

Wayside House, Inc and
The Wayside House Foundation, Inc.

Consolidated Financial Statements
For the Year Ended June 30, 2024

Wayside House, Inc. and The Wayside House Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wayside House, Inc. and The Wayside House Foundation, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Wayside House, Inc. and The Wayside House Foundation, Inc. (together, the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of 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.

Correction of Errors

As discussed in Note 3 to the consolidated financial statements, an error resulting in understatement of amounts previously reported for investments and investment income as of and for the year ended June 30, 2023, were discovered by management of the Organization during the current year. Accordingly, an adjustment has been made to net assets as of July 1, 2023, to correct the error. Our opinion is not modified with respect to that matter.

Responsibilities of Management's for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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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 within one year after the date that the consolidated financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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.

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
March 10, 2025

Wayside House, Inc. and The Wayside House Foundation, Inc.
Consolidated Statement of Financial Position
June 30, 2024

Assets:

Cash	\$	70,698
Restricted cash		11,115
Investments		3,574,016
Accounts receivable		189,884
Grants and contracts receivable		280,537
Prepays and other assets		13,196
Property and equipment, net		<u>1,826,159</u>
Total assets	\$	<u><u>5,965,605</u></u>

Liabilities:

Accounts payable and other accrued expenses	\$	137,257
Accrued payroll and related liabilities		<u>132,158</u>
Total liabilities		<u>269,415</u>

Net Assets:

Without donor restrictions:		
Undesignated		2,085,518
Board designated		3,574,016
With donor restrictions:		
Purpose restrictions		<u>36,656</u>
Total net assets		<u>5,696,190</u>
Total liabilities and net assets	\$	<u><u>5,965,605</u></u>

See accompanying notes to consolidated financial statements.

Wayside House, Inc. and The Wayside House Foundation, Inc.
Consolidated Statement of Activities
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Change in Net Assets:			
Revenue and other support:			
Contributions	\$ 658,089	\$ 23,000	\$ 681,089
Client services	971,033	-	971,033
Grants and contracts	2,782,090	-	2,782,090
Medicaid	575,844	-	575,844
Food stamps	10,843	-	10,843
Investment earnings, net	<u>489,977</u>	<u>-</u>	<u>489,977</u>
 Total revenue, other support, and gains	 5,487,876	 23,000	 5,510,876
 Net assets released from restrictions	 <u>26,675</u>	 <u>(26,675)</u>	 <u>-</u>
 Total revenue, other support, gains, and net assets released from restrictions	 <u>5,514,551</u>	 <u>(3,675)</u>	 <u>5,510,876</u>
 Expenses:			
Program services:			
Residential	2,307,512	-	2,307,512
Incidentals	108,933	-	108,933
Medical services	325,521	-	325,521
Outpatient services	2,520,625	-	2,520,625
Supporting services:			
Administration	179,662	-	179,662
Fundraising	<u>155,985</u>	<u>-</u>	<u>155,985</u>
 Total expenses	 <u>5,598,238</u>	 <u>-</u>	 <u>5,598,238</u>
 Change in net assets	 (83,687)	 (3,675)	 (87,362)
 Net Assets, July 1, 2023, as restated (Note 3)	 <u>5,743,221</u>	 <u>40,331</u>	 <u>5,783,552</u>
 Net Assets, June 30, 2024	 <u>\$ 5,659,534</u>	 <u>\$ 36,656</u>	 <u>\$ 5,696,190</u>

See accompanying notes to consolidated financial statements.

Wayside House, Inc. and The Wayside House Foundation, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services				Total Program Services	Supporting Services		Total
	Residential	Incidentals	Medical Services	Outpatient Services		Administration	Fundraising	
Personnel Costs:								
Salaries and wages	\$ 1,253,430	\$ -	\$ 54,953	\$ 1,181,538	\$ 2,489,921	\$ 99,957	\$ 65,000	\$ 2,654,878
Fringe benefits	<u>323,319</u>	<u>-</u>	<u>14,119</u>	<u>304,033</u>	<u>641,471</u>	<u>27,783</u>	<u>13,979</u>	<u>683,233</u>
Total personnel expenses	<u>1,576,749</u>	<u>-</u>	<u>69,072</u>	<u>1,485,571</u>	<u>3,131,392</u>	<u>127,740</u>	<u>78,979</u>	<u>3,338,111</u>
Other Expenses:								
Building occupancy	178,593	-	-	442,064	620,657	18,257	5,755	644,669
Professional services	82,996	5,285	5,000	320,052	413,333	1,440	-	414,773
Travel	2,053	2,358	-	-	4,411	-	1,144	5,555
Equipment	-	-	-	-	-	6,925	10,464	17,389
Food services	158,861	-	-	43,413	202,274	-	-	202,274
Medical and pharmacy	-	38,644	244,678	7,465	290,787	-	-	290,787
Subcontracted services	-	62,584	2,512	-	65,096	-	-	65,096
Insurance	72,268	-	3,479	73,652	149,399	6,158	3,441	158,998
Donated items	13,206	-	-	-	13,206	-	-	13,206
Supplies	<u>191,022</u>	<u>62</u>	<u>780</u>	<u>69,784</u>	<u>261,648</u>	<u>15,891</u>	<u>55,182</u>	<u>332,721</u>
Total other expenses	<u>698,999</u>	<u>108,933</u>	<u>256,449</u>	<u>956,430</u>	<u>2,020,811</u>	<u>48,671</u>	<u>75,986</u>	<u>2,145,468</u>
Total expenses before depreciation	2,275,748	108,933	325,521	2,442,001	5,152,203	176,411	154,965	5,483,579
Depreciation	<u>31,764</u>	<u>-</u>	<u>-</u>	<u>78,624</u>	<u>110,388</u>	<u>3,251</u>	<u>1,020</u>	<u>114,659</u>
Total expenses	<u>\$ 2,307,512</u>	<u>\$ 108,933</u>	<u>\$ 325,521</u>	<u>\$ 2,520,625</u>	<u>\$ 5,262,591</u>	<u>\$ 179,662</u>	<u>\$ 155,985</u>	<u>\$ 5,598,238</u>

See accompanying notes to consolidated financial statements.

Wayside House, Inc. and The Wayside House Foundation, Inc.
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2024

Cash Flows from Operating Activities:

Change in net assets	\$ (87,362)
Adjustments to reconcile change in net assets to cash used in operating activities:	
Depreciation	114,659
Amortization of right-of-use asset - operating lease	158,622
Net realized/unrealized gain on investments	(450,883)
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(108,438)
Grants and contracts receivable	191,489
Prepays and other assets	13,591
Increase (decrease) in:	
Accounts payable and other accrued expenses	31,425
Accrued payroll and related liabilities	(11,185)
Lease liability	(160,997)
	<u>(309,079)</u>
Net cash used in operating activities	<u>(309,079)</u>

Cash Flows from Investing Activities:

Proceeds from sales of investments	434,808
Purchases of investments	(73,351)
Purchases of property and equipment	(162,159)
	<u>199,298</u>
Net cash provided by investing activities	<u>199,298</u>

Net decrease in cash and restricted cash (109,781)

Cash and Restricted Cash, July 1, 2023 191,594

Cash and Restricted Cash, June 30, 2024 \$ 81,813

Reconciliation of cash and restricted cash reported above to the components reported on the consolidated statement of financial position:

Cash	\$ 70,698
Restricted cash	<u>11,115</u>
	<u>\$ 81,813</u>

See accompanying notes to consolidated financial statements.

Note 1 - Organization and Operations

Wayside House, Inc. ("Wayside") is a nonprofit corporation that provides treatment and rehabilitation for women who suffer from substance addictions and returns them and their families to society as productive members of the community of Palm Beach County, Florida. Founded in 1974, by Dr. Susan B. Anthony, Wayside has evolved into a 28 bed professional, residential and outpatient treatment facility. The foundation of treatment is treating the individual within the context of her family. Wayside is supported primarily through donor contributions, grants and fundraising events.

Wayside received its most recent national Behavioral Health Care Accreditation from The Joint Commission in 2021. The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of healthcare and other services provided in accredited organizations.

In May 2023, The Wayside House Foundation, Inc. (the "Foundation"), a not-for-profit corporation, was established for the purpose of raising and investing contributions, grants and other funds for the support and benefit of Wayside.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting: The accompanying consolidated financial statements of Wayside and the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principles of consolidation: The consolidated financial statements include the accounts of Wayside and the Foundation (collectively referred to hereafter as the "Organization"). All significant intercompany balances or transactions have been eliminated in consolidation.

Basis of presentation: The consolidated financial statement presentation follows U.S. GAAP, which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets as discussed in Notes 8 and 12.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

Cash: The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization also maintains cash, money markets funds and equivalents with its investment custodian and reports these balances as a component of its investment holdings as they are intended to be used for long-term purposes. There were no cash equivalents as of June 30, 2024.

Restricted cash: Restricted cash consists of cash deposited in the Organization's bank accounts on behalf of an affiliated alumni group. The Organization reports the related liability in accounts payable and other accrued expenses in the accompanying statement of financial position.

Investments: Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Promises to give: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques using risk-free rate of return. In subsequent years, amortization of the discounts is included in contribution revenue in the accompanying statement of activities. The Organization had no unconditional promises to give as of June 30, 2024. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had no conditional contributions at June 30, 2024.

Receivables and allowance for credit losses: Grants and contracts receivable consist primarily of claims not yet reimbursed by various grantor/contract agencies. Management periodically reviews the receivable balances and provides an allowance for amounts which may be uncollectible. At June 30, 2024, management considered all of its grant and contracts receivable balances to be collectible, and no allowance was recorded. Grants and contracts receivable totaled approximately \$281,000 and \$472,000 as of June 30, 2024 and 2023, respectively.

Accounts receivable, including third parties, consist of client-based services, medical care and support services to individuals and are stated at the amount that management expects to collect. The Organization has established an administrative formula whereby clients are expected to pay amounts based upon their individual financial ability. The Organization assesses collectability by reviewing accounts receivable on a collective basis where similar characteristics exist. In determining the amount of the allowance for credit losses, management considers historical collectability and make judgments about the creditworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for credit losses. Uncollectible accounts are written off when all collection efforts have been exhausted. As of June 30, 2024, there was no allowance recorded. Accounts receivable totaled approximately \$81,000 and \$190,000 as of June 30, 2024 and 2023, respectively.

Note 2 - Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standards: In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASC 326"), along with subsequently issued related ASUs, which requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired. The Organization's financial instruments include accounts receivable. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The Organization adopted ASC 326 using the modified retrospective method on July 1, 2023, and it did not have a material impact on the consolidated financial statements.

Property and equipment: Property and equipment are stated at cost if purchased or, if donated, at estimated fair value on the date of donation, less accumulated depreciation. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful life of the asset which are as follows:

Buildings and improvements	7-39 years
Furniture and equipment	5-7 years
Automobiles	5 years

Donated property and equipment are reported, at estimated fair value, as an increase in net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an increase in net assets with donor restrictions. Without donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of the donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restrictions to net assets without donor restrictions at that time. The Organization received no donated property and equipment for the year ended June 30, 2024.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized.

Compensated absences: The Organization's policies provide for granting a specific number of days to full-time exempt employees of paid time off ("PTO"). In addition, these policies provide for paying an employee a specified percentage for unused PTO, upon termination. Compensated absences are accrued when earned.

Refundable advances and deferred revenue: Revenues received in advance that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred, the unit of service has not been provided, and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances. In addition, revenues received in advance from special events and other program income that are considered exchange transactions are deferred to the applicable period. There were no refundable advances and deferred revenues in June 30, 2024 and 2023.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue and revenue recognition: The Organization recognizes grants and contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

Grant and contract revenue is generally billed monthly and is derived from units of service contracts. Amounts received are recognized as revenue when the unit of service has been provided in compliance with the specific contract. Also, any revenue derived from cost-reimbursement contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions. Amounts received prior to meeting certain conditions, including measurable performance or other barriers, providing the unit of service, and/or incurring qualifying expenditures in compliance with the specific grant or contract are reported as a liability, refundable advances, in the statement of financial position.

Revenues from special events that are considered exchange transactions are not recognized until the special event takes place.

Client services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing patient care. These amounts are due from patients, third-party payers (including health insurers and government programs) and others and includes variable consideration for retroactive adjustments due to settlement of audits, reviews and investigations. Generally, the Organization bills patients and third-party payers several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients in accordance with the Organization's policy and/or implicit price concessions provided to uninsured patients. Client services rendered to Medicaid program beneficiaries are reimbursed under a maximum fee for service methodology. The Organization is reimbursed at a predictable rate. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on historical collection experience with this class of patients.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between the amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients.

Donated goods and services: Donated services are recognized, at estimated fair value, as a contribution, along with corresponding expense, if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individual with those skills, and would otherwise have been purchased. Donated goods are recorded at their estimated fair market value when received.

Note 2 - Summary of Significant Accounting Policies (continued)

Functional expenses: The costs of providing the various programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification details of expenses by function. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel costs, professional services and building occupancy, among other expenses, which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined from time-to-time by management.

Leases: The Organization determines if an arrangement is or contains a lease at inception. Leases are included in operating lease right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Advertising costs: Advertising costs are charged to expense as incurred.

Concentrations of credit risk: Financial instruments, which potentially subject the Organization to concentration of credit risk, consist primarily of receivables and cash and cash equivalents. The concentration of credit risk with respect to receivables is primarily due to the economic dependency in federal, state, and other agencies and the ability to obtain authorization, process and collect balances timely. Other receivables are dependent on the financial ability of the individual payor. The Organization does not require collateral or other security to support receivables.

The Organization has cash in financial institutions that are insured by the Federal Deposit Insurance Corporation. At various times throughout the year, the Organization may have cash balances at financial institutions that exceed the insured amount. Deposit accounts are maintained with what management believes to be quality financial institutions.

Income taxes: The Organization is a nonprofit organization as described in Section 501(c)(3) and, as such, is only subject to federal income tax on unrelated business income. Management has evaluated unrelated business income tax implications and believes that the effects, if any, are immaterial to the Organization's consolidated financial statements for the year ended June 30, 2024. Accordingly, no provision for income taxes has been made to these consolidated financial statements. No provision for income taxes was recorded for the year ended June 30, 2024, since the Organization was deemed by management not to have unrelated business income.

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 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.

Date of management review: Subsequent events were evaluated by management through March 10, 2025, which is the date the consolidated financial statements were available for issuance.

Note 3 - Error Corrections

Net assets without donor restrictions as of July 1, 2023, have been adjusted for the recording of a contribution received by the Organization in prior years that was not reported. The Organization received a contribution that should have been reported within net assets without donor restrictions and investments. Accordingly, the Organization restated its financial statements for the year ended June 30, 2023. Furthermore, the Board created an endowment fund whereby the use of the contribution would be used for long-term purposes to help subsidize and support the Organization's operations, as needed. The funds are invested (see Note 5), and the income from the funds will be appropriated for use by the Board in accordance with their policies. The cumulative effect of restatement increases net assets without donor restrictions as of July 1, 2023, by \$3,484,590, and the change in net assets for net investment income for the year ended June 30, 2023, would have been increased by \$197,308.

Note 4 - Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets:	
Cash and cash equivalents	\$ 70,698
Investments	3,574,016
Accounts receivable	189,884
Grants and contracts receivable	<u>280,537</u>
Financial assets, at year-end	4,115,135
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Purpose restrictions by donor	(36,656)
Board designated endowments (1)	<u>(3,574,016)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 504,463</u>

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

(1) The spending policies of board designated endowments is discussed in Note 12.

Note 5 - Investments

Investments are presented in the consolidated financial statements at their estimated fair market value and consist of the following at June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>
Common stocks	\$ 3,036,021
Municipal bonds	198,244
Corporate bonds	95,972
US treasury	93,111
Fixed income	73,970
Cash and equivalents	70,735
Exchange traded products	<u>5,963</u>
	<u>\$ 3,574,016</u>

Investment income relative to these investments held and sold during the year, is comprised of:

Net realized and unrealized gain	\$ 450,883
Interest and dividends	75,902
Fees and other	<u>(36,808)</u>
	<u>\$ 489,977</u>

Note 6 - Fair Value Measurements

In accordance with U.S. GAAP, the Organization provides certain disclosures based on 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 measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly. (e.g. quoted prices in active markets for similar securities, valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices.)
- Level 3 inputs are unobservable inputs for the investments. (e.g. information about assumptions, including risk, market participants would use in pricing a security.)

Wayside House, Inc. and The Wayside House Foundation, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

Note 6 - Fair Value Measurements (continued)

The level in the fair value hierarchy within which a fair measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities is not necessarily an indicator of risk associated with investing in those securities.

The following table represents the fair value of the investments as held by the Organization at June 30, 2024:

Description	Level 1	Level 2	Level 3	Total
Common stocks	\$ 3,036,021	\$ -	\$ -	\$ 3,036,021
Municipal bonds	198,244	-	-	198,244
Corporate bonds	95,972	-	-	95,972
US treasury	93,111	-	-	93,111
Fixed income	73,970	-	-	73,970
Exchange traded products	5,963	-	-	5,963
Total investments, measured at fair value	\$ 3,503,281	\$ -	\$ -	3,503,281
Investments, measured at costs:				
Cash and equivalents				70,735
Total investments				\$ 3,574,016

Note 7 - Property and Equipment

Property and equipment consists of the following at June 30, 2024:

Buildings and improvements	\$ 2,827,346
Furniture and equipment	395,999
Automobiles	248,996
	3,472,341
Less accumulated depreciation	1,969,882
	1,502,459
Land	323,700
	1,826,159
Total	\$ 1,826,159

Note 8 - Net Assets Without Donor Restrictions - Board Designated (Note 12)

The Board designated net assets without donor restrictions to be set aside for the benefit and long-term sustainability of the Organization. As of June 30, 2024, board designations totaled \$3,574,016.

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2024:

Subject to expenditure for specified purpose:		
Playground and fitness equipment	\$	13,656
Garden		13,000
Vocational and job placement programs		<u>10,000</u>
Total	\$	<u><u>36,656</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

Satisfaction of purpose restrictions:		
Vocational and job placement programs	\$	<u><u>26,675</u></u>

Note 10 - Governmental Contracts for Client Services - Contingencies and Concentrations

Funding agreements for services to be provided are principally entered into from one to three year installments. The release of funds is subject to monies being made available by the Federal government, the State of Florida, local municipalities and other grantor agencies. Certain of the agreements may be terminated by either party upon 30 days written notice. However, such an event would be unlikely if contract performance continues to be satisfactory and grantors' annual budgets are authorized by each respective governing body.

Program expenditures incurred by the Organization are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may provide additional funds to the Organization to offset amounts which may otherwise be due back to the grantor agencies based on their audits.

Approximately 47% of the Organization's total revenue and other support was provided by the State of Florida, Department of Children and Families. If a significant reduction in the level of funding were to occur, there could be an adverse effect on the Organization's programs and activities.

Note 11 - Retirement Plans

The Organization maintains a 401(k) Plan. All employees 21 years of age or older, with one year of service, are eligible to participate in the plan. Employer contributions are at the Organization's discretion, as defined by the plan and no employee contributions are required, but are permitted. Employees are fully and immediately vested in their pension accounts upon completion of five years of service or age 55 years, whichever comes first. For the year ended June 30, 2024, the Organization did not make any discretionary contributions.

Note 12- Endowment Funds

The Organization previously established an endowment. The purpose of the endowment is to ensure the perpetuity of the Organization and to enable the Organization to continue to offer its services to women unable to pay for treatment and rehabilitation. The principal of the endowment cannot be expended without written consent of the Board President and/or Board Treasurer when, in their judgment, use is necessary for the continuation of the Organization's operations.

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Since the Endowment Fund resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Objectives: The Organization has adopted investment policies that attempt to maximize long-term growth of capital and stability of returns. It is expected that the asset value of the funds, exclusive of contributions or withdrawals, should grow in the long run and earn through a combination of investment income and capital appreciation a rate of return in excess of a balanced market index while incurring less risk than such index. Endowment Fund assets are primarily invested in a diversified asset mix, which includes fixed income (government agency securities and corporate bonds), bank deposits and money market mutual funds, and other mutual funds (equities and fixed income).

Changes in board-designated endowment net assets as of June 30, 2024:

Endowment net assets,		
beginning of the year, as restated (Note 3)	\$	3,484,590
Distributions		(398,000)
Interest and dividends		73,351
Fees and other		(36,808)
Net realized and unrealized gains		<u>450,883</u>
Endowment net assets,		
end of the year	\$	<u><u>3,574,016</u></u>