

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

Goochland, Virginia

COMBINED FINANCIAL STATEMENTS

June 30, 2023

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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, 2023 and 2022, 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, 2023 and 2022, 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
January 16, 2024

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statements of Financial Position

June 30, 2023 and 2022

Assets	2023	2022
Current Assets		
Cash	\$ 1,560,667	\$ 2,625,134
Accounts receivable, net	1,744,204	1,873,688
Pledges receivable, net	11,750	43,195
Employee and other receivables	8,212	4,167
Prepaid expenses	<u>149,707</u>	<u>496,454</u>
Total current assets	<u>\$ 3,474,540</u>	<u>\$ 5,042,638</u>
Property and Equipment,		
less accumulated depreciation	<u>\$ 3,380,291</u>	<u>\$ 3,169,226</u>
Long-Term Assets		
Pledges receivable, net, less current portion	\$ 100,000	\$ 111,244
Investments	8,169,885	7,162,917
Lease right-of-use assets - operating	1,115,227	--
Total long-term assets	<u>\$ 9,385,112</u>	<u>\$ 7,274,161</u>
Other Assets		
Security deposits	\$ 15,265	\$ 15,265
Cash surrender value of life insurance policies	<u>374,386</u>	<u>338,243</u>
Total other assets	<u>\$ 389,651</u>	<u>\$ 353,508</u>
Total assets	<u>\$ 16,629,594</u>	<u>\$ 15,839,533</u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 60,283	\$ 58,153
Accrued expenses	606,918	503,196
Deferred compensation, current portion	37,870	37,870
Lease liabilities - operating, current portion	<u>367,862</u>	<u>--</u>
Total current liabilities	<u>\$ 1,072,933</u>	<u>\$ 599,219</u>
Long-Term Liabilities		
Lease liabilities - operating, net of current portion	\$ 774,711	\$ --
Deferred compensation, long-term portion	<u>226,806</u>	<u>217,176</u>
Total long-term liabilities	<u>\$ 1,001,517</u>	<u>\$ 217,176</u>
Net Assets		
Without donor restrictions:		
Undesignated	\$ 7,977,212	\$ 8,620,608
Designated by board	2,007,936	2,393,532
With donor restrictions	<u>4,569,996</u>	<u>4,008,998</u>
Total net assets	<u>\$ 14,555,144</u>	<u>\$ 15,023,138</u>
Total liabilities and net assets	<u>\$ 16,629,594</u>	<u>\$ 15,839,533</u>

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statement of Activities

Year Ended June 30, 2023

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 225,137	\$ 1,205,719	\$ 1,430,856
Government grants	66,374	--	66,374
Tuition assistance and fees	8,237,271	--	8,237,271
Investment income	898,577	64,755	963,332
Medicaid and insurance income	1,525,888	--	1,525,888
Other revenue	<u>53,702</u>	<u>--</u>	<u>53,702</u>
	\$ 11,006,949	\$ 1,270,474	\$ 12,277,423
Net assets released from restrictions:			
Satisfaction of restrictions for property and equipment	51,569	(51,569)	--
Satisfaction of time restriction	34,270	(34,270)	--
Satisfaction of program restrictions	<u>623,637</u>	<u>(623,637)</u>	<u>--</u>
Total support and revenue	<u>\$ 11,716,425</u>	<u>\$ 560,998</u>	<u>\$ 12,277,423</u>
Expenses:			
Program services:			
Community services	\$ 2,565,153	\$ --	\$ 2,565,153
Schools	4,280,338	--	4,280,338
Residential services	<u>4,140,334</u>	<u>--</u>	<u>4,140,334</u>
Total program services	<u>\$ 10,985,825</u>	<u>\$ --</u>	<u>\$ 10,985,825</u>
Supporting services:			
Management and general	\$ 1,292,337	\$ --	\$ 1,292,337
Fundraising	<u>467,255</u>	<u>--</u>	<u>467,255</u>
Total supporting services	<u>\$ 1,759,592</u>	<u>\$ --</u>	<u>\$ 1,759,592</u>
Total expenses	<u>\$ 12,745,417</u>	<u>\$ --</u>	<u>\$ 12,745,417</u>
Change in net assets	\$ (1,028,992)	\$ 560,998	\$ (467,994)
Net assets, beginning of year	<u>11,014,140</u>	<u>4,008,998</u>	<u>15,023,138</u>
Net assets, end of year	<u>\$ 9,985,148</u>	<u>\$ 4,569,996</u>	<u>\$ 14,555,144</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		
	Without Donor Restrictions	With Donor Restrictions	Total
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 income	(1,157,662)	(104,402)	(1,262,064)
Medicaid and insurance income	2,099,382	--	2,099,382
Gain on sale of assets	100	--	100
Other revenue	22,115	--	22,115
	<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 Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ (467,994)	\$ (1,405,792)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	433,768	345,348
Unrealized and realized (gain) loss on investments	(758,369)	1,411,921
Change in cash surrender value of life insurance	(36,143)	(31,865)
Amortization of right of use asset - operating leases	331,213	--
(Increase) decrease in operating assets:		
Accounts receivable and other receivables	125,439	219,904
Pledges receivable	42,689	87,870
Prepaid expenses	109,532	(269,441)
Increase (decrease) in operating liabilities:		
Accounts payable	2,130	(37,120)
Accrued expenses	103,722	(27,476)
Deferred compensation	9,630	(20,370)
Lease liabilities - operating	(303,867)	--
Net cash (used in) provided by operating activities	\$ (408,250)	\$ 272,979
Cash Flows from Investing Activities		
Purchase of property and equipment	\$ (407,618)	\$ (672,801)
Purchase of investments	(2,137,603)	(712,600)
Proceeds from the sale of investments	1,889,004	196,216
Net cash (used in) investing activities	\$ (656,217)	\$ (1,189,185)
Net (decrease) in cash	\$ (1,064,467)	\$ (916,206)
Cash		
Beginning of year	2,625,134	3,541,340
End of year	\$ 1,560,667	\$ 2,625,134
Noncash Operating, Investing and Financing Activities, right-of-use asset and lease liabilities - operating lease recognized with adoption of ASC 842 <i>Leases</i>	\$ 1,446,440	\$ --

See Notes to Combined Financial Statements.

ELK HILL FARM, INC. AND ELK HILL FARM FOUNDATION

Combined Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services				Supporting Services		
	Community Services	Schools	Residential Services	Total	Management and General	Fundraising	Total
Salaries	\$ 1,779,698	\$ 2,680,049	\$ 2,549,016	\$ 7,008,763	\$ 648,141	\$ 312,446	\$ 7,969,350
Employee health and retirement plan costs	204,536	378,229	326,604	909,369	117,840	23,375	1,050,584
Workers comp	33,948	47,519	43,154	124,621	12,724	5,206	142,551
Payroll taxes	119,791	187,561	171,976	479,328	68,943	21,284	569,555
Total salaries, benefits and taxes	\$ 2,137,973	\$ 3,293,358	\$ 3,090,750	\$ 8,522,081	\$ 847,648	\$ 362,311	\$ 9,732,040
Allowances	--	--	1,838	1,838	--	--	1,838
Clothing and personal	--	1,224	9,250	10,474	--	--	10,474
Professional services	99,320	87,411	174,148	360,879	37,550	23,211	421,640
Educational supplies	--	54,845	4	54,849	22,435	--	77,284
Utilities	43,075	71,018	116,161	230,254	18,441	4,764	253,459
Food	5,229	152,306	104,511	262,046	64,217	810	327,073
House supplies	302	981	29,230	30,513	759	47	31,319
Insurance	--	--	--	--	180,566	--	180,566
Maintenance	60,865	86,671	159,951	307,487	7,198	10,463	325,148
Work pay	--	197	9,264	9,461	--	--	9,461
Medical and dental	--	4,573	6,652	11,225	--	--	11,225
Miscellaneous	1,857	961	5,913	8,731	--	1,528	10,259
Postage	739	2,170	1,135	4,044	--	1,018	5,062
Printing	64	570	68	702	--	22,684	23,386
Recreation	25,452	21,695	59,463	106,610	--	152	106,762
Rent	4,600	321,574	82,442	408,616	--	--	408,616
Social services	--	--	4,145	4,145	--	--	4,145
Special events	13,128	14,414	17,430	44,972	--	8,380	53,352
Staff development	13,487	17,970	24,562	56,019	18,913	2,258	77,190
Office expenses	15,691	41,345	7,179	64,215	60,202	7,801	132,218
Bad debt expense	--	--	--	--	12,589	--	12,589
Travel and transportation	10,400	14,915	50,847	76,162	19,313	1,068	96,543
Total expenses before depreciation	\$ 2,432,182	\$ 4,188,198	\$ 3,954,943	\$ 10,575,323	\$ 1,289,831	\$ 446,495	\$ 12,311,649
Depreciation and amortization	132,971	92,140	185,391	410,502	2,506	20,760	433,768
Total program and supporting services expenses	\$ 2,565,153	\$ 4,280,338	\$ 4,140,334	\$ 10,985,825	\$ 1,292,337	\$ 467,255	\$ 12,745,417

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**

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 up to 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.

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.

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.

Notes to Combined Financial Statements

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, 2023 and 2022, 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.

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.

Notes to Combined Financial Statements

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 \$285,639 and \$172,509 of receivables that it has deemed uncollectible at June 30, 2023 and 2022, 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 met.

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.

Notes to Combined Financial Statements

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.

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

Notes to Combined Financial Statements

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, 2023 and 2022.

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, 2023 and 2022.

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.

Notes to Combined Financial Statements

New Accounting Pronouncement

In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The Organization adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Notes to Combined Financial Statements

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization's operating leases of \$1,446,440 and \$1,446,440 respectively, at July 1, 2022. The adoption of the new lease standard did not materially impact combined change in net assets or combined cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

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:	2023	2022
Cash and cash equivalents	\$ 1,560,667	\$ 2,625,134
Accounts receivable, net	1,744,204	1,873,688
Pledges receivable - current, net	11,750	43,195
Employee and other receivables	8,212	4,167
Investments	8,169,885	7,162,917
Total financial assets	\$ 11,494,718	\$ 11,709,101
Less those unavailable for general expenditure within one year, due to:		
Board designated funds	\$ 2,007,936	\$ 2,393,532
Net assets with donor restrictions	4,569,996	4,008,998
Financial assets not available to be used within one year	\$ 6,577,932	\$ 6,402,530
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,916,786	\$ 5,306,571

Notes to Combined Financial Statements

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).

Note 4. Pledges Receivable

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

Year Ending June 30:

2024	\$	11,750
2025		25,000
2026		<u>75,000</u>
	\$	<u>111,750</u>

Note 5. Property and Equipment

Property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 265,229	\$ 265,229
Buildings and leasehold improvements	8,237,765	7,618,387
Furniture, fixtures and equipment	1,356,280	1,335,321
Intangibles	70,014	70,014
Transportation equipment	<u>658,645</u>	<u>654,148</u>
	\$ 10,587,933	\$ 9,943,099
Less accumulated depreciation	<u>7,207,642</u>	<u>6,773,873</u>
	<u>\$ 3,380,291</u>	<u>\$ 3,169,226</u>

Depreciation and amortization expense totaled \$433,768 and \$345,348 for the years ended June 30, 2023 and 2022, respectively.

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, 2023 and 2022:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Equities	\$ 5,159,313	\$ 7,422,058	\$ 3,887,400	\$ 5,513,251
Fixed income	922,927	747,827	1,916,776	1,649,666
	\$ 6,082,240	\$ 8,169,885	\$ 5,804,176	\$ 7,162,917

The following schedule summarizes investment income which is reported in the combined statements of activities for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 204,963	\$ 149,857
Realized gains	76,109	137,351
Unrealized gains (losses)	682,260	(1,549,272)
	\$ 963,332	\$ (1,262,064)

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 \$170,118 and \$181,481 for the years ended June 30, 2023 and 2022, 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.

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purpose:		
Scholarships	\$ 32,655	\$ 34,428
Property and equipment	64,217	115,786
Unrestricted pledges	40,497	73,533
Literacy and education	22,500	33,000
Program / Innovation fund	66,046	35,000
Eco grant	6,042	10,000
Adventure grant	296	4,991
Workforce Development	16,013	3,218
Ball Cottage renovation	51,729	51,729
Substance Abuse	47,520	--
School based mental health	45,535	95,695
Scott/Farley Innovation Fund	655,258	669,863
Welcome Home	608,384	--
Other	134	4,098
	<u>\$ 1,656,826</u>	<u>\$ 1,131,341</u>
Accumulated earnings from endowment funds	\$ 170,099	\$ 134,586
Endowment funds:		
Scholarship	591,521	591,521
General	2,151,550	2,151,550
	<u>\$ 2,743,071</u>	<u>\$ 2,743,071</u>
Total net assets with donor restrictions	<u>\$ 4,569,996</u>	<u>\$ 4,008,998</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.

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, 2023 and 2022 were as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 2,393,532	\$ 2,877,657	\$ 5,271,189
Investment income	--	64,755	64,755
Contributions	385,396	--	385,396
Appropriation of endowment assets for expenditure	(770,992)	(27,957)	(798,949)
Endowment Net Assets, End of Year	<u>\$ 2,007,936</u>	<u>\$ 2,914,455</u>	<u>\$ 4,922,391</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
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>

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, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Facility fund	\$ - -	\$ 359,741
Annual giving	379,396	405,251
Other Elk Hill Farm Foundation endowment	<u>1,628,540</u>	<u>1,628,540</u>
	<u>\$ 2,007,936</u>	<u>\$ 2,393,532</u>

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

The Organization leases facilities for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2027 and provide for renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other properties. Renewal options are included in the lease term only when it is reasonably certain that the Organization will exercise that option. The lease agreements provide for increases in future minimum annual rental payments and generally require the Organization to pay real estate taxes, insurance, and other operating expenses.

The Amani House lease expires September 30, 2024 with monthly payments of \$2,948 from October 2020 through September 2021, \$2,948 from October 2021 through September 2022, \$3,096 from October 2022 through September 2023, and \$3,250, and from October 2023 through September 2024. There is an option to renew this lease for two years through September 2026.

The Charlottesville School and Community Services lease expires June 30, 2027 with original monthly payments at July 1, 2022 of \$8,867. Lease payments will increase annually based on changes in the CPI for all Urban Consumers (CPI-U) as published by the Bureau of Labor Statistics of the U.S. Department of Labor. Rate increase will be no less than 3% and no more than 8%.

Notes to Combined Financial Statements

The Staunton, VA lease expires June 30, 2026. As of July 1, 2022 rent was \$12,674 per month. In June 2023, the lease was amended to include additional space with monthly rent of \$14,265 effective July 1, 2023. Rent will increase 1% annually. The lease can be terminated upon providing six-month written notice.

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 \$408,616 and \$358,574 for the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023, the Organization's weighted average discount rate was 2.87% and weighted average remaining lease term was 3.32 years.

The following table summarizes the maturity of the Organization's lease liabilities on an undiscounted cash flow basis and a reconciliation to the lease liabilities recognized in the Organization's combined statements of financial position.

Year Ending June 30:

2024	\$ 367,862
2025	361,515
2026	339,833
2027	<u>131,015</u>
Total future minimum lease payments	\$ 1,200,225
Imputed interest	<u>(57,652)</u>
Present value of minimum lease payments	<u>\$ 1,142,573</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.

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
Bad debt expense	Direct allocation
Depreciation and amortization	Direct allocation

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, 2023 and 2022:

	Balance as of June 30, 2023	Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Equities	\$ 7,422,058	\$ 7,422,058	\$ --	\$ --
Fixed income	747,827	747,827	--	--
	<u>\$ 8,169,885</u>	<u>\$ 8,169,885</u>	<u>\$ --</u>	<u>\$ --</u>

	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	1,649,666	1,649,666	--	--
	<u>\$ 7,162,917</u>	<u>\$ 7,162,917</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 2024 is \$32,397.

Note 15. Related Party Transactions

During the fiscal years 2023 and 2022, the Organization utilized attorney services with a member on the board who was compensated for those services in the amount of \$2,140 and \$1,880, respectively.

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.

Notes to Combined Financial Statements

Note 16. Subsequent Events

The Organization has evaluated all subsequent events through January 16, 2024, 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.



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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, 2023 and 2022, 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 & Barbour, P.C.

Richmond, Virginia
January 16, 2024

ELK HILL FARM, INC.

Statements of Financial Position

June 30, 2023 and 2022

Assets	2023	2022
Current Assets		
Cash	\$ 1,260,656	\$ 2,067,514
Accounts receivable, net	1,744,204	1,873,688
Pledges receivable, net	--	24,621
Employee and other receivables	7,762	3,717
Prepaid expenses	149,707	496,454
Total current assets	<u>\$ 3,162,329</u>	<u>\$ 4,465,994</u>
Property and Equipment,		
less accumulated depreciation	<u>\$ 3,380,291</u>	<u>\$ 3,169,226</u>
Long-Term Assets		
Pledges receivable, net, less current portion	\$ 30,217	\$ 35,696
Investments	267,959	--
Lease right-of-use assets - operating	1,115,227	--
Total long-term assets	<u>\$ 1,413,403</u>	<u>\$ 35,696</u>
Other Assets		
Security deposits	\$ 15,265	\$ 15,265
Cash surrender value of life insurance policies	374,386	338,243
Total other assets	<u>\$ 389,651</u>	<u>\$ 353,508</u>
Total assets	<u>\$ 8,345,674</u>	<u>\$ 8,024,424</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 60,283	\$ 58,153
Accrued expenses	606,918	503,196
Deferred compensation, current portion	37,870	37,870
Lease liabilities - operating, current portion	367,862	--
Total current liabilities	<u>\$ 1,072,933</u>	<u>\$ 599,219</u>
Long-Term Liabilities		
Lease liabilities - operating, net of current portion	\$ 774,711	\$ --
Deferred compensation, long-term portion	226,806	217,176
Due to Foundation	7,571	15,571
Total long-term liabilities	<u>\$ 1,009,088</u>	<u>\$ 232,747</u>
Net Assets		
Without donor restrictions:		
Undesignated	\$ 4,897,293	\$ 5,965,988
Designated by board	379,396	764,992
With donor restrictions	986,964	461,478
Total net assets	<u>\$ 6,263,653</u>	<u>\$ 7,192,458</u>
Total liabilities and net assets	<u>\$ 8,345,674</u>	<u>\$ 8,024,424</u>

See Notes to Combined Financial Statements.

ELK HILL FARM FOUNDATION

Statements of Financial Position

June 30, 2023 and 2022

Assets	2023	2022
Current Assets		
Cash	\$ 300,011	\$ 557,620
Pledges receivable, net	11,750	18,574
Other receivables	450	450
Total current assets	<u>\$ 312,211</u>	<u>\$ 576,644</u>
Other Assets		
Pledges receivable, net, less current portion	\$ 69,783	\$ 75,548
Long-term investments	7,901,926	7,162,917
Due from Elk Hill Farm	7,571	15,571
Total other assets	<u>\$ 7,979,280</u>	<u>\$ 7,254,036</u>
 Total assets	 <u>\$ 8,291,491</u>	 <u>\$ 7,830,680</u>
Liabilities and Net Assets		
Net Assets		
Without donor restrictions:		
Undesignated	\$ 3,079,919	\$ 2,654,620
Designated by board	1,628,540	1,628,540
With donor restrictions	3,583,032	3,547,520
Total net assets	<u>\$ 8,291,491</u>	<u>\$ 7,830,680</u>
 Total liabilities and net assets	 <u>\$ 8,291,491</u>	 <u>\$ 7,830,680</u>

See Notes to Combined Financial Statements.

ELK HILL FARM, INC.

Statement of Activities
Year Ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 629,407	\$ 1,205,719	\$ 1,835,126
Government grants	66,374	--	66,374
Investment income	68,112	--	68,112
Other revenue	53,702	--	53,702
Tuition assistance and fees	8,237,271	--	8,237,271
Medicaid and insurance income	1,525,888	--	1,525,888
	<u>\$ 10,580,754</u>	<u>\$ 1,205,719</u>	<u>\$ 11,786,473</u>
Net assets released from restrictions:			
Satisfaction of restrictions for property and equipment	51,569	(51,569)	--
Satisfaction of time restriction	34,270	(34,270)	--
Satisfaction of program restrictions	594,394	(594,394)	--
Total support and revenue	<u>\$ 11,260,987</u>	<u>\$ 525,486</u>	<u>\$ 11,786,473</u>
Expenses:			
Program services:			
Community services	\$ 2,565,153	\$ --	\$ 2,565,153
Schools	4,280,338	--	4,280,338
Residential services	4,140,334	--	4,140,334
Total program services	<u>\$ 10,985,825</u>	<u>\$ --</u>	<u>\$ 10,985,825</u>
Supporting services:			
Management and general	\$ 1,262,198	\$ --	\$ 1,262,198
Fundraising	467,255	--	467,255
Total supporting services	<u>\$ 1,729,453</u>	<u>\$ --</u>	<u>\$ 1,729,453</u>
Total expenses	<u>\$ 12,715,278</u>	<u>\$ --</u>	<u>\$ 12,715,278</u>
Change in net assets	\$ (1,454,291)	\$ 525,486	\$ (928,805)
Net assets, beginning of year	<u>6,730,980</u>	<u>461,478</u>	<u>7,192,458</u>
Net assets, end of year	<u>\$ 5,276,689</u>	<u>\$ 986,964</u>	<u>\$ 6,263,653</u>

See Notes to Combined Financial Statements.

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	2,099,382	--	2,099,382
	<u>\$ 11,297,557</u>	<u>\$ 518,977</u>	<u>\$ 11,816,534</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	741,326	(741,326)	--
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	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	\$ 1,042,072	\$ --	\$ 1,042,072
Fundraising	396,792	--	396,792
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>

See Notes to Combined Financial Statements.

ELK HILL FARM FOUNDATION

Statement of Activities
Year Ended June 30, 2023

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Investment income	\$ 830,465	\$ 64,755	\$ 895,220
Net assets released from restrictions:			
Satisfaction of program restrictions	\$ 29,243	\$ (29,243)	\$ --
Total support and revenue	<u>\$ 859,708</u>	<u>\$ 35,512</u>	<u>\$ 895,220</u>
Expenses and losses:			
Program services:			
Grant to Elk Hill Farm	\$ 404,270	\$ --	\$ 404,270
Supporting services:			
Management and general	\$ 30,139	\$ --	\$ 30,139
Total expenses	<u>\$ 434,409</u>	<u>\$ --</u>	<u>\$ 434,409</u>
Change in net assets	\$ 425,299	\$ 35,512	\$ 460,811
Net assets, beginning of year	<u>4,283,160</u>	<u>3,547,520</u>	<u>7,830,680</u>
Net assets, end of year	<u>\$ 4,708,459</u>	<u>\$ 3,583,032</u>	<u>\$ 8,291,491</u>

See Notes to Combined Financial Statements.

ELK HILL FARM FOUNDATION

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	\$ --	\$ 669,863	\$ 669,863
Investment income	(1,159,841)	(104,402)	(1,264,243)
	<u>\$ (1,159,841)</u>	<u>\$ 565,461</u>	<u>\$ (594,380)</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	\$ 33,139	\$ (33,139)	\$ --
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	\$ 401,293	\$ --	\$ 401,293
Supporting services:			
Management and general	\$ 9,535	\$ --	\$ 9,535
Fundraising	5,766	--	5,766
	<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>

See Notes to Combined Financial Statements.