

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Goochland, Virginia

COMBINED FINANCIAL STATEMENTS

June 30, 2022

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9954 Mayland Dr.
Suite 2300
Richmond, VA 23233
804.553.1900
YHBcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Elk Hill Farm, Inc. and Elk Hill Farm Foundation
Goochland, Virginia

Opinion

We have audited the combined financial statements of Elk Hill Farm, Inc. and Elk Hill Farm Foundation (the "Organization") which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Elk Hill Farm, Inc. and Elk Hill Farm Foundation as of June 30, 2022 and 2021, and the changes in its net assets, cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 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 audits. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined 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 financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 combined 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.

Yount, Hyde & Barbour, P.C.

Richmond, Virginia
November 4, 2022

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statements of Financial Position

June 30, 2022 and 2021

Assets	2022	2021
Current Assets		
Cash	\$ 2,625,134	\$ 3,541,340
Accounts receivable, net	1,873,688	2,094,782
Pledges receivable, net	43,195	198,737
Employee and other receivables	4,167	2,977
Prepaid expenses	496,454	227,013
Total current assets	<u>\$ 5,042,638</u>	<u>\$ 6,064,849</u>
Property and Equipment,		
less accumulated depreciation	<u>\$ 3,169,226</u>	<u>\$ 2,841,773</u>
Other Assets		
Pledges receivable, net, less current portion	\$ 111,244	\$ 43,572
Long-term investments	7,162,917	8,058,454
Security deposits	15,265	15,265
Cash surrender value of life insurance policies	338,243	306,378
Total other assets	<u>\$ 7,627,669</u>	<u>\$ 8,423,669</u>
Total assets	<u>\$ 15,839,533</u>	<u>\$ 17,330,291</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 58,153	\$ 95,273
Accrued expenses	503,196	530,672
Deferred compensation, current portion	37,870	37,870
Total current liabilities	<u>\$ 599,219</u>	<u>\$ 663,815</u>
Long-Term Liabilities,		
deferred compensation, long-term portion	<u>\$ 217,176</u>	<u>\$ 237,546</u>
Net Assets		
Without donor restrictions:		
Undesignated	\$ 8,620,608	\$ 10,169,601
Designated by board	2,393,532	2,456,014
With donor restrictions	4,008,998	3,803,315
Total net assets	<u>\$ 15,023,138</u>	<u>\$ 16,428,930</u>
Total liabilities and net assets	<u>\$ 15,839,533</u>	<u>\$ 17,330,291</u>

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statement of Activities

Year Ended June 30, 2022

	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 411,368	\$ 1,188,840	\$ 1,600,208
Government grants	1,106,555	--	1,106,555
Tuition assistance and fees	7,254,565	--	7,254,565
Investment (loss)	(1,157,662)	(104,402)	(1,262,064)
Medicaid and insurance income	2,099,382	--	2,099,382
Other revenue	22,215	--	22,215
	<u>\$ 9,736,423</u>	<u>\$ 1,084,438</u>	<u>\$ 10,820,861</u>
Net assets released from restrictions:			
Satisfaction of restrictions for property and equipment	86,454	(86,454)	--
Satisfaction of time restriction	17,836	(17,836)	--
Satisfaction of program restrictions	774,465	(774,465)	--
Total support and revenue	<u>\$ 10,615,178</u>	<u>\$ 205,683</u>	<u>\$ 10,820,861</u>
Expenses:			
Program services:			
Community services	\$ 2,881,170	\$ --	\$ 2,881,170
Schools	4,010,442	--	4,010,442
Residential services	3,880,876	--	3,880,876
Total program services	<u>\$ 10,772,488</u>	<u>\$ --</u>	<u>\$ 10,772,488</u>
Supporting services:			
Management and general	\$ 1,051,607	\$ --	\$ 1,051,607
Fundraising	402,558	--	402,558
Total supporting services	<u>\$ 1,454,165</u>	<u>\$ --</u>	<u>\$ 1,454,165</u>
Total expenses	<u>\$ 12,226,653</u>	<u>\$ --</u>	<u>\$ 12,226,653</u>
Change in net assets	\$ (1,611,475)	\$ 205,683	\$ (1,405,792)
Net assets, beginning of year	<u>12,625,615</u>	<u>3,803,315</u>	<u>16,428,930</u>
Net assets, end of year	<u>\$ 11,014,140</u>	<u>\$ 4,008,998</u>	<u>\$ 15,023,138</u>

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statement of Activities

Year Ended June 30, 2021

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 475,271	\$ 250,556	\$ 725,827
Government grants	3,863,375	--	3,863,375
Tuition assistance and fees	6,716,266	--	6,716,266
Investment income	1,835,727	145,277	1,981,004
Medicaid and insurance income	1,786,334	--	1,786,334
Other revenue	(749)	--	(749)
	<u>\$ 14,676,224</u>	<u>\$ 395,833</u>	<u>\$ 15,072,057</u>
Net assets released from restrictions:			
Satisfaction of restrictions for property and equipment	136,473	(136,473)	--
Satisfaction of time restriction	24,172	(24,172)	--
Satisfaction of program restrictions	237,440	(237,440)	--
Total support and revenue	<u>\$ 15,074,309</u>	<u>\$ (2,252)</u>	<u>\$ 15,072,057</u>
Expenses:			
Program services:			
Community services	\$ 2,546,869	\$ --	\$ 2,546,869
Schools	3,953,968	--	3,953,968
Residential services	3,166,206	--	3,166,206
Total program services	<u>\$ 9,667,043</u>	<u>\$ --</u>	<u>\$ 9,667,043</u>
Supporting services:			
Management and general	\$ 929,351	\$ --	\$ 929,351
Fundraising	486,613	--	486,613
Total supporting services	<u>\$ 1,415,964</u>	<u>\$ --</u>	<u>\$ 1,415,964</u>
Total expenses	<u>\$ 11,083,007</u>	<u>\$ --</u>	<u>\$ 11,083,007</u>
Change in net assets	\$ 3,991,302	\$ (2,252)	\$ 3,989,050
Net assets, beginning of year	<u>8,634,313</u>	<u>3,805,567</u>	<u>12,439,880</u>
Net assets, end of year	<u>\$ 12,625,615</u>	<u>\$ 3,803,315</u>	<u>\$ 16,428,930</u>

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (1,405,792)	\$ 3,989,050
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	345,348	349,175
Loss on disposal of property and equipment	--	749
Unrealized and realized loss (gain) on investments	1,411,921	(1,855,438)
Change in cash surrender value of life insurance	(31,865)	(21,270)
Paycheck Protection Program grant	--	(1,753,129)
(Increase) decrease in operating assets:		
Accounts receivable and other receivables	219,904	(1,183,085)
Pledges receivable	87,870	228,164
Prepaid expenses	(269,441)	(85,187)
Increase (decrease) in operating liabilities:		
Accounts payable	(37,120)	8,969
Accrued expenses	(27,476)	134,396
Deferred compensation	(20,370)	(9,692)
Net cash provided by (used in) operating activities	\$ 272,979	\$ (197,298)
Cash Flows from Investing Activities		
Purchase of property and equipment	\$ (672,801)	\$ (102,771)
Proceeds from the sale of property and equipment	--	3,688
Purchase of investments	(712,600)	(551,602)
Proceeds from the sale of investments	196,216	27,099
Net cash (used in) investing activities	\$ (1,189,185)	\$ (623,586)
Net (decrease) in cash	\$ (916,206)	\$ (820,884)
Cash		
Beginning of year	3,541,340	4,362,224
End of year	\$ 2,625,134	\$ 3,541,340

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services				Supporting Services		
	Community Services	Schools	Residential Services	Total	Management and General	Fundraising	Total
Salaries	\$ 2,083,682	\$ 2,534,257	\$ 2,399,659	\$ 7,017,598	\$ 526,826	\$ 266,298	\$ 7,810,722
Employee health and retirement plan costs	227,907	346,683	346,382	920,972	108,499	17,611	1,047,082
Workers comp	41,545	56,668	53,020	151,233	10,394	6,372	167,999
Payroll taxes	144,541	193,616	172,911	511,068	55,464	19,614	586,146
Total salaries, benefits and taxes	\$ 2,497,675	\$ 3,131,224	\$ 2,971,972	\$ 8,600,871	\$ 701,183	\$ 309,895	\$ 9,611,949
Allowances	--	--	6,456	6,456	--	--	6,456
Clothing and personal	--	4,878	7,957	12,835	--	--	12,835
Professional services	92,163	70,600	147,921	310,684	30,297	16,919	357,900
Educational supplies	--	107,499	568	108,067	--	--	108,067
Utilities	55,837	78,366	112,056	246,259	26,358	6,555	279,172
Food	3,187	118,171	84,696	206,054	59,215	489	265,758
House supplies	31	264	26,741	27,036	--	5	27,041
Insurance	--	--	--	--	137,500	--	137,500
Maintenance	38,095	70,499	121,292	229,886	8,858	6,559	245,303
Work pay	--	--	8,889	8,889	--	--	8,889
Medical and dental	--	3,235	8,132	11,367	593	--	11,960
Miscellaneous	3,479	2,195	8,852	14,526	--	635	15,161
Postage	344	2,041	608	2,993	--	1,327	4,320
Printing	--	270	--	270	--	22,055	22,325
Recreation	30,629	10,995	54,087	95,711	--	552	96,263
Rent	10,700	271,395	76,479	358,574	--	--	358,574
Social services	--	--	4,411	4,411	--	--	4,411
Special events	8,665	6,456	11,347	26,468	--	7,015	33,483
Staff development	13,627	8,510	24,817	46,954	23,853	7,112	77,919
Office expenses	12,592	39,647	10,124	62,363	48,028	6,298	116,689
Travel and transportation	7,156	9,737	48,198	65,091	13,216	1,023	79,330
Total expenses before depreciation	\$ 2,774,180	\$ 3,935,982	\$ 3,735,603	\$ 10,445,765	\$ 1,049,101	\$ 386,439	\$ 11,881,305
Depreciation and amortization	106,990	74,460	145,273	326,723	2,506	16,119	345,348
Total program and supporting services expenses	\$ 2,881,170	\$ 4,010,442	\$ 3,880,876	\$ 10,772,488	\$ 1,051,607	\$ 402,558	\$ 12,226,653

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services				Supporting Services		
	Community Services	Schools	Residential Services	Total	Management and General	Fundraising	Total
Salaries	\$ 1,783,929	\$ 2,591,102	\$ 1,968,628	\$ 6,343,659	\$ 466,392	\$ 332,212	\$ 7,142,263
Employee health and retirement plan costs	221,733	292,974	285,780	800,487	97,613	13,718	911,818
Workers comp	44,432	42,677	31,074	118,183	9,184	4,713	132,080
Payroll taxes	128,320	184,763	141,002	454,085	49,866	19,275	523,226
Total salaries, benefits and taxes	\$ 2,178,414	\$ 3,111,516	\$ 2,426,484	\$ 7,716,414	\$ 623,055	\$ 369,918	\$ 8,709,387
Allowances	--	--	3,221	3,221	--	--	3,221
Clothing and personal	--	2,075	4,174	6,249	--	--	6,249
Professional services	88,103	69,036	119,076	276,215	20,000	40,196	336,411
Educational supplies	--	54,396	302	54,698	--	--	54,698
Utilities	56,722	79,702	95,184	231,608	15,267	5,983	252,858
Food	5,739	108,384	71,327	185,450	43,550	574	229,574
House supplies	--	--	17,686	17,686	--	--	17,686
Insurance	--	--	--	--	145,000	--	145,000
Maintenance	33,060	108,250	120,524	261,834	7,629	5,198	274,661
Work pay	--	--	7,710	7,710	--	--	7,710
Medical and dental	35	6,047	4,361	10,443	223	--	10,666
Miscellaneous	1,871	945	3,593	6,409	--	986	7,395
Postage	769	2,222	916	3,907	--	157	4,064
Printing	--	337	(35)	302	--	28,387	28,689
Recreation	7,062	7,839	34,191	49,092	--	23	49,115
Rent	19,200	259,340	74,207	352,747	--	--	352,747
Social services	--	64	3,022	3,086	--	--	3,086
Special events	5,414	4,439	5,152	15,005	--	6,999	22,004
Staff development	9,403	17,183	20,922	47,508	12,246	3,191	62,945
Office expenses	11,439	31,868	9,471	52,778	54,703	7,145	114,626
Travel and transportation	7,091	3,528	22,352	32,971	6,783	1,286	41,040
Total expenses before depreciation	\$ 2,424,322	\$ 3,867,171	\$ 3,043,840	\$ 9,335,333	\$ 928,456	\$ 470,043	\$ 10,733,832
Depreciation and amortization	122,547	86,797	122,366	331,710	895	16,570	349,175
Total program and supporting services expenses	\$ 2,546,869	\$ 3,953,968	\$ 3,166,206	\$ 9,667,043	\$ 929,351	\$ 486,613	\$ 11,083,007

See Notes to Combined Financial Statements.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Elk Hill Farm, Inc. (Elk Hill) provides residential services, day educational treatment programs and community services to at-risk adolescents from across the Commonwealth of Virginia. Tuition fees are received primarily from social service organizations, courts systems, Medicaid, school systems, and charitable organizations.

Elk Hill Farm Foundation (the Foundation) is a charitable foundation that holds investments and receives certain contributions. The Foundation provides support to Elk Hill through a 5% spending rate contribution. The Foundation Board of Trustees are also members of the Elk Hill Farm, Inc. Board.

The operations of Elk Hill and the Foundation have been combined in the accompanying combined financial statements. All inter-organization accounts and transactions have been eliminated. The Elk Hill and the Foundation are referred to herein as the Organization.

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time.

Basis of Presentation

Accounting standards establish classifications for net assets, revenues, gains and losses, based on the existence or absence of donor-imposed restrictions as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.
- Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that can be filled by actions of the Organization pursuant to those stipulations that expire by the passage of time or are required to be maintained permanently by the Organization. For net assets that are required to be maintained permanently, the donors of such assets permit the Organization to use the income earned on those assets.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and reported amounts of revenue and expense during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value Measurement

The FASB's authoritative guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. This guidance enables the reader of the combined financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1 – Quoted market prices in active exchange markets for identical assets or liabilities.

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

The Organization has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models, and periodic re-assessments of models to ensure that they are continuing to perform as designed. The Organization performs due diligence procedures over third-party pricing service providers in order to support their use in the valuation process. Where market information is not available to support internal valuations, independent reviews of the valuations are performed, and any material exposures are escalated through a management review process.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended June 30, 2022 and 2021, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its combined financial position or results of operations.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

The following is a description of the valuation methodologies used for instruments measured at fair value:

Long-Term Investments

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Income Tax Status

The Organizations are exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue code and comparable state law. In addition, contributions to both qualify for the charitable contribution deduction under Section 170(b)(1)(a). They have been classified as organizations that are not private foundations under Section 509(a)(2).

Cash

The Organization has cash balances that may at times exceed the federally insured limits. The Organization has not experienced any losses on such amounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable from program service fees are recognized based on student attendance records and the standard rates published by Elk Hill and government agencies. The Organization does not accrue interest or fees on overdue receivables. An allowance for doubtful accounts is provided when deemed necessary and is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables past due more than 90 days are considered delinquent. Delinquent receivables are written off when management believes that all reasonable collection efforts have been exhausted.

Management has provided allowances totaling \$172,509 and \$195,831 of receivables that it has deemed uncollectible at June 30, 2022 and 2021, respectively.

The Employee Retention Credit, originally provided for within the CARES Act, is a refundable tax credit against certain employment taxes based on qualified wages paid to employees. The employee retention credit receivable is \$0 and \$1,056,992 as of June 30, 2022 and 2021, respectively.

Promises to Give

Unconditional promises to give (pledges) are recognized as assets and revenue in the period the promise is received. Promises to give are recorded at net realizable value. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Contributions

Contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions. Contributions are recognized when received or unconditionally promised.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

Revenue Recognition

Revenue Recognition Methodology for Exchange Transactions

For exchange transactions, the Organization recognizes revenue in accordance with Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

For any amounts received in advance and for which performance obligations have not been satisfied, a contract liability (deferred revenue) is recorded.

Revenue Streams

The Organization receives various sources of revenue.

Tuition assistance and fees and Medicaid and insurance income are recognized when the services have been provided and the related expenses have been incurred. They represent an exchange transaction and are recognized during the year, as the related services are provided. The performance obligation of delivering services are simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the year. Billings occur monthly after services are provided.

Long-Term Investments

Investments with readily determinable fair values are reported at their fair values in the combined statements of financial position. Unrealized gains and losses are included in the change of net assets in the accompanying combined statements of activities. Realized gains and losses are determined by specific identification using the first in and first out method.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Property and Equipment

Property and equipment are stated at cost or, if donated, at estimated fair market value at date of receipt. Acquisitions of new buildings, equipment, land improvements and major betterments are capitalized. Repairs and maintenance costs are expensed as incurred. Depreciation is provided using the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Buildings and leasehold improvements	10-40
Furniture, fixtures and equipment	3-10
Intangibles	2-7
Transportation equipment	5-7

In-Kind Contributions

Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to programs and supporting services based on the program or support services directly benefited.

Contributed nonfinancial assets include donated property, plant and equipment, materials and supplies, professional services, and other in-kind contributions which are recorded at the respective fair values of the good or services received. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2022 and 2021, respectively.

Many individuals volunteer their time and perform a variety of activities that support the Organization. The value of these contributed services is not recorded as in-kind contributions as the criteria for recognition was not met under the standards. Therefore, no contributed services for volunteer time has been reflected in the financial statements for the years ended June 30, 2022 and 2021.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Upcoming Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct cost as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization for its year ending June 30, 2023. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption Topic 842 will have on its combined financial statements.

New Accounting Pronouncement

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. ASU 2020-07 is effective for the Organization for its year ending June 30, 2022. This guidance is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhanced presentation and disclosure.

This ASU requires that nonfinancial assets are presented as a separate line item in the statement of activities and disclosures include a disaggregation of the amount contributed by category, a description of donor restriction, and valuation techniques for the nonfinancial assets received. The Organization has not historically had contributed nonfinancial assets thus no reclassifications were made on the statements of activities. The Organization enhanced its disclosures to adhere to the new standard.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 2. Liquidity and Availability

The Organization receives contributions and payments from social service organizations, courts systems, Medicaid, and school systems to support the Organization's programs. General expenditures consist of costs associated with operation of the various programs. The Organization's cash flows have seasonal variations during the year. To manage liquidity, the Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets, at year-end:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,625,134	\$ 3,541,340
Accounts receivable, net	1,873,688	2,094,782
Pledges receivable, net	43,195	198,737
Investments	<u>7,162,917</u>	<u>8,058,454</u>
 Total financial assets	 <u>\$ 11,704,934</u>	 <u>\$ 13,893,313</u>
 Less those unavailable for general expenditure within one year, due to:		
Board designated funds	\$ 2,393,532	\$ 2,456,014
Net assets with donor restrictions	<u>4,008,998</u>	<u>3,803,315</u>
Financial assets not available to be used within one year	<u>\$ 6,402,530</u>	<u>\$ 6,259,329</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 5,302,404</u>	 <u>\$ 7,633,984</u>

Note 3. Concentrations

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and invested cash deposited in a large regional bank and with a brokerage firm.

Money market accounts with the brokerage firm are not insured by the FDIC but have limited protection provided by the Securities Investor Protection Corporation (SIPC).

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 4. Pledges Receivable

The Organization projects that donors will remit contributions receivable as follows:

Year Ending June 30:

2023	\$ 44,706
2024	25,000
2025	25,000
2026	<u>75,000</u>
	\$ 169,706
Less discount to present value (3.5%)	<u>(15,267)</u>
	<u>\$ 154,439</u>

Note 5. Property and Equipment

Property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 265,229	\$ 265,229
Buildings and leasehold improvements	7,618,387	7,171,302
Furniture, fixtures and equipment	1,335,321	1,261,471
Intangibles	70,014	61,065
Transportation equipment	<u>654,148</u>	<u>511,232</u>
	\$ 9,943,099	\$ 9,270,299
Less accumulated depreciation	<u>6,773,873</u>	<u>6,428,526</u>
	<u>\$ 3,169,226</u>	<u>\$ 2,841,773</u>

Depreciation and amortization expense totaled \$345,348 and \$349,175 for the years ended June 30, 2022 and 2021, respectively.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 6. Long-Term Investments

Investments are carried at fair value and are summarized as follows as of June 30, 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equities	\$ 3,887,400	\$ 5,513,251	\$ 3,636,858	\$ 6,434,738
Fixed income	<u>1,916,776</u>	<u>1,649,666</u>	<u>1,646,816</u>	<u>1,623,716</u>
	<u>\$ 5,804,176</u>	<u>\$ 7,162,917</u>	<u>\$ 5,283,674</u>	<u>\$ 8,058,454</u>

The following schedule summarizes investment income which is reported in the combined statements of activities for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 149,857	\$ 125,566
Realized gains	137,351	27,099
Unrealized (losses) gains	<u>(1,549,272)</u>	<u>1,828,339</u>
	<u>\$ (1,262,064)</u>	<u>\$ 1,981,004</u>

Note 7. Retirement Plan

The Organization has established a retirement plan for all employees who work more than 20 hours per week. This is a voluntary contributory plan, and the Organization matches the employee contribution up to 5% for all employees who work at least a thousand hours per year. Contributions to the plan by the Organization amounted to \$181,481 and \$173,804 for the years ended June 30, 2022 and 2021, respectively.

Note 8. Deferred Compensation

The Organization has established deferred compensation plans for its chief executive officer, chief operating officer and former chief executive officer that is funded by life insurance policies.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions for the following purposes were as follows as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose:		
Scholarships	\$ 34,428	\$ 29,428
Property and equipment	115,786	146,240
Unrestricted pledges	73,533	8,944
Literacy and education	33,000	32,000
Program / Innovation fund	35,000	60,742
Eco grant	10,000	10,000
Adventure grant	4,991	12,000
Workforce Development	3,218	79,252
Ball Cottage renovation	51,729	324,748
Early intervention	--	17,547
Staunton School	--	2,969
School based mental health	95,695	63,000
Scott/Farley Innovation Fund	669,863	--
Other	4,098	1,248
	<u>\$ 1,131,341</u>	<u>\$ 788,118</u>
Accumulated earnings from endowment funds	\$ 134,586	\$ 272,128
Endowment funds:		
Scholarship	591,521	591,521
General	2,151,550	2,151,548
	<u>\$ 2,743,071</u>	<u>\$ 2,743,069</u>
Total net assets with donor restrictions	<u>\$ 4,008,998</u>	<u>\$ 3,803,315</u>

Note 10. Endowment Funds

The Organization's endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization classifies permanent endowment funds to include the original value of gifts donated to the permanent endowment and subsequent gifts to the permanent endowment assets.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Accumulated earnings and realized gains are reported as net assets without donor restrictions where no donor restrictions or board-imposed designations exist. To the extent that endowment assets earn interest and dividends beyond the amount appropriated for expenditure in any given year, the excess is classified as net assets with donor restrictions until appropriated by the Board for expenditure.

The Organization has adopted an investment policy to achieve income and growth through current yield and realized/unrealized capital appreciation. The policy targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The Organization expects its endowment funds to provide an average rate of return of approximately 5% annually. The Organization has adopted a spending policy for distribution each year which allows for up to 5% of the endowment fund's fair market value (averaged over the previous three calendar year ends preceding the current calendar year).

Changes in endowment net assets for the years ended June 30, 2022 and 2021 were as follows:

	2022		
	Without	With Donor	Total
	Donor	Restrictions	
	Restrictions	Restrictions	
Endowment Net Assets, Beginning of Year	\$ 2,456,014	\$ 3,015,198	\$ 5,471,212
Investment (loss)	--	(104,402)	(104,402)
Transfer	48,038	--	48,038
Contributions	405,251	--	405,251
Appropriation of endowment assets for expenditure	(515,771)	(33,139)	(548,910)
Endowment Net Assets, End of Year	<u>\$ 2,393,532</u>	<u>\$ 2,877,657</u>	<u>\$ 5,271,189</u>
	2021		
	Without	With Donor	Total
	Donor	Restrictions	
	Restrictions	Restrictions	
Endowment Net Assets, Beginning of Year	\$ 3,134,701	\$ 2,892,708	\$ 6,027,409
Investment income	--	145,277	145,277
Transfer	48,038	--	48,038
Contributions	515,771	2,057	517,828
Appropriation of endowment assets for expenditure	(1,242,496)	(24,844)	(1,267,340)
Endowment Net Assets, End of Year	<u>\$ 2,456,014</u>	<u>\$ 3,015,198</u>	<u>\$ 5,471,212</u>

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Endowment funds designated by the Board of Directors and classified in the Without Donor Restrictions category as of June 30, 2022 and 2021 were as follows:

	2022	2021
Facility fund	\$ 359,741	\$ 311,703
Annual giving	405,251	515,771
Other Elk Hill Farm Foundation endowment	1,628,540	1,628,540
	\$ 2,393,532	\$ 2,456,014

As of June 30, 2020, a contributor to the Organization has made a written revocable transfer to donate seven parcels of land, together with all the improvements thereon, located in the City of Richmond, Virginia upon death. Pursuant to the transfer Elk Hill is to sell the parcels, the proceeds of which are to go to the General Endowment Fund. Due to certain variables inherent in the estimation of the value of the properties as well as the contributor's right to revoke the deed, the intentions to give are not reflected in the accompanying combined financial statements.

Note 11. Leasing Arrangements

In December 2015, the Organization entered into a two-year lease for the Amani House. Payments required were in the amount of \$2,200 per month from January 2016 through December 2016, and \$2,310 per month from January 2017 through December 2017. The lease was renewed under the same terms as above until a new agreement was signed. In September 2018, the lease was renewed and terminated on August 31, 2020. Payments required are in the amount of \$2,547 per month from September 2018 through August 2019 and \$2,674 per month from September 2019 through August 2020. This lease was extended through September 30, 2024 with payments in the amount of \$2,808 from October 2020 through September 2021, \$2,948 from October 2021 through September 2022, \$3,096 per month from October 2022 through September 2023 and \$3,250 from October 2023 through September 2024.

In July 2014, the Organization entered into a five-year lease for the Charlottesville School and Community Services. Payments are required in the amount of \$7,000 per month through June 2015, with a 3% rental increase each year. In December 2018, this lease was extended for 5 years through June 2024. In May of 2022 the lease was extended through June 2027. Lease payments will increase annually based on changes in CPI. Rate increase will be no less than 3% and no more than 8%.

**ELK HILL FARM, INC. AND
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Notes to Combined Financial Statements

The Organization opened a school located in Staunton, VA starting in the fall of 2016. The Organization entered into a five-year lease with the Virginia School for the Deaf and the Blind (VSDB) effective July 2016. Over the last two years, Elk Hill has expanded the space it leases through amendments to the original agreement. As of June 30, 2019, the cost of the lease increased to \$10,197 per month. Additional lease rate increases are established in the amendment, yielding an average monthly rate of \$11,290 for the upcoming fiscal year. Through the five-year lease term, the lease can be terminated upon providing six-month written notice. Effective February 2019, the Organization exercised the expansion option pursuant to Section 25 of the original lease agreement. The lease expired in June 2021 and was extended for 5 years through June 30, 2026.

In February 2022, the Organization entered into a three-year lease for a Charlottesville house. Payments are required in the amount of \$3,440 from March 2022 through February 2023, \$3,543 from March 2023 through February 2024 and \$3,650 from March 2024 through February 2025.

In February 2017, the Organization entered into a seven-month lease for office space of Carlisle Avenue Baptist Church. The lease provides for automatic renewal each term for one year unless either party provides a ninety-day notice of termination of the lease.

Total rent expense under these leases amounted to \$358,574 and \$352,747 for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments at June 30, 2022, excluding the renewal periods, are as follows for the year ending June 30:

Year Ending June 30:

2023	\$ 336,891
2024	344,918
2025	307,421
2026	273,605
2027	119,764
	<u>\$ 1,382,599</u>

Note 12. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying combined statements of activities. Accordingly, certain costs have been allocated by the amount to the programs and supporting services on the basis of the activity benefited. Such allocations are determined by management on an equitable basis.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

The expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation Method</u>
Salaries	Time and effort
Employee health and retirement plan costs	Direct allocation
Workers comp	Direct allocation
Payroll taxes	Direct allocation
Allowances	Direct allocation
Clothing and personal	Direct allocation
Professional services	Direct allocation
Educational supplies	Direct allocation
Utilities	Direct allocation
Food	Direct allocation
House supplies	Direct allocation
Insurance	Direct allocation
Maintenance	Direct allocation
Work pay	Direct allocation
Medical and dental	Direct allocation
Miscellaneous	Direct allocation
Postage	Direct allocation
Printing	Direct allocation
Recreation	Direct allocation
Rent	Direct allocation
Social services	Direct allocation
Special events	Direct allocation
Staff development	Direct allocation
Office expenses	Direct allocation
Travel and transportation	Direct allocation
Depreciation and amortization	Direct allocation

**ELK HILL FARM, INC. AND
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Notes to Combined Financial Statements

Note 13. Fair Value Measurements

The following table presents the balance of financial assets measured at fair value on a reoccurring basis as of June 30, 2022 and 2021:

	Balance as of June 30, 2022	Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Equities	\$ 5,513,251	\$ 5,513,251	\$ --	\$ --
Fixed income	<u>1,649,666</u>	<u>1,649,666</u>	<u>--</u>	<u>--</u>
	<u>\$ 7,162,917</u>	<u>\$ 7,162,917</u>	<u>\$ --</u>	<u>\$ --</u>

	Balance as of June 30, 2021	Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Equities	\$ 6,434,738	\$ 6,434,738	\$ --	\$ --
Fixed income	<u>1,623,716</u>	<u>1,623,716</u>	<u>--</u>	<u>--</u>
	<u>\$ 8,058,454</u>	<u>\$ 8,058,454</u>	<u>\$ --</u>	<u>\$ --</u>

Note 14. Outstanding Commitments

On March 16, 2017, the Organization entered into a seven-year service agreement for case management software in the amount of \$284,887. Payments required during this agreement relate to the licensing fee and monthly service. Required payment for the fiscal year 2023 is \$31,607.

Note 15. Related Party Transactions

During the fiscal year 2022, the Organization utilized attorney services with a member on the board who was compensated for those services in the amount of \$1,880. This amount was outstanding as of June 30, 2022.

During the fiscal year 2022, the Organization utilized a board member's services for a compensation survey that was performed. The Organization paid the board member's company \$8,925 during the year.

**ELK HILL FARM, INC. AND
ELK HILL FARM FOUNDATION**

Notes to Combined Financial Statements

Note 16. Subsequent Events

The Organization has evaluated all subsequent events through November 4, 2022, the date the combined financial statements were available to be issued.

The Organization has determined that there are no subsequent events that require recognition or disclosure.

**INDEPENDENT AUDITOR'S REPORT ON
THE SUPPLEMENTARY INFORMATION**

To the Board of Trustees
Elk Hill Farm, Inc. and Elk Hill Farm Foundation
Goochland, Virginia

We have audited the combined financial statements of Elk Hill Farm, Inc. and Elk Hill Farm Foundation (the Organization) as of and for the years ended June 30, 2022 and 2021, and have issued our report thereon, which contains an unmodified opinion on those combined financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Yount, Hyde & Barbours, P.C.

Richmond, Virginia
November 4, 2022

ELK HILL FARM, INC.

Statements of Financial Position

June 30, 2022 and 2021

Assets	2022	2021
Current Assets		
Cash	\$ 2,067,514	\$ 3,090,034
Accounts receivable, net	1,873,688	2,094,782
Pledges receivable, net	24,621	3,135
Employee and other receivables	3,717	2,527
Prepaid expenses	496,454	227,013
Total current assets	<u>\$ 4,465,994</u>	<u>\$ 5,417,491</u>
Property and Equipment,		
less accumulated depreciation	<u>\$ 3,169,226</u>	<u>\$ 2,841,773</u>
Other Assets		
Pledges receivable, net, less current portion	\$ 35,696	\$ 4,967
Security deposits	15,265	15,265
Cash surrender value of life insurance policies	338,243	306,378
Total other assets	<u>\$ 389,204</u>	<u>\$ 326,610</u>
Total assets	<u>\$ 8,024,424</u>	<u>\$ 8,585,874</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 58,153	\$ 95,273
Accrued expenses	503,196	530,672
Deferred compensation, current portion	37,870	37,870
Total current liabilities	<u>\$ 599,219</u>	<u>\$ 663,815</u>
Long-Term Liabilities		
Deferred compensation, long-term portion	\$ 217,176	\$ 237,546
Due to Foundation	15,571	97,237
Total long-term liabilities	<u>\$ 232,747</u>	<u>\$ 334,783</u>
Net Assets		
Without donor restrictions:		
Undesignated	\$ 5,965,988	\$ 5,971,685
Designated by board	764,992	827,474
With donor restrictions	461,478	788,117
Total net assets	<u>\$ 7,192,458</u>	<u>\$ 7,587,276</u>
Total liabilities and net assets	<u>\$ 8,024,424</u>	<u>\$ 8,585,874</u>

ELK HILL FARM FOUNDATION

Statements of Financial Position

June 30, 2022 and 2021

Assets	2022	2021
Current Assets		
Cash	\$ 557,620	\$ 451,306
Pledges receivable, net	18,574	195,602
Other receivables	450	450
Total current assets	<u>\$ 576,644</u>	<u>\$ 647,358</u>
Other Assets		
Pledges receivable, net, less current portion	\$ 75,548	\$ 38,605
Long-term investments	7,162,917	8,058,454
Due from Elk Hill Farm	15,571	97,237
Total other assets	<u>\$ 7,254,036</u>	<u>\$ 8,194,296</u>
 Total assets	 <u>\$ 7,830,680</u>	 <u>\$ 8,841,654</u>
 Liabilities and Net Assets		
Net Assets		
Without donor restrictions:		
Undesignated	\$ 2,654,620	\$ 4,197,916
Designated by board	1,628,540	1,628,540
With donor restrictions	3,547,520	3,015,198
Total net assets	<u>\$ 7,830,680</u>	<u>\$ 8,841,654</u>
 Total liabilities and net assets	 <u>\$ 7,830,680</u>	 <u>\$ 8,841,654</u>

ELK HILL FARM, INC.

Statement of Activities
Year Ended June 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 812,661	\$ 518,977	\$ 1,331,638
Government grants	1,106,555	--	1,106,555
Investment income	2,179	--	2,179
Other revenue	22,115	--	22,115
Gain on sale of assets	100	--	100
Tuition assistance and fees	7,254,565	--	7,254,565
Medicaid and insurance income	<u>2,099,382</u>	<u>--</u>	<u>2,099,382</u>
	\$ 11,297,557	\$ 518,977	\$ 11,816,534
Net assets released from restrictions:			
Satisfaction of restrictions for property and equipment	86,454	(86,454)	--
Satisfaction of time restriction	17,836	(17,836)	--
Satisfaction of program restrictions	<u>741,326</u>	<u>(741,326)</u>	<u>--</u>
Total support and revenue	<u>\$ 12,143,173</u>	<u>\$ (326,639)</u>	<u>\$ 11,816,534</u>
Expenses:			
Program services:			
Community services	\$ 2,881,170	\$ --	\$ 2,881,170
Schools	4,010,442	--	4,010,442
Residential services	<u>3,880,876</u>	<u>--</u>	<u>3,880,876</u>
Total program services	<u>\$ 10,772,488</u>	<u>\$ --</u>	<u>\$ 10,772,488</u>
Supporting services:			
Management and general	\$ 1,042,072	\$ --	\$ 1,042,072
Fundraising	<u>396,792</u>	<u>--</u>	<u>396,792</u>
Total supporting services	<u>\$ 1,438,864</u>	<u>\$ --</u>	<u>\$ 1,438,864</u>
Total expenses	<u>\$ 12,211,352</u>	<u>\$ --</u>	<u>\$ 12,211,352</u>
Change in net assets	\$ (68,179)	\$ (326,639)	\$ (394,818)
Net assets, beginning of year	<u>6,799,159</u>	<u>788,117</u>	<u>7,587,276</u>
Net assets, end of year	<u>\$ 6,730,980</u>	<u>\$ 461,478</u>	<u>\$ 7,192,458</u>

ELK HILL FARM, INC.

Statement of Activities
Year Ended June 30, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 813,723	\$ 248,499	\$ 1,062,222
Government grants	3,863,375	--	3,863,375
Investment and other income	1,852	--	1,852
(Loss) on sale of assets	(749)	--	(749)
Tuition assistance and fees	6,716,266	--	6,716,266
Medicaid and insurance income	1,786,334	--	1,786,334
	<u>\$ 13,180,801</u>	<u>\$ 248,499</u>	<u>\$ 13,429,300</u>
Net assets released from restrictions:			
Satisfaction of restrictions for property and equipment	136,473	(136,473)	--
Satisfaction of time restriction	24,172	(24,172)	--
Satisfaction of program restrictions	212,596	(212,596)	--
Total support and revenue	<u>\$ 13,554,042</u>	<u>\$ (124,742)</u>	<u>\$ 13,429,300</u>
Expenses:			
Program services:			
Community services	\$ 2,546,869	\$ --	\$ 2,546,869
Schools	3,953,968	--	3,953,968
Residential services	3,166,206	--	3,166,206
Total program services	<u>\$ 9,667,043</u>	<u>\$ --</u>	<u>\$ 9,667,043</u>
Supporting services:			
Management and general	\$ 929,351	\$ --	\$ 929,351
Fundraising	353,013	--	353,013
Total supporting services	<u>\$ 1,282,364</u>	<u>\$ --</u>	<u>\$ 1,282,364</u>
Total expenses	<u>\$ 10,949,407</u>	<u>\$ --</u>	<u>\$ 10,949,407</u>
Change in net assets	\$ 2,604,635	\$ (124,742)	\$ 2,479,893
Net assets, beginning of year	<u>4,194,524</u>	<u>912,859</u>	<u>5,107,383</u>
Net assets, end of year	<u>\$ 6,799,159</u>	<u>\$ 788,117</u>	<u>\$ 7,587,276</u>

ELK HILL FARM FOUNDATION

Statement of Activities
Year Ended June 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ --	\$ 669,863	\$ 669,863
Investment (loss)	<u>(1,159,841)</u>	<u>(104,402)</u>	<u>(1,264,243)</u>
	\$ (1,159,841)	\$ 565,461	\$ (594,380)
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>33,139</u>	<u>(33,139)</u>	<u>- -</u>
Total support and revenue	<u>\$ (1,126,702)</u>	<u>\$ 532,322</u>	<u>\$ (594,380)</u>
Expenses and losses:			
Program services:			
Grant to Elk Hill Farm	<u>\$ 401,293</u>	<u>\$ --</u>	<u>\$ 401,293</u>
Supporting services:			
Management and general	\$ 9,535	\$ --	\$ 9,535
Fundraising	<u>5,766</u>	<u> --</u>	<u>5,766</u>
	<u>\$ 15,301</u>	<u>\$ --</u>	<u>\$ 15,301</u>
Total expenses	<u>\$ 416,594</u>	<u>\$ --</u>	<u>\$ 416,594</u>
Change in net assets	\$ (1,543,296)	\$ 532,322	\$ (1,010,974)
Net assets, beginning of year	<u>5,826,456</u>	<u>3,015,198</u>	<u>8,841,654</u>
Net assets, end of year	<u>\$ 4,283,160</u>	<u>\$ 3,547,520</u>	<u>\$ 7,830,680</u>

ELK HILL FARM FOUNDATION

Statement of Activities
Year Ended June 30, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ --	\$ 2,057	\$ 2,057
Investment income	<u>1,833,875</u>	<u>145,277</u>	<u>1,979,152</u>
	\$ 1,833,875	\$ 147,334	\$ 1,981,209
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>24,844</u>	<u>(24,844)</u>	<u> -</u>
Total support and revenue	<u>\$ 1,858,719</u>	<u>\$ 122,490</u>	<u>\$ 1,981,209</u>
Expenses and losses:			
Program services:			
Grant to Elk Hill Farm	<u>\$ 338,452</u>	<u>\$ --</u>	<u>\$ 338,452</u>
Supporting services:			
Fundraising	<u>\$ 133,600</u>	<u>\$ --</u>	<u>\$ 133,600</u>
Total expenses	<u>\$ 472,052</u>	<u>\$ --</u>	<u>\$ 472,052</u>
Change in net assets	\$ 1,386,667	\$ 122,490	\$ 1,509,157
Net assets, beginning of year	<u>4,439,789</u>	<u>2,892,708</u>	<u>7,332,497</u>
Net assets, end of year	<u>\$ 5,826,456</u>	<u>\$ 3,015,198</u>	<u>\$ 8,841,654</u>