

Consolidated Financial Statements and
Supplementary Information Together
with Report of Independent Certified
Public Accountants

The Children's Aid Society

June 30, 2021 and 2020

Contents

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements	
Consolidated statements of financial position	5
Consolidated statements of activities	6
Consolidated statements of functional expenses	7
Consolidated statements of cash flows	9
Notes to consolidated financial statements	10
Supplemental Schedules	
Consolidating schedules of financial position	38
Consolidating schedule of activities for the year ended June 30, 2021	39
Consolidating schedule of activities for the year ended June 30, 2020	40

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
The Children's Aid Society

Report on the financial statements

We have audited the accompanying consolidated financial statements of The Children's Aid Society (the "Agency" or "Children's Aid"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Children's Aid Society as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters*Supplementary information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of The Children's Aid Society as of and for the years ended June 30, 2021 and 2020 as a whole. The accompanying supplementary information on pages 38 through 40 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such supplementary 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 audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
December 21, 2021

The Children's Aid Society

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30,
(in thousands)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 16,583	\$ 19,535
Accounts and grants receivable, net	33,311	39,943
Contributions receivable	638	1,269
Prepaid expenses and other assets	3,072	2,717
Investments	357,155	288,830
Split-interest agreement investments	1,827	1,652
Property and equipment, net	114,501	116,484
Operating right-of-use assets	30,189	-
	<u>\$ 557,276</u>	<u>\$ 470,430</u>
LIABILITIES		
Accounts payable	\$ 2,117	\$ 1,920
Accrued expenses	13,467	12,111
Deferred revenue	4,868	9,614
Split-interest obligations	917	613
Bonds payable, net	74,524	75,441
Line of credit payable	-	7,500
Accrued pension and post-retirement obligations, net	47,911	72,308
Other liabilities	1,685	3,077
Operating lease liabilities	30,189	-
	<u>175,678</u>	<u>182,584</u>
NET ASSETS		
Without donor restrictions	365,985	271,889
With donor restrictions	15,613	15,957
	<u>381,598</u>	<u>287,846</u>
Total net assets	<u>381,598</u>	<u>287,846</u>
Total liabilities and net assets	<u>\$ 557,276</u>	<u>\$ 470,430</u>

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

The Children's Aid Society

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended June 30,
(in thousands)

	June 30, 2021			June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
Operating revenue and support						
Government support	\$ 90,576	\$ -	\$ 90,576	\$ 88,328	\$ -	\$ 88,328
Program services fees	11,967	-	11,967	10,918	-	10,918
Contributions	9,275	9,921	19,196	13,484	10,850	24,334
Planned giving	1,226	63	1,289	610	-	610
Rental income	2,732	-	2,732	1,713	-	1,713
Investment return used for operations	13,088	-	13,088	13,037	-	13,037
Gain on sale of assets	-	-	-	26,793	-	26,793
Other revenue	2,767	(153)	2,614	5,240	(92)	5,148
In-kind contributions	1,171	40	1,211	2,222	-	2,222
Net assets released from the real-estate investment fund	171	-	171	1,726	-	1,726
Net assets released from restrictions for programs	10,215	(10,215)	-	17,687	(17,687)	-
Total operating revenue and support	143,188	(344)	142,844	181,758	(6,929)	174,829
Operating expenses						
Program services						
Early childhood	15,837	-	15,837	17,403	-	17,403
Youth	27,884	-	27,884	34,648	-	34,648
Health and wellness	16,837	-	16,837	18,951	-	18,951
Child welfare and family services	52,955	-	52,955	47,976	-	47,976
Collective impact and national center for community schools	2,348	-	2,348	2,082	-	2,082
Total program services	115,861	-	115,861	121,060	-	121,060
Supporting services						
Management and general	21,376	-	21,376	21,817	-	21,817
Fundraising	3,426	-	3,426	3,396	-	3,396
Total supporting services	24,802	-	24,802	25,213	-	25,213
Total operating expenses	140,663	-	140,663	146,273	-	146,273
Changes in net assets from operations	2,525	(344)	2,181	35,485	(6,929)	28,556
Non-operating activities						
Net assets released from the real estate investment fund	(171)	-	(171)	(1,726)	-	(1,726)
Investment return net of amount used for operations	67,698	-	67,698	(12,532)	-	(12,532)
Change in value of split-interest agreements	(361)	-	(361)	412	-	412
Pension-related activity	24,405	-	24,405	(19,159)	-	(19,159)
Changes in net assets from non-operating activities	91,571	-	91,571	(33,005)	-	(33,005)
CHANGES IN NET ASSETS	94,096	(344)	93,752	2,480	(6,929)	(4,449)
Net assets - beginning of year	271,889	15,957	287,846	269,409	22,886	292,295
Net assets - end of year	\$ 365,985	\$ 15,613	\$ 381,598	\$ 271,889	\$ 15,957	\$ 287,846

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

The Children's Aid Society
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended June 30,
(in thousands)

	Program Services Expenses											
	Early Childhood		Youth		Health and Wellness		Child Welfare and Family Services		Collective Impact and National Center for Community Schools		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Salaries	\$ 9,578	\$ 10,343	\$ 15,143	\$ 18,933	\$ 9,349	\$ 9,644	\$ 22,933	\$ 20,673	\$ 1,181	\$ 900	\$ 58,184	\$ 60,493
Employee health and retirement benefits	2,845	3,038	2,277	2,624	2,048	2,186	5,252	4,713	265	196	12,687	12,757
Payroll taxes	852	986	1,330	1,825	825	922	2,022	1,982	103	83	5,132	5,798
Total salaries and related expenses	13,275	14,367	18,750	23,382	12,222	12,752	30,207	27,368	1,549	1,179	76,003	79,048
Professional fees	127	165	924	1,121	784	1,146	1,811	1,664	151	31	3,797	4,127
Supplies	387	516	714	673	470	788	249	340	6	14	1,826	2,331
Telephone and communications	56	48	322	293	193	140	689	505	11	18	1,271	1,004
Postage and shipping	1	31	22	123	18	18	106	52	1	1	148	225
Occupancy	556	819	1,264	1,987	358	1,124	3,375	4,159	127	122	5,680	8,211
Outside printing and promotion	5	13	4	6	19	11	6	7	2	13	36	50
Local travel and related expenses	1	3	32	154	35	124	539	533	-	31	607	845
Training, conferences, conventions, and partnership grants	171	114	622	239	19	35	147	62	460	582	1,419	1,032
Special events	-	-	2	11	-	-	1	-	-	-	3	11
Specific assistance for individuals	23	24	563	1,119	37	98	1,529	989	7	1	2,159	2,231
Foster boarding home	3	3	-	-	121	164	11,848	10,335	-	-	11,972	10,502
Repairs	-	6	17	13	130	81	1	4	-	2	148	106
Insurance	348	516	600	259	334	421	576	371	17	13	1,875	1,580
Membership dues	-	-	40	44	78	95	41	30	8	1	167	170
Food	143	232	169	374	298	126	301	72	-	43	911	847
Information technology	113	138	346	222	437	382	780	413	8	20	1,684	1,175
Depreciation and amortization	53	67	1,567	1,489	273	535	378	850	-	4	2,271	2,945
Interest	119	-	1,846	1,684	207	62	126	62	-	-	2,298	1,808
Miscellaneous	146	31	(254)	131	287	311	197	110	1	7	377	590
In-kind - other	310	310	334	1,324	517	538	50	50	-	-	1,211	2,222
Total expenses	\$ 15,837	\$ 17,403	\$ 27,884	\$ 34,648	\$ 16,837	\$ 18,951	\$ 52,955	\$ 47,976	\$ 2,348	\$ 2,082	\$ 115,861	\$ 121,060

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

The Children's Aid Society

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED

For the years ended June 30,
(in thousands)

	Management and General		Fundraising		Total Supporting Services		Total Program and Supporting Services	
	2021	2020	2021	2020	2021	2020	2021	2020
Salaries	\$ 10,387	\$ 10,465	\$ 1,751	\$ 1,702	\$ 12,138	\$ 12,167	\$ 70,322	\$ 72,660
Employee health and retirement benefits	2,256	2,509	422	413	2,678	2,922	15,365	15,679
Payroll taxes	(94)	980	153	164	59	1,144	5,191	6,942
Total salaries and related expenses	12,549	13,954	2,326	2,279	14,875	16,233	90,878	95,281
Professional fees	3,108	2,661	286	283	3,394	2,944	7,191	7,071
Supplies	122	150	10	13	132	163	1,958	2,494
Telephone and communications	114	109	8	10	122	119	1,393	1,123
Postage and shipping	125	15	27	34	152	49	300	274
Occupancy	573	1,605	62	275	635	1,880	6,315	10,091
Outside printing and promotion	80	81	156	138	236	219	272	269
Local travel and related expenses	189	98	1	3	190	101	797	946
Training, conferences, conventions, and partnership grants	164	42	-	1	164	43	1,583	1,075
Special events	3	2	137	343	140	345	143	356
Specific assistance for individuals	67	52	-	-	67	52	2,226	2,283
Foster boarding home	3	1	-	-	3	1	11,975	10,503
Repairs	3	38	-	-	3	38	151	144
Insurance	236	87	37	12	273	99	2,148	1,679
Membership dues	20	43	-	-	20	43	187	213
Food	(1)	20	-	22	(1)	42	910	889
Information technology	1,020	1,017	106	(44)	1,126	973	2,810	2,148
Depreciation and amortization	2,007	834	134	24	2,141	858	4,412	3,803
Interest	847	735	135	-	982	735	3,280	2,543
Miscellaneous	147	273	1	3	148	276	525	866
In-kind - other	-	-	-	-	-	-	1,211	2,222
Total expenses	\$ 21,376	\$ 21,817	\$ 3,426	\$ 3,396	\$ 24,802	\$ 25,213	\$ 140,663	\$ 146,273

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

The Children's Aid Society
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30,
(in thousands)

	2021	2020
Cash flows from operating activities		
Changes in net assets	\$ 93,752	\$ (4,449)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	4,412	3,803
Amortization of deferred financing costs	47	535
Adjustments to obligation under split-interest agreements	361	(412)
Amortization of bond premium	(391)	(116)
Realized and unrealized gain on investments	(80,224)	(804)
Subtotal	17,957	(1,443)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts and grants receivable	6,632	(10,205)
Contributions receivable	631	294
Facilities acquisition escrow	-	9,050
Prepaid expenses and other assets	(355)	(86)
(Decrease) increase in:		
Accounts payable	197	(1,655)
Accrued expenses	1,356	1,766
Accrued pension and post-retirement obligations	(24,397)	19,439
Deferred revenue	(4,746)	6,953
Split-interest obligations	304	683
Other liabilities	(1,392)	(101)
Net cash (used in) provided by operating activities	(3,813)	24,695
Cash flows from investing activities		
Purchases of property and equipment	(2,295)	(51,100)
Purchases of investments	(281,982)	(240,550)
Proceeds from sale/maturity of investments	293,343	241,594
Net cash provided by (used in) investing activities	9,066	(50,056)
Cash flows from financing activities		
Payments on bonds payable	(705)	(675)
Payment on loan payable	-	(7,000)
Debt service reserve	-	(584)
(Payment) proceeds line of credit	(7,500)	7,500
Proceeds from bond	-	38,542
Net cash (used in) provided by financing activities	(8,205)	37,783
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,952)	12,422
Cash and cash equivalents, beginning of year	19,535	7,113
Cash and cash equivalents, end of year	\$ 16,583	\$ 19,535
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 3,279	\$ 2,543

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

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020
(in thousands)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Children's Aid Society ("Children's Aid"), founded in 1853, is a New York not-for-profit organization, as defined by Section 501(c)(3) of the Internal Revenue Code (the "Code"). Children's Aid helps children in poverty to succeed and thrive. This is accomplished by providing comprehensive support to children and their families in targeted high-needs New York City neighborhoods.

On December 14, 2009, Children's Aid formed 910 East 172nd Street, LLC ("910 LLC"), a limited liability company, pursuant to and in accordance with the Limited Liability Company Law of the State of New York. As the sole member, Children's Aid manages the affairs of 910 LLC which holds a four-story building at the above-mentioned address.

On March 11, 2014, Children's Aid formed 1218 Southern Blvd, LLC ("1218 LLC") and 1232 Southern Blvd, LLC ("1232 LLC"), limited liability companies, pursuant to and in accordance with the Limited Liability Company Law of the State of New York. As the sole member, Children's Aid manages the affairs of these LLCs which hold title to a building housing a charter school and vacant land at the above-mentioned addresses.

The consolidated financial statements of Children's Aid have been prepared by consolidating the financial statements of Children's Aid, 910 LLC, 1218 LLC, and 1232 LLC (collectively, the "Agency" or "Children's Aid"). All material intercompany transactions and balances have been eliminated in consolidation.

The programs that form the pillars of Children's Aid's approach are:

Early Childhood

The Early Childhood division prepares young children for school success through physical, social, emotional, and cognitive development. Core services include Early Head Start (ages zero to three) and Head Start and Early Learn daycare (ages three to five).

Youth

The Youth division focuses on ages five to adolescence and young adults and promotes physical, social, and emotional well-being as key factors for high school graduation and college success. Youth programs operate in Children's Aid locations and in full-service community school partnerships, and engage children, families, schools and communities through an integrated focus on academics, services, support, and opportunities. Core services include Out-of-School Time Programs in Children's Aid community centers and schools, summer camps, athletic programming, and the National Center for Community Schools, which provides technical assistance to develop the community school model nationally and internationally. For older youth services include the Carrera-Adolescent Pregnancy Prevention Program, which meets the top-tier evidence of effectiveness standards by The Coalition for Evidence-Based Policy, the EXCEL college support program providing assistance to help young people enter and complete college, the Hope Leadership Academy, which provides wrap-around support and develops leadership through a peer education model, and teen employment services, such as internships, Summer Youth Employment Program, and the New York Times Employment Program.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

Health and Wellness

The Health and Wellness division provides high-quality services that reduce health disparities among children and families living in poverty. This includes comprehensive medical, mental health and dental services delivered by pediatricians, nurse practitioners, social workers, psychiatrists, dentists, health educators, medical assistants, and other support staff. Some services are provided in community clinics and school-based clinics. Specialized programs also aim to reduce childhood obesity and educate children and families about the benefits of healthy living through diet, nutrition and exercise.

Child Welfare and Family Services

The Child Welfare and Family Services division promotes child and family stability through legal and housing advocacy, home-based services for children at risk of foster care placement; and supports for young adults at risk of disconnection from society, many of whom have been involved with the criminal justice system. This division finds homes for children placed in foster care, seeks to prevent situations which may require children being placed in foster care, and supports parents seeking to reunify with their children. Additional programs include: the Family Wellness Program, which offers comprehensive services to families impacted by domestic violence; the Next Generation Center where teens and young adults, particularly those aging out of foster care, are supported in their transition to adulthood; and the Office of Client Advocacy, which stabilizes low-income families through legal advocacy and material assistance.

Collective Impact & the National Center for Community Schools

Collective Impact's philosophy considers the whole child and recognizes that success requires having many partners work together. This initiative includes the South Bronx Rising Together initiative and the National Center for Community Schools which builds the capacity of schools, districts, community partners and government agencies to organize their human and financial resources around student success.

NOTE 2 - FINANCIAL STATEMENT PRESENTATION

Basis of Accounting

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations. All intercompany transactions are eliminated in the preparation of the accompanying consolidated financial statements.

Net Asset Classification

Represent net assets which are not restricted by donors. Net assets without donor restrictions represent net assets that are not restricted by donor-imposed stipulations. Net assets without donor restrictions also may include amounts designated by the Board of Trustees for specific purposes and net assets for operations. To this point Children's Aid maintains a balance of \$ 23.6 and \$21.6 in reserves for 2021 and 2020, respectively, as a real-estate reserve fund holding the proceeds from sales of various real estate from prior periods.

The classes of net assets are defined as follows:

Net Assets without Donor Restrictions

Represent net assets which are not restricted by donors. Net assets without donor restrictions represent net assets that are not restricted by donor-imposed stipulations. Net assets without donor restrictions also

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

may include amounts designated by the Board of Trustees for specific purposes and net assets for operations. To this point, Children's Aid maintains a balance of reserves that it spends against in a manner similar to endowment reserves and a real-estate reserve fund holding the proceeds from sales of various real estate from prior periods.

Net Assets with Donor Restrictions

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose and funds whereby donors have stipulated that the corpus contributed be invested and maintained in perpetuity. A portion of the Agency's net assets with donor restrictions are subject to donor-imposed restrictions that require the Agency to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities as net assets released from restrictions.

Earnings on donor-restricted endowment assets are classified as net assets with donor restrictions until appropriated for expenditure by the Board. When a stipulated time restriction ends or purpose restriction is accomplished or endowment earnings are appropriated for expenditure, such net assets are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Children's Aid classifies deposits in banks, money market accounts, and instruments with original maturities of three months or less from the date of purchase as cash equivalents, excluding cash and cash equivalents held for long-term investment, which are included within investments on the accompanying consolidated statements of financial position.

Contributions/Pledges Receivable

Contributions received, including unconditional promises to give, are recognized as revenues in the appropriate category of net assets in the period received. Conditional promises to give are recognized when they become unconditional, that is, when the conditions (barriers) on which they depend are substantially met. Contributions to be received after one year are presented at their discounted present value applying a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Included in contributions revenue is \$1,488 and \$2,239 of special event revenue as of June 30, 2021 and 2020, respectively.

Allowance for Uncollectible Receivables

An allowance is recorded based on prior years' collection experience and management's analysis and evaluation of specific accounts, grants and contributions to be received. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. As of June 30, 2021 and 2020, the Agency determined that an allowance of \$895 and \$819 for each respective year for accounts and grants receivable was necessary. The difference between the contribution amounts pledged and collected has historically been insignificant. Accordingly, no provision has been made for uncollectible contributions receivable. This estimate is based on management's assessment of the aged basis of its government funding sources, current economic conditions, creditworthiness of its donors and historical collection experience.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

Government Support

Government grants and contracts are reported as revenue when expenses are incurred in accordance with the terms of the agreement. The Agency records certain governmental support based-upon per diem rates paid by agencies of the City of New York and State of New York governments. These rates are subject to audit by the respective agencies.

Investments

Investments are stated at fair value. Investment gains and losses are included in changes in net assets without donor restrictions for the gains and losses that are unrestricted, and in changes in net assets with donor restrictions for the gains and losses that are restricted for the support of certain of Children's Aid programs, as specified by donors. Non-exchange traded alternative investments in limited partnerships and private equity and similar investments are stated at fair value as estimated by the respective general partner or manager as of the reporting date. Alternative investments are stated at a net asset value ("NAV") per ownership interest, which approximates fair value. Because of the inherent uncertainty of valuations of alternative investments, values for these investments may differ significantly from values that would have been used had a ready market for such investments existed.

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.

Property and Equipment

The Agency capitalizes expenditures for buildings and building improvements, furniture and equipment having a cost of \$5 or more and with useful lives greater than five years. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets. Amortization of leasehold improvements is charged over the lesser of the life of the improvements or the term of the lease to which the betterments pertain. Depreciation is not recorded on land and construction in progress.

The range of estimated useful lives follows:

Building improvements	15 - 40 years
Furniture and equipment	5 - 10 years
Leasehold improvements	Life of lease
Computers	5 - 10 years

Revenue Recognition

The Agency recognizes revenue from contributions in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, Children's Aid evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer is determined to be an exchange transaction, Children's Aid applies guidance under FASB ASC 606. If the transfer of assets is determined to be a contribution, Children's Aid evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before Children's Aid is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

Children's Aid reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 consolidated statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are satisfied are recorded as an increase to net assets without donor restrictions. Unconditional promises to give with payments due in future years are presumed to be time restricted by the donor until received and are reported as part of net assets with donor restrictions.

Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net asset without donor restrictions category. Contributions of cash or other assets to be used to acquire land, buildings and equipment with such donor stipulations are reported as revenues of the net assets with donor restrictions category; the restrictions are considered to be satisfied at the time of acquisition of such long-lived assets and when placed in service. Bequests are recognized when the Agency receives notification that the probate court has declared the will valid and the amounts to be received are measurable.

Children's Aid also receives grants from foundations in exchange for the performance of various services. Children's Aid recognizes grants as restricted revenue and releases such amounts into net assets without donor restrictions as related grant expenses are incurred to a maximum of the grant award.

Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based principally on time and effort reporting of the personnel involved in such functions.

Use of Estimates

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 disclosures of contingencies at the date of the consolidated financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Measure of Operations

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, except for endowment gifts that have been restricted by donors in perpetuity and donor gifts for capital expenditure. Investment income, including realized and unrealized gains and losses, earned in excess of (or less than) the Agency's aggregate spending amount (see Note 8), and pension-related activity are recognized as non-operating activities.

Reclassifications

Certain amounts in the June 30, 2020 consolidated financial statements, as previously presented, have been reclassified to conform to the June 30, 2021 presentation. Such changes had no impact on the change in net assets for the year ended June 30, 2020.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

Income Taxes

The Agency follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Agency is exempt from federal income tax under Internal Revenue Service Code Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Agency has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and, to identify and evaluate other matters that may be considered tax positions. The Agency has determined that there are no material uncertain tax positions that require recognition or disclosure in its consolidated financial statements for the years ended June 30, 2021 and 2020.

NOTE 3 - AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The Agency regularly monitors liquidity to meet its operating needs and other contractual commitments as they come due, while also striving to maximize the investment of its available funds. The Agency has various sources of liquidity at its disposal, including cash and cash equivalents, and the collection of receivables.

Financial assets available for general expenditure, that is, without donor or contractual restrictions limiting their use, within one year of the date of the consolidated statements of financial position, are comprised of the following as of June 30, 2021 and 2020.

	2021	2020
Cash and cash equivalents	\$ 16,583	\$ 19,535
Accounts and grants receivables, net	33,311	39,943
Contributions receivable, net, unrestricted as to use upon collections	638	1,269
Investments	357,155	288,830
	<u>407,687</u>	<u>349,577</u>
Total financial assets available within one year		
Less:		
Contractual, legal or donor-imposed restrictions		
Restricted by donors with time or purpose	8,739	9,165
Restricted by donors in perpetuity	6,874	6,811
	<u>15,613</u>	<u>15,976</u>
Total amounts unavailable for general expenditures within one year		
Total amounts available for general expenditures within one year	<u>\$ 392,074</u>	<u>\$ 333,601</u>

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 4 - ACCOUNTS AND GRANTS RECEIVABLE, NET

Accounts and grants receivable, net, consist of the following at June 30, 2021 and 2020:

	2021	2020
Due from the City of New York	\$ 22,984	\$ 25,527
Due from the State of New York	5,359	4,757
Due from Federal government	1,497	1,952
Due from other sources	4,366	8,526
	<u>34,206</u>	<u>40,762</u>
Less: Allowances for uncollectible amounts	<u>(895)</u>	<u>(819)</u>
	<u>\$ 33,311</u>	<u>\$ 39,943</u>

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be collected as follows:

	2021	2020
Less than one year	\$ 394	\$ 721
One to two years	244	548
Total	<u>\$ 638</u>	<u>\$ 1,269</u>

Children's Aid quantified and recognized the fair value of the contributed space it receives for its programmatic purposes to total approximately \$832 for the years ended June 30, 2021 and June 30, 2020, and recognized it as a component of both contributed services revenue and allocated the related expense amongst the functional expense categories benefitted in its consolidated statements of activities and functional expenses.

Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions (barriers) on which they depend are substantially met.

Children's Aid has been notified of certain intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. Children's Aid share of such bequests is recorded when Children's Aid has an irrevocable right to the bequest and the proceeds are measurable.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

NOTE 6 - INVESTMENTS

Investments consist of the following at June 30, 2021 and 2020:

	2021	2020
Cash and money market funds	\$ 4,607	\$ 21,960
Equities and commingled funds	70,919	64,079
Mutual funds	26,284	28,462
Alternative investments:		
Private capital	28,595	14,169
Hedge funds	68,317	21,840
Equities and commingled funds	135,103	111,533
Mutual funds	8,692	11,386
Limited partnership interests	5,596	8,513
Emerging markets equity fund	9,042	6,888
Total	<u>\$ 357,155</u>	<u>\$ 288,830</u>

Private capital investments consist of global equity, long-short fixed income and absolute return funds. Hedge funds have varying investment strategies, including domestic equities, emerging markets, and relative and absolute value opportunities. Limited partnership interests include a global long-only equity fund and a multi-strategy, event-driven global fund. Emerging markets consists of an absolute return strategy, investing in emerging and frontier market equities.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and such changes could be material.

	2021	2020
Realized gain	\$ 20,120	\$ 3,110
Unrealized gain (loss)	60,637	(2,306)
Interest and dividends	2,303	2,326
Investment fees	(2,274)	(2,625)
Total	<u>\$ 80,786</u>	<u>\$ 505</u>

Amounts used in support of operations:

Appropriated from the endowment and investment returns used in operations	<u>\$ 13,088</u>	<u>\$ 13,037</u>
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The Children’s Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

NOTE 7 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of June 30, 2021 and 2020:

	2021	2020
Land	\$ 5,656	\$ 5,656
Land improvements	991	991
Building and improvements	120,223	67,787
Furniture and equipment	12,417	11,334
Leasehold improvements	7,307	7,288
Construction in progress	3,222	54,498
Total costs	149,816	147,554
Less: Accumulated depreciation and amortization	(35,315)	(31,070)
Net book value	\$ 114,501	\$ 116,484

Depreciation and amortization amounted to \$4,412 and \$3,290 for the years ended June 30, 2021 and 2020, respectively

Construction in progress relates primarily to the costs to purchase and construct the building located at 117 West 124th Street, New York, New York. This property has been placed into operations as of July 1, 2020, resulting in \$51,321 of construction in progress costs being reclassified to buildings and improvements. Such amounts will be depreciated in accordance with the Agency’s established policies.

NOTE 8 - ENDOWMENT NET ASSETS

Endowment net assets consist of donor permanently-restricted endowment funds. 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 2 for how Children’s Aid reports its net assets.

Children’s Aid recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered to be without donor restrictions are reflected as net assets with donor restrictions until appropriated.

Children’s Aid’s Board has interpreted NYPMIFA as allowing Children’s Aid to appropriate for expenditure or accumulate so much of an endowment fund as Children’s Aid determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor, as expressed in the gift instrument.

For donor-restricted endowment funds and other unrestricted reserves, the Board of Trustees of Children’s Aid has established investment policies. Endowment investments consist of a broad range of securities to provide a balance that will enhance total return while avoiding undue risk through excessive concentration in any single asset class or individual security. Asset allocation is determined by the Investment Committee of the Board and reviewed regularly. Children’s Aid has outsourced discretionary investment management services to Agility (f.k.a. Perella Weinberg Partners Capital Management LP).

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

For the years ended June 30, 2021 and 2020, the distribution for current spending was based on the organization's investment and spending policy, as adopted by the Board of Trustees. This policy is compliant in all material respects with the standards established under the NYPMIFA and provides guidance for the use of the organization's unrestricted reserves and permanent endowments. For the years ended June 30, 2021 and 2020, the distribution for current spending was 5.0% of the average fair value of the endowment and reserve funds on the last business day of each of the prior 20 calendar quarters. For the years ended June 30, 2021 and 2020, the amount appropriated from the endowment and reserves investments for operations totaled \$13,088 and \$13,037, respectively.

Endowment funds are classified as follows:

	<u>2021</u>	<u>2020</u>
Investment in perpetuity, the income from which is expendable to support donor-specific activities of Children's Aid	\$ 2,741	\$ 2,741
Investment in perpetuity, the income from which is expendable to support the general activities of Children's Aid	<u>4,133</u>	<u>4,070</u>
	<u>\$ 6,874</u>	<u>\$ 6,811</u>

Changes in endowment investments for year ended June 30, 2021 follow:

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Accumulated Gains</u>	<u>Original Gift</u>	
Endowment net assets, July 1, 2020	\$ 1,043	\$ 6,811	\$ 7,854
Activity:			
Additions/contributions	-	63	63
Net gains (realized and unrealized)	2,293	-	2,293
Appropriated for operations	<u>(302)</u>	<u>-</u>	<u>(302)</u>
Total activity	<u>1,991</u>	<u>63</u>	<u>2,054</u>
Endowment net assets, June 30, 2021	<u>\$ 3,034</u>	<u>\$ 6,874</u>	<u>\$ 9,908</u>

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

Changes in endowment investments for year ended June 30, 2020 follow:

	With Donor Restrictions		Total
	Accumulated Gains	Original Gift	
Endowment net assets, July 1, 2019	\$ 1,388	\$ 6,811	\$ 8,199
Activity:			
Additions/contributions	-	-	-
Net gains (realized and unrealized)	23	-	23
Appropriated for operations	(368)	-	(368)
Total activity	(345)	-	(345)
Endowment net assets, June 30, 2020	\$ 1,043	\$ 6,811	\$ 7,854

Children's Aid's policy is that endowment earnings will be appropriated for expenditure in accordance with donor stipulations. In the absence of donor stipulations, endowment earnings are classified as net assets with donor restrictions until appropriated for expenditure by the Board of Trustees. For the years ended June 30, 2021 and 2020, endowment earnings with donor stipulations amounted to \$2,293 and \$23, respectively, and are classified as net assets with donor restrictions.

The accumulated gains represent the realized and unrealized gains on investment in the permanently restricted fund as well as the appropriated expenditures based on the Agency's investment and spending policy as adopted by the Board of Trustees. This balance has been tracked since July 1, 2010 along with the activity in the endowment without donor restrictions.

In accordance with U.S. GAAP, Children's Aid is required to disclose any deterioration of the fair value of assets associated with donor-restricted endowment funds that fall below the level the donor or NYPMIFA requires Children's Aid to retain in perpetuity. Deficiencies of this nature may result from unfavorable market fluctuations that may have affected the donor-restricted fund where the fair value of the donor-restricted fund fell below the amount that is required to be retained permanently. As of June 30, 2021 and 2020, Children's Aid had no individual funds that had fair values below their original corpus values.

Permanently restricted endowment net assets amounting to \$6,874 and \$6,811 are included with investments on the consolidated statements of financial position as of June 30, 2021 and 2020, respectively.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

NOTE 9 - NET ASSETS

Net assets with donor restrictions related to time and purpose consist of the following as of June 30, 2021 and 2020:

	2021	2020
Time restricted/other	\$ 346	\$ 592
Child welfare and family services	831	1,030
Early childhood	9	88
Health and wellness	347	98
National center for community schools	1,814	1,226
Youth	5,392	6,111
	<hr/>	<hr/>
Subtotal	8,739	9,145
	<hr/>	<hr/>
Donor permanently-restricted endowment	6,874	6,811
	<hr/>	<hr/>
Total	<u>\$ 15,613</u>	<u>\$ 15,957</u>

Net assets totaling \$10,215 and \$17,687 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the years ended June 30, 2021 and 2020, respectively. There is a real estate reserve balance of \$23.6 and \$21.6 for 2021 and 2020 respectively designated by the Board to support real estate activities including transitional rent expense and capital construction project costs.

	2021	2020
Passage of time	\$ 1,288	\$ 2,168
Youth programs	4,611	9,075
Child welfare and family service programs	1,939	1,910
Early childhood programs	805	2,388
Health and wellness programs	344	1,586
National center for community schools	1,228	560
	<hr/>	<hr/>
Total	<u>\$ 10,215</u>	<u>\$ 17,687</u>

NOTE 10 - DEFINED BENEFIT AND POST-RETIREMENT PLANS ("PLANS")

Children's Aid has a noncontributory defined benefit pension plan covering eligible employees hired prior to January 1, 2012. The benefits are based on years of service and an employee's compensation. The pension benefit formula was revised effective July 1, 2011, resulting in a reduction in the benefits earned after July 1, 2011. Children's Aid makes annual contributions to the plan that meet the requirements of minimum funding and maximum contribution limitations.

In addition to providing pension benefits, Children's Aid provides certain health care and life insurance benefits for retired employees subject to predefined limits and eligibility requirements.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

The post-retirement plan is currently noncontributory, however, Children's Aid reserves the right to request contributions into the plan. An amendment to the plan has been made excluding from the post-retirement plan employees hired after July 1, 2010. The plan was further amended effective September 13, 2018 to freeze benefit accruals in the plan effective December 31, 2018.

The funded status of the Plans at June 30, 2021 is as follows:

	Pension Benefits	Post- Retirement Benefits	Total
Change in benefit obligation:			
Benefit obligation at July 1, 2020	\$ 126,490	\$ 14,344	\$ 140,834
Interest cost	3,479	404	3,883
Service cost	-	452	452
Amendments	-	(615)	(615)
Actuarial gain	(4,268)	(1,504)	(5,772)
Benefits paid	(3,083)	(323)	(3,406)
Benefit obligation at June 30, 2021	<u>122,617</u>	<u>12,758</u>	<u>135,376</u>
Change in plan assets:			
Fair value of plan assets at July 1, 2020	68,525	-	68,525
Actual return on plan assets	18,156	-	18,156
Employer contributions	3,867	-	3,867
Benefits paid	(3,083)	-	(3,083)
Fair value of plan assets at June 30, 2021	<u>87,465</u>	<u>-</u>	<u>87,465</u>
Unfunded status	<u>\$ 35,152</u>	<u>\$ 12,758</u>	<u>\$ 47,911</u>

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

The funded status of the Plans at June 30, 2020 is as follows:

	Pension Benefits	Post-Retirement Benefits	Total
Change in benefit obligation:			
Benefit obligation at July 1, 2019	\$ 108,075	\$ 12,478	\$ 120,553
Interest cost	3,788	442	4,230
Service cost	-	366	366
Actuarial loss	17,666	1,231	18,897
Benefits paid	(3,040)	(173)	(3,213)
	<u>126,489</u>	<u>14,344</u>	<u>140,833</u>
Benefit obligation at June 30, 2020			
	<u>126,489</u>	<u>14,344</u>	<u>140,833</u>
Change in plan assets:			
Fair value of plan assets at July 1, 2019	67,684	-	67,684
Actual return on plan assets	1,309	-	1,309
Employer contributions	2,572	-	2,572
Benefits paid	(3,040)	-	(3,040)
	<u>68,525</u>	<u>-</u>	<u>68,525</u>
Fair value of plan assets at June 30, 2020			
	<u>68,525</u>	<u>-</u>	<u>68,525</u>
	<u>\$ 57,964</u>	<u>\$ 14,344</u>	<u>\$ 72,308</u>
Unfunded status			

Amounts recognized in net assets without donor restrictions for the Plans consist of the following as of June 30, 2021:

	Pension Benefits	Post-Retirement Benefits	Total
Net actuarial loss (gain)	\$ 29,087	\$ (3,829)	\$ 25,258
Transition obligation	(348)	(480)	(828)
	<u>\$ 28,739</u>	<u>\$ (4,309)</u>	<u>\$ 24,430</u>

Amounts recognized in net assets without donor restrictions for the Plans consist of the following as of June 30, 2020:

	Pension Benefits	Post-Retirement Benefits	Total
Net actuarial loss (gain)	\$ 52,317	\$ (4,468)	\$ 47,849
Transition obligation	(522)	1,508	986
	<u>\$ 51,795</u>	<u>\$ (2,960)</u>	<u>\$ 48,835</u>

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

The components of net periodic benefit cost for the Plans for the year ended June 30, 2021 are as follows:

	Pension Benefits	Post-Retirement Benefits	Total
Interest cost	\$ 3,479	\$ 404	\$ 3,883
Service cost	-	452	452
Expected return on plan assets	(4,282)	-	(4,282)
Amortization of net loss	5,088	-	5,088
Amortization of prior service cost	-	(697)	(697)
Amortization of net transition asset	(174)	(73)	(247)
	<u>\$ 4,111</u>	<u>\$ 86</u>	<u>\$ 4,197</u>

The components of net periodic benefit cost for the Plans for the year ended June 30, 2020 are as follows:

	Pension Benefits	Post-Retirement Benefits	Total
Interest cost	\$ 3,788	\$ 442	\$ 4,230
Service cost	-	366	366
Expected return on plan assets	(4,180)	-	(4,180)
Amortization of net loss (gain)	3,061	(196)	2,865
Amortization of prior service cost	-	(82)	(82)
Amortization of net transition asset	(174)	-	(174)
	<u>\$ 2,495</u>	<u>\$ 530</u>	<u>\$ 3,025</u>

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the year ended June 30, 2021 are as follows:

	Pension Benefits	Post-Retirement Benefits	Total
Net gain	\$ (23,230)	\$ (1,431)	\$ (24,661)
Net prior service cost	-	(615)	(615)
Amortization of prior service cost	174	697	871
Total recognized in change in net assets without donor restrictions	<u>\$ (23,056)</u>	<u>\$ (1,349)</u>	<u>\$ (24,405)</u>

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the year ended June 30, 2020 are as follows:

	Pension Benefits	Post-Retirement Benefits	Total
Net loss	\$ 17,476	\$ 1,427	\$ 18,903
Amortization of prior service cost	174	82	256
Total recognized in change in net assets without donor restrictions	<u>\$ 17,650</u>	<u>\$ 1,509</u>	<u>\$ 19,159</u>

For the years ended June 30, 2021 and 2020, Children's Aid made total contributions of \$3,867 and \$2,572, respectively, into the defined-benefit pension plan and expects to meet the minimum required contributions for the plan years 2022 and 2021.

The weighted-average assumptions used to determine the benefit obligation for the defined benefit plan as of and for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Discount rate	2.85%	2.80%
Expected return on plan assets	6.24%	6.24%
Salary increase	0.00%	0.00%

The weighted-average assumptions used to determine the benefit obligation for the post-retirement plan as of and for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Discount rate	2.88%	2.86%
Salary increase	3.00%	3.00%

The assumed health care cost trend rate at June 30, 2021 is 4.04%. Increasing the assumed medical care cost trend rate by 1% would increase the accumulated postretirement benefit obligation by \$187 as of June 30, 2021, and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost for 2021 by \$2,236.

Decreasing the assumed health care cost trend rate by 1% would decrease the accumulated postretirement benefit obligation by (\$142) as of June 30, 2021, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 2021 by (\$1,753).

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

The following schedule of benefit payments, which reflect expected future service, as appropriate, are expected to be paid in each of the next five years and in the aggregate for the five years thereafter as follows:

	Pension Benefits	Post-Retirement Benefits
2022	\$ 4,251	\$ 393
2023	4,102	402
2024	4,315	407
2025	4,479	422
2026	4,540	436
Thereafter	25,045	2,473

The defined benefit plan assets reported at fair value at June 30, 2021 classified as Level 1, Level 2 and Level 3, except for those reported at fair value using NAV, which are separately presented, are as follows:

	Level 1	Level 2	Level 3	NAV	Total
Cash and money market funds	\$ 4,314	\$ -	\$ -	\$ -	\$ 4,314
Global equities	26,662	-	-	-	26,662
Emerging markets equities	-	-	-	14,050	14,050
Fixed income	16,422	-	-	-	16,422
Real estate/private capital	1,184	-	-	24,833	26,017
Total investments, at fair value	<u>\$ 48,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,883</u>	<u>\$ 87,465</u>

The following table sets forth additional disclosures of Children's Aid's defined benefit plan investments whose fair value is estimated using NAV per share (or its equivalent) as of June 30, 2021.

Type	NAV in Funds	# of Funds	\$ Amount of Unfunded Commitments	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
Real capital estate/private	\$ 24,833	6	\$ 0	Monthly to annual	Rolling 1 year, 1 year hard, 1 year soft, 5% early withdrawal fee	6 - 90 days
Emerging markets equities	14,050	7	-	Monthly to annual	2-year hardlock	30 - 100 days
	<u>\$ 38,883</u>	<u>13</u>	<u>\$ 0</u>			

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

The defined benefit plan assets reported at fair value at June 30, 2020 classified as Level 1, Level 2 and Level 3, except for those reported at fair value using NAV, which are separately presented, are as follows:

	Level 1	Level 2	Level 3	NAV	Total
Cash and money market funds	\$ 5,165	\$ -	\$ -	\$ -	\$ 5,165
Global equities	23,690	-	-	-	23,690
Emerging markets equities	-	-	-	10,279	10,279
Fixed income	12,272	-	-	-	12,272
Real estate/private capital	1,054	-	-	16,065	17,119
Total investments, at fair value	<u>\$ 42,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,344</u>	<u>\$ 68,525</u>

The following table sets forth additional disclosures of Children's Aid's defined benefit plan investments whose fair value is estimated using NAV per share (or its equivalent) as of June 30, 2020.

Type	NAV in Funds	# of Funds	\$ Amount of Unfunded Commitments	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
Real estate/private capital	\$ 16,065	5	\$ -	Daily to annual	1 year hard, 1 year soft, 5% early withdrawal fee	2 to 90 days
Emerging markets equities	10,279	6	-	Quarterly	None	30 days
	<u>\$ 26,344</u>	<u>11</u>	<u>\$ -</u>			

During the year ended June 30, 2021, the investment strategy and objective of the defined benefit plan assets whose fair value is estimated using NAV per share are as follows:

Real estate/private capital - the investment objective is to target traditional and non-traditional sources of above average returns by employing a diverse set of catalyst-driven absolute return strategies that are intended to be correlated to each other and to the major indices. Investments expect to hold both long and short positions in a broad range of debt and equity securities, derivatives and other financial instruments on a global basis.

Emerging markets equities - includes diverse investments providing long-term capital appreciation by investing primarily in global emerging markets. Investment research concentrates on companies exhibiting strong growth characteristics at reasonable valuations with good liquidity.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires the recognition of rights and obligations arising from lease contracts - existing and new arrangements - as right-of-use assets and lease liabilities on the balance sheet.

The Agency adopted ASU 2016-02, as amended, as of July 1, 2020, using a modified retrospective transition method. In adopting Topic 842, the Agency elected the package of practical expedients permitted

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

under the transition guidance within the new standard, which allowed the Agency to not reassess definition of a lease, lease classification, and initial direct costs. Adoption of the new standard resulted in the recording of right-of-use assets and lease liabilities totaling \$33,388 as of July 1, 2020. The lease standard did not materially impact the Agency's consolidated changes in net assets and had no impact on cash flows.

Lease Obligations

The Agency predominantly enters into operating leases for the right to use office buildings and equipment.

During the year ended June 30, 2021, the Agency incurred total operating lease costs in the amount of \$4,501 and paid \$3,426 for amounts included in the measurement of operating lease liabilities. The total weighted-average remaining lease term was 10.8 years, and the weighted-average discount rate used to calculate the present value of future minimum lease payments was .79%. The Agency elected to use the practical expedient available to nonpublic entities to use a risk-free rate to discount the lease payments.

The Agency elected the option to combine lease and non-lease components for the class of all underlying assets.

At June 30, 2021, future lease payments pursuant to New York City non-cancellable office lease agreements and other operating space and equipment leases, all classified as operating leases, are as follows:

Years ending June 30,

2022	\$	3,469
2023		3,388
2024		3,295
2025		3,186
2026		3,166
Thereafter		15,406
		<hr/>
	\$	31,910
		<hr/>
Reconciliation		
Undiscounted lease payments as of June 30, 2021	\$	31,910
Less: Discounting of lease payments		(1,721)
		<hr/>
	\$	30,189
		<hr/>

Total rent expense for the years ended June 30, 2021 and 2020 totaled \$4,963 and \$7,832, respectively.

Other Contingencies

Children's Aid is a defendant with respect to various claims as a result of incidents alleged to have occurred during the normal course of business, in connection with activities sponsored by Children's Aid. Management and legal counsel believe the ultimate resolution of these claims will not have a material impact on the consolidated financial position, changes in net assets or cash flows of Children's Aid.

Children's Aid's contractual relationships with the New York City-based funding sources, outside governmental agencies have the right to examine the books and records of Children's Aid involving transactions relating to these contracts. The accompanying consolidated financial statements reflect no provision for possible disallowances.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and profound impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on the Agency's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its long-term impact on the Agency's donors, employees and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Agency's financial position and changes in net assets and cash flows is uncertain, and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

NOTE 12 - CONCENTRATION

Cash and cash equivalents, that potentially subject the Agency to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation insurance limits of \$250 by \$16,284 and \$19,285, as of June 30, 2021 and 2020, respectively.

NOTE 13 - RELATED-PARTY TRANSACTIONS

In fiscal year 2012, Children's Aid started the Children's Aid College Prep Charter School ("Charter School"). The Charter School is an affiliated party, through a minority number of overlapping Board of Trustees commonality. Children's Aid provides administrative support services and other enrichment programs and services to the students of the Charter School ("wrap-around services") under an agreement between the two entities. The Charter School also pays an administrative fee equal to 7.5% of total operating expenses, excluding rent and depreciation to Children's Aid for the administrative services it provides, which amounted to \$862 and \$861 for the years ended June 30, 2021 and 2020, respectively. For the years ended June 30, 2021 and 2020, the wrap-around services and other charges amounted to \$1,150 and \$928, respectively.

1232 LLC, which is a consolidated entity of Children's Aid, is the borrower of record for tax-exempt bonds issued to finance the development of property for the home of the Charter School and certain other Children's Aid programs. 1232 LLC has also signed a lease with the Charter School. The building was placed into service on October 9, 2017, and rental payments from the Charter School to 1232 LLC commenced on October 15, 2017. Lease payments and other costs from the Charter School to 1232 LLC totaled \$2,208 and \$1,167 for each of the years ended June 30, 2021 and 2020.

Children's Aid routinely receives contributions from private donors to benefit the Charter School program. These contributions are passed through by Children's Aid to the Charter School. Such funds amounted to \$166 and \$92 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, the Charter School owed \$357 and \$718, respectively, to Children's Aid.

NOTE 14 - FAIR VALUE MEASUREMENTS

In determining fair value, Children's Aid 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 (unadjusted) 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;

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

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; and

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

Investments in equity securities 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 as of the reporting date. U.S. government and corporate bonds are designated as Level 2 instruments and valuations are obtained from readily-available pricing sources for comparable instruments (credit risk/grade, maturities, etc.).

Investments in international commingled funds and alternative investments (including private capital, limited partnerships and hedge funds) are recorded at fair value in an amount equal to the NAV, as reported by the investment manager, ownership interest held by Children's Aid at year-end. These investments are presented separately in the fair value leveling hierarchy.

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, 2021 and 2020, there were no transfers in or out of Level 1, 2 or 3.

Financial assets reported at fair value at June 30, 2021 are classified as Level 1, Level 2 and Level 3, except for those reported at fair value using NAV, which are separately presented, in the table as follows:

	Level 1	Level 2	Level 3	NAV	Total
Cash and money market funds	\$ 4,607	\$ -	\$ -	\$ -	\$ 4,607
Equity securities:					
Global equities	70,919	-	-	-	70,919
Fixed income:					
Mutual funds	26,284	-	-	-	26,284
Alternative investments:					
Private capital	-	-	-	28,595	28,595
Limited partnership interests	-	-	-	5,596	5,596
Global equities	-	-	-	58,312	58,312
International commingled funds	-	-	-	11,259	11,259
U.S. commingled funds	-	-	-	65,532	65,532
Mutual funds	-	-	-	8,692	8,692
Hedge funds	-	-	-	68,317	68,317
Emerging markets equity fund	-	-	-	9,042	9,042
Total alternate investments	-	-	-	255,345	255,345
Total investments, at fair value	\$ 101,810	\$ -	\$ -	\$ 255,345	\$ 357,155

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

Financial assets reported at fair value at June 30, 2020 are classified as Level 1, Level 2 and Level 3, except for those reported at fair value using NAV, which are separately presented, in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Cash and money market funds	\$ 21,960	\$ -	\$ -	\$ -	\$ 21,960
Equity securities:					
Global equities	64,079	-	-	-	64,079
Fixed income:					
Mutual funds	28,462	-	-	-	28,462
Alternative investments:					
Private capital	-	-	-	14,169	14,169
Limited partnership interests	-	-	-	8,513	8,513
Global equities	-	-	-	42,391	42,391
International commingled funds	-	-	-	16,022	16,022
U.S. commingled funds	-	-	-	53,120	53,120
Mutual funds	-	-	-	11,386	11,386
Hedge funds	-	-	-	21,840	21,840
Emerging markets equity fund	-	-	-	6,888	6,888
Total alternate investments	-	-	-	174,329	174,329
Total investments, at fair value	<u>\$ 114,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,329</u>	<u>\$ 288,830</u>

Children's Aid uses the NAV per share or its equivalent to determine the fair value of all the underlying investments which: (a) do not have readily determinable fair value; and (b) prepare their investees financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

The following table sets forth additional disclosures of Children's Aid's investments whose fair value is estimated using NAV per share (or its equivalent) as of June 30, 2021.

Type	NAV in Funds	# of Funds	\$ Amount of Unfunded Commitments	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
Private capital	\$ 28,595	1	\$ 27,885	N/A	1 year hard, 1 year soft, 5% early w/d fee	N/A
Limited partnership	5,596	1	-	Semi-annual	1 year hard, 1 year soft, 2.5% early withdrawal fee	60 days
Global equities	58,312	4	-	Monthly, quarterly, semi annual	None	30 to 90 days
International commingled funds	11,259	2	-	Quarterly and semi annual	None	60 to 90 days
U.S. commingled funds	65,532	10	-	Daily, monthly, quarterly	2 year hard	3 to 60 days
Mutual funds	8,692	2	-	Monthly, quarterly	None	60 days
Hedge funds	68,317	9	-	Twice Monthly, annual	1 year hard, 2 year soft 5% early withdrawal fee	5 to 90 days
Emerging markets equity fund	9,042	1	6,734	Quarterly	None	N/A
Total	<u>\$ 255,345</u>	<u>30</u>	<u>\$ 34,619</u>			

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

The following table sets forth additional disclosures of Children's Aid's investments whose fair value is estimated using NAV per share (or its equivalent) as of June 30, 2020.

Type	NAV in Funds	# of Funds	\$ Amount of Unfunded Commitments	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
Private capital	\$ 14,169	2	\$ -	Daily to annual	1 year hard, 1 year soft, 5% early withdrawal fee	N/A
Limited partnership	8,513	1	-	Semi annual	2 year hard, 1 year soft, 1 year soft, 2.5% early withdrawal fee	60 days
Global equities	42,391	4	-	Monthly, quarterly, semi annual	None	30 to 90 days
International commingled funds	16,022	3	-	Monthly, quarterly, semi annual	Rolling 1 year, 2 year hard	60 to 90 days
U.S. commingled funds	53,120	8	-	Daily, monthly, quarterly	None	3 to 90 days
Mutual funds	11,386	2	-	Monthly, quarterly	None	60 days
Hedge funds	21,840	6	-	Monthly, annual	1 year hard, 2 year soft, 5% early withdrawal fee	5 to 90 days
Emerging markets equity fund	6,888	1	-	Quarterly	None	N/A
Total	\$ 174,329	27	\$ -			

During the year ended June 30, 2021, the investment strategy and objective of Children's Aid's investments whose fair value is estimated using NAV per share are as follows:

International Commingled Funds - includes investments in a diversified portfolio of equity securities of companies located in any country other than the United States of America as well as funds that engage in options, swaps and exchange traded funds in U.S. markets. The funds objective is to utilize market inefficiencies to realize returns.

Hedge Funds - Hedge funds include investments through a "Master Fund" as well as a global special-situations fund that invests, long and short, across the capital structure. The investment objective of the Master Fund is to provide compound annual long-term returns that are superior to the broad market average while having less risk than the overall stock market.

The global special-situations fund uses hedging and directional investment strategies, as deemed appropriate, to capitalize on relative and absolute value opportunities among reorganized/value equities, distressed debt, private financings, stressed debt, high-yield debt and leveraged bank debt. The fund seeks to benefit from higher risk-return opportunities during times of asset class or sector dislocations and in normal times, to invest in limited-risk investments.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

Emerging Markets Equity Fund - includes diverse investments providing long-term capital appreciation by investing primarily in global emerging markets. The fund maintains a wide range of arbitrage positions to further protect against risk and maximize returns in any market condition. The fund seeks-out various opportunities for potential revenue creation in order to realize high returns in favorable market conditions while minimizing losses in adverse periods.

NOTE 15 - SPLIT-INTEREST OBLIGATIONS AND INVESTMENTS

Split-interest agreements include the following:

Charitable Gift Annuities - Children's Aid administers various charitable gift annuities. Under the terms of such agreements for charitable gift annuities, assets are transferred to Children's Aid and are invested in fixed-income investments and are considered restricted assets. Upon maturity of the charitable gift annuity, the remaining funds, if any, are made available for unrestricted use. Children's Aid agrees to pay the grantor or other donor-stipulated beneficiary a specified amount over the beneficiary's lifetime. Investment assets for the charitable gift annuities total \$306 and \$332 as of June 30, 2021 and 2020, respectively, and are reported at fair value under split-interest agreement investments in the accompanying consolidated statements of financial position. The underlying assets are valued at Level 1 in the fair value hierarchy.

On an annual basis, Children's Aid revalues the annuity payment liability based on actuarial assumptions. The present values of the estimated future payments as of June 30, 2021 and 2020, amounted to \$243 and \$267, respectively, and have been calculated using discount rates ranging from 0.6% to 12% as of June 30, 2021 and 2020, respectively, and the applicable mortality table. This annuity payment liability has been included in split-interest agreement obligations in the accompanying consolidated statements of financial position. For the years ended June 30, 2021 and 2020, donors made no contributions into the annuity fund.

Pooled Income Fund - Children's Aid also administers a pooled income fund. The fund is divided into units, and contributions from various donors are pooled. Donors are assigned a specific number of units and receive the actual income earned on those units until death. The portion of the donors' contribution attributable to the present value of the future benefits to be received by Children's Aid is recorded as a restricted contribution in the period the donor's contribution is made. The assets contributed must be invested in the fund until the donor's death. At that time, the value of the units assigned to the donor revert to Children's Aid, and those assets will be released from restrictions. Pooled income assets included with split-interest agreement assets amounted to \$1,521 and \$1,320 as of June 30, 2021 and 2020, respectively, and are reported at fair value. The underlying assets are valued using Level 1 inputs in the fair value hierarchy. The present value of the estimated future payments as of June 30, 2021 and 2020 amounted to \$674 and \$346, respectively. This annuity payment liability has been included in split-interest agreement obligations in the accompanying consolidated statements of financial position. No contributions were made to the pooled income fund during the years ended June 30, 2021 and 2020.

NOTE 16 - VOLUNTARY RETIREMENT PLAN AND SUPPLEMENTAL RETIREMENT PLAN

Children's Aid offers a 403(b) retirement plan covering all employees who are not covered by a collective bargaining agreement. All employees can make voluntary salary reduction contributions which vest in their plan immediately. For full-time employees hired on or after January 1, 2012, Children's Aid makes a 3% employer contribution to the plan and will match a further 2% to the plan after a one-year waiting period. Employer contributions cliff-vest three years after date of hire. Employees hired before 2012 have employer

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

contributions that exceed the above amounts on a sliding scale basis. Employer contributions amounted to \$2,332 and \$2,583 for the years ended June 30, 2021 and 2020, respectively.

Children's Aid offers a 457(b) Supplemental Executive Retirement Plan for the Chief Executive Officer of Children's Aid. There were \$216 and \$197 of accrued benefits under the plan as of June 30, 2021 and 2020. For the years ended June 30, 2021 and 2020, related benefit costs totaled \$20 each year.

NOTE 17 - BONDS PAYABLE, NET

On July 1, 2015, 1232 LLC issued 30-year tax-exempt bonds through the Build NYC Resource Corporation in the amount of \$37,205 to finance the planning and construction of the building located at 1232 Southern Blvd., Bronx, New York to house the Children's Aid College Prep Charter School and related Children's Aid programs. Children's Aid is the guarantor of the bonds. The bonds are structured as a bank direct purchase loan.

The bonds have an average coupon rate of approximately 4.8%. Capitalized interest for the life of the project totaled \$3,618 at June 30, 2021.

The bonds were issued at a premium of \$3,492. The premium is being amortized over the term of the bonds. For the years ended June 30, 2021 and 2020, amortization amounted to \$133 and \$111, respectively. Deferred financing costs (net of amortization) of \$534 and \$556 as of June 30, 2021 and 2020, respectively, which are netted with bonds payable are being amortized over the life of the bonds. For the years ended June 30, 2021 and 2020, amortization expense amounted to \$22 each year.

On August 1, 2019, Children's Aid issued 30-year tax-exempt bonds through the Build NYC Resource Corporation in the amount of \$34,420 to finance the planning and construction of its new headquarters located at 117 West 124th Street, New York, New York. Children's Aid is the guarantor of the bonds. The bonds have an average coupon rate of approximately 4.04%.

The bonds were issued at a premium of \$4,264. The premium is being amortized over the term of the bonds. For the year ended June 30, 2021 and 2020, amortization amounted to \$142 and \$142, respectively. Deferred financing costs (net of amortization) of \$685 and \$710 as of June 30, 2021 and 2020, respectively, which are netted with bonds payable are being amortized over the life of the bonds. For the years ended June 30, 2021 and 2020, amortization expense amounted to \$24 each year.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020
(in thousands)

Future annual principal payments on all bonds are as follows for the years subsequent to June 30, 2021:

Years Ending June 30,

2022	\$	735
2023		1,040
2024		1,090
2025		1,150
2026		1,205
Thereafter		<u>63,750</u>
Subtotal		<u>68,970</u>
Add: Bond premium, net		6,773
Less: Bond issuance costs, net		<u>(1,219)</u>
Total	\$	<u>74,524</u>

NOTE 18 - LINE OF CREDIT PAYABLE

Children's Aid obtained a two-year revolving line of credit facility on December 20, 2019 from JPMorgan Chase Bank in the amount of \$7,500. An availability fee of 0.1% is charged on the unutilized portion of the line of credit. Children's Aid drew the full amount of the line on March 19, 2020 and repaid all amounts borrowed together with interest on November 18, 2020.

NOTE 19 - SUBSEQUENT EVENTS

Management has evaluated, for potential accrual or disclosure, events subsequent to the date of the consolidated statements of financial position through December 21, 2021, the date the consolidated financial statements were issued, noting no items which effect the consolidated financial statements.

SUPPLEMENTAL SCHEDULES

The Children's Aid Society
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

As of June 30,
(in thousands)

	June 30, 2021					June 30, 2020						
	Children's Aid Society	910 East 172nd Street, LLC	1218 Southern Blvd., LLC	1232 Southern Blvd., LLC	Consolidating Eliminations	Consolidated Total	Children's Aid Society	910 East 172nd Street, LLC	1218 Southern Blvd., LLC	1232 Southern Blvd., LLC	Consolidating Eliminations	Consolidated Total
ASSETS												
Cash and cash equivalents	\$ 14,328	\$ 417	\$ 3	\$ 1,835	\$ -	\$ 16,583	\$ 16,961	\$ 423	\$ 3	\$ 2,148	\$ -	\$ 19,535
Accounts and grants receivable, net	52,417	127	10	409	(19,652)	33,311	58,406	477	10	491	(19,441)	39,943
Contributions receivable	638	-	-	-	-	638	1,269	-	-	-	-	1,269
Prepaid expenses and other assets	3,042	23	-	7	-	3,072	2,671	31	-	15	-	2,717
Investments	357,155	-	-	-	-	357,155	288,830	-	-	-	-	288,830
Split-interest agreement investments	1,827	-	-	-	-	1,827	-	-	-	-	-	1,652
Investment in LLC's	9,002	-	-	-	(9,002)	-	9,002	-	-	-	(9,002)	-
Property and equipment, net	59,300	9,819	1,737	43,645	-	114,501	59,547	10,226	1,737	44,974	-	116,484
Operating right-of-use assets	30,189	-	-	-	-	30,189	-	-	-	-	-	-
Total assets	<u>\$ 527,898</u>	<u>\$ 10,386</u>	<u>\$ 1,750</u>	<u>\$ 45,896</u>	<u>\$ (28,654)</u>	<u>\$ 557,276</u>	<u>\$ 438,338</u>	<u>\$ 11,157</u>	<u>\$ 1,750</u>	<u>\$ 47,628</u>	<u>\$ (28,443)</u>	<u>\$ 470,430</u>
LIABILITIES												
Accounts payable	\$ 2,126	\$ 4,003	\$ 100	\$ 15,539	\$ (19,651)	\$ 2,117	\$ 1,634	\$ 5,453	\$ 100	\$ 14,174	\$ (19,441)	\$ 1,920
Accrued expenses	12,625	14	-	828	-	13,467	11,293	-	-	818	-	12,111
Deferred revenue	4,868	-	-	-	-	4,868	9,614	-	-	-	-	9,614
Split-interest agreement obligations	917	-	-	-	-	917	613	-	-	-	-	613
Bonds payable, net	37,848	-	-	36,676	-	74,524	37,832	-	-	37,609	-	75,441
Line of credit	-	-	-	-	-	-	-	-	-	-	-	7,500
Accrued pension and post-retirement obligations, net	47,911	-	-	-	-	47,911	72,308	-	-	-	-	72,308
Other liabilities	1,685	-	-	-	-	1,685	3,077	-	-	-	-	3,077
Operating lease liabilities	30,189	-	-	-	-	30,189	-	-	-	-	-	-
Total liabilities	<u>138,169</u>	<u>4,017</u>	<u>100</u>	<u>53,043</u>	<u>(19,651)</u>	<u>175,678</u>	<u>143,871</u>	<u>5,453</u>	<u>100</u>	<u>52,601</u>	<u>(19,441)</u>	<u>182,584</u>
NET ASSETS (Note 2)												
Without donor restrictions	374,116	6,369	1,650	(7,147)	(9,003)	365,985	278,510	5,704	1,650	(4,973)	(9,002)	271,889
With donor restrictions	15,613	-	-	-	-	15,613	15,957	-	-	-	-	15,957
Total net assets	<u>389,729</u>	<u>6,369</u>	<u>1,650</u>	<u>(7,147)</u>	<u>(9,003)</u>	<u>381,598</u>	<u>294,467</u>	<u>5,704</u>	<u>1,650</u>	<u>(4,973)</u>	<u>(9,002)</u>	<u>287,846</u>
Total liabilities and net asset:	<u>\$ 527,898</u>	<u>\$ 10,386</u>	<u>\$ 1,750</u>	<u>\$ 45,896</u>	<u>\$ (28,654)</u>	<u>\$ 557,276</u>	<u>\$ 438,338</u>	<u>\$ 11,157</u>	<u>\$ 1,750</u>	<u>\$ 47,628</u>	<u>\$ (28,443)</u>	<u>\$ 470,430</u>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto and report of independent certified public accountants.

The Children's Aid Society
CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended June 30, 2021
(in thousands)

	Children's Aid Society						Consolidated Total			
	Without Donor Restrictions	With Donor Restrictions	Total	910 East 172nd Street, LLC	1218 Southern Blvd., LLC	1232 Southern Blvd., LLC	Consolidating Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support										
Government support	\$ 90,576	\$ -	\$ 90,576	\$ -	\$ -	\$ -	\$ -	\$ 90,576	\$ -	\$ 90,576
Program services fees	11,967	-	11,967	-	-	-	-	11,967	-	11,967
Contributions	9,275	9,921	19,196	-	-	-	-	9,275	9,921	19,196
Planned giving	1,226	63	1,289	-	-	-	-	1,226	63	1,289
Rental income	-	-	-	1,225	-	2,208	(701)	2,732	-	2,732
Investment return used for operations and special initiatives	13,088	-	13,088	-	-	-	-	13,088	-	13,088
Other revenue	2,593	(153)	2,440	-	-	174	-	2,767	(153)	2,614
In-kind contributions	1,171	40	1,211	-	-	-	-	1,171	40	1,211
Net assets released from the real estate net asset fund	171	-	171	-	-	-	-	171	-	171
Net assets released from restrictions for operations	10,215	(10,215)	-	-	-	-	-	10,215	(10,215)	-
Total operating revenue and support	<u>140,282</u>	<u>(344)</u>	<u>139,938</u>	<u>1,225</u>	<u>-</u>	<u>2,382</u>	<u>(701)</u>	<u>143,188</u>	<u>(344)</u>	<u>142,844</u>
Operating expenses										
Program services										
Early childhood	15,837	-	15,837	-	-	-	-	15,837	-	15,837
Youth	23,328	-	23,328	-	-	4,556	-	27,884	-	27,884
Health and wellness	16,907	-	16,907	280	-	-	(350)	16,837	-	16,837
Child welfare and family services	53,025	-	53,025	280	-	-	(350)	52,955	-	52,955
Collective impact and national center for community schools	2,348	-	2,348	-	-	-	-	2,348	-	2,348
Total program services	<u>111,445</u>	<u>-</u>	<u>111,445</u>	<u>560</u>	<u>-</u>	<u>4,556</u>	<u>(700)</u>	<u>115,861</u>	<u>-</u>	<u>115,861</u>
Supporting services										
Management and general	21,376	-	21,376	-	-	-	-	21,376	-	21,376
Fundraising	3,426	-	3,426	-	-	-	-	3,426	-	3,426
Total supporting services	<u>24,802</u>	<u>-</u>	<u>24,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,802</u>	<u>-</u>	<u>24,802</u>
Total operating expenses	<u>136,247</u>	<u>-</u>	<u>136,247</u>	<u>560</u>	<u>-</u>	<u>4,556</u>	<u>(700)</u>	<u>140,663</u>	<u>-</u>	<u>140,663</u>
Changes in net assets from operations	4,035	(344)	3,691	665	-	(2,174)	(1)	2,525	(344)	2,181
Non-operating activities										
Net assets released from the real estate investment fund	(171)	-	(171)	-	-	-	-	(171)	-	(171)
Investment return net of amount used for operations	67,698	-	67,698	-	-	-	-	67,698	-	67,698
Change in value of split-interest agreements	(361)	-	(361)	-	-	-	-	(361)	-	(361)
Pension-related activity	24,405	-	24,405	-	-	-	-	24,405	-	24,405
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-
Changes in net assets from non-operating activities	<u>91,571</u>	<u>-</u>	<u>91,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,571</u>	<u>-</u>	<u>91,571</u>
CHANGES IN TOTAL NET ASSETS	<u>95,606</u>	<u>(344)</u>	<u>95,262</u>	<u>665</u>	<u>-</u>	<u>(2,174)</u>	<u>(1)</u>	<u>94,096</u>	<u>(344)</u>	<u>93,752</u>
Net assets - beginning of year	<u>278,510</u>	<u>15,957</u>	<u>294,467</u>	<u>5,704</u>	<u>1,650</u>	<u>(4,973)</u>	<u>(9,002)</u>	<u>271,889</u>	<u>15,957</u>	<u>287,846</u>
Net assets - end of year	<u>\$ 374,116</u>	<u>\$ 15,613</u>	<u>\$ 389,729</u>	<u>\$ 6,369</u>	<u>\$ 1,650</u>	<u>\$ (7,147)</u>	<u>\$ (9,003)</u>	<u>\$ 365,985</u>	<u>\$ 15,613</u>	<u>\$ 381,598</u>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto and report of independent certified public accountants.

The Children's Aid Society
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the year ended June 30, 2020
(in thousands)

	<u>Children's Aid Society</u>						<u>Consolidated Total</u>			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>910 East 172nd Street, LLC</u>	<u>1218 Southern Blvd., LLC</u>	<u>1232 Southern Blvd., LLC</u>	<u>Consolidating Eliminations</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenue and support										
Government support	\$ 88,328	\$ -	\$ 88,328	\$ -	\$ -	\$ -	\$ -	\$ 88,328	\$ -	\$ 88,328
Program services fees	10,918	-	10,918	-	-	-	-	10,918	-	10,918
Contributions	13,484	10,850	24,334	-	-	-	-	13,484	10,850	24,334
Planned giving	610	-	610	-	-	-	-	610	-	610
Rental income	40	-	40	1,198	-	1,167	(692)	1,713	-	1,713
Investment return used for operations and special initiatives	13,037	-	13,037	-	-	-	-	13,037	-	13,037
Gain on sale of assets	26,793	-	26,793	-	-	-	-	26,793	-	26,793
Other revenue	3,070	(92)	2,978	2,168	-	2	-	5,240	(92)	5,148
In-kind contributions	1,192	-	1,192	-	-	1,030	-	2,222	-	2,222
Net assets released from the real estate net asset fund	1,726	-	1,726	-	-	-	-	1,726	-	1,726
Net assets released from restrictions for operations	17,687	(17,687)	-	-	-	-	-	17,687	(17,687)	-
Total operating revenue and support	176,885	(6,929)	169,956	3,366	-	2,199	(692)	181,758	(6,929)	174,829
Operating expenses										
Program services										
Early childhood	17,403	-	17,403	-	-	-	-	17,403	-	17,403
Youth	29,136	-	29,136	-	-	5,512	-	34,648	-	34,648
Health and wellness	18,307	-	18,307	990	-	-	(346)	18,951	-	18,951
Child welfare and family services	47,332	-	47,332	990	-	-	(346)	47,976	-	47,976
Collective impact and national center for community schools	2,082	-	2,082	-	-	-	-	2,082	-	2,082
Total program services	114,260	-	114,260	1,980	-	5,512	(692)	121,060	-	121,060
Supporting services										
Management and general	21,817	-	21,817	-	-	-	-	21,817	-	21,817
Fundraising	3,396	-	3,396	-	-	-	-	3,396	-	3,396
Total supporting services	25,213	-	25,213	-	-	-	-	25,213	-	25,213
Total operating expenses	139,473	-	139,473	1,980	-	5,512	(692)	146,273	-	146,273
Changes in net assets from operations	37,412	(6,929)	30,483	1,386	-	(3,313)	-	35,485	(6,929)	28,556
Non-operating activities										
Net assets released from the real estate net asset fund	(1,726)	-	(1,726)	-	-	-	-	(1,726)	-	(1,726)
Investment return less amount used for operations	(12,532)	-	(12,532)	-	-	-	-	(12,532)	-	(12,532)
Adjustment to obligation under split-interest agreements	412	-	412	-	-	-	-	412	-	412
Pension related changes other than net periodic pension costs	(19,159)	-	(19,159)	-	-	-	-	(19,159)	-	(19,159)
Changes in net assets from non-operating activities	(33,005)	-	(33,005)	-	-	-	-	(33,005)	-	(33,005)
CHANGES IN TOTAL NET ASSETS	4,407	(6,929)	(2,522)	1,386	-	(3,313)	-	2,480	(6,929)	(4,449)
Net assets - beginning of year	274,103	22,886	296,989	4,318	1,650	(1,660)	(9,002)	269,409	22,886	292,295
Net assets - end of year	<u>\$ 278,510</u>	<u>\$ 15,957</u>	<u>\$ 294,467</u>	<u>\$ 5,704</u>	<u>\$ 1,650</u>	<u>\$ (4,973)</u>	<u>\$ (9,002)</u>	<u>\$ 271,889</u>	<u>\$ 15,957</u>	<u>\$ 287,846</u>

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto and report of independent certified public accountants.