

The New York Foundling and Affiliate

**Consolidated Financial Statements
and Supplementary Information
Year Ended June 30, 2025**

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



The New York Foundling and Affiliate

Consolidated Financial Statements and Supplementary Information
Year Ended June 30, 2025

The New York Foundling and Affiliate

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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 consolidated financial statements of The New York Foundling and Affiliate (the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, 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 (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 the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been



subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures, in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the 2024 consolidated financial statements of The New York Foundling and Affiliate, and our report dated November 27, 2024 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, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, P.C.

November 26, 2025

The New York Foundling and Affiliate
Consolidated Statement of Financial Position
(with summarized comparative totals for 2024)

<i>June 30,</i>	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 10,085,440	\$ 7,263,276
Investments, at fair value, current portion	162,856,035	152,664,012
Accounts and grants receivable, net of allowance for credit losses of \$2,483,358	36,959,815	29,695,873
Notes receivable, current portion	60,000	60,000
Prepaid expenses, deposits, and other assets	3,607,710	3,571,685
Consumer funds	665,519	702,561
Assets limited or restricted as to use, current portion	137,353	137,353
Total Current Assets	214,371,872	194,094,760
Investments, at fair value, net of current portion	44,728,330	35,262,951
Notes Receivable, net of current portion	300,000	360,000
Assets Limited or Restricted as to Use, net of current portion	584,793	526,473
Right-of-Use Assets - Operating Leases	33,753,445	32,878,572
Fixed Assets, Net	80,555,170	81,075,526
	\$ 374,293,610	\$ 344,198,282
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 31,062,361	\$ 28,996,437
Line of credit, net of deferred financing costs	10,256,666	9,856,666
Consumer funds	688,286	681,097
Due to governmental agencies	10,137,952	10,935,077
Loans payable, current portion, net of deferred financing costs	566,928	6,841,643
Mortgages payable, current portion, net of deferred financing costs	713,343	715,140
Bonds payable, current portion, net of deferred financing costs	94,729	87,399
Operating lease liabilities, current portion	3,323,784	3,673,756
Total Current Liabilities	56,844,049	61,787,215
Loans Payable, net of current portion and deferred financing costs	13,821,643	-
Mortgages Payable, net of current portion and deferred financing costs	21,382,189	21,950,908
Bonds Payable, net of current portion and deferred financing costs	98,100	184,674
Operating Lease Liabilities, net of current portion	34,828,680	32,129,066
Total Liabilities	126,974,661	116,051,863
Commitments and Contingencies		
Net Assets		
Without donor restrictions	227,723,373	212,421,660
With donor restrictions	19,595,576	15,724,759
Total Net Assets	247,318,949	228,146,419
	\$ 374,293,610	\$ 344,198,282

See accompanying notes to consolidated financial statements.

The New York Foundling and Affiliate
Consolidated Statement of Activities
(with summarized comparative totals for 2024)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	2025	2024
Program Revenue				
Fee-for-service revenue	\$ 124,312,436	\$ -	\$ 124,312,436	\$ 113,338,012
Government and other grants and contracts	101,738,155	-	101,738,155	101,686,306
OPWDD workforce stabilization	1,862,616	-	1,862,616	-
Contributions	894,267	7,631,997	8,526,264	6,894,165
Special events, net of direct expenses of \$255,500	668,678	-	668,678	803,677
Rental income	3,190,694	-	3,190,694	2,702,816
Other program revenue	3,741,287	-	3,741,287	5,557,738
In-kind contributions	3,486,822	-	3,486,822	2,399,602
Net assets released from restrictions	4,054,837	(4,054,837)	-	-
Total Program Revenue	243,949,792	3,577,160	247,526,952	233,382,316
Expenses				
Program services:				
Child Welfare	53,822,131	-	53,822,131	49,314,765
OPWDD services	98,634,650	-	98,634,650	94,765,887
Education	40,888,166	-	40,888,166	41,908,721
Health and Behavior Health	13,321,051	-	13,321,051	13,474,148
Juvenile Justice	5,063,270	-	5,063,270	4,485,293
Community Engagement Initiatives	2,474,477	-	2,474,477	2,540,426
Other programs	5,869,280	-	5,869,280	6,952,710
Total Program Services	220,073,025	-	220,073,025	213,441,950
Supporting services:				
Management and general	32,197,419	-	32,197,419	30,222,206
Fundraising	1,485,984	-	1,485,984	1,279,533
Total Supporting Services	33,683,403	-	33,683,403	31,501,739
Total Expenses	253,756,428	-	253,756,428	244,943,689
Change in Net Assets from Operations	(9,806,636)	3,577,160	(6,229,476)	(11,561,373)
Non-Operating Revenue (Expenses)				
Investment gain, net	25,102,771	293,657	25,396,428	14,597,064
Legacies and bequests	5,578	-	5,578	2,795,414
Change in unfunded pension obligation	-	-	-	6,200
Gain from sale of properties	-	-	-	24,270
Gain from insurance proceeds	-	-	-	493,522
Severance	-	-	-	(547,765)
Total Non-Operating Revenue	25,108,349	293,657	25,402,006	17,368,705
Change in Net Assets	15,301,713	3,870,817	19,172,530	5,807,332
Net Assets, beginning of year	212,421,660	15,724,759	228,146,419	222,339,087
Net Assets, end of year	\$ 227,723,373	\$ 19,595,576	\$ 247,318,949	\$ 228,146,419

See accompanying notes to consolidated financial statements.

The New York Foundling and Affiliate

Consolidated Statement of Functional Expenses (with summarized comparative totals for 2024)

Year ended June 30,

	Program Services								Supporting Services				2025	2024
	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			
Salaries and wages	\$ 26,799,736	\$ 59,410,925	\$ 16,779,565	\$ 8,610,775	\$ 3,380,519	\$ 1,574,135	\$ 829,173	\$ 117,384,828	\$ 13,803,087	\$ 1,012,381	\$ 14,815,468	\$ 132,200,296	\$ 125,195,713	
Employee benefits:														
Payroll taxes and mandatory fringes	2,368,609	6,700,335	1,598,321	708,358	265,602	133,402	75,225	11,849,852	1,016,970	76,327	1,093,297	12,943,149	12,344,690	
Others	5,125,788	7,869,432	2,351,095	1,574,744	641,795	296,076	144,624	18,003,554	2,215,736	157,621	2,373,357	20,376,911	17,802,066	
Total Salaries and Employee Benefits	34,294,133	73,980,692	20,728,981	10,893,877	4,287,916	2,003,613	1,049,022	147,238,234	17,035,793	1,246,329	18,282,122	165,520,356	155,342,469	
Other Expenses														
Transportation and workers' expenses	420,336	456,302	125,156	35,778	43,994	9,500	11,479	1,102,545	133,004	823	133,827	1,236,372	1,248,776	
Allowances and activities - parents and children	626,300	1,404,705	3,044,379	14,865	23,154	79,799	43,529	5,236,731	8,171	-	8,171	5,244,902	5,291,045	
Tuition, school expenses, and camp fees	6,268	-	212,109	-	-	-	5,561	223,938	-	-	-	223,938	396,966	
Purchase of services	1,143,914	4,425,946	382,806	562,777	70,200	15,017	867,594	7,468,254	1,228,619	25,174	1,253,793	8,722,047	11,171,012	
Food	119,424	1,853,340	1,395,908	2,469	139	1,175	72,514	3,444,969	-	-	-	3,444,969	3,301,083	
Clothing, bedding, and linen	26,317	140,759	-	-	-	-	-	167,076	-	-	-	167,076	167,278	
Supplies and equipment	194,990	970,883	1,751,571	39,942	14,477	8,306	36,276	3,016,445	66,922	15,185	82,107	3,098,552	3,308,450	
Rent, utilities, and real estate taxes	2,481,860	4,805,030	1,738,147	909,599	72,948	16,497	1,182,050	11,206,131	167,159	-	167,159	11,373,290	9,930,084	
Rental of furnishing, equipment, and vehicles	58,792	1,164,594	38,133	987	-	-	77,926	1,340,432	203,638	493	204,131	1,544,563	1,630,854	
Repairs and maintenance - plant, equipment, and vehicles	705,929	4,193,637	5,464,946	163,563	75,590	12,837	343,608	10,960,110	811,306	18,576	829,882	11,789,992	15,189,681	
Communications	345,041	764,905	229,582	127,044	26,288	15,323	33,213	1,541,396	151,965	11,749	163,714	1,705,110	1,795,359	
Dues, licenses, and permits	34,342	32,566	97,818	8,686	-	-	450	173,862	32,028	-	32,028	205,890	782,648	
Office supplies	128,599	157,887	173,615	29,796	19,651	26,232	14,615	550,395	50,727	4,132	54,859	605,254	680,653	
Administrative expenses	447,920	504,243	65,343	67,449	26,875	42,843	45,953	1,200,626	390,237	29,262	419,499	1,620,125	1,575,336	
Professional services	1,072,209	378,119	1,122,657	55,745	278,247	170,243	91,753	3,168,973	5,322,293	12,940	5,335,233	8,504,206	8,337,499	
Staff development	29,673	16,115	413,300	22,145	4,907	43,092	11,947	541,179	212,502	1,539	214,041	755,220	959,923	
Insurance	100,279	2,130,884	445,509	82,786	-	-	254,877	3,014,335	2,561,698	-	2,561,698	5,576,033	4,101,551	
Interest and bank charges	92	318,638	-	-	-	-	3,559	322,289	2,382,092	163	2,382,255	2,704,544	2,417,773	
Boarding home and clothing pass-through	10,806,613	82	-	-	-	-	-	10,806,695	-	-	-	10,806,695	9,725,251	
Boarding payment - special	217,601	-	-	-	-	-	-	217,601	-	-	-	217,601	226,666	
Donated services	-	-	3,367,203	-	-	-	-	3,367,203	-	119,619	119,619	3,486,822	2,399,602	
Credit loss expense	-	-	-	-	-	-	-	-	57,853	-	57,853	57,853	3,937	
Depreciation and amortization	561,499	935,323	91,003	303,543	118,884	30,000	1,723,354	3,763,606	1,381,412	-	1,381,412	5,145,018	4,959,793	
Total Operating Expenses	\$ 53,822,131	\$ 98,634,650	\$ 40,888,166	\$ 13,321,051	\$ 5,063,270	\$ 2,474,477	\$ 5,869,280	\$ 220,073,025	\$ 32,197,419	\$ 1,485,984	\$ 33,683,403	\$ 253,756,428	\$ 244,943,689	

See accompanying notes to consolidated financial statements.

The New York Foundling and Affiliate
Consolidated Statement of Cash Flows
(with summarized comparative totals for 2024)

<i>Year ended June 30,</i>	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 19,172,530	\$ 5,807,332
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	5,145,018	4,959,793
Interest expense related to deferred financing costs	226,537	125,272
Noncash lease expense	3,459,731	3,708,269
Credit loss expense	57,853	3,937
Net realized and unrealized gain on investments	(20,922,263)	(9,693,634)
Changes in assets and liabilities:		
Accounts and grants receivable	(7,321,795)	4,518,808
Notes receivable	60,000	60,000
Prepaid expenses, deposits, and other assets	(36,025)	(1,441,360)
Assets limited or restricted as to use	(58,320)	(87,693)
Consumer funds	44,231	(21,464)
Accounts payable and accrued expenses	2,065,924	(471,198)
Due to governmental agencies	(797,125)	1,426,368
Accrued pension obligation	-	(6,200)
Principal reduction in operating lease liabilities	(3,026,296)	(3,178,840)
Net Cash (Used in) Provided by Operating Activities	(1,930,000)	5,709,390
Cash Flows from Investing Activities		
Purchase of investments	(120,982,703)	(7,314,772)
Proceeds from sale of investments	122,247,564	7,582,708
Purchases of fixed assets	(4,624,662)	(6,977,050)
Net Cash Used in Investing Activities	(3,359,801)	(6,709,114)
Cash Flows from Financing Activities		
Proceeds from line of credit	16,400,000	10,000,000
Payments on line of credit	(16,000,000)	(8,000,000)
Proceeds from loans payable	9,100,000	-
Principal payments of loans payable	(1,308,332)	(1,900,000)
Principal payments of mortgages payable	(698,839)	(663,257)
Principal payment of bonds payable	(91,476)	(465,554)
Deferred financing costs	(330,722)	-
Tenant improvement allowance	1,041,334	-
Net Cash Provided by (Used in) Financing Activities	8,111,965	(1,028,811)
Net Increase (Decrease) in Cash and Cash Equivalents	2,822,164	(2,028,535)
Cash and Cash Equivalents, beginning of year	7,263,276	9,291,811
Cash and Cash Equivalents, end of year	\$ 10,085,440	\$ 7,263,276
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	\$ 2,345,798	\$ 2,171,679
Right-of-use assets obtained in exchange for operating lease liabilities	5,375,938	15,900,461

See accompanying notes to consolidated financial statements.

The New York Foundling and Affiliate

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 (NYC) 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 (the Code) and has been classified as a publicly supported charitable organization under Section 509(a)(1) of the Code 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 (NYS), 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 New York State and, through an auspice change process involving New York State, The Foundling was issued licenses to operate programs previously operated by Thrive. Thrive ceased operations in 2022 and has no activity for the year ended June 30, 2025. Thrive is in the process of liquidating its assets and liabilities and, upon completion, will formally file for dissolution with the New York State Attorney General.

2. Principles of Consolidation

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

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America (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

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Notes to Consolidated Financial Statements

each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

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

With Donor Restrictions - This class consists of net assets whose use is limited by donor-imposed, time, and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature), while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy. At June 30, 2025, the Organization has net assets with donor restrictions held in perpetuity of \$3,964,542. See Note 17 for further discussion of net assets with donor restrictions held in perpetuity.

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.

Receivables and Credit Losses

Accounts receivable is recorded at the reimbursable amount and do not bear interest. In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources to estimate the appropriate transaction price, allowance for credit losses, and provision for credit losses. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for credit losses. Actual results could differ from those estimates.

Accounts receivable balances are further reduced by an allowance for current expected credit losses. The Organization has adopted the Accounting Standards Codification (ASC) 326, *Financial Instruments - Credit Losses*, model in its consolidated financial statements. The Organization provides evaluation and therapies to individuals with developmental disabilities, and other services, and bills third-party payors within days of the service being provided, and typically expects to receive payment within 60 to 120 days of the service being provided.

The Organization reviews its accounts receivables on a regular basis and analyzes these balances for potential credit losses based on a “roll-rate” methodology. Under a “roll-rate” methodology, loss rates for each aging bucket take into account the migration of each balance through the various aging buckets to determine the appropriate credit loss rate for each bucket. The Organization considers other available external data and management’s reasonable outlook for business and

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Notes to Consolidated Financial Statements

economic conditions over the life of the receivables. In accordance with ASC 326-20-30-2, the Organization determined that similar risk characteristics existed for receivables with similar days outstanding, regardless of payor class, so the pools for the allowance for credit losses were calculated based on aging buckets.

Management anticipates that historic loss rates will be consistent during the next fiscal year and concluded that no adjustments to their methodology or inputs are required. Management applies these forecasts to create the following credit loss matrix to calculate the allowance for credit losses at June 30, 2025:

Balance, beginning of period	\$	2,425,505
Provision for expected credit losses for the current period		57,853
Balance, end of period	\$	2,483,358

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

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.

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Notes to Consolidated Financial Statements

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. 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, 2025 totaled \$3,486,822, which consisted of \$3,367,203 for personnel services, donated space, and other goods and services to support the Puerto Rico Head Start program, and \$119,619 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.

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Rent Receivable and Rental Income

In accordance with Financial Accounting Standards Board (FASB) ASC Topic 842, *Accounting for Leases*, non-contingent rent increases are being amortized over the life of the lease on a straight-line basis. Deferred rent receivable represents the difference between the accumulated cash received over the life of the lease and the accumulated rental income from the lease commencement date through June 30, 2025. Normally, rent receivables are due within 30 days after the date of the invoice. Rent receivables more than 90 days old are considered past due and are written off when they are determined to be uncollectible. The Organization does not accrue interest on past-due receivables. Deferred rent receivable is recorded as a component of accounts and grants receivable in the consolidated statement of financial position.

Rental income is recorded on a straight-line basis over the life of the lease.

Fixed Assets

Fixed assets are carried at cost or, if donated, at fair market value at date of the gift, less accumulated depreciation and amortization. The Organization capitalizes fixed assets that have a cost of \$1,000 or more and useful life of more than a year. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

Depreciation and amortization is computed using the straight-line method over the respective assets' estimated useful lives, described below:

Asset Category	Years
Buildings and improvements	10-30
Equipment, furniture and signs	3-10
Vehicles	4

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including fixed 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. There have been no such losses, for the year ended June 30, 2025.

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 line of credit, loan, mortgage, or bond payable in the consolidated statement of financial position.

Revenue Recognition

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

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Notes to Consolidated Financial Statements

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, 2023 through June 30, 2024 remain subject to audit by ACS.

Government and Other Grants and Contracts

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 is 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 FASB 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.

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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 contractual adjustments based on contractual agreements, its policies, and historical experience. 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. The Organization is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying consolidated financial statements and believes that it is in compliance with all applicable laws and regulations.

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, 2025

New York City ACS	\$ 10,779,015
New York State Medicaid	111,614,649
Medicaid Managed Care	1,673,856
Medical - Commercial (Private)	244,916
Total	\$ 124,312,436

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

Year ended June 30, 2025

Foster Care	\$ 10,779,015
Article 29i	5,486,325
NYS OPWDD	105,642,643
Article 31	2,021,824
NYS Medicaid	382,629
Total	\$ 124,312,436

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

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and net assets with donor restrictions - in perpetuity, effective upon New York State's enactment of the legislation in September 2010. Specifically, the Organization classifies the portion of the Donor Fund that is not classified as with donor restrictions (time-restricted) until appropriated for expenditure by the Organization. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to without donor restrictions does not occur until the purpose also has been met.

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, short-term investments, 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 Organization 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.

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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 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, *Accounting for Uncertainty in 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, 2025, there was no interest or penalties recorded or included in the consolidated financial statements. The Organization is subject to routine audits by taxing authorities. As of June 30, 2025, the Organization was not subject to any examination by a taxing authority. There was no unrelated business income from an unrelated trade or business for the year ended June 30, 2025.

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 - Investments

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.

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Use of Estimates

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

Comparative Information

The consolidated financial statements include certain prior-year summarized comparative information. With respect to the consolidated statement of financial position and consolidated statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the consolidated statement of functional expenses, the prior-year expenses are presented by expense classification rather than functional category. Such information does not include sufficient detail to constitute presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Reclassifications

Certain reclassifications were made to prior year consolidated financial statements to conform to the current year presentation. These reclassifications did not have a material impact on previously reported consolidated financial statements.

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, 2025

Cash and cash equivalents	\$	10,085,440
Investments, at fair value, current portion		162,856,035
Accounts and grants receivable, net		36,959,815
Note receivable, current portion		60,000
Total Current Assets*		209,961,290
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor for specific purpose or in perpetuity		(19,595,576)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	190,365,714

* 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 Board of Directors of the Organization has an investment committee that provides guidance with respect to appropriate

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management of its investments. Additionally, the Organization has \$4,600,000 available for general expenditure at June 30, 2025 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, 2025

Description	Level 1	Level 2	Level 3	Balance
Corporate and foreign equities	\$ 133,306,829	\$ -	\$ -	\$ 133,306,829
Publicly traded mutual funds	29,549,206	-	-	29,549,206
Limited partnerships	-	-	44,728,330	44,728,330
Total Investments, at fair value	\$ 162,856,035	\$ -	\$ 44,728,330	\$ 207,584,365

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, 2024	Purchases	Sales	Realized Gain	Net Unrealized Gain	Balance, June 30, 2025
Limited partnerships	\$ 35,262,951	\$ 10,764,823	\$ (2,831,112)	\$ 15,002	\$ 1,516,666	\$ 44,728,330

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

June 30, 2025

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnerships:				
Hedge fund	\$ 14,244,766	\$ 262,131	Quarterly	45 days' prior written notice
Private equity*	30,483,564	26,618,721	N/A	N/A
Total	\$ 44,728,330	\$ 26,880,852		

* Redemption not permitted; distributions require liquidation of underlying assets.

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

Description	Fair Value, June 30, 2025	Valuation Technique	Unobservable Input
Limited partnerships:			
Hedge fund	\$ 14,244,766	Market comparable entities	Discount for lack of marketability*
Private equity	30,483,564	Market comparable entities	Discount for lack of marketability*
	\$ 44,728,330		

* 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, 2025

Realized gain	\$ 7,630,648
Unrealized gain	13,291,615
Interest and dividends	5,228,890
Investment management fees	(754,725)
Total Net Gain from Investments	\$ 25,396,428

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 3 inputs within the investment hierarchy used in measuring fair value.

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

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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 2.00% plus an incentive allocation, usually 20% of profits.

6. Accounts and Grants Receivable

Accounts and grants receivable consist of the following:

June 30, 2025

Accounts receivable:

Foster Care	\$ 11,376,473
Development Disabilities	10,912,227
Article 31 and 29i	731,936
NYC ACS Preventive Services	3,515,547
NYC ACS Programs	3,263,144
Fostering College Success Initiative (DORM Project)	404,332
School-based mental health	483,806
NYC Department of Mental Hygiene	776,397
Mayor's Office of Criminal Justice	459,235
NYS Office of Children and Family Services	460,182
Office of Temporary and Disability	2,416,184
Department of Youth and Community Development Discretionary Fund	90,681
College Bound Tutoring fee	467,244
Grant receivable	670,000
Rent receivable	627,986
Other	304,441
	\$ 36,959,815

7. Notes Receivable

In 2007, the New York Foundling Charitable Corporation (NYFCC) loaned \$1,500,000 to the John Coleman School, a voluntary agency also sponsored by the Sisters of Charity, to provide working capital. The loan bears 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, 2025, the balance of the note receivable amounted to \$360,000. Management has evaluated the note for allowance

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for credit losses, including historical collections, credit worthiness of the debtor, and future economic conditions and believes no allowance for credit loss is necessary.

8. Assets Limited or Restricted as to Use

Assets limited or restricted as to use are as follows:

June 30, 2025

Gift annuity	\$	94,022
Deferred compensation investments		628,124
		722,146
Less: current portion		(137,353)
	\$	584,793

9. Fixed Assets, Net

Fixed assets, net, consist of the following:

June 30, 2025

Land	\$	8,227,050
Buildings and improvements		94,003,339
Equipment, furniture, and signs		14,985,008
Leasehold improvements		38,199,674
Vehicles		147,892
		155,562,963
Less: accumulated depreciation		(81,436,793)
		74,126,170
Add: construction-in-progress		6,429,000
	\$	80,555,170

The estimated cost to complete construction-in-progress is \$11,600,000. 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, 2025 totaled \$5,145,018.

10. Leases

The Organization has adopted ASU 2016-02, *Accounting for Leases (Topic 842)*. 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.

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For leases with initial terms greater than a year, 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, 2025

Lease costs:	
Operating lease cost	\$ 4,328,660
Short-term lease costs:	4,232,759
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	3,965,913
Right-of-use assets obtained in exchange for operating lease obligations	5,375,938
Weighted-average remaining lease term - operating leases	11.22 years
Weighted-average discount rate - operating leases	2.74%

June 30, 2025

Right-of-use assets and liabilities:	
Right-of-use assets - operating leases	\$ 33,753,445
Lease liability - operating leases	38,152,464

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Notes to Consolidated Financial Statements

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

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, 2025:

Year ending June 30,

2026	\$	4,442,195
2027		4,249,919
2028		4,253,259
2029		4,063,349
2030		4,019,280
Thereafter		24,940,344
Total Lease Payments		45,968,346
Less: imputed interest		(7,815,882)
Total Operating Lease Liabilities		38,152,464
Less: current portion		(3,323,784)
	\$	34,828,680

Total rental expense charged to operations for the year ended June 30, 2025 totaled \$8,561,419.

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, 2025

NYC ACS Foster Care	\$	6,682,620
NYC ACS Family Day Care		609,439
NYC ACS Preventive and others		1,625,852
NYS OPWDD		1,220,041
	\$	10,137,952

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. On December 11, 2024, The Foundling and the financial institution amended and restated the loan agreement to increase the principal balance to \$15,000,000. Principal payments are to be paid in monthly installments of \$50,000, which are due on the first business day of each month through September 1, 2034. The interest is payable on a monthly basis at the Secured Overnight Financing Rate (SOFR) plus 1.664%, which was 5.974% at June 30, 2025. The loan is secured by the office building.

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Future minimum annual principal payments on the loans payable discussed above are as follows:

Year ending June 30,

2026	\$	600,000
2027		600,000
2028		600,000
2029		600,000
2030		600,000
Thereafter		11,700,000
		14,700,000
Less: unamortized balance of deferred financing costs		(311,429)
	\$	14,388,571

13. Mortgages Payable, Net

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

June 30, 2025

34 Beechmont Drive ^(a)	\$	226,996
2 Sylvia Lane ^(b)		191,770
Brooklyn facilities ^(c) :		
337A Macon St.		1,523,791
2112 Canarsie Road		1,242,577
8 Schenck		873,692
East 38 th St.		1,408,907
1663 Union Street		1,411,074
170 Brown Place ^(d)		15,844,857
		22,723,664
Less: unamortized balance of deferred financing costs		(628,132)
	\$	22,095,532

(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.

The New York Foundling and Affiliate

Notes to Consolidated Financial Statements

- (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 through September 1, 2035. The mortgages are secured by the related properties in Brooklyn, New York.
- (d) On July 6, 2022, The Foundling entered into a mortgage agreement in the amount of \$16,800,000 with a financial institution to finance capital projects and pay off the outstanding balance of the line of credit, and the remaining proceeds were transferred into the investment account. Principal payments are to be paid in monthly installments of \$106,970, which are due on the first business day of each month through July 6, 2037, the maturity date. Interest is payable on a monthly basis at 5.79% per annum. The mortgage is secured by the property located at 170 Brown Place, Bronx, New York, and a general revenue pledge.

Future principal payments are as follows:

Year ending June 30,

2026	\$	771,178
2027		807,634
2028		792,752
2029		716,979
2030		753,159
Thereafter		18,881,962
		22,723,664
Less: unamortized balance of deferred financing costs		(628,132)
		22,095,532
Less: current portion of loans payable		(713,343)
	\$	21,382,189

14. Bonds Payable, Net

Rockland County Economic Assistance Corporation (RCEAC) Revenue Bonds

June 30, 2025

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.	\$	192,829
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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, 2025, \$192,829 of the bonds remains outstanding.

The New York Foundling and Affiliate

Notes to Consolidated Financial Statements

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	
2026	\$	94,729	\$	4,491
2027		98,100		1,603
		192,829		6,094
Less: current portion of loans payable and deferred financing costs		(94,729)		-
	\$	98,100	\$	6,094

The bond agreement provides for certain covenants, including maintenance of minimum liquidity and debt service coverage ratios. At June 30, 2025, The Foundling was in compliance with both the minimum liquidity ratios and the debt service coverage ratio requirement.

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 secured by accounts receivable of the Organization. The line of credit has been amended multiple times from 2014 through 2025 to expand and/or reduce the maximum amount available to The Foundling. As of June 30, 2025, the current maximum amount available to be utilized by The Foundling on the line of credit was \$15,000,000. The interest rate on the line of credit is SOFR plus 1.75%, which was 6.064% at June 30, 2025. As of June 30, 2025, \$10,400,000 was outstanding on the line of credit. As of June 30, 2025, the unamortized balance of deferred financing costs associated with the line of credit is \$143,334 and is netted against the outstanding amount on the line of credit in the consolidated statement of financial position.

The line of credit, loans payable, and mortgages payable are all held with one financial institution. The line of credit, loans payable, and mortgages payable agreements provide for certain covenants, including maintenance of a minimum liquidity ratio. At June 30, 2025, The Foundling was in compliance with the minimum liquidity ratio for the line of credit, loans payable, and mortgages payable.

16. Post-Retirement Plans

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, 2025, the employer contribution expense was \$4,298,254.

The New York Foundling and Affiliate

Notes to Consolidated Financial Statements

17. Net Assets with Donor Restrictions

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

June 30, 2025

Restricted for specific purpose:

Foster care deaf services	\$	4,218,828
Foster youth educational support		2,954,643
Head Start		1,632,961
Training and workshop		674,992
Mott Haven Scholarship		1,582,421
Integrated Behavioral Health		135,000
Summer Camp		4,695
Child Abuse Prevention Program		65,000
Early Childhood Mental Health		125,050
Food Pantry, non-residential		114,466
Other programs		751,821
Time restrictions		3,371,157

Total Restricted for Specific Purpose		15,631,034
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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
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Total Net Assets with Donor Restrictions	\$	19,595,576
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The New York Foundling and Affiliate

Notes to Consolidated Financial Statements

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

June 30, 2025

Released for specific purpose:

Foster care deaf services	\$	391,630
Foster youth educational support		1,514,672
Training and workshop		64,009
Mott Haven scholarship		150,000
In-house mentored internship		110,000
YV Life set		6,000
Integrated Behavioral Health		760,518
Healthy Families		50,000
Summer Camp		160,785
Child Abuse Prevention Program		57,461
Early Childhood Mental Health		385,050
Other programs		404,712

Total Net Assets Released from Donor Restrictions	\$	4,054,837
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All assets included in The Foundling's net assets with donor restrictions in perpetuity are as follows:

June 30, 2025

Donor fund:

Short-term investments	\$	2,545,955
Publicly traded mutual funds		564,345
Limited partnerships		854,242

Total Net Assets with Donor Restrictions - in Perpetuity	\$	3,964,542
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The following table provides a reconciliation of the changes in The Foundling's net assets with donor restrictions - in perpetuity:

Year ended June 30, 2025

	Restricted for a Specific Purpose	Restricted in Perpetuity	Total
Endowment Net Assets , beginning of year	\$ 2,630,068	\$ 3,964,542	\$ 6,594,610
Investment income, net	293,657	-	293,657
Appropriation of endowment assets for expenditure	(62,390)	-	(62,390)
Endowment Net Assets , end of year	\$ 2,861,335	\$ 3,964,542	\$ 6,825,877

The New York Foundling and Affiliate

Notes to Consolidated Financial Statements

18. Rental Income

The Organization entered into a five-year ground lease with an unrelated third party for building space. The lease expires August 1, 2028. The lease includes escalations in base rent payments to the Organization, increasing after the third year of the lease term.

Total base rent payments to be received by the Organization over the remaining life of the lease totaling \$6,330,336 are as follows:

Year ending June 30,

2026	\$	1,974,087
2027		2,007,029
2028		2,013,617
2029		335,603
		\$ 6,330,336

19. 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.

20. Subsequent Events

The Organization has performed subsequent events procedures through November 26, 2025, which is the date the consolidated financial statements were available to be issued, and there were no 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 2024)

June 30,

	The Foundling	Thrive	Eliminations	2025	2024
Assets					
Current Assets					
Cash and cash equivalents	\$ 9,882,150	\$ 203,290	\$ -	\$ 10,085,440	\$ 7,263,276
Investments, at fair value, current portion	162,856,035	-	-	162,856,035	150,721,312
Accounts and grants receivable, net of allowance for credit losses	36,952,942	6,873	-	36,959,815	29,695,873
Notes receivable, current portion	60,000	-	-	60,000	60,000
Prepaid expenses, deposits, and other assets	3,607,710	-	-	3,607,710	3,571,685
Due from affiliates	1,541,469	-	(1,541,469)	-	-
Consumer funds	665,519	-	-	665,519	702,561
Assets limited or restricted as to use, current portion	137,353	-	-	137,353	137,353
Total Current Assets	215,703,178	210,163	(1,541,469)	214,371,872	192,152,060
Investments, at fair value, net of current portion	44,728,330	-	-	44,728,330	37,205,651
Notes Receivable, net of current portion	300,000	-	-	300,000	360,000
Assets Limited or Restricted as to Use, net of current portion	584,793	-	-	584,793	526,473
Right-of-Use Assets - Operating Leases	33,753,445	-	-	33,753,445	32,878,572
Fixed Assets, Net	80,555,170	-	-	80,555,170	81,075,526
Total Assets	\$ 375,624,916	\$ 210,163	\$ (1,541,469)	\$ 374,293,610	\$ 344,198,282

The New York Foundling and Affiliate
Consolidating Schedule of Financial Position
(with summarized comparative totals for 2024)

June 30,

	The Foundling	Thrive	Eliminations	2025	2024
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 30,891,929	\$ 170,432	\$ -	\$ 31,062,361	\$ 28,996,437
Line of credit, net of deferred financing costs	10,256,666	-	-	10,256,666	9,856,666
Consumer funds	688,286	-	-	688,286	681,097
Due to affiliate	-	1,541,469	(1,541,469)	-	-
Due to governmental agencies	10,137,952	-	-	10,137,952	10,935,077
Loans payable, current portion, net of deferred financing costs	566,928	-	-	566,928	6,841,643
Mortgages payable, current portion, net of deferred financing costs	713,343	-	-	713,343	715,140
Bonds payable, current portion, net of deferred financing costs	94,729	-	-	94,729	87,399
Operating lease liabilities, current portion	3,323,784	-	-	3,323,784	3,673,756
Total Current Liabilities	56,673,617	1,711,901	(1,541,469)	56,844,049	61,787,215
Loans Payable , net of current portion and deferred financing costs	13,821,643	-	-	13,821,643	-
Mortgages Payable , net of current portion and deferred financing costs	21,382,189	-	-	21,382,189	21,950,908
Bonds Payable , net of current portion and deferred financing costs	98,100	-	-	98,100	184,674
Operating Lease Liabilities , net of current portion	34,828,680	-	-	34,828,680	32,129,066
Total Liabilities	126,804,229	1,711,901	(1,541,469)	126,974,661	116,051,863
Commitments and Contingencies					
Net Assets (Deficit)					
Without donor restrictions	229,225,111	(1,501,738)	-	227,723,373	212,421,660
With donor restrictions	19,595,576	-	-	19,595,576	15,724,759
Total Net Assets (Deficit)	248,820,687	(1,501,738)	-	247,318,949	228,146,419
	\$ 375,624,916	\$ 210,163	\$ (1,541,469)	\$ 374,293,610	\$ 344,198,282

The New York Foundling and Affiliate

Consolidating Schedule of Activities (with summarized comparative totals for 2024)

Year ended June 30,

	The Foundling			Thrive			Eliminations	Totals	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		2025	2024
Program Revenue									
Fee-for-service revenue	\$ 124,312,436	\$ -	\$ 124,312,436	\$ -	\$ -	\$ -	\$ -	\$ 124,312,436	\$ 113,338,012
Government and other grants and contracts	101,738,155	-	101,738,155	-	-	-	-	101,738,155	101,686,306
OPWDD workforce stabilization	1,862,616	-	1,862,616	-	-	-	-	1,862,616	-
Contributions	894,267	7,631,997	8,526,264	-	-	-	-	8,526,264	6,894,165
Special events, net of direct expenses	668,678	-	668,678	-	-	-	-	668,678	803,677
Rental income	3,190,694	-	3,190,694	-	-	-	-	3,190,694	2,702,816
Other program revenue	3,741,287	-	3,741,287	-	-	-	-	3,741,287	5,557,738
In-kind contributions	3,486,822	-	3,486,822	-	-	-	-	3,486,822	2,399,602
Net assets released from restrictions	4,054,837	(4,054,837)	-	-	-	-	-	-	-
Total Program Revenue	243,949,792	3,577,160	247,526,952	-	-	-	-	247,526,952	233,382,316
Expenses									
Program services:									
Child Welfare	53,822,131	-	53,822,131	-	-	-	-	53,822,131	49,314,765
OPWDD services	98,634,650	-	98,634,650	-	-	-	-	98,634,650	94,765,887
Education	40,888,166	-	40,888,166	-	-	-	-	40,888,166	41,908,721
Health and Behavior Health	13,321,051	-	13,321,051	-	-	-	-	13,321,051	13,474,148
Juvenile Justice	5,063,270	-	5,063,270	-	-	-	-	5,063,270	4,485,293
Community Engagement Initiatives	2,474,477	-	2,474,477	-	-	-	-	2,474,477	2,540,426
Other programs	5,869,280	-	5,869,280	-	-	-	-	5,869,280	6,952,710
Total Program Services	220,073,025	-	220,073,025	-	-	-	-	220,073,025	213,441,950
Supporting services:									
Management and general	32,197,419	-	32,197,419	-	-	-	-	32,197,419	30,222,206
Fundraising	1,485,984	-	1,485,984	-	-	-	-	1,485,984	1,279,533
Total Supporting Services	33,683,403	-	33,683,403	-	-	-	-	33,683,403	31,501,739
Total Expenses	253,756,428	-	253,756,428	-	-	-	-	253,756,428	244,943,689
Change in Net Assets from Operations	(9,806,636)	3,577,160	(6,229,476)	-	-	-	-	(6,229,476)	(11,561,373)
Non-Operating Revenue (Expenses)									
Investment gain, net	25,102,771	293,657	25,396,428	-	-	-	-	25,396,428	14,597,064
Legacies and bequests	5,578	-	5,578	-	-	-	-	5,578	2,795,414
Change in unfunded pension obligation	-	-	-	-	-	-	-	-	6,200
Gain from sale of properties	-	-	-	-	-	-	-	-	24,270
Gain from insurance proceeds	-	-	-	-	-	-	-	-	493,522
Severance	-	-	-	-	-	-	-	-	(547,765)
Total Non-Operating Revenue (Expenses), Net	25,108,349	293,657	25,402,006	-	-	-	-	25,402,006	17,368,705
Change in Net Assets	15,301,713	3,870,817	19,172,530	-	-	-	-	19,172,530	5,807,332
Net Assets (Deficit), beginning of year	213,923,398	15,724,759	229,648,157	(1,501,738)	-	(1,501,738)	-	228,146,419	222,339,087
Net Assets (Deficit), end of year	\$ 229,225,111	\$ 19,595,576	\$ 248,820,687	\$ (1,501,738)	\$ -	\$ (1,501,738)	\$ -	\$ 247,318,949	\$ 228,146,419