The New York Foundling and Affiliate

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

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Consolidated Financial Statements and Supplementary Information

Year Ended June 30, 2022

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Contents

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Independent Auditor's Report

The Board of Trustees
The New York Foundling and Affiliate
New York, New York

Opinion

We have audited the accompanying consolidated financial statements of The New York Foundling (The Foundling) and Affiliate (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2022, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of 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.

Responsibilities of Management 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; 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.

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 issued or available to be issued.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 consolidated financial statements, and our report dated December 1, 2021, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter - Supplementary Information

Our audit of the consolidated financial statements included in this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not required parts of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and to other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, LLP

December 1, 2022

The New York Foundling and Affiliate

Consolidated Statement of Financial Position
(with summarized comparative totals for 2021)

June 30,		2022		2021
Assets				
Current				
Cash and cash equivalents	$	**10,057,766**	$	18,561,530
Investments at fair value (Note 5)		**154,112,038**		160,902,269
Accounts and grants receivable (Note 6)		**28,824,636**		37,265,051
Notes receivable, current portion (Note 7)		**60,000**		60,000
Prepaid expenses, deposits, and other assets		**1,666,916**		1,899,318
Consumer funds		**473,854**		327,284
Assets limited or restricted as to use, current portion (Note 8)		**137,353**		137,353
Total Current Assets		**195,332,563**		219,152,805
Investments, at fair value, net of current portion (Note 5)		**15,848,352**		17,176,140
Notes Receivable, net of current portion (Note 7)		**480,000**		540,000
Assets Limited or Restricted as to Use, net of current portion (Note 8)		**858,100**		1,278,530
Right-of-Use Assets - Operating Leases (Note 10)		**22,654,577**		24,364,901
Fixed Assets, Net (Note 9)		**80,789,044**		79,866,004
	$	**315,962,636**	$	342,378,380
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$	**26,457,534**	$	28,989,719
Line of credit (Note 15)		**6,000,000**		-
Accrued pension liabilities		**73,849**		281,763
Consumer funds		**473,854**		327,284
Due to governmental agencies (Note 11)		**11,308,825**		10,438,047
Loan payable - current portion, net of deferred financing costs (Note 12)		**1,813,905**		3,246,622
Mortgages payable - current portion, net of deferred financing costs (Note 13)		**332,947**		320,876
Bonds payable - current portion, net of deferred financing costs (Note 14)		**433,535**		625,375
Current portion of operating lease liabilities (Note 10)		**2,523,631**		3,212,045
Total Current Liabilities		**49,418,080**		47,441,731
Accounts Payable and Accrued Expenses, net of current portion		**2,891,534**		4,810,007
Accrued Pension Obligation		**-**		25,500
Loan Payable, net of current portion and deferred financing costs (Note 12)		**8,655,549**		19,036,736
Mortgages Payable, net of current portion and deferred financing costs (Note 13)		**7,311,003**		7,619,266
Bonds Payable, net of current portion and deferred financing costs (Note 14)		**719,777**		6,436,911
Operating Lease Liabilities, net of current portion (Note 10)		**22,380,717**		23,026,420
Total Liabilities		**91,376,660**		108,396,571
Commitments and Contingencies (Note 18)				
Net Assets				
Without donor restrictions		**210,239,192**		220,557,560
With donor restrictions (Note 17)		**14,346,784**		13,424,249
Total Net Assets		**224,585,976**		233,981,809
	$	**315,962,636**	$	342,378,380

See accompanying notes to consolidated financial statements.

The New York Foundling and Affiliate

Consolidated Statement of Activities
(with summarized comparative totals for 2021)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	2022	2021
Program Revenue				
Fee-for-service revenue	$ 116,703,240	$ -	**$ 116,703,240**	$ 125,869,171
Government and other grants and contracts	64,105,706	-	**64,105,706**	69,538,169
OPWDD workforce Stabilization	17,939,396	-	**17,939,396**	-
Contributions	1,871,816	4,368,756	**6,240,572**	4,311,389
Special events, net of direct expenses of $115,088 and $56,476, respectively	621,941	36,000	**657,941**	588,904
Rental income	1,302,136	-	**1,302,136**	1,501,457
Coronavirus, Aid, Relief and Economic Security Act (CARES Act) relief fund	1,190,456	-	**1,190,456**	6,093,618
Other program revenue	3,759,084	-	**3,759,084**	3,618,409
In-kind contributions	1,852,805	-	**1,852,805**	1,024,856
Net assets released from restrictions (Note 17)	3,293,332	(3,293,332)	**-**	-
Total Program Revenue	212,639,912	1,111,424	**213,751,336**	212,545,973
Expenses				
Program services:				
Child Welfare	41,410,276	-	**41,410,276**	45,089,545
OPWDD services	97,294,834	-	**97,294,834**	83,682,112
Education	30,296,244	-	**30,296,244**	34,792,025
Health and Behavior Health	12,644,673	-	**12,644,673**	13,566,467
Juvenile Justice	3,744,188	-	**3,744,188**	4,425,999
Community Engagement Initiatives	2,201,474	-	**2,201,474**	1,937,417
Other programs	3,841,956	-	**3,841,956**	3,166,075
Total Program Services	191,433,645	-	**191,433,645**	186,659,640
Supporting services:				
Management and general	29,744,688	-	**29,744,688**	26,458,399
Fundraising	1,324,122	-	**1,324,122**	1,122,777
Total Supporting Services	31,068,810	-	**31,068,810**	27,581,176
Total Expenses	222,502,455	-	**222,502,455**	214,240,816
Change in Net Assets from Operations	(9,862,543)	1,111,424	**(8,751,119)**	(1,694,843)
Nonoperating (Expenses) Revenue				
Investment loss, net (Note 5)	(12,927,897)	(198,889)	**(13,126,786)**	(987,277)
Legacies and bequests	908,155	10,000	**918,155**	1,670,074
Change in unfunded pension obligation	34,167	-	**34,167**	148,927
Gain (loss) from sale of properties	760,000	-	**760,000**	(212,078)
Gain from insurance proceeds	769,750	-	**769,750**	-
PPP loan forgiveness (Note 12)	10,000,000	-	**10,000,000**	-
Loss on disposal of leasehold improvements	-	-	**-**	(2,695,706)
Loss on early termination of lease	-	-	**-**	(560,596)
Total Nonoperating (Expenses) Revenue	(455,825)	(188,889)	**(644,714)**	(2,636,656)
Change in Net Assets	(10,318,368)	922,535	**(9,395,833)**	(4,331,499)
Net Assets, beginning of year	220,557,560	13,424,249	**233,981,809**	238,313,308
Net Assets, end of year	$ 210,239,192	$ 14,346,784	**$ 224,585,976**	$ 233,981,809

See accompanying notes to consolidated financial statements.

The New York Foundling and Affiliate

Consolidated Statement of Functional Expenses
(with summarized comparative totals for 2021)

Year ended June 30,

	Program Services								Supporting Services				
	Child Welfare	OPWDD Services	Education	Health and Behavior Health	Juvenile Justice	Community Engagement Initiatives	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2022**	2021
Salaries and wages	$ 21,784,791	$ 61,888,128	$ 14,599,010	$ 8,707,480	$ 2,517,680	$ 1,413,965	$ 225,848	$ 111,136,902	$ 11,083,389	$ 777,169	$ 11,860,558	**$ 122,997,460**	$ 113,528,520
Employee benefits:													
Payroll taxes and mandatory fringes	1,938,826	7,130,393	1,557,447	688,341	198,372	113,666	17,078	11,644,123	1,248,766	59,458	1,308,224	**12,952,347**	11,258,318
Others	3,305,419	6,428,246	2,070,915	1,067,769	395,821	204,074	39,274	13,511,518	1,343,505	78,162	1,421,667	**14,933,185**	18,023,735
Total Salaries and Employee Benefits	27,029,036	75,446,767	18,227,372	10,463,590	3,111,873	1,731,705	282,200	136,292,543	13,675,660	914,789	14,590,449	**150,882,992**	142,810,573
Other Expenses													
Transportation and workers' expenses	136,652	395,472	24,800	5,545	1,100	1,574	-	565,143	60,039	240	60,279	**625,422**	386,148
Allowances and activities - parents and children	174,266	1,105,530	176,787	6,817	4,993	122,831	-	1,591,224	7,966	-	7,966	**1,599,190**	1,703,735
Tuition, school expenses, and camp fees	2,418	-	16,756	-	-	-	-	19,174	-	-	-	**19,174**	132,069
Purchase of services	1,397,263	3,725,506	281,892	379,607	90,818	11,904	959,633	6,846,623	1,397,175	537	1,397,712	**8,244,335**	8,281,880
Food	52,332	1,799,250	1,107,701	1,717	-	2,423	39,000	3,002,423	117	-	117	**3,002,540**	2,066,372
Clothing, bedding, and linen	19,295	122,850	-	-	-	103	-	142,248	-	-	-	**142,248**	182,231
Supplies and equipment	154,274	1,002,466	2,221,684	15,021	11,137	10,621	1,803	3,417,006	103,726	15,347	119,073	**3,536,079**	4,441,730
Rent, utilities, and real estate taxes	1,822,650	4,685,821	1,290,147	563,179	34,464	11,309	579,130	8,986,700	1,903,001	-	1,903,001	**10,889,701**	9,198,682
Rental of furnishing, equipment, and vehicles	76,122	1,224,719	66,262	952	-	-	18,406	1,386,461	257,030	279	257,309	**1,643,770**	1,528,326
Repairs and maintenance - plant, equipment, and vehicles	588,628	2,861,290	2,279,504	117,084	66,620	8,326	404,365	6,325,817	943,149	22,708	965,857	**7,291,674**	10,554,407
Communications	471,875	813,730	227,623	150,707	45,523	16,795	24,522	1,750,775	210,462	8,350	218,812	**1,969,587**	1,720,800
Dues, licenses, and permits	13,086	15,884	131,083	4,130	-	-	1,289	165,472	73,444	800	74,244	**239,716**	149,392
Office supplies	153,153	134,591	136,098	45,004	18,230	8,372	2,644	498,092	160,241	1,779	162,020	**660,112**	516,399
COVID-19-related expenses	1,766	42,464	1,141	8,655	-	-	-	54,026	148,742	-	148,742	**202,768**	2,056,231
Administrative expenses	471,604	356,574	608,508	108,635	32,051	116,845	8,424	1,702,641	938,751	61,051	999,802	**2,702,443**	2,210,305
Professional services	850,168	308,962	1,434,688	305,556	184,995	119,465	21,735	3,225,569	5,733,789	24,444	5,758,233	**8,983,802**	7,502,505
Insurance	39,007	721,117	295,171	67,804	-	-	120,692	1,243,791	1,990,918	-	1,990,918	**3,234,709**	3,126,708
Interest and bank charges	32	382,564	-	-	-	-	187,512	570,108	494,019	19,505	513,524	**1,083,632**	1,334,564
Boarding home and clothing pass-through	6,946,273	-	-	-	-	-	-	6,946,273	-	-	-	**6,946,273**	7,479,117
Boarding payment - special	201,155	-	42,258	-	-	-	-	243,413	-	-	-	**243,413**	319,807
Donated services	-	-	1,600,546	-	-	-	-	1,600,546	-	252,259	252,259	**1,852,805**	1,024,856
Bad debt expense	-	998,895	-	(13,267)	-	-	-	985,628	-	-	-	**985,628**	625
Depreciation	809,221	1,150,382	126,223	413,937	142,384	39,201	1,190,601	3,871,949	1,646,459	2,034	1,648,493	**5,520,442**	5,513,354
Total Operating Expenses	$ 41,410,276	$ 97,294,834	$ 30,296,244	$ 12,644,673	$ 3,744,188	$ 2,201,474	$ 3,841,956	$ 191,433,645	$ 29,744,688	$ 1,324,122	$ 31,068,810	**$ 222,502,455**	$ 214,240,816

See accompanying notes to consolidated financial statements.

The New York Foundling and Affiliate

Consolidated Statement of Cash Flows
(with summarized comparative totals for 2021)

Year ended June 30,	2022	2021
Cash Flows from Operating Activities		
Change in net assets	**$ (9,395,833)**	$ (4,331,499)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**5,520,442**	5,513,354
Amortization expense related to deferred financing costs	**107,422**	129,696
Operating lease expense	**3,498,147**	3,604,192
Payments on operating leases	**(3,121,940)**	(1,730,628)
Loss on disposal of leasehold improvements	**-**	2,695,706
Loss on sale of properties	**-**	212,078
Bad debt expense	**985,628**	625
Forgiveness of PPP loan	**(10,000,000)**	-
Net realized and unrealized loss on investments	**16,582,756**	3,289,835
Change in unfunded pension obligation	**(34,167)**	(148,927)
Changes in assets and liabilities:		
Accounts and grants receivable	**7,454,787**	(1,685,319)
Notes receivable	**60,000**	60,000
Prepaid expenses, deposits, and other assets	**241,069**	59,058
Assets limited or restricted as to use	**420,430**	(233,796)
Accounts payable and accrued expenses	**(4,450,658)**	9,697,838
Accrued pension liabilities	**(207,914)**	(217,302)
Deferred rent	**-**	(3,412,543)
Due to governmental agencies	**870,778**	(344,013)
Net Cash Provided by Operating Activities	**8,530,947**	13,158,355
Cash Flows from Investing Activities		
Purchase of investments	**(134,903,919)**	(4,556,771)
Proceeds from sale of investments	**126,439,182**	2,071,989
Purchases of fixed assets	**(6,443,482)**	(804,442)
Net Cash Used in Investing Activities	**(14,908,219)**	(3,289,224)
Cash Flows from Financing Activities		
Proceeds from line of credit	**12,000,000**	5,000,000
Payments on line of credit	**(6,000,000)**	(22,856,666)
Proceeds from loans payable	**-**	10,000,000
Principal payments of loans payable	**(1,899,999)**	(1,900,000)
Proceeds from mortgages payable	**-**	7,395,725
Principal payments of mortgages payable	**(317,519)**	(3,887,063)
Principal payment of bonds	**(5,908,974)**	(622,853)
Net Cash Used in Financing Activities	**(2,126,492)**	(6,870,857)
Net (Decrease) Increase in Cash and Cash Equivalents	**(8,503,764)**	2,998,274
Cash and Cash Equivalents, beginning of year	**18,561,530**	15,563,256
Cash and Cash Equivalents, end of year	**$ 10,057,766**	$ 18,561,530
Supplemental Disclosures During Cash Flow Information		
Cash paid during the year for interest	**$ 772,337**	$ 1,017,376

See accompanying notes to consolidated financial statements.

1. Nature of the Organization

For more than 150 years, The New York Foundling (The Foundling) has been a leading provider of social services for low-income individuals and families living in the New York City metropolitan region and Puerto Rico. The Foundling was organized by the Sisters of Charity and remains affiliated with the Sisters of Charity Ministry Network, Inc., which is the sole corporate member of The Foundling.

Regardless of creed or color, The Foundling provides preventive services to keep children safe at home and avoid the foster care system; supervision of children in foster and adoption homes; after-care supervision of children discharged from foster care; tutoring of children in the foster care system; and shelter care and casework services to unmarried mothers. The Foundling also provides services to individuals with intellectual and/or developmental disabilities.

The Foundling is a Section 501(c)(3) not-for-profit corporation exempt from federal income tax under Section 501(a) of the Internal Revenue Code (IRC) and has been classified as a publicly supported charitable organization under Section 509(a)(1) of the IRC and qualifies for the maximum charitable contribution deduction by donors. The Foundling is also exempt from state and local taxes. The Foundling's revenues are earned primarily from Medicaid, New York State, New York City, and Federal government sources for services provided, with additional support provided from philanthropy.

In September 2018, the Evelyn Douglin Center for Serving People in Need Inc, d/b/a The Thrive Network (Thrive or Affiliate) became a controlled affiliate of The Foundling. Thrive is a separate legal entity. Thrive surrendered its programmatic licenses to the State and through an auspice change process involving the State, the Foundling was issued licenses to operate programs previously operated by Thrive.

2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Foundling and Thrive (collectively, the Organization). All material intercompany transactions and balances have been eliminated in the consolidated financial statements.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) using the accrual basis of accounting. In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Consolidated Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in the consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the consolidated statement of activities.

These classes are defined as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Organization.

With Donor Restrictions - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that must be maintained in perpetuity or otherwise removed by either actions of the Organization pursuant to donor-imposed stipulations and/or the passage of time. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities.

Cash and Cash Equivalents

The Organization considers all highly liquid financial instruments with maturity dates of three months or less from the date purchased to be cash equivalents, excluding assets whose use is limited or restricted as to use.

Accounts and Grants Receivable

Accounts and grants receivable are recorded at the reimbursable or contracted amount and do not bear interest. Periodically, the receivables are reviewed and evaluated as to their collectability. A receivable balance is considered past due once it has not been received by its scheduled due date.

Consumer Funds

Consumer funds consist of cash deposits held by the Organization on behalf of its residents for the residents' personal use.

Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Organization would use in pricing the Organization's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Organization are traded. The Organization estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers administering each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted market prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuation is based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments at Fair Value

Investments are recorded at their fair values. Realized and unrealized gains and losses on investments are reported in the consolidated statement of activities as increases or decreases in net assets.

Investments consist of corporate and foreign equities, publicly traded mutual funds, and investments in limited partnerships. Investments in corporate and foreign equities are carried at fair value based upon quoted market prices. Publicly traded mutual funds are stated at fair value based upon quoted market prices, which represent the net asset values (NAV) held by the Organization at year-end.

The Organization's investments in limited partnerships have no readily determined market value and are valued at fair value, as estimated by the general partners. Because of the inherent uncertainty of valuation, it is reasonably possible that estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. In addition, certain investments may also have risk associated with their concentrations of investments in one geographic region and in certain industries. The limited partnership's ability to liquidate certain of its investments may be inhibited since the issuers may be privately held or the limited partnership may own a relatively large portion of the issuers' equity securities.

Contributions, Promises to Give, and In-Kind Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as either with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-Profit Entities*.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met. Securities and tangible property received as a gift or bequest are reflected at fair value at the date of the gift. The Organization uses the allowance method to determine uncollectible unconditional pledge receivables.

In-kind contributions are reported in the consolidated financial statements for voluntary donations of services if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by the donation. In-kind contributions recorded for the fiscal year ended June 30, 2022 totaled $1,852,805, which consisted of $1,600,546 for personnel services, donated space, and other goods and services to support the Puerto Rico Head Start program, and $252,259 to support other programs within New York City.

Assets Limited or Restricted as to Use

Assets limited or restricted as to use include assets held by the trustees under bond indenture agreements and assets held as part of a non-qualified deferred compensation plan for a key executive. Amounts required to meet current liabilities of The Foundling have been classified as current assets in the consolidated statement of financial position at June 30, 2022.

Fixed Assets

Fixed assets are carried at cost, less accumulated depreciation or, if donated, at fair market value at date of the gift. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets. Depreciation is computed using the straight-line method over the respective assets' estimated useful lives, described below.

	Years
Buildings and improvements	10-30
Furniture and signs, equipment, and education center exhibit	3-10
Vehicles	4

Impairment of Long-Lived Assets

The Organization follows the provisions of ASC 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires the Organization to review long-lived assets, including both fixed and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2022, there have been no such losses.

Deferred Issuance and Financing Costs

Deferred issuance and financing costs represent costs incurred to obtain financing. Amortization of these costs is provided on the straight-line basis, which does not differ materially from the interest method, extending over the term of indebtedness. Deferred issuance and financing costs are netted against the related loan, mortgage, or bond payable in the consolidated statement of financial position.

Revenue Recognition

Government and Other Grants and Contracts

The Organization receives substantially all of its revenue for services provided from governmental agencies, including the Office for People with Developmental Disabilities (OPWDD), New York City

Administration for Children Services (ACS), and Medicaid. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. The fiscal years ended June 30, 2018 through June 30, 2022 remain subject to audit by ACS.

Government and other grants and contracts revenue are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under ASC Topic 958, *Not-for-Profit Entities*. Government and other grants and contracts revenue are evaluated for contributions that are conditional. Factors indicating the existence of a conditional contribution include the presence of a barrier that must be overcome and either a right of return of assets transferred or a right of release of a funder's obligation to transfer the assets. Government and other grants and contracts revenue are recognized when the conditions are satisfied, which is generally when the expenditures for each contract are incurred. Included in government and other grants and contracts revenue are estimated retroactive revenue adjustments due to underspent interim rates, future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Government and other grant funds received in excess of revenue earned are recorded as deferred revenue. Upon termination, the unexpended cash funds received under the terms of the grant provisions revert to the grantor.

Fee-for-Service and Per-Diem Revenue

Fee-for-service and per-diem revenue is generated from foster care services, services to individuals with developmental disabilities, mental health services, and other services. Fee-for-service and per-diem revenue is recorded at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from third-party payors (including government programs and health insurers), and others, and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews, and investigations. Generally, the Organization submits both fee-for-service and per-diem claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. The Organization measures revenue from the commencement of services to the continuation of services, and until services are no longer required. The Organization believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, the Organization has elected, as part of its adoption of the revenue standard, to apply the optional exemption provided in Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606),* and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Throughout the year, rates may vary as determined by New York State, and the Organization will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and the Organization considers these amounts in determination of the transaction price. The Organization determines its estimates of explicit or implicit price concessions and contractual adjustments based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs.

As a practical expedient, the Organization utilizes the portfolio approach for analyzing the revenue contracts in accordance with Topic 606. The Organization accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Organization considers the similar nature and characteristics of the contract and customers in using the portfolio approach. The Organization believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

The following table shows the Organization’s fee-for-service revenue disaggregated by payor:

Year ended June 30, 2022	
Foster Care	$ 20,557,735
Article 29i	6,893,606
NYS OPWDD	86,715,115
Article 31	1,919,384
NYS Medicaid	617,400
Total	$ 116,703,240

The following table shows the Organization’s fee-for-service revenue disaggregated by service line:

Year ended June 30, 2022	
NYC ACS	$ 20,557,735
NYS Medicaid	92,098,081
Medicaid Managed Care	3,793,770
Medical - Commercial (Private)	253,654
Total	$ 116,703,240

Donor-Restricted Fund

The Organization’s donor-restricted fund in perpetuity (the Donor Fund) consists of investments that are held in perpetuity. The Organization follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) as they relate to the Organization’s contributions and net assets with donor restrictions - in perpetuity, effective upon New York State’s enactment of the legislation in September 2010.

The following applies to the Donor Fund:

Interpretation of Relevant Law

The Investment Committee of the Board of Directors of the Organization has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization classifies as net assets with donor restrictions - in perpetuity (a) the original value of the gifts donated to the Donor Fund, (b) the original value of subsequent gifts to the Donor Fund, and (c) accumulations to the Donor Fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Donor Fund. The investment income earned on the accumulations to the Donor Fund is classified based on donor stipulations as either net assets without donor restrictions or net assets with donor restrictions - time/purpose restricted.

Investment and Spending Policies

The Organization has adopted investment and spending policies for net assets with donor restrictions - in perpetuity that attempt to provide a stream of returns that would be utilized to fund various programs, while seeking to maintain the purchasing power of the Donor Fund. The Donor Fund includes those assets of donor-restricted funds that the Organization must hold in perpetuity. The Organization's long-term strategy is to target diversified asset allocation that includes cash and cash equivalents, publicly traded mutual funds, and alternative investments, which produce results that exceed key indexes and benchmarks currently available for similar asset classes. However, within the alternative investment category, The Foundling is mindful of each investment manager's strategies and the liquidity of each manager's investment portfolio.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the funds.
- Availability of other funding sources.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- Purposes of donor-restricted fund.
- The investment and spending policies of the Organization's Donor Fund's investment returns distribution policy, which mandates appropriations of donor-restricted assets to be deemed prudent by the Investment Committee of the Board of Directors of the Organization.

Income Taxes

The Foundling is exempt from federal income tax under Section 501(c)(3) of the Code and private foundation excise tax, pursuant to a group exemption issued to the Roman Catholic Church in the United States.

Thrive

Thrive is exempt from federal income tax under Section 501(c)(3) of the Code and comparable New York State law. Thrive has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

The Organization has not taken any unsubstantiated tax positions that would require provision of a liability under ASC 740, *Income Taxes*. Under ASC 740, an organization must recognize the tax liability associated with uncertain tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe that there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. The Organization has filed Internal Revenue Service (IRS) Form 990, as required, and all other applicable returns in jurisdictions when it is required. For the year ended June 30, 2022, there was no interest or penalties recorded or included in the consolidated financial statements.

Functional Allocation Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the consolidated statement of activities. Certain shared costs have been allocated among the programs and supporting services based on benefits received, they pertain mainly to shared costs of occupancy, including rent, utilities, and maintenance, that are allocated based on square footage used. Other costs, such as information technology, are allocated based on the number of users. All other indirect costs are captured as management and general.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. At various times during the year, the Organization may have cash deposits at financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings, and management believes that credit risk related to these accounts is minimal.

Risks and Uncertainties

Investment Risks

The Organization’s investments are concentrated in marketable equity securities, publicly traded mutual funds, and limited partnerships. Such investments are subject to various market risks that determine the value of the funds. Due to the level of risk associated with certain equity securities and the level of uncertainty related to changes in the value of these securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the consolidated financial statements.

Recently Adopted Authoritative Guidance

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

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021. The Foundling adopted this ASU as of July 1, 2021. The adoption of this ASU did not have a material impact on the financial statements

Accounting Pronouncements Issued but Not Yet Adopted

Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables, and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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4. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

June 30, 2022	
Cash and cash equivalents	$ 10,057,766
Investments, at fair value	154,112,038
Accounts and grants receivable	28,824,636
Note receivable, current portion	60,000
Total Current Assets*	193,054,440
Less: those unavailable for general expenditures within one year, due to:	
Restricted by donor for specific purpose or in perpetuity	(14,346,784)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 178,707,656

* Total current assets excluding nonfinancial assets; prepaid expenses, deposits, and other assets; consumer funds; and assets limited or restricted as to use, current portion.

Liquidity Management

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. The Organization has an investment committee, reporting to its Board of Directors, which provides guidance with respect to appropriate management of its investments. Additionally, the Organization has $6,000,000 available for general expenditure at June 30, 2022 on its line of credit.

5. Financial Instruments and Fair Value

The following table presents the Organization's fair value hierarchy for those investments measured at fair value on a recurring basis:

June 30, 2022

	Fair Value Measurement at Reporting Date Using			
Description	Level 1	Level 2	Level 3	Balance
Corporate and foreign equities	$ 109,617,805	$ -	$ -	$ 109,617,805
Publicly traded mutual funds	28,697,748	-	-	28,697,748
Limited partnerships	-	157,401	31,487,436	31,644,837
Total Investments	$ 138,315,553	$ 157,401	$ 31,487,436	$ 169,960,390

The following table sets forth changes in the assets measured at fair value using Level 3 inputs on a recurring basis:

Description	Balance, July 1, 2021	Purchases	Sales	Assets Transferred	Realized Gain	Net Unrealized Gain	Balance, June 30, 2022
Limited partnerships	$ 28,852,350	$ 9,856,272	$ (32,736,367)	$ 4,892,257	$ 12,450,232	$ 8,172,692	$ 31,487,436

The following table summarizes the fair value measurements of investment funds that calculate net assets per share (or its equivalent):

June 30, 2022

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnerships:				
Pharmaceutical	$ 157,401	$ -	N/A	N/A
Hedge fund	13,573,750	2,181,512	Quarterly	45 days prior written notice
Private equity[a]	17,913,686	650,800	N/A	N/A
Total	$ 31,644,837	$ 2,832,312		

[a] Redemption not permitted; distributions require liquidation of underlying assets.

The following table summarizes quantitative information about Level 3 fair value measurements:

Description	Fair Value at June 30, 2022	Valuation Technique	Unobservable Input
Limited partnerships:			
Pharmaceutical	$ 157,401	Market comparable entities	Discount for lack of marketability[a]
Hedge fund	13,573,750	Market comparable entities	Discount for lack of marketability[a]
Private equity	17,913,686	Market comparable entities	Discount for lack of marketability[a]
	$ 31,644,837		

[a] Represents amounts used when the reporting entity has determined that market participants would take into account these premiums and discounts when pricing the investments.

Investment earnings are comprised of the following:

June 30, 2022		
Realized gain	$	36,642,091
Unrealized loss		(53,224,847)
Interest and dividends		3,905,183
Investment management fees		(449,213)
Total Net Loss from Investments	$	(13,126,786)

Corporate and Foreign Equities and Publicly Traded Mutual Funds

The Organization's holdings in corporate and foreign equities consist principally of debt and equity securities carried at the aggregate market value that is determined by quoted market prices. Each of these investments can be liquidated daily and valuation is based on Level 1 inputs within the hierarchy used in measuring fair value. Publicly traded mutual funds are valued at the NAV of shares held by the Organization. The mutual funds are traded at quoted prices through the National Securities Clearing Corporation and can be redeemed on a daily basis. Management believes that the most appropriate classification for these investments is Level 1.

Limited Partnerships

The Organization's holdings in limited partnerships are valued based on Level 2 and 3 inputs within the investment hierarchy used in measuring fair value.

Certain limited partnership investments are reported as Level 2, as those assets have inputs other than quoted prices that are observable. The inputs that are observable may include commonly quoted interest rates, yield curves, volatilities, prepayment spreads, loss severities, credit risks, default rates, inputs that are derived principally from or corroborated by observable market data, and similar information. The assets included as Level 2 have all associated inputs and/or adjustments that are observable.

Certain limited partnership investments are reported as Level 3, as those assets have significant inputs, one or more, that are included in the price development that are not observable.

Given the absence of market quotations, their fair value is estimated using information provided to the Organization by the investment managers and general partners. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. The investments may indirectly expose the Organization to the effects of securities lending, short sales of securities, and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these consolidated financial statements contain varying degrees of risk, the Organization's exposure with respect to each such investment is limited to the amount of the Organization's investment in each of the respective funds. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. The Organization does not directly invest in the underlying securities of the investment funds and, due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amount ultimately realized upon liquidation could differ from reported values that are based on current conditions.

Redemptions of the Organization's investments in these investment entities vary, but are primarily available at month-end, quarter-end, or year-end with appropriate notice. Management fees and incentive fees are charged by these investment entities at an annual rate ranging from 0.08% to 2% plus an incentive allocation, usually 20% of profits.

6. Accounts and Grants Receivable

Accounts and grants receivable consist of the following:

June 30, 2022	
Accounts receivable:	
Foster Care	$ 6,787,460
Development Disabilities	6,946,208
Article 29i	1,006,726
Preventive	4,254,974
Puerto Rico Head Start and Early Read Start+	1,806,519
Child Success	514,601
Families Rising	1,168,654
Fair Future ACS	884,606
Fair Future CityWide	501,385
ACS Miscellaneous payments, DG, Home away	191,181
Independent Living	313,335
Community Partnership Program	90,383
Mentoring and Advocacy Program	57,311
Wendy's Wonderful Kids	67,504
Discharge Support	90,990
DORM Project	468,539
Family Assessment	431,193
YV LifeSet	129,946
School based mental Health services	607,533
Department of mental Hygiene (DOHMH)- Supportive Housing	103,746
Department of mental Hygiene (DOHMH)- Mobile Response Teams	176,527
Department of mental Hygiene (DOHMH)- Strong Families Community Center	314,864
Health Family	151,464
HEALTH HOMES	251,784
Puerto Rico Department of Education	268,078
NY City Council Funding for CAPP	254,492
District Attorney NYC -Sex Trafficking	383,882
NYC - Pandemic Support	321,610
Adolescent Health Ed. Initiative (DOH)	197,773
Other	81,368
	$ 28,824,636

7. Notes Receivable

In 2007, the New York Foundling Charitable Corporation (NYFCC) loaned $1,500,000 to the John Coleman School (the Coleman School), a voluntary agency also sponsored by the Sisters of Charity, to provide working capital. The loan bears an interest on the unpaid principal balance at the rate incurred by The Foundling on its outstanding debt, and the principal is being repaid at $5,000 per month. As a result of the merger of NYFCC, the note was transferred to The Foundling. As of June 30, 2022, the balance of the note receivable amounted to $540,000.

8. Assets Limited or Restricted as to Use

Assets limited or restricted as to use are as follows:

June 30, 2022	
Gift annuity	$ 95,364
Deferred compensation investments	900,089
	995,453
Less: current portion	137,353
	$ 858,100

9. Fixed Assets, Net

Fixed assets, net, consist of the following:

June 30, 2022	
Land	$ 8,227,050
Buildings and improvements	83,345,264
Equipment, furniture, and signs	14,250,694
Vehicles	147,892
Leasehold improvements	35,086,715
	141,057,615
Less: accumulated depreciation	(66,053,389)
Construction-in-progress	5,784,818
	$ 80,789,044

The estimated cost to complete construction-in-progress is $8,435,000. Construction-in-progress includes construction for renovations and improvements for various residential homes and terrace projects for developmental disabilities programs.

Depreciation expense for the year ended June 30, 2022 totaled $5,520,442.

10. Leases

The Organization has adopted ASU 2016-02, *Accounting for Leases (Topic 842)*, effective July 1, 2020. The Organization leases certain property under operating leases. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than a year (or initially, greater than one year remaining under the lease at the date of adoption of ASU 2016-02), the Organization records the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. The Organization's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities unless the Organization is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term. The Organization has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASU 2016-02. As such, the Organization accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities.

The Organization has made an accounting policy election not to record leases with an initial term of less than a year as right-of-use assets and liabilities.

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

Year ended June 30, 2022	
Lease costs:	
Operating lease cost	$ 3,498,147
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 3,121,940
Weighted-average remaining lease term – operating leases	11.45 years
Weighted-average discount rate – operating leases	1.15%

June 30, 2022	
Right-of-use assets and liabilities:	
Right-of-use assets – operating leases	$ 22,654,577
Lease liability – operating leases	24,904,348

For operating leases, right-of-use assets - operating leases and lease liability - operating lease are recorded in the accompanying consolidated statement of financial position.

Operating Leases

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

Year ending June 30,	
2023	$ 3,122,381
2024	2,707,943
2025	2,235,009
2026	2,105,278
2027	2,153,813
Thereafter	14,505,278
Total Lease Payments	26,829,702
Less: imputed interest	(1,925,354)
Total Operating Lease Liabilities	$ 24,904,348

Total rental expense charged to operations for the year ended June 30, 2022 totaled $6,801,076.

11. Due to Governmental Agencies

Amounts due to governmental agencies consisting primarily of advanced payments from funding sources, which will be recouped in subsequent periods, are as follows:

June 30, 2022	
NYC ACS Foster Care	$ 6,682,620
NYC ACS Family Day Care	609,439
NYC ACS Preventive and others	1,866,599
NYS OPWDD	1,525,758
Other agency	624,409
	$ 11,308,825

12. Loans Payable, Net

On June 20, 2014, The Foundling entered into a loan agreement in the amount of $10,000,000 with a financial institution to finance capital projects. Principal payments are to be paid in monthly installments of $33,333, which are due on the first business day of each month through July 1, 2039, the maturity date. Interest is payable on a monthly basis at the London Interbank Offered Rate (LIBOR) plus 155 basis points, which was 3.263% at June 30, 2022. The loan is secured by the office building.

Future principal payments are as follows:

Year ending June 30,		
2023	$	400,000
2024		400,000
2025		400,000
2026		400,000
2027		400,000
Thereafter		4,833,334
		6,833,334
Less: unamortized balance of deferred financing costs		(100,783)
	$	6,732,551

On December 18, 2014, The Foundling entered into a loan agreement in the amount of $15,000,000 with a financial institution to finance the termination costs of the Archdiocese Defined Benefit Plan as further discussed in Note 16. Principal payments are to be paid in monthly installments of $125,000, which are due on the first business day of each month through December 2024, the maturity date. Interest is payable on a monthly basis at LIBOR plus 165 basis points, which was 3.363% at June 30, 2022. The loan is secured by the office building.

Future principal payments are as follows:

Year ending June 30,		
2023	$	1,500,000
2024		1,500,000
2025		875,000
		3,875,000
Less: unamortized balance of deferred financing costs		(138,097)
	$	3,736,903

Loans Payable – Paycheck Protection Program

On April 3, 2021, The Foundling applied for and received approval for an individual loan under the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA), in the amount of $10,000,000. The loan was eligible to be partially or fully forgiven if The Foundling maintains their employee counts and keeps employee wages stable. The PPP loan accrued interest at a rate of 1.00%, with an original maturity date of two years from the date of the loan. These funds were used for eligible expenses under the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

During the year ended June 30, 2022, The Foundling applied for and received full forgiveness of its PPP loan in the amount of $10,000,000. As such, The Foundling, following the guidance of ASC 470-50, *Debt* presented this as nonoperating revenue in the accompanying consolidated statement of activities. At June 30, 2022 The Foundling had no remaining balance due on the PPP loan and no obligation to return the amount forgiven.

13. Mortgages Payable, Net

Facilities held under mortgage and the corresponding outstanding balances due on each note consist of the following:

June 30, 2022		
(a) 34 Beechmont Drive	$	453,085
(b) 2 Sylvia Lane		386,782
(c) Brooklyn facilities:		
337A Macon St.		1,663,642
2112 Canarsie Road		1,356,619
8 Schenck		953,878
East 38th St.		1,538,214
1663 Union Street		1,540,580
		7,892,800
Less:		
Current portion of mortgages payable		(332,947)
Unamortized balance of deferred financing costs		(248,850)
	$	7,311,003

(a) In December 2012, The Foundling entered into a mortgage agreement with a financial institution to finance the operation of a community residential center. Principal payments are to be paid in monthly installments of $7,350, which are due on the first business day of each month through December 3, 2027, the maturity date. Interest is payable on a monthly basis at a rate of 3.66% per annum. The mortgage is secured by the property located at 34 Beechmont Drive, New Rochelle, New York.

(b) In December 2012, The Foundling entered into a mortgage agreement with a financial institution to finance the operation of a community residential center. Principal and interest payments are to be paid in monthly installments of $6,327, which are due on the first business day of each month through December 3, 2027, the maturity date. Interest is payable on a monthly basis at a rate of 3.66% per annum. The mortgage is secured by the property located at 2 Sylvia Lane.

(c) In August 2020, The Foundling entered into five mortgage agreements with a financial institution to finance the operation of facilities for developmentally disabled individuals. The principal amounts shall bear interest at the rate of 3.64% per annum. Monthly payments of principal and interest range from $2,060 to $5,320, which are due on the first day of each month. The mortgages are secured by the related properties in Brooklyn, New York.

Future principal payments are as follows:

Year ending June 30,		
2023	$	354,274
2024		366,873
2025		379,922
2026		393,433
2027		407,427
Thereafter		5,990,871
	$	7,892,800

14. Bonds Payable, Net

Rockland County Economic Assistance Corporation (RCEAC) Revenue Bonds

RCEAC revenue bonds maturing every first day of the month starting in August 2012 through 2027, bearing interest rates at 3% computed on the basis of 360 days.	$	5,000,000

Proceeds from these bonds have been made available to The Foundling to pay off the outstanding debt due to a financial institution. The bonds were issued and sold by RCEAC. Pursuant to the indentures of trust for the bonds, payment of principal and interest to the bondholders is solely the obligation of The Foundling; RCEAC is not obligated for repayment of the bonds. The bonds are secured by the individual properties of the intermediate care facilities and community residence in Rockland County, New York. At June 30, 2022, $1,201,244 of the bonds remains outstanding.

The following table sets forth the scheduled annual principal and interest payments to be made on the bonds during each of the next five years and thereafter:

Year Ending June 30,		Principal		Interest
2023	$	451,385	$	29,838
2024		465,554		16,102
2025		91,476		7,279
2026		94,729		4,491
2027		98,100		1,603
		1,201,244		59,313
Less: unamortized balance of deferred issuance costs		(47,932)		-
	$	1,153,312	$	59,313

On June 17, 2008, The Foundling obtained financing of $7,190,000 of revenue bonds through the Dormitory Authority of the State of New York (DASNY) to finance the construction and renovation of a community residential center in Staten Island, New York. The bonds are secured by the real estate located in Staten Island, New York.

The DASNY bonds are conduit debt securities, since they are offered by a governmental entity not for its own use, but for the use of The Foundling. As the conduit debt obligor, The Foundling is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements.

On June 30, 2021, The Foundling ended a contract for residential services for teenage mothers and their newborn children that was funded by New York City ACS and operated out of a facility owned by The Foundling on Staten Island, New York. The construction of this facility was financed by DASNY with tax-exempt bonds that required the facility to remain in continuous use for children engaged in the foster care system. With the termination of this contract, The Foundling no longer met these criteria and has notified DASNY of the closure of its related programs and is proceeding to redeem the bonds of which there is approximately $5,500,000 outstanding. Repayment was made in January 2022 from funds drawn under the $12,000,000 available line of credit.

In accordance with the terms of the various purchasers of the bonds, The Foundling maintains loan agreements with various financial institutions, as security for the bonds. These agreements are secured by mortgages. The agreements provide for certain covenants, including maintenance of minimum liquidity and debt service coverage ratios. At June 30, 2022, The Foundling was in compliance with the minimum liquidity ratios but was not in compliance with the debt service coverage ratio requirement. For the fiscal year ended June 30, 2022, the Foundling received a waiver from the financial institution for the covenant violation.

15. Line of Credit

In June 2014, The Foundling obtained a $5,000,000 line of credit from a financial institution. This line of credit is unsecured. The line of credit has been amended multiple times from 2014 through 2021 to expand and/or reduce the maximum amount available to The Foundling. As of June 30, 2022, the current maximum amount available to be utilized by The Foundling on the line of credit is $12,000,000. The interest rate on the line of credit is 4.50%. As of June 30, 2022, $6,000,000 was outstanding on the line of credit.

16. Pension Plans

Archdiocesan Pension Plan

The Foundling participated in the pension plan of the Archdiocese of New York (the Plan). This multi-employer plan was limited to eligible non-union employees meeting the age and years of service requirements of the Plan. Participating employers were required to make annual contributions to the Plan based on a percentage of annual salary, subject to the Plan's limitations.

The Foundling terminated its participation effective December 31, 2014. As a result of terminating its participation in the Plan, The Foundling made a final payment to the Plan at the effective date in the amount of $14,289,684, representative of the portion of the Plan's underfunded amount due and payable by The Foundling.

Benefits to The Foundling employees who participated in the Plan were frozen at the time that The Foundling terminated its participation in the Plan.

Defined Contribution Plan

The Foundling has established a defined contribution plan for its employees on January 1, 2015. Employees become eligible to participate as of their date of hire and may elect to contribute up to the statutory limit allowed. The Foundling matches all employee contributions up to 2% of participating employees' compensation. In addition, The Foundling makes direct contributions ranging from 2% to 4%, depending on number of years of service. For the year ended June 30, 2022, the employer contribution expense was $3,183,143.

Religious Pension Plan

The Foundling also participates in a defined benefit pension plan (defined benefit plan) administered by a life insurance company. As of June 30, 2022, The Foundling had an over funded position in the amount of $8,667, and is included in prepaid expenses, deposits, and other assets in the accompanying consolidated statement of financial position. This amount represents the excess of the fair value of the plan assets over the projected benefit obligation, adjusted for previously recorded pension cost liabilities. The Foundling recorded an increase to net assets without donor restriction of $34,167 for the year ended June 30, 2022 in the accompanying consolidated statement of activities, resulting from changes in the unfunded pension liability.

17. Net Assets with Donor Restrictions

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

June 30, 2022		
Restricted for specific purpose:		
Foster care deaf service	$	5,133,844
Foster youth educational support		1,097,070
Head Start		1,317,633
Fair Futures mentoring model during the COVID-19 crisis		150,000
Training and workshop		406,232
Mott Haven Scholarship		1,290,638
In-house mentored internship		100,000
Healthy Families		100,000
School based mental health		100,000
Other programs		686,825
Total Restricted for Specific Purpose		10,382,242
Restricted in perpetuity – donor fund:		
Alice Ward Kelly Fund		1,050,232
James Donohue Fund		268,742
William Fries Fund		10,000
Emily M. Moos Fund		251,487
Other funds		221,289
General operating support		1,962,792
Nursing training program purposes		200,000
Total Restricted in Perpetuity - Donor Fund		3,964,542
Total Net Assets with Donor Restrictions	$	14,346,784

Net assets with donor restrictions were released from their restriction by incurring expenses for the following purposes:

June 30, 2022		
Released for specific purpose:		
Foster Care deaf services	$	222,621
Foster youth educational support		633,199
Fair Futures mentoring model during the COVID-19 crisis		983,000
School-based mental health		175,000
Training and workshop		52,199
Summer Camp		96,789
In-house mentored internship		139,979
Foster Care home support-dorm project		190,000
Child Abuse Prevention		168,955
Healthy Families		175,000
Mott Haven Scholarship		300,000
Other programs		156,590
Total Net Assets Released from Donor Restrictions	$	3,293,332

All assets included in The Foundling's net assets with donor restrictions in perpetuity are as follows:

June 30, 2022		
Donor fund:		
Cash and cash equivalents	$	185,586
Short-term investments		250,611
Publicly traded mutual funds		345,655
Limited partnerships		3,182,690
Total Net Assets with Donor Restrictions - in Perpetuity	$	3,964,542

The following table provides a reconciliation of the changes in The Foundling's net assets with donor restrictions – in perpetuity:

		Without Donor Restrictions		With Donor Restrictions – Specific Purpose		With Donor Restrictions – in Perpetuity
Beginning of Year, July 1, 2021	$	1,000,840	$	2,482,142	$	3,964,542
Contributions		-		-		-
Investment loss		(82,990)		(198,889)		(281,879)
Transfers in		82,990		198,889		281,879
End of Year, June 30, 2022	$	1,000,840	$	2,482,142	$	3,964,542

18. Commitments and Contingencies

Litigation

The Organization is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management and the Organization's legal counsel, the ultimate disposition of these matters will not have a material adverse effect on the Organization's consolidated statement of financial position, results of activities, or liquidity.

19. Subsequent Events

In July 2022 the Foundling borrowed $16.8 million from TD Bank in the form of a 15-year term loan. The proceeds from this loan were used to pay-off the outstanding balance of $6 million on the line of credit and the remaining proceeds were transferred into the investment account. This loan is collateralized by a first mortgage against a building located at 170 Brown Place, Bronx New York.

The Organization has performed subsequent events procedures through December 1, 2022, which is the date the consolidated financial statements were available to be issued, and there were no other subsequent events requiring adjustments to the consolidated financial statements or disclosures stated herein.

Supplementary Information

The New York Foundling and Affiliate

Consolidating Schedule of Financial Position
(with summarized comparative totals for 2021)

June 30,	The Foundling	Thrive	Eliminations	**2022**	2021
Assets					
Current					
Cash and cash equivalents	$ 10,106,447	$ (48,681)	$ -	**$ 10,057,766**	$ 18,561,530
Investments at fair value (Note 5)	154,112,038	-	-	**154,112,038**	160,902,269
Accounts and grants receivable (Note 6)	28,814,656	9,980	-	**28,824,636**	37,265,051
Notes receivable, current portion (Note 7)	60,000	-	-	**60,000**	60,000
Prepaid expenses, deposits, and other assets	1,666,841	75	-	**1,666,916**	1,899,318
Due from affiliates	-	1,051,013	(1,051,013)	**-**	-
Consumer funds	473,854	-	-	**473,854**	327,284
Assets limited or restricted as to use, current portion (Note 8)	137,353	-	-	**137,353**	137,353
Total Current Assets	195,371,189	1,012,387	(1,051,013)	**195,332,563**	219,152,805
Investments, at fair value, net of current portion (Note 5)	15,848,352	-	-	**15,848,352**	17,176,140
Notes Receivable, net of current portion (Note 7)	480,000	-	-	**480,000**	540,000
Assets Limited or Restricted as to Use, net of current portion (Note 8)	858,100	-	-	**858,100**	1,278,530
Right-of-Use Assets - Operating Leases (Note 10)	22,654,577	-	-	**22,654,577**	24,364,901
Fixed Assets, Net (Note 9)	80,789,044	-	-	**80,789,044**	79,866,004
Total Assets	$ 316,001,262	$ 1,012,387	$ (1,051,013)	**$ 315,962,636**	$ 342,378,380

The New York Foundling and Affiliate

Consolidating Schedule of Financial Position
(with summarized comparative totals for 2021)

June 30,	The Foundling	Thrive	Eliminations	**2022**	2021
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	$ 24,023,640	$ 2,433,894	$ -	**$ 26,457,534**	$ 28,989,719
Line of credit (Note 15)	6,000,000		-	**6,000,000**	-
Accrued pension liabilities	73,849	-	-	**73,849**	281,763
Consumer funds	473,854	-	-	**473,854**	327,284
Due to affiliate	1,051,013		(1,051,013)	**-**	-
Deferred rent	-	-	-	**-**	-
Due to governmental agencies (Note 11)	11,228,594	80,231	-	**11,308,825**	10,438,047
Current portion of loan payable (Note 12)	1,813,905	-	-	**1,813,905**	3,246,622
Current portion of mortgages payable (Note 13)	332,947	-	-	**332,947**	320,876
Current portion of bonds payable (Note 14)	433,535	-	-	**433,535**	625,375
Current portion of operating lease liabilities (Note 10)	2,523,631	-	-	**2,523,631**	3,212,045
Total Current Liabilities	47,954,968	2,514,125	(1,051,013)	**49,418,080**	47,441,731
Accounts Payable and Accrued Expenses, net of current portion	2,891,534	-	-	**2,891,534**	4,810,007
Accrued Pension Obligation	-	-	-	**-**	25,500
Loan Payable, net of current portion and deferred financing costs (Note 12)	8,655,549	-	-	**8,655,549**	19,036,736
Mortgages Payable, net of current portion and deferred financing costs (Note 13)	7,311,003	-	-	**7,311,003**	7,619,266
Bonds Payable, net of current portion and deferred financing costs (Note 14)	719,777	-	-	**719,777**	6,436,911
Operating Lease Liabilities, net of current portion (Note 10)	22,380,717	-	-	**22,380,717**	23,026,420
Total Liabilities	89,913,548	2,514,125	(1,051,013)	**91,376,660**	108,396,571
Commitments and Contingencies (Note 18)					
Net Assets (Deficit)					
Without donor restrictions	211,740,930	(1,501,738)	-	**210,239,192**	220,557,560
With donor restrictions (Note 17)	14,346,784	-	-	**14,346,784**	13,424,249
Total Net Assets (Deficit)	226,087,714	(1,501,738)	-	**224,585,976**	233,981,809
	$ 316,001,262	$ 1,012,387	$ (1,051,013)	**$ 315,962,636**	$ 342,378,380

The New York Foundling and Affiliate

Consolidating Schedule of Activities
(with summarized comparative totals for 2021)

Year ended June 30,

	The Foundling			Thrive				Totals	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	**2022**	2021
Program Revenue									
Fee-for-service revenue	$ 117,069,603	$ -	$ 117,069,603	$ (366,363)	$ -	$ (366,363)	$ -	**$ 116,703,240**	$ 125,869,171
Government and other grants and contracts	64,079,867	-	64,079,867	25,839	-	25,839	-	**64,105,706**	69,538,169
OPWDD workforce stabilization	17,939,396	-	17,939,396	-	-	-	-	**17,939,396**	-
Contributions	1,871,816	4,368,756	6,240,572	-	-	-	-	**6,240,572**	4,311,389
Special events, net of direct expenses of $115,088 and $56,476, respectively	621,941	36,000	657,941	-	-	-	-	**657,941**	588,904
Rental income	1,117,956	-	1,117,956	184,180	-	184,180	-	**1,302,136**	1,501,457
CARES Act Relief Fund	1,190,456	-	1,190,456	-	-	-	-	**1,190,456**	6,093,618
Other program revenue	3,754,918	-	3,754,918	4,166	-	4,166	-	**3,759,084**	3,618,409
In-kind contributions	1,852,805	-	1,852,805	-	-	-	-	**1,852,805**	1,024,856
Net assets released from restrictions (Note 17)	3,293,332	(3,293,332)	-	-	-	-	-	**-**	-
Total Program Revenue	212,792,090	1,111,424	213,903,514	(152,178)	-	(152,178)	-	**213,751,336**	212,545,973
Expenses									
Program services:									
Child Welfare	41,410,276	-	41,410,276	-	-	-	-	**41,410,276**	45,089,545
OPWDD services	97,294,834	-	97,294,834	-	-	-	-	**97,294,834**	83,682,112
Education	30,296,244	-	30,296,244	-	-	-	-	**30,296,244**	34,792,025
Health and Behavior Health	12,644,673	-	12,644,673	-	-	-	-	**12,644,673**	13,566,467
Juvenile Justice	3,744,188	-	3,744,188	-	-	-	-	**3,744,188**	4,425,999
Community Engagement Initiatives	2,201,474	-	2,201,474	-	-	-	-	**2,201,474**	1,937,417
Other programs	3,841,956	-	3,841,956	-	-	-	-	**3,841,956**	3,166,075
Total Program Services	191,433,645	-	191,433,645	-	-	-	-	**191,433,645**	186,659,640
Supporting services:									
Management and general	27,969,646	-	27,969,646	1,775,042	-	1,775,042	-	**29,744,688**	26,458,399
Fundraising	1,324,122	-	1,324,122	-	-	-	-	**1,324,122**	1,122,777
Total Supporting Services	29,293,768	-	29,293,768	1,775,042	-	1,775,042	-	**31,068,810**	27,581,176
Total Expenses	220,727,413	-	220,727,413	1,775,042	-	1,775,042	-	**222,502,455**	214,240,816
Change in Net Assets from Operations	(7,935,323)	1,111,424	(6,823,899)	(1,927,220)	-	(1,927,220)	-	**(8,751,119)**	(1,694,843)
Nonoperating (Expenses) Revenue									
Investment loss, net of fees (Note 5)	(12,927,897)	(198,889)	(13,126,786)	-	-	-	-	**(13,126,786)**	(987,277)
Legacies and bequests	908,155	10,000	918,155	-	-	-	-	**918,155**	1,670,074
Change in unfunded pension obligation	34,167	-	34,167	-	-	-	-	**34,167**	148,927
Gain (loss) from sale of properties	760,000	-	760,000	-	-	-	-	**760,000**	(212,078)
Gain from insurance proceeds	769,750	-	769,750	-	-	-	-	**769,750**	-
PPP loan forgiveness	10,000,000	-	10,000,000	-	-	-	-	**10,000,000**	-
Loss on disposal of leasehold improvements	-	-	-	-	-	-	-	**-**	(2,695,706)
Loss on early termination of lease	-	-	-	-	-	-	-	**-**	(560,596)
Total Nonoperating (Expenses) Revenue	(455,825)	(188,889)	(644,714)	-	-	-	-	**(644,714)**	(2,636,656)
Change in Net Assets	(8,391,148)	922,535	(7,468,613)	(1,927,220)	-	(1,927,220)	-	**(9,395,833)**	(4,331,499)
Net Assets, beginning of year	220,132,078	13,424,249	233,556,327	425,482	-	425,482	-	**233,981,809**	238,313,308
Net Assets (Deficit), end of year	$ 211,740,930	$ 14,346,784	$ 226,087,714	$ (1,501,738)	$ -	$ (1,501,738)	$ -	**$ 224,585,976**	$ 233,981,809