restrictions - This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of the Agency's operations over which the Board of Directors has discretionary control.
  - With Donor Restrictions - This represents net assets subject to donor-imposed stipulations that will be met by actions of the Agency, by the passage of time or that are subject to donor-imposed stipulations that they be maintained in perpetuity by the Agency. When a stipulated time restriction ends or purpose restriction is accomplished, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- D. *Cash and Cash Equivalents*** – The Agency classifies cash equivalents as highly liquid financial instruments with maturities of three months or less when acquired, except for those short-term investments managed by investment managers as part of the Agency's long-term investment strategies and restricted deposits and funded reserves.
- E. *Functional Allocation of Expenses*** – The cost to provide programs and other activities has been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, as indicated in the consolidated statements of functional expenses. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries, wages and benefits, payroll taxes, professional services, information technology and other expenses, which are allocated on the basis of estimates of time and effort. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.
- F. *Property and Equipment*** – The Agency follows the practice of capitalizing expenditures for additions, renewals and betterments with a cost of \$5,000 or more. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining term of the lease.
- G. *Contributions Receivable*** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, if material. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. As of June 30, 2024 and 2023, contributions receivable amounted to \$295,968 and \$158,597, respectively, and such amounts are all expected to be collected within one year. Legacies and bequests are recognized when wills have passed probate and the sum is certain.
- H. *Special Events*** – The direct expense of special events includes expenses for the benefit of the donor. For example, meals and facilities rental are considered direct expenses of special events.
- I. *Allowance for Credit Losses*** - Management considers the fee for service receivable to be uncollectable when it is probable that the Agency will be unable to collect all amounts due according to the contractual terms. The collectability evaluation is based on a combination of factors, such as management's assessment of the aged basis of its funding sources, creditworthiness of customers, current economic conditions and historical experience. Accounts receivable from governmental agencies consists of amounts due from Federal and New York State sources for fee for services. As of June 30, 2024 and 2023, the Agency determined an allowance for credit losses of approximately \$2,580,000 and \$2,536,00, respectively, was necessary for credit losses for accounts receivable from governmental agencies. There were write offs in the amount of \$570,230 and \$644,000 for the years ended June 30, 2024 and 2023, respectively. The allowance for credit losses reflects management's estimate of lifetime credit losses inherent in fee for service receivable. An analysis of the allowance for credit losses for the years ended June 30 follows:

	<u>2024</u>	<u>2023</u>
Beginning of the year	\$ 2,536,000	\$ 2,860,000
Provision for credit losses	614,230	320,000
Write offs	<u>(570,230)</u>	<u>(644,000)</u>
End of year	<u>\$ 2,580,000</u>	<u>\$ 2,536,000</u>

- J. *Investments and Fair Value Measurements*** – Investments are stated at their fair values. Values may be based on historical cost, appraisals or other estimates that require varying degrees of judgment. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase consistency and comparability in fair value measurements, the fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- K. Government Support** – The Agency derives its revenue from, among other sources, cost reimbursement contracts with federal, New York State and New York City government agencies. Governmentally funded programs are generally subject to audit and therefore, the final operating reimbursement rate to be realized may not be determinable until years after the Agency has rendered services. Governmental funding may be based upon allowable costs, the excess returnable to the governmental funding agencies.

Government grants are nonexchange transactions and accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08. Government grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Government grants consist of revenues for the following programs for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Residential care programs	\$ 44,960,101	\$ 43,507,609
Community based services	36,624,262	35,995,077
Medical and mental health services	546,193	541,369

There are instances when the Agency receives advances from the governmental funding sources. Such advances are recorded as refundable advances from governmental agencies in the accompanying consolidated statements of financial position.

As of June 30, 2024 and 2023, the Agency received conditional grants and contracts from government agencies in the aggregate amounts of approximately \$84 million and \$76 million, respectively. Such grants have not been recognized in the accompanying consolidated financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their budgets and agreements. If such services are not provided, the governmental entities are not obligated to disburse the funds allotted under the grants and contracts and the Agency may be required to return the funds already remitted.

- L. Service Revenue** – Service revenue is derived from contracts with customers. The Agency receives revenue from contracts with various government agencies, principally the New York City Administration for Children’s Services (“ACS”) to provide support and services to foster children. Revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the contract services. These amounts are due from the government agencies, third-party payors (including government programs) and others and include variable consideration for retroactive revenue adjustments due to settlements of audits, reviews and investigations.

Service revenue from government agencies, third-party payors and individuals is recognized after the services are performed or after the Agency has completed its portion of the contract. Receivables are due in full when performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Agency in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Agency measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies’ stipulations.

All performance obligations relate to contracts with a duration of less than one year; therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2024 and 2023. The performance obligations for these contracts are completed when the services are completed and upon submission of required documentation. The Agency determines the transaction price based on established rates and contracts for services provided. Program services fees consist of revenues for the following programs for the years ended June 30:

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

	<u>2024</u>	<u>2023</u>
Residential care programs	\$ 40,763,347	\$ 35,763,270
Community based services	16,459,911	14,866,453
Medical and mental health services	6,398,153	5,663,977

The beginning and ending program services fees balances were:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>July 1, 2022</u>
Service fees receivable, net	<u>\$ 15,564,118</u>	<u>\$ 15,467,916</u>	<u>\$ 20,603,679</u>

Over the last three years, the Agency did not receive any refundable advances related to service fee revenue.

- M. Capital Grants** – Capital grants from governmental funding sources are recorded as non-operating revenue once the assets are purchased or the construction and renovations are complete. Depreciation expense associated with such assets is reported in the consolidated statements of activities.
- N. Operating and Non-Operating Activities** – The Agency includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including all contributions. Capital grants and related depreciation expense, investment income, including realized and unrealized gains and losses, earned in excess of (or less than) the amount used for operations, contributions and other non-operating gains or losses are also recognized as non-operating activities.
- O. Leases** – The Agency determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the consolidated statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Agency does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.
- P. Rental Income** – The Housing Corporation leases space to the Agency’s employees and students. Rental income is recognized as earned.
- Q. Gifts In-Kind** – The Agency records contributed items at their fair value on the date of receipt. If the Agency receives contributed services as part of its operations, such services are recorded as gifts in-kind (at their fair value) provided they meet the criteria for recognition.
- R. Recently Adopted Accounting Standards** – FASB ASU No. 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* was adopted for the year ended June 30, 2024. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions and reasonable and supportable forecasts. Financial assets held by the Agency that are subject to the guidance in ASU 2016-03 include receivables from programmatic service fees. See Note 2I.
- S. Reclassifications** – Certain line items in the June 30, 2023 consolidated financial statements have been reclassified to conform to the June 30, 2024 presentation. These changes had no impact on the consolidated change in net assets for the year ended June 30, 2023.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

The Agency regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Financial assets available for expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, included the following as of June 30:

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)**

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 982,196	\$ 1,147,564
Accounts receivable from governmental agencies, net	47,666,140	40,996,662
Contributions receivable	295,968	158,597
Investments	<u>16,386,324</u>	<u>14,921,584</u>
Total	65,330,628	57,224,407
Less: Net assets with donor restrictions	(1,952,526)	(1,908,689)
Less: Charitable gift annuities	(432,297)	(444,167)
Less: Total Board-designated funds	<u>(13,121,776)</u>	<u>(11,253,808)</u>
Total	<u><u>\$ 49,824,029</u></u>	<u><u>\$ 43,617,743</u></u>

For purposes of analyzing resources available to meet expenditures, the Agency expects and anticipates collecting sufficient revenue to cover expenditures. To help manage unanticipated liquidity needs, the Agency has a revolving line of credit that can be drawn upon up to \$15,600,000 (Note 9A).

**NOTE 4 – ACCOUNTS RECEIVABLE FROM GOVERNMENTAL AGENCIES, NET**

Accounts receivable from governmental agencies, net, consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Due from the City of New York	\$ 39,057,458	\$ 27,480,632
Due from the State of New York	3,527,536	2,309,363
Due from the federal government	822,739	540,625
Due from local counties and other	<u>6,838,364</u>	<u>13,202,104</u>
	50,246,097	43,532,724
Less: allowance for credit losses	<u>(2,579,957)</u>	<u>(2,536,062)</u>
	<u><u>\$ 47,666,140</u></u>	<u><u>\$ 40,996,662</u></u>

**NOTE 5 – INVESTMENTS**

Investments consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Cash and money market funds	\$ 488,165	\$ 418,889
Mutual funds	<u>15,898,159</u>	<u>14,502,695</u>
	<u><u>\$ 16,386,324</u></u>	<u><u>\$ 14,921,584</u></u>

Included in investments are investments held for charitable gift annuities of \$432,297 and \$444,167 as of June 30, 2024 and 2023, respectively. See Note 16.

Investment activity consists of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Realized gain	\$ 256,772	\$ 163,341
Unrealized gain	1,444,738	1,255,309
Interest and dividends	426,962	253,648
Investment fees	<u>(40,794)</u>	<u>(55,301)</u>
	<u><u>\$ 2,087,678</u></u>	<u><u>\$ 1,616,997</u></u>

Designation of investment return is as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Amount used for operations	\$ 651,640	\$ 651,000
Amount considered non-operating	<u>1,436,038</u>	<u>965,997</u>
	<u><u>\$ 2,087,678</u></u>	<u><u>\$ 1,616,997</u></u>

The Agency's investment return spending policy is discretionary. During each of the years ended June 30, 2024 and 2023, the distribution for current spending amounted to approximately 4.5% of the average fair value (net of investment advisory fees) of the Agency's investment portfolio.

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 6 – FAIR VALUE MEASUREMENTS**

In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Investments in money markets, domestic equity securities and mutual funds are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. The fair values of alternative investments in offshore funds are stated at net asset value, which approximates fair value.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended June 30, 2024 and 2023, there were no transfers in or out of levels 1, 2 or 3.

Financial assets carried at fair value as of June 30, 2024 are classified as follows:

	<u>Level 1</u>	<u>2024 Total</u>
Cash and money market funds	\$ 488,165	\$ 488,165
Mutual funds	<u>15,898,159</u>	<u>15,898,159</u>
Total Investments	<u>\$ 16,386,324</u>	<u>\$ 16,386,324</u>

Financial assets carried at fair value as of June 30, 2023 are classified as follows:

	<u>Level 1</u>	<u>2023 Total</u>
Cash and money market funds	\$ 418,889	\$ 418,889
Mutual funds	<u>14,502,695</u>	<u>14,502,695</u>
Total Investments	<u>\$ 14,921,584</u>	<u>\$ 14,921,584</u>

**NOTE 7 – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consists of the following as of June 30:

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Lives</u>
Land	\$ 572,648	\$ 572,648	
Land improvements	5,889,090	5,878,040	
Buildings and improvements	74,506,324	73,634,960	25-40 Years
Leasehold improvements	1,637,779	1,616,354	3-10 Years
Furniture and equipment	14,762,976	13,942,065	6-12 Years
Vehicles	1,071,798	990,604	3-8 Years
Construction in progress (see below)	<u>2,075,571</u>	<u>713,803</u>	
Total cost	100,516,186	97,348,474	
Less: accumulated depreciation and amortization	<u>(70,864,628)</u>	<u>(67,475,192)</u>	
	<u>\$ 29,651,558</u>	<u>\$ 29,873,282</u>	

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 7 – PROPERTY AND EQUIPMENT, NET (Continued)**

Depreciation and amortization expense amounted to \$3,389,436 and \$4,097,251 for the years ended June 30, 2024 and 2023, respectively. The construction in progress represents the Agency's various capital projects across their many locations. The Agency anticipates completion of all projects throughout both fiscal years 2025 and 2026.

**NOTE 8 – RESTRICTED DEPOSITS AND FUNDED RESERVES**

Restricted deposits and funded reserves consist of cash accounts held by trustees under indenture agreements. They consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Tax and escrow	\$ 306,444	\$ 359,835
Reserve for replacement	<u>148,123</u>	<u>133,454</u>
	<u>\$ 454,567</u>	<u>\$ 493,289</u>

Withdrawal of funds from the escrow accounts for replacements, insurance and mortgage interest payments is subject to approval by the New York State Housing Finance Agency.

**NOTE 9 – BANK LINE AND LETTER OF CREDIT**

- A. On December 6, 2018, the Village opened a revolving line of credit with a bank providing for a maximum borrowing of up to \$15.6 million. Interest on borrowings is charged at the greater of 5.5%, or 2% plus prime rate, and amounted to \$922,349 and \$835,200 for the years ended June 30, 2024 and 2023, respectively. The line of credit is secured by the Institute's securities. As of June 30, 2024 and 2023, the outstanding balance amounted to approximately \$12.8 million and \$10.78 million, respectively. As of February 07, 2025, there was an outstanding balance of approximately \$2.2 million.
- B. On December 6, 2018, the Village opened an irrevocable standby letter of credit with maximum borrowings of \$2,100,000 as required by the Village's workers' compensation contract. The letter of credit is secured by the Agency's facilities. As of June 30, 2024 and 2023, there was no outstanding balance. As of February XX, 2025, there was no outstanding balance.

**NOTE 10 – LONG-TERM DEBT, NET**

As of June 30, 2024 and 2023, long-term debt, net consists of the following:

- A. On December 6, 2018, the Village borrowed \$8,000,000 and entered a mortgage agreement maturing on December 6, 2038. The borrowings were used to consolidate debt. The mortgage's interest rate is the greater of 5.5%, or 2% plus prime rate, and is collateralized by the real property and business assets of the Village. As of June 30, 2024 and 2023, the outstanding balance, net of unamortized debt issuance costs, amounted to \$6,866,324 and \$7,047,370, respectively. Interest expense amounted to \$400,230 and \$409,680 for the years ended June 30, 2024 and 2023, respectively.
- B. On May 1, 2024, the Village borrowed \$2,000,000 and entered a business loan agreement maturing on May 1, 2026. The borrowings were used to consolidate debt. The mortgage's interest rate is a prime rate as of the issuance date of the loan of 8.5% and is collateralized by the real property and business assets of the Village. As of June 30, 2024, the outstanding balance net amounted to \$1,998,062. For the year ended June 30, 2024, interest expense amounted to \$14,167.
- C. In 2008, the Housing Corporation refinanced its mortgage under a construction loan agreement with the New York State Housing Finance Agency ("HFA loan") in the amount of \$1,580,000. The proceeds of the loan were used for the renovation of the Housing Corporation's residential buildings. The HFA loan is secured by a first mortgage on the building and improvements. The interest rate on the HFA loan is 5.75% and it matures on March 1, 2040. As of June 30, 2024 and 2023, \$979,788 and \$1,008,177 was outstanding, net of unamortized debt issuance costs, respectively. Interest expense amounted to \$62,022 and \$70,322 for the years ended June 30, 2024 and 2023, respectively.
- D. In 2008, the Housing Corporation became obligated to the HFA under a subsidy loan of \$3,000,000 to cover renovation costs. The loan has an interest rate of 0% and a maturity date of March 1, 2040. There is no scheduled repayment of the Subsidy loan prior to maturity. The Housing Corporation has not imputed interest as it was deemed immaterial to the consolidated financial statements.



**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 10 – LONG-TERM DEBT (Continued)**

- E. In 2019, the Village obtained a loan from a board member in the amount of \$2,000,000. The variable interest rate is the London Inter-Bank Offered Rate plus 1.5% per annum, and payable monthly. The note is unsecured and matures in 2033. As of June 30, 2024 and 2023, the outstanding balance amounted to \$1,080,000 and \$1,210,000, respectively. Interest expense amounted to \$89,749 and \$55,741 for the years ended June 30, 2024 and 2023, respectively.

Required future annual principal payments for the notes payable listed above are payable as follows for the fiscal years ending after June 30, 2024:

2025	\$ 393,742
2026	2,362,126
2027	401,451
2028	416,720
2029	431,801
Thereafter	10,279,807
Less: debt issuance costs	<u>(361,473)</u>
	<u><u>\$ 13,924,174</u></u>

**NOTE 11 – TRANSACTIONS WITH AFFILIATE AND OTHER RECEIVABLES**

- A. The Village is related to the Board of Greenburgh Eleven Union Free School District (the "School District"), an independent entity through overlapping board membership. The School District operates school programs for children in the Village's residential programs, as well as day students from the surrounding metropolitan area, on property leased from the Village's Dobbs Ferry campus. As of both June 30, 2024 and 2023, there was no amount due (from)/to the Village.

On December 23, 2020, the School District closed on a sale of bonds in the amount of approximately \$8.1 million. The School District intends to use the proceeds of the sale to fund renovations of its main building. In connection with the bond sale, the Village agreed to certain amendments of its lease with the School District, principally extending the term from 2030 to 2060. The Village also agreed to a restrictive covenant, such that the School District's land can only be used for a school, and a non-exclusive easement, granting the School District personnel rights to access and use of the school building. Both the restrictive covenant and easement will run for the duration of the lease.

- B. On August 8, 2012, Harlem Dowling – West Side Center for Children and Family Services ("HDWC"), a nonprofit organization, signed a management agreement with the LLC to allow the LLC to provide general management and administration of the day-to-day business operations of HDWC. The terms of the agreement are effective for one year commencing on July 1, 2012, with an automatic one-year renewal unless either party gives 90 days' prior written notice. As of June 30, 2024 and 2023, HDWC owes the Agency approximately \$1,461,575 and \$1,715,000, respectively. Such amounts are included in other receivables in the accompanying consolidated statements of financial position.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

- A. The Village receives a significant portion of its revenue for services provided from third-party reimbursement agencies, primarily ACS and Medicaid. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the government. The Village, when appropriate, records an estimated liability to governmental agencies for excess reimbursement over allowable costs and underspending of interim rates.
- B. The Agency, in the ordinary course of business, is exposed to various potential claims and assessments. The Agency is also subject to legal proceedings and claims which have arisen in part because New York State temporarily suspended certain statutes of limitations. These complaints and allegations date from 1958-2009, with the majority dating between 1970 and 1995. No claims and assessments have been fully adjudicated. As of June 30, 2024, management cannot determine the final outcome of these claims.

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

- C. The Agency believes it has no uncertain tax positions as of June 30, 2024 and 2023 in accordance with FASB Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- D. The previously reported 99-year triple net lease dated July 9, 2018, by the Village as landlord for approximately 26 acres of land adjoining the Dobbs Ferry campus expired by its terms and is no longer in effect. Prior agreements for the lease/sale of excess unimproved campus land have been terminated and are no longer in effect.

**NOTE 13—LEASE RIGHT-OF-USE ASSET AND LIABILITIES**

The Agency leases office space, vehicles and copiers under operating and finance lease arrangements through November 2032, for which expense is recognized on a straight-line basis over the lease term. The Agency assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The Agency has elected to use the risk-free rate for all classes of leased assets. Historical par rates from the U.S. Department of the Treasury were used to proxy the risk-free rate for each lease depending on its duration and start. The weighted-average discount rate is based on applicable risk-free rate selected for each lease. The Agency has elected the short-term exemption to not recognize the asset and liability for all pre-existing operating leases with a remaining term of 12 months or less and for new leases with a term of 12 months or less.

Weighted average remaining lease term in years:

	<u>2024</u>	<u>2023</u>
Operating Leases	6.67	7.64
Finance Leases	1.45	2.35

Weighted average discount rate:

	<u>2024</u>	<u>2023</u>
Operating Leases	4.10%	4.04%
Finance Leases	3.03%	3.02%

As of June 30, 2024 and 2023, the operating lease right-of-use assets balance totaled \$9,171,990 and \$9,281,537, respectively, and operating liabilities totaled \$9,232,665 and \$9,302,492, respectively, as shown in the consolidated statements of financial position. The finance lease right-of-use asset balance totaled \$886,833 and \$1,577,690, respectively, and the finance lease liabilities totaled \$911,096 and \$1,596,882, respectively.

Future minimum payments for non-cancelable leases for the next five years ending after June 30, 2024 and thereafter are as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>
2025	\$ 2,005,868	\$ 689,390
2026	1,691,504	192,259
2027	1,461,410	42,160
2028	1,372,193	8,842
2029	1,033,094	-
Thereafter	<u>2,938,869</u>	<u>-</u>
Total lease payments	10,502,938	932,651
Less: Present value discount	<u>(1,270,273)</u>	<u>(21,555)</u>
Lease obligation	<u>\$ 9,232,665</u>	<u>\$ 911,096</u>

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 14 – RETIREMENT PLAN**

The Agency has a defined contribution retirement plan for eligible employees. The Agency has made monthly contributions equal to 3% of the employees' compensation from July 1, 2021 through December 31, 2021, 4% of employees' compensation from January 1, 2022 through November 30, 2022, 6% of employee's compensation from December 1, 2022 through June 30, 2023, and 3% of employee's compensation from July 1, 2023 through June 30, 2024. Total retirement expense amounted to \$3,954,086 and \$3,131,577 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 15 – ACCRUED PENSION LIABILITY**

In 2017, the Agency became the sponsor of a noncontributory defined benefit pension plan (the "Plan") as part of the acquisition of Inwood House. During 2009, the Board of Directors of Inwood House voted to adopt a plan amendment to freeze the Plan and suspended future benefit accruals for all participants. This plan amendment became effective on August 1, 2009. Plan assets are invested in fixed income and common stock funds with an insurance company. The Plan is funded according to the requirements of the Employee Retirement Income Security Act of 1974.

ASC 715-30, "Employer's Accounting for Defined Benefit and Other Post-retirement Plans", requires any retirement benefit plan's funding deficit or surplus to be recognized in the sponsoring employer's statement of financial position. Under previous accounting standards, certain gains and losses related to prior service costs, differences between actuarial assumptions and actual results, and transition obligations were deferred and amortized over extended periods of time.

The funded status of the Plan as of June 30 was as follows:

	<u>2024</u>	<u>2023</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 5,931,726	\$ 6,194,191
Service cost	20,000	20,270
Interest cost	281,861	270,422
Changes in assumptions	(75,164)	(350,219)
Actuarial change - net	-	(18)
Expense charges	(22,579)	(19,358)
Benefits paid	<u>(220,819)</u>	<u>(183,562)</u>
Benefit obligation at end of year	5,915,025	5,931,726
Fair value of Plan assets	<u>5,770,593</u>	<u>5,431,110</u>
Funded status	<u>\$ (144,432)</u>	<u>\$ (500,616)</u>

The components of net periodic pension cost, including the service cost included in payroll taxes and benefits, for the pension plan for the years ended June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Benefits paid	\$ 220,819	\$ 183,562
Employer contribution	-	43,024
Service cost	22,579	19,358

Pension related changes other than net periodic pension costs and other components of net periodic pension costs recognized in the change in net assets without donor restrictions were as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Change in assumptions	\$ 75,164	\$ 350,219
Actuarial loss	(389,206)	(1,120,993)
Expected return on Plan assets	<u>384,107</u>	<u>363,148</u>
Net pension related changes other than net periodic pension costs	<u>\$ 70,065</u>	<u>\$ (407,626)</u>
Interest cost	\$ (281,861)	\$ (270,422)
Actual gain on Plan assets	<u>488,459</u>	<u>432,524</u>
Net other components of net periodic pension cost	<u>\$ 206,598</u>	<u>\$ 162,102</u>

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 15 – ACCRUED PENSION LIABILITY (Continued)**

The weighted-average assumptions used to determine the benefit obligation and net periodic benefit cost for the Plan as of and for the years ended June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Discount rate used for net periodic benefit cost	4.90%	4.45%
Discount rate used for pension obligation	5.30%	4.90%
Expected return on Plan assets	7.25%	7.25%

The Plan's expected rate of return on the Plan assets is determined by the Plan assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class. The Agency does not expect to contribute to the Plan in 2024.

The following schedule of benefit payments for the Plan, which reflects expected future services, as appropriate, are expected to be paid in each of the next five years and in the aggregate for the five fiscal years thereafter:

2025	\$ 298,225
2026	309,088
2027	330,891
2028	350,748
2029	381,214
5 years thereafter	1,984,296

The assets (expressed in percentages) for the Plan consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Equity	59.82%	66.34%
Fixed Income	36.18%	32.84%
General Account	4.00%	0.82%
	<u>100%</u>	<u>100%</u>

**NOTE 16 – CHARITABLE GIFT ANNUITIES**

The Agency administers various charitable gift annuities. Under the terms of agreements for such charitable gift annuities, assets are transferred to the Agency and are available for use without donor restrictions. The Agency agrees to pay the grantor or other designated beneficiary a stipulated amount over the beneficiary's lifetime. Investment assets for the charitable gift annuities amounted to \$432,297 and \$444,167, respectively, as of June 30, 2024 and 2023. The present value of the estimated future payments as of June 30, 2024 and 2023 amounted to \$267,895 and \$309,778, respectively, and were calculated using discount rates ranging from 4% to 6% for the years ended June 30, 2024 and 2023, respectively, and the applicable mortality table. This annuity payment liability is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

**NOTE 17 – CONCENTRATION OF CREDIT RISK**

Cash and cash equivalents that potentially subject the Agency to a concentration of credit risk include cash accounts with three banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash accounts are insured up to \$250,000 per depositor, per insured financial institution. As of June 30, 2024 and 2023, there was approximately \$471,000 and \$714,000, respectively, held by two banks that exceeded FDIC limits.

**NOTE 18 – GIFTS IN-KIND**

Gifts in-kind consisted of the following for the years ended June 30:

<u>Nonfinancial Asset</u>	<u>2024</u>	<u>2023</u>	<u>Usage in</u> <u>Programs/Activities</u>	<u>Donor-imposed</u> <u>Restrictions</u>	<u>Fair Value</u> <u>Techniques</u>
Immunizations	<u>\$ 524,703</u>	<u>\$ 331,487</u>	Medical and mental health services	No associated donor restriction	Based on fair value provided by donor

**THE CHILDREN'S VILLAGE, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 19 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2024</u>	<u>2023</u>
Peer leadership	\$ 80,003	\$ 37,019
Capital spending	151,164	-
Foster parents partnering with teens	29,306	193,316
NYAG	8,740	8,740
Way home	301,791	166,659
Scholarship fund	146,361	35,006
Other programs	<u>1,235,161</u>	<u>1,467,949</u>
	<u>\$ 1,952,526</u>	<u>\$ 1,908,689</u>

For the years ended June 30, 2024 and 2023, net assets with donor restrictions were released from donor restrictions due to expenses incurred satisfying the restricted purposes or through the occurrence of other events specified by donors, and such releases amounted to \$3,682,510 and \$3,696,495, respectively.

**NOTE 20 – BOARD DESIGNATED FUNDS**

The Agency has adopted a spending policy in an attempt to increase the value of the investments and only use them for operational purposes with the Board of Director's consent. The Board of Directors designated \$1,139,847 as a board-designated fund in 2017. In addition, for future use, the Board designated 95% of remaining net assets without donor restrictions, excluding investments in property, plant and equipment. Changes in board-designated funds are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Board designated funds, beginning of year	\$ 11,253,808	\$ 12,959,031
<u>Activity:</u>		
Investment income	426,962	253,648
Net appreciation (realized and unrealized)	1,660,716	1,316,067
Appropriated for operations	<u>(1,976,282)</u>	<u>(3,274,938)</u>
Total activity	<u>111,396</u>	<u>(1,705,223)</u>
Board-designated funds, end of year	<u>\$ 11,365,204</u>	<u>\$ 11,253,808</u>

Effective June 30, 2024, the Agency created a reserve for future capital projects in the amount of \$1,756,572. These funds are received primarily through LLC and their management services.

**NOTE 21 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through February 07, 2025, the date the consolidated financial statements were available to be issued.