



**ASTOR SERVICES FOR CHILDREN & FAMILIES
AND SUBSIDIARY**

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

YEARS ENDED JUNE 30, 2022 AND 2021

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY

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

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Astor Services for Children & Families and Subsidiary

Opinion

We have audited the consolidated financial statements of Astor Services for Children & Families ("Astor"), and The Children's Foundation of Astor, Inc. (the "Foundation") (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit 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 Organization 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.

Report on 2021 Consolidated Financial Statements

The consolidated financial statements of the Organization as of and for the year ended June 30, 2021, were audited by Marks Paneth LLP, whose report dated December 23, 2021, expressed an unmodified opinion on those statements.

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 Organization'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 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 Organization'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 Organization'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.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Astor Services for Children & Families and The Children's Foundation of Astor, Inc. as a whole. The supplementary information (included on pages 21-23) is presented for the purpose of additional analysis, rather than to present the financial position and changes in net assets of Astor and the Foundation individually and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mayer Hoffman McCann CPAs

New York, NY
January 25, 2023

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents (Notes 2D and 11)	\$ 1,519,442	\$ 3,468,325
Investments (Notes 2L, 13 and 14)	6,776,250	8,086,168
Accounts receivable, net (Note 2G)	8,303,928	8,143,571
Contribution in-kind - rent receivable, current, net (Notes 2F, 2J and 4)	514,944	514,944
Prepaid expenses, deposits and other assets	563,290	512,891
Total current assets	17,677,854	20,725,899
Contribution in-kind - rent receivable, non-current, net (Notes 2F, 2J and 4)	5,381,254	5,620,780
Property and equipment, net (Notes 2I, 5 and 6)	8,740,467	9,663,206
Investments - perpetual in nature (Notes 2B, 2L, 12, 13, 14 and 15)	471,730	545,484
TOTAL ASSETS	\$ 32,271,305	\$ 36,555,369
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,340,514	\$ 1,591,941
Accrued salaries, vacation and benefits	2,827,868	3,571,001
Due to funding sources and deferred revenue (Note 2E)	652,182	667,213
Debt, current (Note 6)	599,925	568,174
Total current liabilities	5,420,489	6,398,329
Paycheck Protection Program loan payable (Note 7)	-	1,800,000
Debt, non-current (Note 6)	5,850,001	6,430,598
TOTAL LIABILITIES	11,270,490	14,628,927
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET ASSETS (Note 2B)		
Net assets without donor restrictions:		
Net investment in property and equipment	2,290,541	2,664,434
Operations	11,926,393	12,275,452
Total net assets without donor restrictions	14,216,934	14,939,886
Net assets with donor restrictions (Note 15)	6,783,881	6,986,556
TOTAL NET ASSETS	21,000,815	21,926,442
TOTAL LIABILITIES AND NET ASSETS	\$ 32,271,305	\$ 36,555,369

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

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total 2022	Without Donor Restrictions	With Donor Restrictions	Total 2021
OPERATING ACTIVITIES:						
REVENUE AND SUPPORT:						
Revenue						
Government contracts and grants (Note 2E)	\$ 27,587,663	\$ -	\$ 27,587,663	\$ 30,173,040	\$ -	\$ 30,173,040
Contracts with non-governmental entities	1,396,607	-	1,396,607	1,740,189	-	1,740,189
Medicaid (Note 2E)	12,327,539	-	12,327,539	15,536,557	-	15,536,557
Managed care, private and commercial insurance fees	12,690,890	-	12,690,890	18,209,792	-	18,209,792
Support						
Donated goods and services (Note 2F)	808,093	-	808,093	462,434	-	462,434
Amortization of discount on contribution-in-kind (Note 4)	-	275,418	275,418	-	286,607	286,607
Contributions and other	449,019	-	449,019	1,576,466	-	1,576,466
Grants						
Other grants	993,911	128,101	1,122,012	580,727	28,292	609,019
Net assets released from restrictions (Note 2B)	532,440	(532,440)	-	595,204	(595,204)	-
TOTAL REVENUE AND SUPPORT	<u>56,786,162</u>	<u>(128,921)</u>	<u>56,657,241</u>	<u>68,874,409</u>	<u>(280,305)</u>	<u>68,594,104</u>
EXPENSES (Note 2H):						
Program services:						
Care Management	6,974,401	-	6,974,401	6,703,489	-	6,703,489
Early Childhood	10,411,837	-	10,411,837	9,992,288	-	9,992,288
Enhanced Schools	7,480,752	-	7,480,752	8,070,296	-	8,070,296
Out of Home Placement	9,956,739	-	9,956,739	12,344,384	-	12,344,384
Outpatient	10,629,636	-	10,629,636	11,611,189	-	11,611,189
Other Clinical Programs	3,884,680	-	3,884,680	3,528,606	-	3,528,606
Program services - Subsidiary	64,620	-	64,620	64,620	-	64,620
Total program services	<u>49,402,665</u>	<u>-</u>	<u>49,402,665</u>	<u>52,314,872</u>	<u>-</u>	<u>52,314,872</u>
Support services:						
Management and administration	8,337,736	-	8,337,736	7,879,263	-	7,879,263
Fundraising	674,102	-	674,102	954,422	-	954,422
Total support services	<u>9,011,838</u>	<u>-</u>	<u>9,011,838</u>	<u>8,833,685</u>	<u>-</u>	<u>8,833,685</u>
TOTAL EXPENSES	<u>58,414,503</u>	<u>-</u>	<u>58,414,503</u>	<u>61,148,557</u>	<u>-</u>	<u>61,148,557</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(1,628,341)	(128,921)	(1,757,262)	7,725,852	(280,305)	7,992,109
NONOPERATING ACTIVITIES:						
Investment activity (Note 13)	(894,611)	(73,754)	(968,365)	451,078	95,484	546,562
Paycheck Protection Program loan forgiveness (Note 7)	1,800,000	-	1,800,000	-	-	-
TOTAL NONOPERATING ACTIVITIES	905,389	(73,754)	831,635	451,078	95,484	(63,866)
CHANGE IN NET ASSETS	(722,952)	(202,675)	(925,627)	8,176,930	(184,821)	7,992,109
Net assets - beginning of year	14,939,886	6,986,556	21,926,442	6,762,956	7,171,377	13,934,333
NET ASSETS - END OF YEAR	<u>\$ 14,216,934</u>	<u>\$ 6,783,881</u>	<u>\$ 21,000,815</u>	<u>\$ 14,939,886</u>	<u>\$ 6,986,556</u>	<u>\$ 21,926,442</u>

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

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for June 30, 2021)

	Program Services							Supporting Services			Consolidated Total 2022	Consolidated Total 2021	
	Care Management	Early Childhood	Enhanced Schools	Out of Home Placement	Outpatient	Other Clinical Programs	Subsidiary	Total Program Services	Management and Administration	Fundraising			Total Supporting Services
Salaries and related expenses:													
Salaries	\$ 4,747,932	\$ 5,772,287	\$ 4,993,963	\$ 5,105,231	\$ 7,441,130	\$ 2,655,455	\$ -	\$ 30,715,998	\$ 4,637,135	\$ 363,193	\$ 5,000,328	\$ 35,716,326	\$ 36,755,272
Employee health and retirement benefits (Note 9)	851,470	1,199,484	881,333	1,047,373	1,333,142	462,081	-	5,774,883	893,975	71,396	965,371	6,740,254	7,286,444
Payroll taxes and other benefits	482,205	578,903	482,424	511,007	721,558	262,112	-	3,038,209	499,499	37,562	537,061	3,575,270	4,351,413
Total salaries and related expenses	6,081,607	7,550,674	6,357,720	6,663,611	9,495,830	3,379,648	-	39,529,090	6,030,609	472,151	6,502,760	46,031,850	48,393,129
Professional services	76,373	332,729	207,934	302,596	243,447	86,918	-	1,249,997	675,075	1,399	676,474	1,926,471	2,136,379
Supplies	18,349	296,394	55,028	129,721	35,516	6,842	-	541,850	58,728	6,591	65,319	607,169	866,833
Telephone	128,529	115,977	84,253	153,111	236,715	93,481	-	812,066	868,166	61	868,227	1,680,293	2,114,769
Occupancy (Note 10A)	210,600	288,931	189,542	278,608	236,731	130,184	-	1,334,596	82,309	-	82,309	1,416,905	1,360,983
Travel and related expenses	101,949	127,875	16,292	99,882	42,506	65,120	-	453,624	67,512	517	68,029	521,653	431,708
Training and conferences	6,830	57,355	11,449	6,732	2,993	6,666	-	92,025	92,804	1,326	94,130	186,155	140,190
Specific assistance	144,834	980	-	6,933	1,275	14,377	-	168,399	-	-	-	168,399	108,254
Client expenses - Foster boarding home	-	-	-	917,823	-	-	-	917,823	-	-	-	917,823	1,065,346
Children's activities	622	8,330	9,533	40,083	25	326	-	58,919	-	-	-	58,919	33,233
Insurance	121,650	163,627	129,229	162,470	187,171	67,013	-	831,160	-	-	-	831,160	770,610
Food	409	232,664	3,492	108,885	453	356	-	346,259	19,634	14,576	34,210	380,469	344,978
Furniture and equipment	17,870	80,813	85,908	91,515	40,604	5,526	-	322,236	40,254	5,498	45,752	367,988	289,659
Interest	-	-	31,323	341,003	-	-	-	372,326	13,391	-	13,391	385,717	448,449
Depreciation and amortization (Note 5)	19,500	97,030	127,933	515,501	31,347	5,810	64,620	861,741	127,900	-	127,900	989,641	992,643
Donated goods, services and facilities	22,500	1,038,304	114,727	100,496	34,619	12,395	-	1,323,041	-	-	-	1,323,041	977,375
Publicity	-	-	-	-	-	-	-	-	-	153,277	153,277	153,277	148,976
Miscellaneous	22,779	20,154	56,389	37,769	40,404	10,018	-	187,513	244,470	18,706	263,176	450,689	495,715
Other grants expense	-	-	-	-	-	-	-	-	16,885	-	16,885	16,885	29,328
TOTAL EXPENSES	\$ 6,974,401	\$ 10,411,837	\$ 7,480,752	\$ 9,956,739	\$ 10,629,636	\$ 3,884,680	\$ 64,620	\$ 49,402,665	\$ 8,337,737	\$ 674,102	\$ 9,011,839	\$ 58,414,504	\$ 61,148,557

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services							Supporting Services			Consolidated Total 2021	
	Care Management	Early Childhood	Enhanced Schools	Out of Home Placement	Outpatient	Other Clinical Programs	Subsidiary	Total Program Services	Management and Administration	Fundraising		Total Supporting Services
Salaries and related expenses:												
Salaries	\$ 4,508,212	\$ 5,567,356	\$ 5,224,468	\$ 6,457,464	\$ 7,998,175	\$ 2,346,148	\$ -	\$ 32,101,823	\$ 4,194,346	\$ 459,103	\$ 4,653,449	\$ 36,755,272
Employee health and retirement benefits (Note 9)	854,935	1,288,700	1,023,240	1,205,634	1,527,052	460,095	-	6,359,656	835,836	90,952	926,788	7,286,444
Payroll taxes and other benefits	539,970	658,193	607,514	773,964	971,378	255,386	-	3,806,405	480,956	64,052	545,008	4,351,413
Total salaries and related expenses	5,903,117	7,514,249	6,855,222	8,437,062	10,496,605	3,061,629	-	42,267,884	5,511,138	614,107	6,125,245	48,393,129
Professional services	68,779	290,410	285,195	449,182	180,633	100,583	-	1,374,782	602,771	158,826	761,597	2,136,379
Supplies	27,918	288,609	54,534	250,654	26,986	4,248	-	652,949	208,922	4,962	213,884	866,833
Telephone	164,627	234,448	132,687	195,939	332,078	98,471	-	1,158,250	956,519	-	956,519	2,114,769
Occupancy (Note 10A)	165,527	279,513	172,032	329,485	202,288	120,290	-	1,269,135	91,848	-	91,848	1,360,983
Travel and related expenses	83,040	102,147	13,570	97,682	36,381	42,521	-	375,341	56,135	232	56,367	431,708
Training and conferences	7,218	79,796	5,617	5,031	8,794	10,366	-	116,822	23,103	265	23,368	140,190
Specific assistance	86,236	1,805	-	13,760	940	5,513	-	108,254	-	-	-	108,254
Client expenses - Foster boarding home	-	-	-	1,065,346	-	-	-	1,065,346	-	-	-	1,065,346
Children's activities	46	662	2,140	30,300	-	85	-	33,233	-	-	-	33,233
Insurance	103,219	142,311	120,963	171,289	180,328	52,500	-	770,610	-	-	-	770,610
Food	-	167,868	1,797	169,983	-	-	-	339,648	1,270	4,060	5,330	344,978
Furniture and equipment	15,405	57,079	62,098	77,422	34,111	7,456	-	253,571	34,027	2,061	36,088	289,659
Interest	-	-	42,172	361,763	-	-	-	403,935	44,514	-	44,514	448,449
Depreciation and amortization (Note 5)	17,038	104,832	158,369	522,167	31,755	5,657	64,620	904,438	88,205	-	88,205	992,643
Donated goods, services and facilities	20,506	690,647	114,855	105,114	35,826	10,427	-	977,375	-	-	-	977,375
Other administrative expense	-	-	-	-	-	-	-	-	-	-	-	-
Publicity	-	-	-	-	-	-	-	-	-	148,976	148,976	148,976
Miscellaneous	40,813	36,312	45,312	42,210	44,464	8,860	-	217,971	256,811	20,933	277,744	495,715
Other grants expense	-	1,600	3,733	19,995	-	-	-	25,328	4,000	-	4,000	29,328
TOTAL EXPENSES	\$ 6,703,489	\$ 9,992,288	\$ 8,070,296	\$ 12,344,384	\$ 11,611,189	\$ 3,528,606	\$ 64,620	\$ 52,314,872	\$ 7,879,263	\$ 954,422	\$ 8,833,685	\$ 61,148,557

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

**ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (925,627)	\$ 7,992,109
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	989,641	992,643
Amortization of discount on contribution in-kind receivable	-	(286,607)
Reduction of contribution in-kind - rent receivable	514,944	514,944
Interest expense on deferred financing costs	13,431	13,431
Unrealized loss (gain) on investments	1,139,727	(485,366)
Forgiveness of Paycheck Protection Program loan	(1,800,000)	-
Subtotal	(67,884)	8,741,154
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(160,357)	4,183,388
Prepaid expenses, deposits and other assets	(50,399)	(146,786)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(251,427)	(2,394,634)
Accrued salaries, vacation and benefits	(743,133)	1,176,529
Pension withdrawal liability	-	(253,893)
Due to funding sources and deferred revenue	(15,031)	(424,266)
Net Cash (Used in) Provided by Operating Activities	(1,288,231)	10,881,492
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(11,951)	(6,050,541)
Proceeds from sales of investments	182,142	424,077
Purchases of property and equipment	(66,902)	(168,913)
Net Cash Provided by (Used in) Investing Activities	103,289	(5,795,377)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(562,277)	(932,515)
Proceeds from Paycheck Protection Program loan payable	-	1,800,000
Proceeds from line of credit	1,500,000	-
Payments on line of credit	(1,500,000)	(2,648,024)
Net Cash Used in Financing Activities	(562,277)	(1,780,539)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,948,883)	3,305,576
Cash and cash equivalents - beginning of year	3,468,325	162,749
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,519,442	\$ 3,468,325
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 372,286	\$ 435,018

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

**ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1—ORGANIZATION, NATURE OF ACTIVITIES AND BASIS OF PRESENTATION

Astor Services for Children & Families ("Astor") is a not-for-profit membership corporation whose sole member is the Catholic Charities Alliance (the "Alliance"). The Alliance has certain reserve powers associated with Astor, including the election of the Board, determination of the size of the Board, approval of the Board's choice of Executive Director and approval of certain transactions, such as large loans. Astor is a child care agency serving emotionally disturbed and mentally ill young people from throughout New York State through various sites in Dutchess County, Orange County and the Bronx. Astor provides residential, educational and clinical services to these people and provides community-based, family-oriented services for those who are experiencing difficulty at home, in school or in the community. In addition, other programs are provided in preventive, day care, special education programs for children with learning disabilities and educational formats. Astor's major sources of revenue are from federal, New York State and local agencies.

The Children's Foundation of Astor, Inc. ("Foundation") is a not-for-profit corporation. The Foundation was formed to raise funds and provide grants as well as support the activities of Astor. Astor is the sole member of the Foundation.

These financial statements present the consolidated statements of financial position, activities, functional expenses and cash flows of Astor and the Foundation (collectively, the "Organization").

Astor and the Foundation are qualified as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and similar New York State Laws and, accordingly, are not subject to federal and state income taxes.

Programs operated by the Organization are summarized below.

- **Care Management:** The provision of support and linkages to programs/services in the home, school, and community. These include individualized programs to prevent residential placement and innovative cross-systems integration to serve children who are at high risk.
- **Early Childhood:** Head Start, special education and early intervention programs for young children ages 3-5 years.
- **Enhanced Schools:** Schools and Day Treatment programs in a variety of educational settings with any combination of education, behavioral and clinical support including direct clinical care and classroom consultative arrangements.
- **Out of Home Placement:** Therapeutic foster families, and congregate residential care for young children in a Residential Treatment Center. Specialized, high-level clinically based residential care in a Residential Treatment Facility.
- **Outpatient:** An array of outpatient clinics for children, adolescents, and young adults in the community and in schools. This includes therapy services using evidence-based practices, psychiatry, and tele-psychiatry services.
- **Other Clinical Programs:** Astor provides a series of specialized services not listed in its main service lines, including: immediate home and school response in times of crisis; partial hospitalization for adolescents needing the highest level of clinical support; and specialized services for children at risk of more restrictive placements including Functional Family Therapy, juvenile justice prevention, Children and Family Treatment and Support and Home and Community Based Services, COVID-19 mental health support, and a 24-hour Stabilization Center.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Organization prepares its consolidated financial statements using the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant inter-company balances and transactions have been eliminated in the consolidation.

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- B. Revenue and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:
- Net Assets Without Donor Restrictions – Represents resources available for support of the Organization’s operations, over which the Board of Directors has discretionary control.
 - Net Assets With Donor Restrictions – The Organization reports contributions of cash and other assets as without donor restrictions unless they are received with donor stipulations that limit the use of the donated asset; such assets are considered net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as net assets without donor restrictions. In addition, net assets with donor restrictions represent assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The donor of these assets permits the Organization to use the income earned from related investments for general purposes. Earnings would normally be accounted for in the net assets without donor restrictions class to benefit the Organization, but as further described in Note 15, such funds are restricted by law until appropriated by the Board. The Organization has net assets with donor restrictions, which are perpetual in nature, of \$500,000 as of both June 30, 2022 and 2021.
- C. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- D. Cash and cash equivalents consist of: cash, money market funds and accounts backed by the U.S. Government with maturities, when purchased, of three months or less.
- E. Contracts and grants consist of revenue received through various federal, state and local governmental agencies. The Organization also receives residential, day treatment, medical and tuition support from various New York State counties and school districts. Reimbursement rates are preliminarily based upon prior years’ actual cost data provided to the Department of Social Services (“DSS”), the State Education Department (“SED”) and the Office of Mental Health (“OMH”). Final determination of rates is based upon DSS, SED and OMH’s review and audit of actual expenditures for the applicable year. Government contracts and grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, the Organization establishes refundable advances from governmental sources. Any revenue for contracts that has not yet been earned is reclassified as deferred revenue in the consolidated statements of financial position.

Government grants and contracts are nonexchange transactions and accounted for under Accounting Standards Update (“ASU”) 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). Government grants and contracts are recognized as revenue when barriers within the contract are overcome and there is no right of return. Government grants and contracts amounted to \$27,587,663 and \$30,173,040 for the years ended June 30, 2022 and 2021, respectively, and are included in the consolidated statements of activities.

As of June 30, 2022 and 2021, Astor received conditional grants and contracts from government agencies in the aggregate amounts of approximately \$14,979,000 and \$15,922,000, 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 agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Organization may be required to return the funds already remitted.

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Primary support for the programs operated by Astor is also derived directly from services provided to approved clients from third-party reimbursement sources. Laws and regulations governing Medicaid programs are subject to interpretation. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from Medicaid programs. There are occasions when funding source reimbursements for prior years are adjusted in the current period. Astor records receivables and revenue when earned based on established rates or contracts for services provided. Revenue is reported at the amount that reflects the consideration to which Astor expects to be entitled in exchange for providing the contracted services. Generally, Astor bills the government entities, third-party payors and individuals after the services are performed or when Astor has completed its portion of the contract. Medicaid is accounted for under ASU 2014-09 “*Revenue from Contracts with Customers*” (Topic 606).

Performance obligations are determined based on the nature of the services provided by Astor in accordance with the contract. Revenues for performance obligations are satisfied at a point in time at which services are provided. Astor believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Astor 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.

Because all of its performance obligations relate to contracts with a duration of less than one year, Astor has elected to apply the optional exemption provided in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification 606-10-50-1 4(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.

Astor determines the transaction price based on established rates and contracts for services provided. 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. Astor has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and service lines. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Due to funding sources and deferred revenue include advances paid from Medicaid programs in excess of allowable amounts. Such amounts may be required to be repaid to funding sources through the Medicaid recoupment process. Provisions for amounts due to or from funding sources based on estimated financial rates have been made in the consolidated financial statements. Differences between estimated and actual financial rates will be reflected in the consolidated statements of activities in the year the final rates are approved. In the opinion of management, no material adjustments are expected from these audits. Due to funding sources also includes excess reimbursements made to Astor by the funding sources for the educational program. Most of these amounts will be recovered by the funding sources over time as future services are billed.

Approximately 71% and 66% of the Organization’s revenues without donor restrictions were provided by Medicaid reimbursement and government contracts and grants during the years ended June 30, 2022 and 2021, respectively.

There are occasions when funding source reimbursements received in prior years are adjusted in the current year. Such adjustments may be due to funding source audit findings, additional monies available over and above original contract amounts, rate appeal results, etc. Included in the change in net assets for the years ended June 30, 2022 and 2021, was approximately \$1,225,000 and \$3,827,000, respectively, of prior year increases, relating to such adjustments.

**ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization estimates the effect of SED's reconciliation process and records increases or decreases in tuition revenue for that year. The purpose is to more closely match reimbursable expenses with tuition revenue. For the years ended June 30, 2022 and 2021, Astor recognized an estimated (decrease) increase of \$(35,683) and \$67,309 for tuition revenue based on SED's reconciliation process. These amounts are reflected in government contracts and grants and accounts receivable.

- F. The Organization receives donated services, equipment, supplies and other items which supplement the efforts of the Organization's professional staff in providing services. The Organization records these contributions in the accompanying consolidated financial statements as support and expenses at the estimated value of the donated goods and services.

Donated good and services for the year ended June 30, 2022 consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Donated services	\$ 707,890	Various programs of the Organization	No associated donor restriction	Based on current rate of services provided by individuals
Donated goods	100,203	Various programs of the Organization	No associated donor restriction	Based on current value of goods donated

Donated goods and services for the year ended June 30, 2021 consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Donated services	\$ 382,733	Various programs of the Organization	No associated donor restriction	Based on current rate of services provided by individuals
Donated goods	79,701	Various programs of the Organization	No associated donor restriction	Based on current value of goods donated

- G. As of June 30, 2022 and 2021, the Organization determined that an allowance for doubtful accounts of approximately \$250,000 was necessary for accounts receivable. Such estimates are based on a combination of factors, such as management's assessment of the aged basis of its government funding sources, creditworthiness of funders and its donors, current economic conditions and historical experience. A significant portion of accounts receivable consists of amounts due from federal and New York State sources.
- H. The Organization allocates certain expenses among the various program and supporting services categories. The expense allocated to a particular category is based on a number of factors. Salary expense is based on the estimated time spent on each program and certain other expenses are allocated among the program and supporting services benefited.
- I. Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. The Organization capitalizes property and equipment with a cost of \$1,000 or more and a useful life of greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease.

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- J. Pledges of contributions-in-kind rent are recorded as revenue when made. The Organization considers these pledges scheduled to be received in future periods as implicitly time restricted. The Organization discounts long-term pledges using a risk-free adjusted interest rate for the expected term of the promise to give applicable to the years in which the pledges are received. As of June 30, 2022 and 2021, the discount on contributions in-kind receivable amounted to \$2,342,906 and \$2,618,324, respectively.
- K. Pledges are recorded as income when the Organization is formally notified of the grants or contributions by the respective donors. Unless material to the consolidated financial statements, the Organization does not discount multi-year pledges.
- L. Investments are measured at fair value. 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 14.
- M. Certain line items in the June 30, 2021 consolidated financial statements have been reclassified to conform to the June 30, 2022 presentation.
- N. The Organization considers all revenues and expenses to be operating activity except for the forgiveness of the Paycheck Protection Program loan (see Note 7) and investment activity (see Note 13).
- O. Recent Accounting Pronouncements – FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) was adopted for the year ended June 30, 2022. The core guidance is to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure, as further described in Notes 2F, 2J, and 4).

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and a bank line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of care management, crisis response, early childhood, education, out of home placement, outpatient, and placement prevention services as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. In the event of an unanticipated liquidity need, the Organization could also draw upon \$6,000,000 of its available bank line of credit of which \$6,000,000 is available as of June 30, 2022. See Note 6.

The following financial assets could readily be made available immediately from the consolidated statements of financial position date to meet general expenditures as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,519,442	\$ 3,468,325
Investments	7,247,980	8,631,652
Accounts receivable, net	<u>8,303,928</u>	<u>8,143,571</u>
Total financial assets	17,071,350	20,243,548
Less: Investments, perpetual in nature	<u>(471,730)</u>	<u>(545,484)</u>
	<u>\$ 16,599,620</u>	<u>\$ 19,698,064</u>

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4—CONTRIBUTION IN-KIND - RENT RECEIVABLE

Contribution in-kind rent receivable consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Amount due in less than one year	\$ 514,944	\$ 514,944
Amount due from one to five years	2,059,776	2,059,776
Amount due in greater than five years	<u>5,664,384</u>	<u>6,179,328</u>
	8,239,104	8,754,048
Less: Unamortized discount to present value	<u>(2,342,906)</u>	<u>(2,618,324)</u>
	<u>\$ 5,896,198</u>	<u>\$ 6,135,724</u>

Astor has a 40-year lease agreement, effective October 1, 1998, with the Archbishop of New York for the use of the land and improvements at the Rhinebeck, NY location. Astor is required to pay a nominal rent of \$1 per year. Astor has estimated the fair value of the annual lease payment to be approximately \$515,000. The fair value associated with the use of the property is amortized over the term of the lease.

Amortization of the discount on the contribution-in-kind amounted to \$275,418 and \$286,607 for the years ended June 30, 2022 and 2021, respectively.

NOTE 5—PROPERTY AND EQUIPMENT, NET

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

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives</u>
Land	\$ 505,358	\$ 505,358	
Buildings	18,480,424	18,480,424	40 years
Furniture and equipment	2,892,632	2,880,154	3-10 years
Leasehold improvements	4,781,742	4,757,035	Remaining lease term
Construction in progress (see below)	<u>221,623</u>	<u>191,906</u>	
Total cost	26,881,779	26,814,877	
Accumulated depreciation and amortization	<u>(18,141,312)</u>	<u>(17,151,671)</u>	
Net book value	<u>\$ 8,740,467</u>	<u>\$ 9,663,206</u>	

Depreciation and amortization expense for the years ended June 30, 2022 and 2021, amounted to \$989,641 and \$992,643, respectively.

As of June 30, 2022, construction in progress primarily consists of the real estate advisory costs for rezoning feasibility and development options for the property owned at 750 Tilden Avenue, Bronx, New York. The project is expected to be completed within 4-5 years with expected future costs of approximately \$8.7 million. Astor is in discussions with various third parties regarding funding and/or financing these costs.

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 6—DEBT

Debt consists of the following as of June 30:

	2022	2021
Note payable to a bank, due January 2025, payable in monthly installments of \$17,283 (principal and interest). The interest rate is fixed at 5.45% for the first ten years (ending January 2022), after which the rate is reset; collateralized by certain property and equipment.	\$ 497,558	\$ 672,788
Note payable to a bank, due January 2033, payable in monthly installments of principal and interest. The interest rate is fixed at 5.45% for the first ten years (ending January 2022), after which the rate is reset; collateralized by certain property and equipment.	5,959,236	6,346,283
Total	6,456,794	7,019,071
Less: Unamortized debt issuance costs	(6,868)	(20,299)
Less: Current portion	(599,925)	(568,174)
Debt, net of current portion	\$ 5,850,001	\$ 6,430,598

Future principal payments for each of the five years subsequent to June 30, 2022 are as follows:

2023	\$ 599,925
2024	633,450
2025	579,564
2026	488,352
2027	515,642
Thereafter (expiring January 2033)	3,639,861
	\$ 6,456,794

Astor has an unsecured line of credit (“LOC”) with a bank capped at \$6,000,000, of which \$0 was outstanding at June 30, 2022 and 2021, respectively. The line of credit is secured by Astor’s receivables and carries interest at the overnight London Interbank Offered Rate (“LIBOR”) rate plus a spread of 225 basis points, adjusting daily (amounting to an interest rate of 3.81250% and 3.1005% as of June 30, 2022 and 2021, respectively). It should be noted that LIBOR is being phased out world-wide and the LOC will be modified. The replacement for LIBOR will be a term Secured Overnight Financing Rate (“SOFR”), daily simple SOFR, or an alternative benchmark rate that has been selected by the bank as the replacement. The LOC is payable on demand. As of January 25, 2023, there was \$2,500,000 borrowed.

As of June 30, 2022, \$6,456,794 of the long-term debt and the unsecured line of credit of \$6,000,000 is held with one bank with cross default clauses whereby default on one obligation will trigger default on the other obligation. Astor must comply with certain administrative and financial covenants, which it has met.

Interest expense related to debt for the years ended June 30, 2022 and 2021, amounted to \$385,718 and \$448,449, respectively.

NOTE 7—PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”). If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven.

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7—PAYCHECK PROTECTION PROGRAM LOAN PAYABLE (Continued)

Astor applied for this loan through an SBA authorized lender and received \$1,800,000 in August 2020. Management has opted to account for the PPP loan under FASB ASC 470 and expects to recognize the gain resulting from the forgiveness upon legal release of its obligation from the SBA. If the loan is not forgiven, Astor must repay the loan on or before the due date in August 2025 with interest at 1% per annum. For the years ended June 30, 2022 and 2021, no amount was recorded for interest expense as this was deemed immaterial to the consolidated financial statements. Astor received forgiveness for the full amount of the PPP loan in December 2021 and accordingly recorded grant income of \$1,800,000 in the accompanying consolidated statements of activities.

NOTE 8—TRANSACTIONS WITH THE FOUNDATION AND RELATED PARTIES

Astor conducts its residential programs and has its administrative offices in facilities owned by the Archdiocese of New York. No rent is paid for the use of these facilities. The estimated value of such contributed rent was \$515,000 for the years ended June 30, 2022 and 2021. See Note 4.

Astor has a Board member whose firm is its insurance broker, which receives commission income from various insurance companies providing coverage to Astor. For the years ended June 30, 2022 and 2021, the insurance brokerage commissions paid to the Board member's firm amounted to \$143,361 and \$356,314, respectively. Also, Astor has a Board member who is a partner in a law firm that provides legal services to Astor. For the years ended June 30, 2022 and 2021, Astor paid legal fees to the Board member's law firm amounting to \$2,175 and \$3,775, respectively. In addition, Astor maintains certain cash accounts and loans with a bank that employs an Astor Board member. The Foundation has a Board member who is a partner in a firm that manages the investments of the Foundation. For the years ended June 30, 2022 and 2021, the Foundation did not pay any investment fees to the Board member or his firm.

Astor and the Foundation both have conflict of interest policies and disclosures that are regularly reviewed by the Board. In addition, it is the policy of the Organization to ensure that any person, in a conflict of interest position, recuses themselves from voting on business transactions in which the individual has a conflict of interest. The Organization routinely evaluates the pricing of the services rendered for purposes of determining that they are at or below fair market value.

During the year ended June 30, 2021, Astor granted the Foundation \$5,000,000. This amount was eliminated in the accompanying consolidated financial statements.

Astor charges the Foundation certain administrative and fundraising expenses, which amounted to \$472,151 and \$558,103 for the years ended June 30, 2022 and 2021, respectively. These amounts were eliminated in the accompanying consolidated financial statements.

NOTE 9—RETIREMENT PLANS

Astor previously participated in the Archdiocesan Pension Plan (the "Plan"), a defined benefit multiemployer plan. All employees who met the age and years of service requirements were noncontributory participants in the Plan. Astor withdrew from the Plan as of December 31, 2014. As a result of withdrawing from the Plan, the Archdiocese required that Astor pay an employer liability and administration charge of approximately \$6,353,000 payable in 60 monthly installments of approximately \$128,000 starting September 1, 2015 and ending August 1, 2020. This amount represented Astor's calculated share as a participant in the plan which was underfunded at the withdrawal date. Under U.S. GAAP, the liability was recorded as of June 30, 2014. As of June 30, 2022 and 2021, the accrued pension withdrawal liability for the Plan was \$0. Payments made by Astor to reduce the liability amounted to \$0 and \$1,921,485 for the years ended June 30, 2022 and 2021, respectively.

Effective January 1, 2015, Astor implemented a defined contribution 403(b) Thrift Plan ("403(b) Plan") covering all eligible employees. Astor's contribution into the 403(b) Plan ranges from 2.75% to 12% of the employee's salary depending on years of completed service. Pension expense for the years ended June 30, 2022 and 2021 amounted to \$1,466,723 and \$1,741,708, respectively.

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10—COMMITMENTS AND CONTINGENCIES

A. The Organization has operating lease commitments for certain facilities, vehicles and equipment expiring on various dates through 2026. Aggregate minimum rentals for each of the fiscal years ending after June 30, 2022 are as follows:

	<u>Facilities</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
2023	\$ 718,723	\$ 194,663	\$ 68,480	\$ 981,866
2024	445,852	151,149	68,066	665,067
2025	299,153	143,981	68,066	511,200
2026	214,309	81,306	67,407	363,022
2027	40,705	10,607	61,464	112,776
	<u>\$ 1,718,742</u>	<u>\$ 581,706</u>	<u>\$ 333,483</u>	<u>\$ 2,633,931</u>

Rent expense for the facilities, vehicles and equipment amounted to \$730,125, \$189,961 and \$286,380, respectively, for the year ended June 30, 2022 and \$641,928, \$180,070 and \$298,970, respectively, for the year ended June 30, 2021.

- B. Pursuant to the Organization's contractual relationships with certain funding sources, outside governmental agencies have the right to examine the Organization's books and records involving transactions relating to those contracts. The accompanying consolidated financial statements make no provision for possible disallowances, although such possible disallowances could be substantial in amount. In the opinion of management, any actual disallowances would be immaterial, to the consolidated financial statements.
- C. Astor and the Foundation believe they have no uncertain income tax positions as of June 30, 2022 and 2021 in accordance with ASC Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- D. Astor, in the ordinary course of business, is exposed to various potential claims and assessments. Astor is also subject to legal proceedings and claims which have arisen in part because New York State has temporarily suspended certain statutes of limitations. These complaints and allegations date from 1982 to 1998. No claims and assessments have been fully adjudicated. As of June 30, 2022, management cannot determine the final outcome of these claims and has not recorded any liability in the consolidated financial statements.
- E. The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on the Organization's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Organization is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. The Organization's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Organization continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

NOTE 11—CONCENTRATIONS

A. *Concentration of Credit Risk*

Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit of \$250,000 per depositor, per insured financial institution. Such amounts are at two banks and amounted to approximately \$1,262,000 and \$3,384,000 as of June 30, 2022 and 2021, respectively.

B. *Concentration of Labor*

Certain of Astor's employees have formed collective bargaining units. The collective bargaining units are subject to the work rules and policies of Astor.

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12—INVESTMENTS – PERPETUAL IN NATURE

In 1997, the Foundation received a grant of \$500,000 for the establishment of an endowment fund for Astor. Prior to the fiscal year ended 2020, Astor recorded its interest in the net assets of the Foundation as net assets with donor restrictions. Astor's interest in this grant has been eliminated in these consolidated financial statements and the grant received by the Foundation is reflected as net assets with donor restrictions. See Note 15.

NOTE 13—INVESTMENTS

Investments consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Mutual funds		
Domestic equity	\$ 299,939	\$ 142,606
International equity	308,323	-
Fixed income	1,861,136	593,781
Exchange traded funds		
Domestic equity	1,720,620	1,034,148
International equity	923,544	479,071
Fixed income	851,854	301,484
Money market funds	105,312	5,017,424
Certificates of deposit	249,765	-
Common stocks	<u>927,487</u>	<u>1,063,138</u>
Subtotal	7,247,980	8,631,652
Investments – perpetual in nature	<u>(471,730)</u>	<u>(545,484)</u>
Investments, net of restricted amounts	<u>\$ 6,776,250</u>	<u>\$ 8,086,168</u>

See Note 14 for the fair value hierarchy.

The investments that are perpetual in nature are commingled amongst all the categories in the table above.

Investments are subject to market volatility that could change their carrying values in the near term.

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 171,362	\$ 61,196
Net unrealized (loss) gain	<u>(1,139,727)</u>	<u>485,366</u>
	<u>\$ (968,365)</u>	<u>\$ 546,562</u>

NOTE 14—FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability; 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.

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14—FAIR VALUE MEASUREMENTS (Continued)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In determining fair value, the Organization 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2022 and 2021.

Mutual Funds:

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Exchange Traded Funds:

Exchange traded funds are marketable securities that track an index, a commodity, bonds, or a basket of assets like an index fund. Unlike mutual funds, exchange traded funds trade like a common stock on a stock exchange. Exchange traded funds experience price changes throughout the day as they are bought and sold.

Money Market Funds:

Money market funds are valued using market prices in active markets.

Fixed Income:

Fixed income investments are valued at the closing price reported on the active market on which the individual securities are traded.

Common Stock:

Common stock is valued using market prices in active markets.

The Organization's financial assets carried at fair value as of June 30, 2022 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total 2022</u>
ASSETS CARRIED AT FAIR VALUE			
Mutual funds:			
Domestic equity	\$ 299,939	\$ -	\$ 299,939
International equity	308,323	-	308,323
Fixed income	1,861,136	-	1,861,136
Exchange traded funds:			
Domestic equity	1,720,620	-	1,720,620
International equity	923,544	-	923,544
Fixed income	851,854	-	851,854
Money market funds	105,312	-	105,312
Fixed income	-	249,765	249,765
Common stocks	<u>927,487</u>	<u>-</u>	<u>927,487</u>
TOTAL ASSETS CARRIED AT FAIR VALUE	<u>\$ 6,998,215</u>	<u>\$ 249,765</u>	<u>\$ 7,247,980</u>

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14—FAIR VALUE MEASUREMENTS (Continued)

The Organization's financial assets carried at fair value as of June 30, 2021 are classified in the table as follows:

ASSETS CARRIED AT FAIR VALUE	<u>Level 1</u>	<u>Level 2</u>	<u>Total 2021</u>
Mutual funds:			
Domestic equity	\$ 142,606	\$ -	\$ 142,606
Fixed income	593,781	-	593,781
Exchange traded funds:			
Domestic equity	1,034,148	-	1,034,148
International equity	479,071	-	479,071
Fixed income	301,484	-	301,484
Money market funds	5,017,424	-	5,017,424
Common stocks	<u>1,063,138</u>	<u>-</u>	<u>1,063,138</u>
TOTAL ASSETS CARRIED AT FAIR VALUE	<u>\$ 8,631,652</u>	<u>\$ -</u>	<u>\$ 8,631,652</u>

NOTE 15—NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Contribution in-kind rent (see Note 4 for details)	\$ 5,896,198	\$ 6,135,724
Unappropriated earnings from endowment	(28,270)	45,484
Perpetual in nature – endowment corpus	500,000	500,000
Purpose and time restricted	<u>415,953</u>	<u>305,348</u>
	<u>\$ 6,783,881</u>	<u>\$ 6,986,556</u>

Net assets were released from donor restrictions during the years ended June 30, 2022 and 2021, by incurring expenses satisfying the restricted purpose or occurrence specified by the donors, or Board appropriation of earnings from the assets restricted in perpetuity.

Endowment net assets consist of donor-restricted funds all related to the Foundation. 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. See Note 2B for how the Foundation maintains its net assets.

The Foundation adheres to the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Foundation recognizes that NYPMIFA permits the Board of Directors to appropriate for expenditure all earnings of endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five-year average of the fair value of the endowment funds. Any unappropriated earnings that would otherwise be considered without restrictions by the donor will be reflected in net assets with donor restrictions until appropriated.

The Foundation's Board has interpreted NYPMIFA as allowing the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation 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.

The Organization's endowment investment policy is to invest the funds in a mix of mutual funds with the objective of long-term growth. The investment policy provides for an asset allocation model that is designed to achieve this objective. The endowment's total return performance is reviewed by the Foundation's Board at each meeting. Any adjustments to the mix or allocation of the endowment based upon performance and market conditions would be approved by the Board at each meeting.

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 15—NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The policy for valuing the Organization's investments is described in Notes 2L, 12 and 13. In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor-restricted endowment funds that fall below the level the donor requires the Organization to retain in perpetuity. As of June 30, 2022, there was a deficiency of \$28,270, which resulted from the unfavorable market fluctuations that occurred in the economy as a whole that affected the donor-restricted endowment fund, where the fair market value was below the amount that is required to be retained perpetuity. The Organization did not incur such deficiency in its endowment funds through June 30, 2021.

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	<u>With donor restrictions</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total 2022</u>
Investment activity:			
Interest and dividends	\$ 11,406	\$ -	\$ 11,406
Unrealized loss on investment	<u>(85,160)</u>	<u>-</u>	<u>(85,160)</u>
Total investment activity	(73,754)	-	(73,754)
Endowment net assets, beginning of year	<u>45,484</u>	<u>500,000</u>	<u>545,484</u>
Endowment net assets, end of year	<u>\$ (28,270)</u>	<u>\$ 500,000</u>	<u>\$ 471,730</u>

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	<u>With donor restrictions</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total 2021</u>
Investment activity:			
Interest and dividends	\$ 11,261	\$ -	\$ 11,261
Unrealized gain on investment	<u>84,223</u>	<u>-</u>	<u>84,223</u>
Total investment activity	95,484	-	95,484
Board appropriation	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
Subtotal	45,484	-	45,484
Endowment net assets, beginning of year	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Endowment net assets, end of year	<u>\$ 45,484</u>	<u>\$ 500,000</u>	<u>\$ 545,484</u>

NOTE 16—SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through January 25, 2023, the date the consolidated financial statements were available to be issued.

ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

	As of June 30, 2022				As of June 30, 2021			
	Astor Services for Children & Families	The Children's Foundation of Astor, Inc.	Eliminations	Total 2022	Astor Services for Children & Families	The Children's Foundation of Astor, Inc.	Eliminations	Total 2021
ASSETS								
Cash and cash equivalents	\$ 1,381,298	\$ 138,144	\$ -	\$ 1,519,442	\$ 3,423,026	\$ 45,299	\$ -	\$ 3,468,325
Investments	-	6,776,250	-	6,776,250	-	8,086,168	-	8,086,168
Accounts receivable, net	8,303,928	-	-	8,303,928	8,143,571	-	-	8,143,571
Contribution in-kind - rent receivable, current, net	514,944	-	-	514,944	514,944	-	-	514,944
Prepaid expenses, deposits and other assets	552,290	11,000	-	563,290	512,891	-	-	512,891
Due from Subsidiary	96,884	-	(96,884)	-	21,572	-	(21,572)	-
Total current assets	10,849,344	6,925,394	(96,884)	17,677,854	12,616,004	8,131,467	(21,572)	20,725,899
Contribution in-kind - rent receivable, non-current, net	5,381,254	-	-	5,381,254	5,620,780	-	-	5,620,780
Property and equipment, net	7,587,739	1,152,728	-	8,740,467	8,445,858	1,217,348	-	9,663,206
Investments - perpetual in nature	-	471,730	-	471,730	-	545,484	-	545,484
Beneficial interest in The Children's Foundation of Astor, Inc.	500,000	-	(500,000)	-	500,000	-	(500,000)	-
TOTAL ASSETS	\$ 24,318,337	\$ 8,549,852	\$ (596,884)	\$ 32,271,305	\$ 27,182,642	\$ 9,894,299	\$ (521,572)	\$ 36,555,369
LIABILITIES								
Accounts payable and accrued expenses	\$ 1,340,364	\$ 150	\$ -	\$ 1,340,514	\$ 1,591,841	\$ 100	\$ -	\$ 1,591,941
Accrued salaries, vacation and benefits	2,827,868	-	-	2,827,868	3,571,001	-	-	3,571,001
Due to related party	-	96,884	(96,884)	-	-	21,572	(21,572)	-
Due to funding sources and deferred revenue	652,182	-	-	652,182	667,213	-	-	667,213
Debt, current	599,925	-	-	599,925	568,174	-	-	568,174
Total current liabilities	5,420,339	97,034	(96,884)	5,420,489	6,398,229	21,672	(21,572)	6,398,329
Paycheck Protection Program loan payable	-	-	-	-	1,800,000	-	-	1,800,000
Debt, non-current	5,850,001	-	-	5,850,001	6,430,598	-	-	6,430,598
TOTAL LIABILITIES	11,270,340	97,034	(96,884)	11,270,490	14,628,827	21,672	(21,572)	14,628,927
NET ASSETS								
Without donor restriction	6,438,192	7,778,742	-	14,216,934	5,815,700	9,124,186	-	14,939,886
With donor restrictions	6,609,805	674,076	(500,000)	6,783,881	6,738,115	748,441	(500,000)	6,986,556
TOTAL NET ASSETS	13,047,997	8,452,818	(500,000)	21,000,815	12,553,815	9,872,627	(500,000)	21,926,442
TOTAL LIABILITIES AND NET ASSETS	\$ 24,318,337	\$ 8,549,852	\$ (596,884)	\$ 32,271,305	\$ 27,182,642	\$ 9,894,299	\$ (521,572)	\$ 36,555,369

See independent auditors' report.

**ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions			With Donor Restrictions			Eliminations and Reclassifications	Total 2022
	Astor Services for Children & Families	The Children's Foundation of Astor, Inc.	Total Without Donor Restrictions	Astor Services for Children & Families	The Children's Foundation of Astor, Inc.	Total With Donor Restrictions		
OPERATING ACTIVITIES:								
REVENUE AND SUPPORT								
Revenue								
Government contracts and grants	\$ 27,587,663	\$ -	\$ 27,587,663	\$ -	\$ -	\$ -	\$ -	\$ 27,587,663
Contracts with non-governmental entities	1,396,607	-	1,396,607	-	-	-	-	1,396,607
Medicaid	12,327,539	-	12,327,539	-	-	-	-	12,327,539
Managed care, private and commercial insurance fees	12,690,890	-	12,690,890	-	-	-	-	12,690,890
Support								
Donated goods and services	808,093	-	808,093	-	-	-	-	808,093
Amortization of discount on contribution-in-kind	-	-	-	275,418	-	275,418	-	275,418
Management fees from Subsidiary	472,151	-	472,151	-	-	-	(472,151)	-
Contributions and other	142,242	306,777	449,019	-	-	-	-	449,019
Grants								
Other grants	993,911	-	993,911	128,101	-	128,101	-	1,122,012
Net assets released from restrictions	531,829	611	532,440	(531,829)	(611)	(532,440)	-	-
TOTAL REVENUE AND SUPPORT	56,950,925	307,388	57,258,313	(128,310)	(611)	(128,921)	(472,151)	56,657,241
EXPENSES								
Program services:								
Care Management	6,974,401	-	6,974,401	-	-	-	-	6,974,401
Early Childhood	10,411,837	-	10,411,837	-	-	-	-	10,411,837
Enhanced Schools	7,480,752	-	7,480,752	-	-	-	-	7,480,752
Out of Home Placement	9,956,739	-	9,956,739	-	-	-	-	9,956,739
Outpatient	10,629,636	-	10,629,636	-	-	-	-	10,629,636
Other Clinical Programs	3,884,680	-	3,884,680	-	-	-	-	3,884,680
Program services - Subsidiary	-	64,620	64,620	-	-	-	-	64,620
Total program services	49,338,045	64,620	49,402,665	-	-	-	-	49,402,665
Support services:								
Management and administration	8,274,007	152,747	8,426,754	-	-	-	(89,018)	8,337,736
Fundraising	516,381	540,854	1,057,235	-	-	-	(383,133)	674,102
Total support services	8,790,388	693,601	9,483,989	-	-	-	(472,151)	9,011,838
TOTAL EXPENSES	58,128,433	758,221	58,886,654	-	-	-	(472,151)	58,414,503
CHANGE IN NET ASSETS FROM OPERATIONS	(1,177,508)	(450,833)	(1,628,341)	(128,310)	(611)	(128,921)	-	(1,757,262)
NONOPERATING ACTIVITIES:								
Investment activity	-	(894,611)	(894,611)	-	(73,754)	(73,754)	-	(968,365)
Paycheck Protection Program loan forgiveness	1,800,000	-	1,800,000	-	-	-	-	1,800,000
TOTAL NONOPERATING ACTIVITIES	1,800,000	(894,611)	905,389	-	(73,754)	(73,754)	-	831,635
CHANGE IN NET ASSETS	622,492	(1,345,444)	(722,952)	(128,310)	(74,365)	(202,675)	-	(925,627)
Net assets - beginning of year	5,815,700	9,124,186	14,939,886	6,738,115	748,441	7,486,556	(500,000)	21,926,442
NET ASSETS - END OF YEAR	\$ 6,438,192	\$ 7,778,742	\$ 14,216,934	\$ 6,609,805	\$ 674,076	\$ 7,283,881	\$ (500,000)	\$ 21,000,815

See independent auditors' report.

**ASTOR SERVICES FOR CHILDREN & FAMILIES AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions			With Donor Restrictions			Eliminations and Reclassifications	Total 2021
	Astor Services for Children & Families	The Children's Foundation of Astor, Inc.	Total Without Donor Restrictions	Astor Services for Children & Families	The Children's Foundation of Astor, Inc.	Total With Donor Restrictions		
OPERATING REVENUE AND SUPPORT:								
Revenue								
Government contracts and grants	\$ 30,173,040	\$ -	\$ 30,173,040	\$ -	\$ -	\$ -	\$ -	\$ 30,173,040
Contracts with non-governmental entities	1,740,189	-	1,740,189	-	-	-	-	1,740,189
Medicaid	15,536,557	-	15,536,557	-	-	-	-	15,536,557
Managed care, private and insurance fees	18,209,792	-	18,209,792	-	-	-	-	18,209,792
Support								
Donated goods and services	462,434	-	462,434	-	-	-	-	462,434
Amortization of discount on contribution-in-kind	-	-	-	286,607	-	286,607	-	286,607
Management fees from Subsidiary	558,103	-	558,103	-	-	-	(558,103)	-
Contributions and other	233,621	6,342,845	6,576,466	-	-	-	(5,000,000)	1,576,466
Grants								
Other grants	580,727	-	580,727	28,292	-	28,292	-	609,019
Net assets released from restrictions	544,272	50,932	595,204	(544,272)	(50,932)	(595,204)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	68,038,735	6,393,777	74,432,512	(229,373)	(50,932)	(280,305)	(5,558,103)	68,594,104
OPERATING EXPENSES								
Program services:								
Care Management	6,703,489	-	6,703,489	-	-	-	-	6,703,489
Early Childhood	9,992,288	-	9,992,288	-	-	-	-	9,992,288
Enhanced Schools	8,070,296	-	8,070,296	-	-	-	-	8,070,296
Out of Home Placement	12,344,384	-	12,344,384	-	-	-	-	12,344,384
Outpatient	11,611,189	-	11,611,189	-	-	-	-	11,611,189
Other Clinical Programs	3,528,606	-	3,528,606	-	-	-	-	3,528,606
Program services - Subsidiary	-	64,620	64,620	-	-	-	-	64,620
Total program services	52,250,252	64,620	52,314,872	-	-	-	-	52,314,872
Support services:								
Management and administration	7,832,598	234,534	8,067,132	-	-	-	(187,869)	7,879,263
Fundraising	5,799,522	525,134	6,324,656	-	-	-	(5,370,234)	954,422
Total support services	13,632,120	759,668	14,391,788	-	-	-	(5,558,103)	8,833,685
TOTAL OPERATING EXPENSES	65,882,372	824,288	66,706,660	-	-	-	(5,558,103)	61,148,557
CHANGE IN NET ASSETS FROM OPERATIONS	2,156,363	5,569,489	7,725,852	(229,373)	(50,932)	(280,305)	-	7,445,547
NONOPERATING ACTIVITIES:								
Investment activity	-	451,078	451,078	-	95,484	95,484	-	546,562
TOTAL NONOPERATING ACTIVITIES	-	451,078	451,078	-	95,484	95,484	-	546,562
CHANGE IN NET ASSETS	2,156,363	6,020,567	8,176,930	(229,373)	44,552	(184,821)	-	7,992,109
Net assets - beginning of year	3,659,337	3,103,619	6,762,956	6,967,488	703,889	7,671,377	(500,000)	13,934,333
NET ASSETS - END OF YEAR	\$ 5,815,700	\$ 9,124,186	\$ 14,939,886	\$ 6,738,115	\$ 748,441	\$ 7,486,556	\$ (500,000)	\$ 21,926,442

See independent auditors' report.