

Consolidated Financial Statements and Report of Independent Certified Public Accountants

The Children's Aid Society

June 30, 2025 and 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
The Children's Aid Society

Report on the financial statements**Opinion**

We have audited the consolidated financial statements of The Children's Aid Society (the "Agency" or "Children's Aid"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Children's Aid Society as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 Agency 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of The Children's Aid Society as of and for the years ended June 30, 2025 and 2024 as a whole. The accompanying supplementary information on pages 39 through 41 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the

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

Grant Thornton LLP

New York, New York
December 18, 2025

The Children's Aid Society

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

**June 30,
(Dollars in thousands)**

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 38,996	\$ 42,050
Accounts and grants receivable, net	54,671	44,520
Contributions receivable	6,152	5,103
Prepaid expenses and other assets	3,229	4,444
Facilities acquisition escrow	1,400	1,400
Investments	326,540	309,177
Split-interest agreement investments	1,634	1,569
Property and equipment, net	109,299	109,935
Operating right-of-use assets	19,994	23,884
 Total assets	 \$ 561,915	 \$ 542,082
LIABILITIES		
Accounts payable	\$ 4,332	\$ 2,618
Accrued expenses	13,919	12,637
Deferred revenue	17,454	15,170
Split-interest obligations	1,365	1,348
Bonds payable, net	69,662	71,024
Accrued pension and post-retirement obligations, net	9,058	6,958
Other liabilities	3,399	4,645
Operating lease liabilities	19,994	23,884
Line of credit	7,000	-
 Total liabilities	 146,183	 138,284
NET ASSETS		
Without donor restrictions	397,640	386,468
With donor restrictions	18,092	17,330
 Total net assets	 415,732	 403,798
 Total liabilities and net assets	 \$ 561,915	 \$ 542,082

The accompanying notes are an integral part of these consolidated financial statements.

The Children's Aid Society
CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended June 30,
(Dollars in thousands)

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total 2025	Without Donor Restrictions	With Donor Restrictions	Total 2024
Operating revenue and support						
Government support	\$ 121,556	\$ -	\$ 121,556	\$ 114,050	\$ -	\$ 114,050
Program services fees	17,102	-	17,102	11,723	-	11,723
Contributions	9,580	11,099	20,679	8,312	11,747	20,059
Planned giving	808	-	808	1,490	-	1,490
Rental income	2,767	-	2,767	2,733	-	2,733
Investment return used for operations	16,199	-	16,199	14,548	-	14,548
Other revenue	4,024	(147)	3,877	4,722	(93)	4,629
In-kind contributions	2,530	-	2,530	2,558	-	2,558
Net assets released from restrictions for programs	10,190	(10,190)	-	13,363	(13,363)	-
Total operating revenue and support	184,756	762	185,518	173,499	(1,709)	171,790
Operating expenses						
Program services						
Early childhood	15,910	-	15,910	15,841	-	15,841
Youth	40,290	-	40,290	40,778	-	40,778
Health and wellness	25,037	-	25,037	23,534	-	23,534
Child welfare and family services	70,570	-	70,570	65,682	-	65,682
Collective impact and national center for community schools	2,737	-	2,737	3,060	-	3,060
Total program services	154,544	-	154,544	148,895	-	148,895
Supporting services						
Management and general	31,583	-	31,583	27,612	-	27,612
Fundraising	4,396	-	4,396	3,727	-	3,727
Total supporting services	35,979	-	35,979	31,339	-	31,339
Total operating expenses	190,523	-	190,523	180,234	-	180,234
Changes in net assets from operations	(5,767)	762	(5,005)	(6,735)	(1,709)	(8,444)
Non-operating activities						
Investment return net of amount used for operations	19,804	-	19,804	14,033	-	14,033
Change in value of split-interest agreements	(92)	-	(92)	(145)	-	(145)
Pension-related activity	(2,773)	-	(2,773)	5,066	-	5,066
Changes in net assets from non-operating activities	16,939	-	16,939	18,954	-	18,954
CHANGES IN NET ASSETS	11,172	762	11,934	12,219	(1,709)	10,510
Net assets - beginning of year	386,468	17,330	403,798	374,249	19,039	393,288
Net assets - end of year	\$ 397,640	\$ 18,092	\$ 415,732	\$ 386,468	\$ 17,330	\$ 403,798

The accompanying notes are an integral part of these consolidated financial statements.

The Children's Aid Society

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,
(Dollars in thousands)

Program Services Expenses

	Program Services Expenses											
	Early Childhood		Youth		Health and Wellness		Child Welfare and Family Services		Collective Impact and National Center for Community Schools		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Salaries	\$ 9,666	\$ 9,677	\$ 23,279	\$ 23,735	\$ 15,813	\$ 14,847	\$ 29,041	\$ 28,909	\$ 1,307	\$ 1,496	\$ 79,106	\$ 78,664
Employee health and retirement benefits	1,931	2,057	2,906	2,197	2,991	2,399	5,933	4,780	281	256	14,042	11,689
Payroll taxes	821	844	1,964	2,076	1,352	1,295	2,478	2,524	111	130	6,726	6,869
Total salaries and related expenses	12,418	12,578	28,149	28,008	20,156	18,541	37,452	36,213	1,699	1,882	99,874	97,222
Professional fees	259	284	1,354	1,887	617	605	3,434	2,842	382	503	6,046	6,121
Supplies	445	405	822	866	373	534	218	245	9	9	1,867	2,059
Telephone and communications	55	45	178	250	210	208	633	718	7	6	1,083	1,227
Postage and shipping	1	1	3	5	5	4	30	37	-	1	39	48
Occupancy	606	626	1,467	1,401	409	418	4,294	4,191	143	136	6,919	6,772
Outside printing and promotion	22	36	1	2	22	29	40	33	39	34	124	134
Local travel and related expenses	10	5	412	343	40	48	1,002	996	121	114	1,585	1,506
Training, conferences, conventions, and partnership grants	364	255	742	752	91	101	115	97	111	67	1,423	1,272
Specific assistance for individuals	66	97	1,512	1,651	363	212	1,581	1,634	38	33	3,560	3,627
Foster boarding home	-	-	1	-	-	-	19,740	16,934	-	-	19,741	16,934
Repairs	3	2	6	5	91	95	2	-	3	2	105	104
Insurance	235	182	468	391	493	400	829	539	21	15	2,046	1,527
Membership dues	-	-	19	27	89	83	32	32	3	8	143	150
Food	207	214	818	779	116	109	55	53	101	87	1,297	1,242
Information technology	185	105	245	234	456	406	547	528	13	24	1,446	1,297
Depreciation and amortization	106	113	1,680	1,714	373	385	333	333	47	139	2,539	2,684
Interest	133	134	1,616	1,660	157	159	78	79	-	-	1,984	2,032
Miscellaneous	41	5	6	12	100	293	46	69	-	-	193	379
In-kind - other	754	754	791	791	876	904	109	109	-	-	2,530	2,558
Total expenses	\$ 15,910	\$ 15,841	\$ 40,290	\$ 40,778	\$ 25,037	\$ 23,534	\$ 70,570	\$ 65,682	\$ 2,737	\$ 3,060	\$ 154,544	\$ 148,895

The accompanying notes are an integral part of these consolidated financial statements.

The Children's Aid Society

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED

Years ended June 30,
(Dollars in thousands)

	Total Program and Supporting Services							
	Management and General		Fundraising		Total Supporting Services		Total Program and Supporting Services	
	2025	2024	2025	2024	2025	2024	2025	2024
Salaries	\$ 14,143	\$ 12,890	\$ 2,105	\$ 1,798	\$ 16,248	\$ 14,688	\$ 95,354	\$ 93,352
Employee health and retirement benefits	2,904	2,155	429	310	3,333	2,465	17,375	14,154
Payroll taxes	1,206	1,236	180	158	1,386	1,394	8,112	8,263
Total salaries and related expenses	18,253	16,281	2,714	2,266	20,967	18,547	120,841	115,769
Professional fees	6,918	5,179	225	289	7,143	5,468	13,189	11,589
Supplies	93	90	38	17	131	107	1,998	2,166
Telephone and communications	106	97	8	6	114	103	1,197	1,330
Postage and shipping	13	10	65	53	78	63	117	111
Occupancy	354	507	18	19	372	526	7,291	7,298
Outside printing and promotion	148	170	112	108	260	278	384	412
Local travel and related expenses	69	84	5	5	74	89	1,659	1,595
Training, conferences, conventions, and partnership grants	549	156	1	2	550	158	1,973	1,430
Special events	3	3	642	534	645	537	645	537
Specific assistance for individuals	72	80	-	-	72	80	3,632	3,707
Foster boarding home	-	1	-	-	-	1	19,741	16,935
Repairs	3	10	-	-	3	10	108	114
Insurance	314	220	45	31	359	251	2,405	1,778
Membership dues	49	38	-	-	49	38	192	188
Food	35	25	4	3	39	28	1,336	1,270
Information technology	1,870	1,927	207	186	2,077	2,113	3,523	3,410
Depreciation and amortization	1,813	1,714	123	123	1,936	1,837	4,475	4,521
Interest	818	827	79	79	897	906	2,881	2,938
Miscellaneous	103	193	110	6	213	199	406	578
In-kind - other	-	-	-	-	-	-	2,530	2,558
Total expenses	\$ 31,583	\$ 27,612	\$ 4,396	\$ 3,727	\$ 35,979	\$ 31,339	\$ 190,523	\$ 180,234

The accompanying notes are an integral part of these consolidated financial statements.

The Children's Aid Society

CONSOLIDATED STATEMENTS OF CASH FLOWS

**Years ended June 30,
(Dollars in thousands)**

	2025	2024
Cash flows from operating activities:		
Changes in net assets	\$ 11,934	\$ 10,510
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	4,475	4,521
Amortization of deferred financing costs	47	47
Adjustments to obligation under split-interest agreements	92	145
Amortization of bond premium	(259)	(259)
Realized and unrealized gain on investments	<u>(35,912)</u>	<u>(28,436)</u>
Subtotal	(19,623)	(13,472)
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts and grants receivable	(10,151)	(6,152)
Contributions receivable	(1,049)	(396)
Prepaid expenses and other assets	1,215	(1,188)
Increase (decrease) in:		
Accounts payable	1,714	(143)
Accrued expenses	1,282	916
Accrued pension and post-retirement obligations	2,100	(8,518)
Deferred revenue	2,284	10,735
Investment in and obligations under Split-interest obligations	(48)	81
Other liabilities	<u>(1,246)</u>	<u>1,324</u>
Net cash used in operating activities	<u>(23,522)</u>	<u>(16,813)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,567)	(1,329)
Purchases of investments	(344,428)	(128,526)
Proceeds from sale/maturity of investments	<u>360,825</u>	<u>175,985</u>
Net cash provided by investing activities	<u>14,830</u>	<u>46,130</u>
Cash flows from financing activities:		
Payments on bonds payable	(1,362)	(1,043)
Payments on leased right-of-use obligations		(2,521)
Line of Credit proceeds	<u>7,000</u>	-
Net cash provided by (used in) financing activities	<u>5,638</u>	<u>(3,564)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,054)	25,753
Cash and cash equivalents, beginning of year	42,050	16,297
Cash and cash equivalents, end of year	\$ 38,996	\$ 42,050
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 2,882</u>	<u>\$ 2,939</u>

The accompanying notes are an integral part of these consolidated financial statements.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**June 30, 2025 and 2024
(Dollars in thousands)**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Children's Aid Society ("Children's Aid"), founded in 1853, is a New York not-for-profit organization, as defined by Section 501(c)(3) of the Internal Revenue Code (the "Code"). Children's Aid helps children in poverty to succeed and thrive. This is accomplished by providing comprehensive support to children and their families in targeted high-needs New York City neighborhoods.

On December 14, 2009, Children's Aid formed 910 East 172nd Street, LLC ("910 LLC"), a limited liability company, pursuant to and in accordance with the Limited Liability Company Law of the State of New York. As the sole member, Children's Aid manages the affairs of 910 LLC which holds a four-story building at the above-mentioned address.

On March 11, 2014, Children's Aid formed 1218 Southern Blvd, LLC ("1218 LLC") and 1232 Southern Blvd, LLC ("1232 LLC"), limited liability companies, pursuant to and in accordance with the Limited Liability Company Law of the State of New York. As the sole member, Children's Aid manages the affairs of these LLCs which hold title to a building housing a charter school and vacant land at the above-mentioned addresses.

The consolidated financial statements of Children's Aid have been prepared by consolidating the financial statements of Children's Aid, 910 LLC, 1218 LLC, and 1232 LLC (collectively, the "Agency" or "Children's Aid"). All material intercompany transactions and balances have been eliminated in consolidation.

The programs that form the pillars of Children's Aid's approach are:

Early Childhood

The Early Childhood division prepares young children for school success through physical, social, emotional, and cognitive development. Core services include Early Head Start (ages zero to three) and Head Start and Early Learn daycare (ages three to five).

Youth

The Youth division focuses on ages five to adolescence and young adults and promotes physical, social, and emotional well-being as key factors for high school graduation and college success. Youth programs operate in Children's Aid locations and in full-service community school partnerships, and engage children, families, schools and communities through an integrated focus on academics, services, support, and opportunities. Core services include After-School Programs in Children's Aid community centers and schools, summer camps, and athletic programming. For older youth, services include the Carrera- Adolescent Pregnancy Prevention Program, the College and Career Access program providing assistance to help young people enter and complete college, the Hope Leadership Academy, which provides wrap-around support and develops leadership through a peer education model, and teen employment services, such as internships and Summer Youth Employment Program.

Health and Wellness

The Health and Wellness division provides high-quality services that reduce health disparities among children and families living in poverty. This includes comprehensive medical, mental health and dental services delivered by pediatricians, nurse practitioners, social workers, psychiatrists, dentists, health educators, medical assistants, and other support staff. Some services are provided in community clinics and school-based clinics. Specialized programs also provide care coordination and educate children and families about the benefits of healthy living through diet, nutrition and exercise.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

Child Welfare and Family Services

The Child Welfare and Family Services division promotes child and family stability through legal and housing advocacy, home-based services for children at risk of foster care placement; and support for young adults at risk of disconnection from society. This division finds homes for children placed in foster care, seeks to prevent situations which may require children being placed in foster care, and supports parents seeking to reunify with their children. Additional programs include: the Family Wellness Program, which offers comprehensive services to families impacted by domestic violence; the Next Generation Center where teens and young adults, particularly those aging out of foster care, are supported in their transition to adulthood; and the Office of Client Advocacy, which stabilizes low-income families through legal advocacy and material assistance.

Collective Impact & the National Center for Community Schools

Collective Impact's philosophy considers the whole child and recognizes that success requires having many partners work together. This initiative includes the South Bronx Rising Together initiative and the National Center for Community Schools which builds the capacity of schools, districts, community partners and government agencies to organize their human and financial resources around student success.

NOTE 2 - FINANCIAL STATEMENT PRESENTATION

Basis of Accounting

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations. All intercompany transactions are eliminated in the preparation of the accompanying consolidated financial statements.

Net Asset Classification

The classification of Children's Aid's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amount for each of the classes of net assets (with donor restrictions and without donor restrictions) be displayed in a statement of financial position and that the amounts change in each of those classes or net assets displayed in a statement of activities.

The classes of net assets are defined as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent net assets that are not restricted by donor-imposed stipulations. Net assets without donor restrictions also may include amounts designated by the Board of Trustees for specific purposes and net assets for operations. To this point Children's Aid maintains a balance of \$32,637 and \$31,463 in reserves for 2025 and 2024, respectively, as a real-estate reserve fund holding the proceeds from sales of various real estate from current and prior periods.

Net Assets With Donor Restrictions

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose and funds whereby donors have stipulated that the corpus contributed be invested and maintained in perpetuity. A portion of the Agency's net assets with donor restrictions are subject to donor-imposed restrictions that require the Agency to use or expend the gifts as specified, based on purpose or passage

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities as net assets released from restrictions.

Earnings on donor-restricted endowment assets are classified as net assets with donor restrictions until appropriated for expenditure by the Board. When a stipulated time restriction ends or purpose restriction is accomplished or endowment earnings are appropriated for expenditure, such net assets are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Children's Aid classifies deposits in banks, money market accounts, and instruments with original maturities of three months or less from the date of purchase as cash equivalents, excluding cash and cash equivalents held for long-term investment, which are included within investments on the accompanying consolidated statements of financial position.

Contributions/Pledges Receivable

Contributions received, including unconditional promises to give, are recognized as revenues in the appropriate category of net assets in the period received. Conditional promises to give are recognized when they become unconditional, that is, when the conditions (barriers) on which they depend are substantially met. Contributions to be received after one year are presented at their discounted present value applying a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Included in contributions revenue is \$2,309 and \$2,418 of special event revenue as of June 30, 2025 and 2024, respectively.

Allowance for Uncollectible Receivables

An allowance is recorded based on prior years' collection experience and management's analysis and evaluation of specific accounts, grants and contributions to be received. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. As of June 30, 2025 and 2024, the Agency determined that an allowance of \$197 for each respective year for accounts and grants receivable was necessary. The difference between the contribution amounts pledged and collected has historically been insignificant. Accordingly, no provision has been made for uncollectible contributions receivable. This estimate is based on management's assessment of the aged basis of its government funding sources, current economic conditions, creditworthiness of its donors and historical collection experience.

Government Support

Government grants and contracts are reported as revenue when expenses are incurred in accordance with the terms of the agreement. The Agency records certain governmental support based upon per diem rates paid by agencies of the City of New York and State of New York governments. These rates are subject to audit by the respective agencies.

Investments

Investments are stated at fair value. Investment gains and losses are included in changes in net assets without donor restrictions for the gains and losses that are unrestricted, and in changes in net assets with donor restrictions for the gains and losses that are restricted for the support of certain of Children's Aid programs, as specified by donors. Non-exchange traded alternative investments in limited partnerships and private equity and similar investments are stated at fair value as estimated by the respective general partner

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

or manager as of the reporting date. Alternative investments are stated at a net asset value ("NAV") per ownership interest, which approximates fair value. Because of the inherent uncertainty of valuations of alternative investments, values for these investments may differ significantly from values that would have been used, had a ready market for such investments existed.

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 14.

Property and Equipment

The Agency capitalizes expenditures for buildings and building improvements, furniture and equipment having a cost of \$5 or more and with useful lives greater than five years. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets. Amortization of leasehold improvements is charged over the lesser of the life of the improvements or the term of the lease to which the betterments pertain. Depreciation is not recorded on land and construction in progress.

The range of estimated useful lives follows:

Building improvements	15 - 40 years
Furniture and equipment	5 - 10 years
Leasehold improvements	Life of lease
Computers	5 - 10 years

Revenue Recognition

The Agency recognizes revenue from contributions in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, Children's Aid evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer is determined to be an exchange transaction, Children's Aid applies guidance under FASB Accounting Standards Codification 606. If the transfer of assets is determined to be a contribution, Children's Aid evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before Children's Aid is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

At June 30, 2025, Children's Aid was awarded conditional grants which have not been recorded on the accompanying 2025 consolidated financial statements. These grants are conditional based on the presence of quantifiable barriers and a right of return outlined within each agreement.

Children's Aid reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are satisfied are recorded as an increase to net assets without donor restrictions. Unconditional promises to give with payments due in future years are presumed to be time restricted by the donor until received and are reported as part of net assets with donor restrictions.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net asset without donor restrictions category. Contributions of cash or other assets to be used to acquire land, buildings and equipment with such donor stipulations are reported as revenues of the net assets with donor restrictions category; the restrictions are considered to be satisfied at the time of acquisition of such long-lived assets and when placed in service. Bequests are recognized when the Agency receives notification that the probate court has declared the will valid and the amounts to be received are measurable.

Children's Aid also receives grants from foundations in exchange for the performance of various services. Children's Aid recognizes grants as restricted revenue and releases such amounts into net assets without donor restrictions as related grant expenses are incurred to a maximum of the grant award.

Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based principally on time and effort reporting of the personnel involved in such functions.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Measure of Operations

The Agency includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including all contributions, except for endowment gifts that have been restricted by donors in perpetuity and donor gifts for capital expenditure. Investment income, including realized and unrealized gains and losses, earned in excess of (or less than) the Agency's aggregate spending amount (see Note 8), and pension-related activity are recognized as non-operating activities.

Income Taxes

The Agency follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Agency is exempt from federal income tax under Internal Revenue Service Code Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Agency has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and, to identify and evaluate other matters that may be considered tax positions. The Agency has determined that there are no material uncertain tax positions that require recognition or disclosure in its consolidated financial statements for the years ended June 30, 2025 and 2024.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

Adopted and forthcoming Accounting Pronouncements

On July 1, 2023, the Agency adopted ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("CECL"), or ASU No. 2016-13, using the modified retrospective approach. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including government grants and contracts receivable. Following the adoption of the new standard, the Agency's process of estimating expected credit losses remains materially consistent with its historical practice. Therefore, the adoption did not have a material effect on reported assets, liabilities, or net assets in the accompanying consolidated financial statements.

In July 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-05, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This ASU provides a practical expedient allowing entities to assume that conditions existing at the balance sheet date will remain unchanged for the remaining life of the asset when estimating credit losses. Additionally, entities other than public business entities may elect an accounting policy to consider subsequent collection activity occurring after the balance sheet date in estimating expected credit losses. The amendments are effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual periods. Early adoption is permitted. The Institute is currently evaluating the impact of this guidance on its financial statements and related disclosures.

NOTE 3 - AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The Agency regularly monitors liquidity to meet its operating needs and other contractual commitments as they come due, while also striving to maximize the investment of its available funds. The Agency has various sources of liquidity at its disposal, including cash and cash equivalents, and the collection of receivables.

Financial assets available for general expenditure, that is, without donor or contractual restrictions limiting their use, within one year of the date of the consolidated statements of financial position, are comprised of the following as of June 30, 2025 and 2024.

	2025	2024
Cash and cash equivalents	\$ 38,996	\$ 42,050
Accounts and grants receivables, net	54,671	44,520
Contributions receivable	6,152	5,103
Investments	326,540	309,177
 Total financial assets available within one year	 426,359	 400,850
 Less:		
Contractual, legal or donor-imposed restrictions:		
Restricted by donors with time or purpose	10,716	9,954
Restricted by donors in perpetuity	7,376	7,376
 Total amounts unavailable for general expenditures within one year	 18,092	 17,330
 Total amounts available for general expenditures within one year	 \$ 408,267	 \$ 383,520

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

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

NOTE 4 - ACCOUNTS AND GRANTS RECEIVABLE, NET

Accounts and grants receivable, net, consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Due from the city of New York	\$ 46,156	\$ 36,816
Due from the state of New York	5,363	3,302
Due from federal government	2,080	2,871
Due from other sources	<u>1,269</u>	<u>1,728</u>
	54,868	44,717
Less: allowances for uncollectible amounts	<u>(197)</u>	<u>(197)</u>
Total	\$ 54,671	\$ 44,520

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be collected as follows:

	<u>2025</u>	<u>2024</u>
Less than one year	\$ 4,546	\$ 3,308
One to two years plus	<u>1,775</u>	<u>1,995</u>
	6,321	5,303
Less: discount for present value	<u>(169)</u>	<u>(200)</u>
Total	\$ 6,152	\$ 5,103

Children's Aid quantified and recognized the fair value of the contributed space and services it receives for its programmatic purposes to total approximately \$2,530 and \$2,558 for the years ended June 30, 2025 and 2024, respectively, and recognized it as a component of both contributed services revenue and allocated the related expense amongst the functional expense categories benefitted in its consolidated statements of activities and functional expenses.

Total amount recognized under contributed space was \$2,003 for both years ended June 30, 2025 and 2024. Children's Aid receives the use of classroom and office space from the NYC Department of Education for use in the Early Childhood Division and community schools' programs in the Youth Division. Contributed space is valued by obtaining the fair market cost per square foot of comparable lease or rental costs for similar spaces in the same city neighborhoods and discounting or adjusting the rate downwards for restrictive terms and conditions.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions (barriers) on which they depend are substantially met.

Children's Aid has been notified of certain intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. Children's Aid's share of such bequests is recorded when Children's Aid has an irrevocable right to the bequest and the proceeds are measurable.

NOTE 6 - INVESTMENTS

Investments consist of the following at June 30, 2025 and 2024:

	2025	2024
Cash and money market funds	\$ 46,180	\$ 15,801
Equities and commingled funds	106,731	93,999
Mutual funds	15,147	7,176
Alternative investments:		
Private capital	60,504	50,707
Hedge funds	21,652	31,483
Equities and commingled funds	57,946	92,071
Mutual funds	4,131	3,827
Limited partnership interests	4,346	3,993
Emerging markets equity fund	9,903	10,120
 Total	 \$ 326,540	 \$ 309,177

Private capital investments consist of global equity, long-short fixed income and absolute return funds. Hedge funds have varying investment strategies, including domestic equities, emerging markets, and relative and absolute value opportunities. Limited partnership interests include a global long-only equity fund and a multi-strategy, event-driven global fund. Emerging markets consists of an absolute return strategy, investing in emerging and frontier market equities.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and such changes could be material.

	2025	2024
Realized gain	\$ 51,036	\$ 6,917
Unrealized gain	(18,933)	18,869
Interest and dividends	5,179	4,605
Investment fees	(1,279)	(1,810)
 Total	 36,003	 28,581
Amounts used in support of operations:		
Appropriated from the endowment and investment returns used in operations	16,199	14,548
 Total investment gains in non-operating activities	 \$ 19,804	 \$ 14,033

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

NOTE 7 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 5,605	\$ 5,605
Land improvements	724	724
Building and improvements	125,931	125,544
Furniture and equipment	7,306	7,266
Leasehold improvements	4,739	4,739
Construction in progress	<u>5,968</u>	<u>2,746</u>
 Total costs	 150,273	 146,624
 Less: accumulated depreciation and amortization	 <u>(40,974)</u>	 <u>(36,689)</u>
 Net book value	 <u>\$ 109,299</u>	 <u>\$ 109,935</u>

Depreciation and amortization amounted to \$4,332 and \$4,308 for the years ended June 30, 2025 and 2024, respectively.

Construction in progress relates primarily to the costs to rebuild a swimming pool at one of our community centers. Such amounts will be depreciated in accordance with the Agency's established policies when completed and placed into service.

NOTE 8 - ENDOWMENT NET ASSETS

Endowment net assets consist of donor permanently-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. See Note 2 for how Children's Aid reports its net assets.

Children's Aid recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered to be without donor restrictions are reflected as net assets with donor restrictions until appropriated.

Children's Aid's Board has interpreted NYPMIFA as allowing Children's Aid to appropriate for expenditure or accumulate so much of an endowment fund as Children's Aid determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor, as expressed in the gift instrument.

For donor-restricted endowment funds and other unrestricted reserves, the Board of Trustees of Children's Aid has established investment policies. Endowment investments consist of a broad range of securities to provide a balance that will enhance total return while avoiding undue risk through excessive concentration in any single asset class or individual security. Asset allocation is determined by the Investment Committee of the Board and reviewed regularly. Children's Aid has outsourced discretionary investment management services to Cerity Partners.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

For the years ended June 30, 2025 and 2024, the distribution for current spending was based on the organization's investment and spending policy, as adopted by the Board of Trustees. This policy is compliant in all material respects with the standards established under the NYPMIFA and provides guidance for the use of the organization's unrestricted reserves and permanent endowments. For the years ended June 30, 2025 and 2024, the distribution for current spending was 5% of the average fair value of the endowment and reserve funds on the last business day of each of the prior 20 calendar quarters. For the years ended June 30, 2025 and 2024, the amount appropriated from the endowment and reserves investments for operations totaled \$14,678 and \$14,548, respectively.

Endowment funds held in perpetuity are classified as follows:

	<u>2025</u>	<u>2024</u>
Investment in perpetuity, the income from which is expendable to support donor-specific activities of Children's Aid	\$ 3,241	\$ 3,241
Investment in perpetuity, the income from which is expendable to support the general activities of Children's Aid	<u>4,135</u>	<u>4,135</u>
	<u><u>\$ 7,376</u></u>	<u><u>\$ 7,376</u></u>

Changes in endowment investments for year ended June 30, 2025 follow:

	With Donor Restrictions		
	Accumulated Gains	Original Gift	Total
Endowment net assets, July 1, 2024	\$ 2,321	\$ 7,376	\$ 9,697
Activity:			
Net gains (realized and unrealized)	911	-	911
Appropriated for operations	<u>(417)</u>	<u>-</u>	<u>(417)</u>
Total activity	<u>494</u>	<u>-</u>	<u>494</u>
Endowment net assets, June 30, 2025	<u><u>\$ 2,815</u></u>	<u><u>\$ 7,376</u></u>	<u><u>\$ 10,191</u></u>

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

Changes in endowment investments for year ended June 30, 2024 follow:

	With Donor Restrictions		
	Accumulated Gains	Original Gift	Total
Endowment net assets, July 1, 2023	\$ 2,030	\$ 6,876	\$ 8,906
Activity:			
New gifts	-	500	500
Net gains (realized and unrealized)	671	-	671
Appropriated for operations	(380)	-	(380)
Total activity	291	500	791
Endowment net assets, June 30, 2024	<u>\$ 2,321</u>	<u>\$ 7,376</u>	<u>\$ 9,697</u>

Children's Aid's policy is that endowment earnings will be appropriated for expenditure in accordance with donor stipulations. In the absence of donor stipulations, endowment earnings are classified as net assets with donor restrictions until appropriated for expenditure by the Board of Trustees. For the years ended June 30, 2025 and 2024, endowment earnings with donor stipulations amounted to \$911 and \$671, respectively, and are classified as net assets with donor restrictions.

The accumulated gains represent the realized and unrealized gains on investment in the permanently restricted fund as well as the appropriated expenditures based on the Agency's investment and spending policy as adopted by the Board of Trustees.

In accordance with U.S. GAAP, Children's Aid is required to disclose any deterioration of the fair value of assets associated with donor-restricted endowment funds that fall below the level the donor or NYPMIFA requires Children's Aid to retain in perpetuity. Deficiencies of this nature may result from unfavorable market fluctuations that may have affected the donor-restricted fund where the fair value of the donor-restricted fund fell below the amount that is required to be retained permanently. As of June 30, 2025 and 2024, Children's Aid had no individual funds that had fair values below their original corpus values.

Permanently restricted endowment net assets amounting to \$7,376 and \$7,376 are included with investments on the consolidated statements of financial position as of June 30, 2025 and 2024, respectively.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

NOTE 9 - NET ASSETS

Net assets with donor restrictions related to time and purpose consist of the following as of June 30, 2025 and 2024:

	2025	2024
Time restricted/other	\$ 1,826	\$ 539
Child welfare and family services	2,246	1,262
Early childhood	174	372
Health and wellness	308	537
National center for community schools	1,254	2,469
Youth	<u>4,908</u>	<u>4,775</u>
Subtotal	10,716	9,954
Donor permanently-restricted endowment	<u>7,376</u>	<u>7,376</u>
Total	\$ 18,092	\$ 17,330

Net assets totaling \$10,190 and \$13,363 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the years ended June 30, 2025 and 2024, respectively.

	2025	2024
Passage of time	\$ 1,490	\$ 1,223
Youth programs	4,012	6,443
Child welfare and family service programs	1,774	1,930
Early childhood programs	1,070	1,321
Health and wellness programs	385	430
National center for community schools	<u>1,459</u>	<u>2,016</u>
Total	\$ 10,190	\$ 13,363

NOTE 10 - DEFINED BENEFIT AND POST-RETIREMENT PLANS ("PLANS")

Children's Aid has a noncontributory defined benefit pension plan covering eligible employees hired prior to January 1, 2012. The benefits are based on years of service and an employee's compensation. The pension benefit formula was revised effective July 1, 2011, resulting in a reduction in the benefits earned after July 1, 2011. Children's Aid makes annual contributions to the plan that meet the requirements of minimum funding and maximum contribution limitations.

In addition to providing pension benefits, Children's Aid provides certain post-retirement health care and life insurance benefits for retired employees subject to predefined limits and eligibility requirements.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

The post-retirement plan is currently noncontributory; however, Children's Aid reserves the right to request contributions into the plan. An amendment to the plan has been made excluding from the post-retirement plan employees hired after July 1, 2010. The plan was further amended effective September 13, 2018 to freeze benefit accruals in the plan effective December 31, 2018. The plan terminated effective December 31, 2024 and paid out all benefits owed to participants in June 2025. A Settlement occurred as a result of the termination which triggered a Settlement Expense of \$4,508,051. The funded status of the Plans at June 30, 2025 is as follows:

	Pension Benefits	Post- Retirement Benefits	Total
Change in benefit obligation:			
Benefit obligation at July 1, 2024	\$ 86,496	\$ 9,813	\$ 96,309
Interest cost	4,587	527	5,114
Service cost	-	182	182
Actuarial gain	(3,459)	(1,135)	(4,594)
Benefits paid	<u>(3,858)</u>	<u>(329)</u>	<u>(4,187)</u>
Effect of Settlement	<u>(83,766)</u>	<u>-</u>	<u>(83,766)</u>
Benefit obligation at June 30, 2025	<u>-</u>	<u>9,058</u>	<u>9,058</u>
Change in plan assets:			
Fair value of plan assets at July 1, 2024	89,351	-	89,351
Actual return on plan assets	(3,248)	-	(3,248)
Employer contributions	1,521	329	1,850
Benefits paid	<u>(3,858)</u>	<u>(329)</u>	<u>(4,187)</u>
Effect of Settlement	<u>(83,766)</u>	<u>-</u>	<u>(83,766)</u>
Fair value of plan assets at June 30, 2025	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded status	<u>\$ -</u>	<u>\$ 9,058</u>	<u>\$ 9,058</u>

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

The funded status of the Plans at June 30, 2024 is as follows:

	Pension Benefits	Post- Retirement Benefits	Total
Change in benefit obligation:			
Benefit obligation at July 1, 2023	\$ 87,882	\$ 9,389	\$ 97,271
Interest cost	4,453	477	4,930
Service cost	-	172	172
Actuarial gain	(1,931)	72	(1,859)
Benefits paid	<u>(3,908)</u>	<u>(297)</u>	<u>(4,205)</u>
 Benefit obligation at June 30, 2024	 86,496	 9,813	 96,309
Change in plan assets:			
Fair value of plan assets at July 1, 2023	81,795	-	81,795
Actual return on plan assets	8,963	-	8,963
Employer contributions	2,500	-	2,500
Benefits paid	<u>(3,907)</u>	<u>-</u>	<u>(3,907)</u>
 Fair value of plan assets at June 30, 2024	 89,351	 -	 89,351
 (Funded) Unfunded status	 <u>\$ (2,855)</u>	 <u>\$ 9,813</u>	 <u>\$ 6,958</u>

Amounts recognized in net assets without donor restrictions for the Plans consist of the following as of June 30, 2025:

	Pension Benefits	Post- Retirement Benefits	Total
Net actuarial loss (gain)			
Net actuarial loss (gain)	\$ -	\$ (6,780)	\$ (6,780)
Transition obligation	<u>-</u>	<u>(153)</u>	<u>(153)</u>
 \$ -	 <u>\$ (6,933)</u>	 <u>\$ (6,933)</u>	 <u>\$ (6,933)</u>

Amounts recognized in net assets without donor restrictions for the Plans consist of the following as of June 30, 2024:

	Pension Benefits	Post- Retirement Benefits	Total
Net actuarial loss (gain)			
Net actuarial loss (gain)	\$ (605)	\$ (6,223)	\$ (6,828)
Transition obligation	<u>-</u>	<u>(234)</u>	<u>(234)</u>
 \$ (605)	 <u>\$ (6,457)</u>	 <u>\$ (6,457)</u>	 <u>\$ (7,062)</u>

The Children's Aid Society
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2025 and 2024
(Dollars in thousands)

The components of net periodic benefit cost for the Plans for the year ended June 30, 2025 are as follows:

	Pension Benefits	Post- Retirement Benefits	Total
Interest cost	\$ 4,588	\$ 526	\$ 5114
Service cost		183	183
Expected return on plan assets	(5,324)	-	(5,324)
Amortization of prior service cost	-	(82)	(82)
Amortization of net transition asset	-	(577)	(577)
	<hr/>	<hr/>	<hr/>
	\$ (736)	\$ 50	\$ (686)

The components of net periodic benefit cost for the Plans for the year ended June 30, 2024 are as follows:

	Pension Benefits	Post- Retirement Benefits	Total
Interest cost	\$ 4,453	\$ 477	\$ 4,930
Service cost	-	172	172
Expected return on plan assets	(5,034)	-	(5,034)
Amortization of prior service cost	-	(82)	(82)
Amortization of net transition asset	-	(641)	(641)
	<hr/>	<hr/>	<hr/>
	\$ (581)	\$ (74)	\$ (655)

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the year ended June 30, 2025 are as follows:

	Pension Benefits	Post- Retirement Benefits	Total
Net gain	\$ 5,113	\$ (557)	\$ 4,556
Amortization of prior service cost	-	82	82
Effect of settlement	(4,508)	-	(4,508)
	<hr/>	<hr/>	<hr/>
Total recognized in change in net assets without donor restrictions	\$ 605	\$ (475)	\$ 130

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the year ended June 30, 2024 are as follows:

	Pension Benefits	Post-Retirement Benefits	Total
Net gain	\$ (5,860)	\$ 712	\$ (5,148)
Amortization of prior service cost	-	82	82
Total recognized in change in net assets without donor restrictions	\$ (5,860)	\$ 794	\$ (5,066)

For the years ended June 30, 2025 and 2024, Children's Aid made total contributions of \$1,521 and \$2,500, respectively, into the defined-benefit pension plan and expects to meet the minimum required contributions for the plan years 2025 and 2024.

The weighted-average assumptions used to determine the benefit obligation for the defined benefit plan as of and for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Discount rate	5.48%	5.48%
Expected return on plan assets	6.15%	6.15%

The weighted-average assumptions used to determine the benefit obligation for the post-retirement plan as of and for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Discount rate	5.64%	5.48%
Expected return on plan assets	6.5%	6.15%

The assumed health care cost trend rate at June 30, 2025 is 4%. Increasing the assumed medical care cost trend rate by 1% would increase the accumulated post-retirement benefit obligation by \$1,412 as of June 30, 2025, and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost for 2025 by \$1,264.

Decreasing the assumed health care cost trend rate by 1% would increase the accumulated post-retirement benefit obligation by \$97 as of June 30, 2025, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 2025 by \$1,164.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

The following schedule of benefit payments, which reflect expected future service, as appropriate, are expected to be paid in each of the next five years and in the aggregate for the five years thereafter as follows:

	Pension Benefits	Post-Retirement Benefits
2026	\$ -	\$ 382
2027	-	396
2028	-	415
2029	-	430
2030	-	450
Thereafter	-	2,537

As of June 30, 2025, the defined benefit plan assets reported at fair value at June 30, 2025 are \$0.

The defined benefit plan assets reported at fair value at June 30, 2024 classified as Level 1, except for those reported at fair value using NAV, which are separately presented, are as follows:

	Level 1	NAV	Total
Cash and money market funds	\$ 8,331	\$ 175	\$ 8,506
Global equities	30,738	-	30,738
Emerging markets equities	-	14,825	14,825
Fixed income	20,636	-	20,636
Real estate/private capital	-	14,646	14,646
 Total investments, at fair value	 <u>\$ 59,705</u>	 <u>\$ 29,646</u>	 <u>\$ 89,351</u>

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

The following table sets forth additional disclosures of Children's Aid's defined benefit plan investments whose fair value is estimated using NAV per share (or its equivalent) as of June 30, 2024:

Type	NAV in Funds	# of Funds	\$ Amount of Unfunded Commitments	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
Cash and money market funds	\$ 175	1	\$ -	None	None	None
Real estate/private capital	14,646	4	-	Monthly to annual	1-Yr Hard; 1-Yr Soft 2.5% early withdrawal fee after a 5% aggregate withdrawal during the Soft Lock, Rolling 1 year	45 - 90 days
Emerging markets equities	14,825	7	-	Monthly to quarterly	1-Yr Soft; No Lock, Qrtly 8.33% liquidity, 2-Yr Hard	45 - 60 days
	<u>\$ 29,646</u>	<u>12</u>	<u>\$ -</u>			

During the years ended June 30, 2025 and 2024, the investment strategy and objective of the defined benefit plan assets whose fair value is estimated using NAV per share are as follows:

Real estate/private capital - the investment objective is to target traditional and non-traditional sources of above average returns by employing a diverse set of catalyst-driven absolute return strategies that are intended to be correlated to each other and to the major indices. Investments expect to hold both long and short positions in a broad range of debt and equity securities, derivatives and other financial instruments on a global basis.

Emerging markets equities - includes diverse investments providing long-term capital appreciation by investing primarily in global emerging markets. Investment research concentrates on companies exhibiting strong growth characteristics at reasonable valuations with good liquidity.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Lease Obligations

The Agency predominantly enters into operating leases for the right to use office buildings and equipment.

During the year ended June 30, 2025, the Agency incurred total operating lease costs in the amount of \$5,061 and paid \$4,513 for amounts included in the measurement of operating lease liabilities. The total weighted-average remaining lease term was 6.69 years, and the weighted-average discount rate used to calculate the present value of future minimum lease payments was 1.2%. The Agency elected to use the practical expedient available to nonpublic entities to use a risk-free rate to discount the lease payments.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

During the year ended June 30, 2024, the Agency incurred total operating lease costs in the amount of \$4,843 and paid \$4,109 for amounts included in the measurement of operating lease liabilities. The total weighted-average remaining lease term was 7.29 years, and the weighted-average discount rate used to calculate the present value of future minimum lease payments was 0.86%. The Agency elected to use the practical expedient available to nonpublic entities to use a risk-free rate to discount the lease payments.

The Agency elected the option to combine lease and non-lease components for the class of all underlying assets.

At June 30, 2024, future lease payments pursuant to non-cancellable office lease agreements in New York City and other operating space and equipment leases, all classified as operating leases, are as follows:

Years Ending June 30,

2026	\$ 4,295
2027	3,509
2028	3,274
2029	2,662
2030	1,551
Thereafter	5,453
	20,744
Reconciliation:	
Less: discounting of lease payments	750
	\$ 19,994

Total rent expense for the years ended June 30, 2025 and 2024 totaled \$5,061 and \$5,803, respectively.

Other Contingencies

Children's Aid is a defendant with respect to various claims as a result of incidents alleged to have occurred during the normal course of business, in connection with activities sponsored by Children's Aid. Management and legal counsel believe the ultimate resolution of these claims will not have a material impact on the consolidated financial position, changes in net assets or cash flows of Children's Aid.

Children's Aid's contractual relationships with the New York City-based funding sources and outside governmental agencies have the right to examine the books and records of Children's Aid involving transactions relating to these contracts. The accompanying consolidated financial statements reflect no provision for possible disallowances.

NOTE 12 - CONCENTRATION

Cash and cash equivalents, that potentially subject the Agency to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation insurance limits of \$250 by \$37,511 and \$40,566, as of June 30, 2025 and 2024, respectively.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

NOTE 13 - RELATED-PARTY TRANSACTIONS

In fiscal year 2012, Children's Aid started the Children's Aid College Prep Charter School ("Charter School") an unrelated, nonconsolidated entity. The Charter School is an affiliated party, through a minority number of overlapping Board of Trustees commonality. Children's Aid provides administrative support services and other enrichment programs and services to the students of the Charter School ("wrap-around services") under an agreement between the two entities. The Charter School also pays an administrative fee equal to 7.5% of total operating expenses, excluding rent and depreciation to Children's Aid for the administrative services it provides, which amounted to \$1,085 and \$1,068 for the years ended June 30, 2025 and 2024, respectively. For the years ended June 30, 2025 and 2024, the wrap-around services and other charges amounted to \$1,889 and \$1,935, respectively.

1232 LLC, which is a consolidated entity of Children's Aid, is the borrower of record for tax-exempt bonds issued to finance the development of property for the home of the Charter School and certain other Children's Aid programs. 1232 LLC has also signed a lease with the Charter School. The building was placed into service on October 9, 2017, and rental payments from the Charter School to 1232 LLC commenced on October 15, 2017. Lease payments and other costs from the Charter School to 1232 LLC totaled \$2,000 and \$2,000 for each of the years ended June 30, 2025 and 2024, respectively.

Children's Aid routinely receives contributions from private donors to benefit the Charter School program. These contributions are passed through by Children's Aid to the Charter School. Children's Aid also directly contributes funding to the Charter School which amounted to \$900 for year ended June 30, 2025 and \$500 for year ended 2024. As of June 30, 2025 and 2024, the Charter School owed \$277 and \$921, respectively, to Children's Aid.

NOTE 14 - FAIR VALUE MEASUREMENTS

In determining fair value, Children's Aid utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

- Level 1 - Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs;
- Level 2 - Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data; and
- Level 3 - Valuations based on unobservable inputs that are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Investments in equity securities are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets as of the reporting date. U.S. government and corporate bonds are designated as Level 2 instruments and valuations are obtained from readily-available pricing sources for comparable instruments (credit risk/grade, maturities, etc.).

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

Investments in international commingled funds and alternative investments (including private capital, limited partnerships and hedge funds) are recorded at fair value in an amount equal to the NAV, as reported by the investment manager, ownership interest held by Children's Aid at year-end. These investments are presented separately in the fair value leveling hierarchy.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended June 30, 2025 and 2024, there were no transfers in or out of Level 1, 2 or 3.

Financial assets reported at fair value at June 30, 2025 are classified as Level 1, except for those reported at fair value using NAV, which are separately presented, in the table as follows:

	<u>Level 1</u>	<u>NAV</u>	<u>Total</u>
Cash and money market funds	<u>\$ 46,180</u>	<u>\$ -</u>	<u>\$ 46,180</u>
Equity securities:			
Global equities	<u>106,730</u>	<u>-</u>	<u>106,730</u>
Fixed income:			
Mutual funds	<u>15,148</u>	<u>-</u>	<u>15,148</u>
Alternative investments:			
Private capital	<u>-</u>	<u>60,504</u>	<u>60,504</u>
Limited partnership interests	<u>-</u>	<u>4,346</u>	<u>4,346</u>
Global equities	<u>-</u>	<u>8,427</u>	<u>8,427</u>
International commingled funds	<u>-</u>	<u>17,744</u>	<u>17,744</u>
U.S. commingled funds	<u>-</u>	<u>31,775</u>	<u>31,775</u>
Mutual funds	<u>-</u>	<u>4,131</u>	<u>4,131</u>
Hedge funds	<u>-</u>	<u>21,652</u>	<u>21,652</u>
Emerging markets equity fund	<u>-</u>	<u>9,903</u>	<u>9,903</u>
Total investments, at fair value	<u>\$ 168,058</u>	<u>\$ 158,482</u>	<u>\$ 326,540</u>

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

Financial assets reported at fair value at June 30, 2024 are classified as Level 1, except for those reported at fair value using NAV, which are separately presented, in the table as follows:

	<u>Level 1</u>	<u>NAV</u>	<u>Total</u>
Cash and money market funds	\$ 15,802	\$ -	\$ 15,802
Equity securities:			
Global equities	93,999	-	93,999
Fixed income:			
Mutual funds	7,176	-	7,176
Alternative investments:			
Private capital	-	50,707	50,707
Limited partnership interests	-	3,993	3,993
Global equities	-	42,653	42,653
International commingled funds	-	9,289	9,289
U.S. commingled funds	-	40,128	40,128
Mutual funds	-	3,827	3,827
Hedge funds	-	31,483	31,483
Emerging markets equity fund	-	10,120	10,120
Total alternate investments	-	192,200	192,200
Total investments, at fair value	\$ 116,977	\$ 192,200	\$ 309,177

The Children's Aid Society
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2025 and 2024
(Dollars in thousands)

The following table sets forth additional disclosures of Children's Aid's investments whose fair value is estimated using NAV per share (or its equivalent) as of June 30, 2025:

Type	NAV in Funds	# of Funds	\$ Amount of Unfunded Commitments	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
Private capital	\$ 60,504	3	\$ -	8 years after first close	Fund Term is 8 years from initial close 4/20; 4 years investment period, 4 years Harvest period	N/A
Limited partnership	4,346	1	\$ -	Semi-annual	2 Yr hard	60 days
Global equities	8,427	1	\$ -	Monthly-semi annual	1-Yr hard; 1-Yr soft 2.5% early withdrawal fee after an 5% aggregate withdrawal during the soft lock	30 to 90 days
International commingled funds	17,744	3	\$ -	Quarterly and semi annual	None	65 to 100 days
U.S. commingled funds	31,775	6	\$ -	Daily, Twice Monthly, Monthly Quarterly	2-Yr hard lock	5 days to 60 business days
Mutual funds	2,831	1	\$ -	Monthly, quarterly	None	60 days
Hedge funds	21,652	7	\$ -	Twice- Monthly, Monthly, Quarterly Semi Annual to Annual	1 Yr hard, 1 Yr soft, 5% early withdrawal fee, rolling 1 year	5 days, 6 business days to 90 days
Emerging markets equity fund	9,903	3	\$ -	8 years after first close	Fund Term is 8 years from initial close 4/20, 4 years investment period, 4 years harvest period	N/A
Total	\$ 157,182	25	\$ -			

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

The following table sets forth additional disclosures of Children's Aid's investments whose fair value is estimated using NAV per share (or its equivalent) as of June 30, 2024:

Type	NAV in Funds	# of Funds	\$ Amount of Unfunded Commitments	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
Private capital	\$ 50,707	3	\$ -	8 years after first close	N/A	N/A
Limited partnership	3,993	1	-	Semi-annual	2 Yr hard	60 days
Global equities	42,653	4	-	Monthly-semi annual	1-Yr hard; 1-Yr soft 2.5% early withdrawal fee after an 5% aggregate withdrawal during the soft lock	30 to 90 days
International commingled funds	9,289	3	-	Quarterly and semi annual	None	65 to 100 days
U.S. commingled funds	40,128	7	-	Daily, Twice Monthly, Monthly Quarterly	2-Yr hard lock	5 days to 60 business days
Mutual funds	3,827	1	-	Monthly, quarterly	None	60 days
Hedge funds	31,483	7	-	Twice- Monthly, Monthly, Quarterly Semi Annual to Annual	1 Yr hard, 1 Yr, soft 5% early withdrawal fee	5 days, 6 business days to 90 days
Emerging markets equity fund	10,120	3	-	8 years after first close	Fund Term 8 years from initial close, 4 years investment period, 4 years harvest period	N/A
Total	\$ 192,200	29	\$ -			

During the years ended June 30, 2025 and 2024, the investment strategy and objective of Children's Aid's investments whose fair value is estimated using NAV per share are as follows:

International Commingled Funds - includes investments in a diversified portfolio of equity securities of companies located in any country other than the United States of America as well as funds that engage in options, swaps and exchange traded funds in U.S. markets. The funds objective is to utilize market inefficiencies to realize returns.

Hedge Funds - Hedge funds include investments through a "Master Fund" as well as a global special- situations fund that invests, long and short, across the capital structure. The investment

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

objective of the Master Fund is to provide compound annual long-term returns that are superior to the broad market average while having less risk than the overall stock market.

The global special-situations fund uses hedging and directional investment strategies, as deemed appropriate, to capitalize on relative and absolute value opportunities among reorganized/value equities, distressed debt, private financings, stressed debt, high-yield debt and leveraged bank debt. The fund seeks to benefit from higher risk-return opportunities during times of asset class or sector dislocations and in normal times, to invest in limited-risk investments.

Emerging Markets Equity Fund - includes diverse investments providing long-term capital appreciation by investing primarily in global emerging markets. The fund maintains a wide range of arbitrage positions to further protect against risk and maximize returns in any market condition. The fund seeks-out various opportunities for potential revenue creation in order to realize high returns in favorable market conditions while minimizing losses in adverse periods.

NOTE 15 - SPLIT-INTEREST OBLIGATIONS AND INVESTMENTS

Split-interest agreements include the following:

Charitable Gift Annuities - Children's Aid administers various charitable gift annuities. Under the terms of such agreements for charitable gift annuities, assets are transferred to Children's Aid and are invested in fixed-income investments and are considered restricted assets. Upon maturity of the charitable gift annuity, the remaining funds, if any, are made available for unrestricted use. Children's Aid agrees to pay the grantor or other donor-stipulated beneficiary a specified amount over the beneficiary's lifetime. Investment assets for the charitable gift annuities total \$211 and \$221 as of June 30, 2025 and 2024, respectively, and are reported at fair value under split-interest agreement investments in the accompanying consolidated statements of financial position. The underlying assets are valued at Level 1 in the fair value hierarchy.

On an annual basis, Children's Aid revalues the annuity payment liability based on actuarial assumptions. The present values of the estimated future payments as of June 30, 2025 and 2024, amounted to \$133 and \$135, respectively, and have been calculated using discount rates of 5.0% and 5.6% at June 30, 2025 and 2024, respectively, and the applicable mortality table. This annuity payment liability has been included in split-interest agreement obligations in the accompanying consolidated statements of financial position. For the years ended June 30, 2025 and 2024, donors made no contributions into the annuity fund.

Pooled Income Fund - Children's Aid also administers a pooled income fund. The fund is divided into units, and contributions from various donors are pooled. Donors are assigned a specific number of units and receive the actual income earned on those units until death. The portion of the donors' contribution attributable to the present value of the future benefits to be received by Children's Aid is recorded as a restricted contribution in the period the donor's contribution is made. The assets contributed must be invested in the fund until the donor's death. At that time, the value of the units assigned to the donor revert to Children's Aid, and those assets will be released from restrictions. Pooled income assets included with split-interest agreement assets amounted to \$1,423 and \$1,348 as of June 30, 2025 and 2024, respectively, and are reported at fair value. The underlying assets are valued using Level 1 inputs in the fair value hierarchy. The present value of the estimated future payments as of June 30, 2025 and 2024 amounted to \$1,233 and \$1,213, respectively. This annuity payment liability has been included in split-interest agreement obligations in the accompanying consolidated statements of financial position. No contributions were made to the pooled income fund during the years ended June 30, 2025 and 2024.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

NOTE 16 - VOLUNTARY RETIREMENT PLAN AND SUPPLEMENTAL RETIREMENT PLAN

Children's Aid offers a 403(b) defined contribution retirement plan covering all employees who are not covered by a collective bargaining agreement. All employees can make voluntary salary reduction contributions which vest in their plan immediately. For full-time employees hired on or after January 1, 2012, Children's Aid makes a 3% employer contribution to the plan and will match a further 2% to the plan after a one-year waiting period. Employer contributions cliff-vest three years after date of hire. Employees hired before 2012 have employer contributions that exceed the above amounts on a sliding scale basis. Employer contributions amounted to \$3,744 and \$2,990 for the years ended June 30, 2025 and 2024, respectively.

Children's Aid offers a 457(b) Supplemental Executive Retirement Plan for specified senior officers of Children's Aid. There were \$419 and \$425 of accrued benefits under the plan as of June 30, 2025 and 2024, respectively. For the years ended June 30, 2025 and 2024, related benefit costs totaled \$24 and \$46, respectively.

NOTE 17 - BONDS PAYABLE, NET

On July 1, 2015, 1232 LLC issued 30-year tax-exempt bonds through the Build NYC Resource Corporation in the amount of \$37,205 to finance the planning and construction of the building located at 1232 Southern Blvd., Bronx, New York to house the Children's Aid College Prep Charter School and related Children's Aid programs. Children's Aid is the guarantor of the bonds. The bonds are structured as a bank direct purchase loan.

The bonds have an average coupon rate of approximately 4.8%. Capitalized interest for the life of the project totaled \$3,220 at June 30, 2025.

The bonds were issued at a premium of \$3,492. The premium is being amortized over the term of the bonds. For the years ended June 30, 2025 and 2024, amortization amounted to \$116. Deferred financing costs (net of amortization) of \$445 and \$467 as of June 30, 2025 and 2024, respectively, which are netted with bonds payable are being amortized over the life of the bonds. For the years ended June 30, 2025 and 2024, amortization expense amounted to \$22 each year.

On August 1, 2019, Children's Aid issued 30-year tax-exempt bonds through the Build NYC Resource Corporation in the amount of \$34,420 to finance the planning and construction of its new headquarters located at 117 West 124th Street, New York, New York. Children's Aid is the guarantor of the bonds. The bonds have an average coupon rate of approximately 4.04%.

The bonds were issued at a premium of \$4,264. The premium is being amortized over the term of the bonds. For the years ended June 30, 2025 and 2024, amortization amounted to \$142. Deferred financing costs (net of amortization) of \$588 and \$612 as of June 30, 2025 and 2024, respectively, which are netted with bonds payable are being amortized over the life of the bonds. For the years ended June 30, 2025 and 2024, amortization expense amounted to \$24 each year.

The Children's Aid Society

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**June 30, 2025 and 2024
(Dollars in thousands)**

Future annual principal payments on all bonds are as follows for the years subsequent to June 30, 2025:

Years Ending June 30,

2026	\$ 1,205
2027	1,270
2028	1,335
2029	1,400
2030	1,475
Thereafter	<u>58,270</u>
Subtotal	<u>64,955</u>
Add: bond premium, net	5,739
Less: bond issuance costs, net	<u>(1,032)</u>
Total	<u>\$ 69,662</u>

NOTE 18 - BANK LINE OF CREDIT

Children's Aid renewed a one-year revolving line of credit facility on December 20, 2024 from JPMorgan Chase Bank in the amount of \$7,500. An availability fee of 0.1% is charged on the unutilized portion of the line of credit. As of June 30, 2025, the outstanding balance on the line of credit is \$7,000.

NOTE 19 - SUBSEQUENT EVENTS

Management has evaluated, for potential accrual or disclosure, events subsequent to the date of the consolidated statements of financial position through December 18, 2025, the date the consolidated financial statements were issued. Management is not aware of any subsequent events which would require recognition or disclosures in the consolidated financial statements.

SUPPLEMENTAL SCHEDULES

The Children's Aid Society

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

As of June 30, 2025
(Dollars in thousands)

	June 30, 2025						June 30, 2024					
	Children's Aid Society	910 East 172nd Street, LLC	1218 Southern Blvd., LLC	1232 Southern Blvd., LLC	Consolidating Eliminations	Consolidated Total	Children's Aid Society	910 East 172nd Street, LLC	1218 Southern Blvd., LLC	1232 Southern Blvd., LLC	Consolidating Eliminations	Consolidated Total
ASSETS												
Cash and cash equivalents	\$ 36,312	\$ 575	\$ -	\$ 2,109	\$ (23,432)	\$ 38,996	\$ 39,666	\$ 260	\$ -	\$ 2,124	\$ -	\$ 42,050
Accounts and grants receivable, net	77,985	-	13	105	-	54,671	67,142	-	13	104	(22,739)	44,520
Contributions receivable	6,152	-	-	-	-	6,152	5,103	-	-	-	-	5,103
Prepaid expenses and other assets	3,151	17	-	61	-	3,229	4,365	14	-	65	-	4,444
Facilities acquisition escrow	1,400	-	-	-	-	1,400	1,400	-	-	-	-	1,400
Investments	326,540	-	-	-	-	326,540	309,177	-	-	-	-	309,177
Split-interest agreement investments	1,634	-	-	-	-	1,634	1,569	-	-	-	-	1,569
Investment in LLC's	9,002	-	-	-	(9,002)	-	9,002	-	-	-	(9,002)	-
Property and equipment, net	59,845	8,362	1,737	39,355	-	109,299	58,852	8,740	1,737	40,606	-	109,935
Operating right-of-use assets	19,994	-	-	-	-	19,994	23,884	-	-	-	-	23,884
Total assets	\$ 542,015	\$ 8,954	\$ 1,750	\$ 41,630	\$ (32,434)	\$ 561,915	\$ 520,160	\$ 9,014	\$ 1,750	\$ 42,899	\$ (31,741)	\$ 542,082
LIABILITIES												
Accounts payable	\$ 4,267	\$ (651)	\$ 101	\$ 24,034	\$ (23,419)	\$ 4,332	\$ 2,551	\$ 266	\$ 101	\$ 22,426	\$ (22,726)	\$ 2,618
Accrued expenses	13,126	4	-	789	-	13,919	11,867	-	-	770	-	12,637
Deferred revenue	17,454	-	-	-	-	17,454	15,170	-	-	-	-	15,170
Split-interest agreement obligations	1,365	-	-	-	-	1,365	1,348	-	-	-	-	1,348
Bonds payable, net	36,409	-	-	33,253	-	69,662	36,822	-	-	34,202	-	71,024
Line of credit	7,000	-	-	-	-	7,000	-	-	-	-	-	-
Accrued pension and post-retirement obligations, net	9,058	-	-	-	-	9,058	6,958	-	-	-	-	6,958
Other liabilities	3,412	-	-	-	(13)	3,399	4,658	-	-	-	(13)	4,645
Operating lease liabilities	19,994	-	-	-	-	19,994	23,884	-	-	-	-	23,884
Total liabilities	112,085	(647)	101	58,076	(23,432)	146,183	103,258	266	101	57,398	(22,739)	138,284
NET ASSETS (Note 2)												
Without donor restrictions	411,838	9,601	1,649	(16,446)	(9,002)	397,640	399,572	8,748	1,649	(14,499)	(9,002)	386,468
With donor restrictions	18,092	-	-	-	-	18,092	17,330	-	-	-	-	17,330
Total net assets	429,930	9,601	1,649	(16,446)	(9,002)	415,732	416,902	8,748	1,649	(14,499)	(9,002)	403,798
Total liabilities and net assets	\$ 542,015	\$ 8,954	\$ 1,750	\$ 41,630	\$ (32,434)	\$ 561,915	\$ 520,160	\$ 9,014	\$ 1,750	\$ 42,899	\$ (31,741)	\$ 542,082

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto and report of independent certified public accountants.

The Children's Aid Society
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the year ended June 30, 2025
(Dollars in thousands)

	Children's Aid Society			910 East 172nd Street, LLC	1218 Southern Blvd., LLC	1232 Southern Blvd., LLC	Consolidating Eliminations	Consolidated Total		
	Without Donor Restrictions	With Donor Restrictions	Total					Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support										
Government support	\$ 121,556	\$ -	\$ 121,556	\$ -	\$ -	\$ -	\$ -	\$ 121,556	\$ -	\$ 121,556
Program services fees	17,102	-	17,102	-	-	-	-	17,102	-	17,102
Contributions	9,580	11,099	20,679	-	-	-	-	9,580	11,099	20,679
Planned giving	808	-	808	-	-	-	-	808	-	808
Rental income	-	-	-	1,468	-	2,000	(701)	2,767	-	2,767
Investment return used for operations and special initiatives	16,199	-	16,199	-	-	-	-	16,199	-	16,199
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-
Other revenue	3,879	(147)	3,732	-	-	145	-	4,024	(147)	3,877
In-kind contributions	2,530	-	2,530	-	-	-	-	2,530	-	2,530
Net assets released from restrictions for operations	10,190	(10,190)	-	-	-	-	-	10,190	(10,190)	-
Total operating revenue and support	181,844	762	182,606	1,468	-	2,145	(701)	184,756	762	185,518
Operating expenses										
Program services										
Early childhood	15,910	-	15,910	-	-	-	-	15,910	-	15,910
Youth	36,198	-	36,198	-	-	4,092	-	40,290	-	40,290
Health and wellness	25,080	-	25,080	307	-	-	(350)	25,037	-	25,037
Child welfare and family services	70,613	-	70,613	308	-	-	(351)	70,570	-	70,570
Collective impact and national center for community schools	2,737	-	2,737	-	-	-	-	2,737	-	2,737
Total program services	150,538	-	150,538	615	-	4,092	(701)	154,544	-	154,544
Supporting services										
Management and general	31,583	-	31,583	-	-	-	-	31,583	-	31,583
Fundraising	4,396	-	4,396	-	-	-	-	4,396	-	4,396
Total supporting services	35,979	-	35,979	-	-	-	-	35,979	-	35,979
Total operating expenses	186,517	-	186,517	615	-	4,092	(701)	190,523	-	190,523
Changes in net assets from operations	(4,673)	762	(3,911)	853	-	(1,947)	-	(5,767)	762	(5,005)
Non-operating activities										
Investment return net of amount used for operations	19,804	-	19,804	-	-	-	-	19,804	-	19,804
Change in value of split-interest agreements	(92)	-	(92)	-	-	-	-	(92)	-	(92)
Pension-related activity	(2,773)	-	(2,773)	-	-	-	-	(2,773)	-	(2,773)
Changes in net assets from non-operating activities	16,939	-	16,939	-	-	-	-	16,939	-	16,939
CHANGES IN TOTAL NET ASSETS	12,266	762	13,028	853	-	(1,947)	-	11,172	762	11,934
Net assets - beginning of year	399,572	17,330	416,902	8,748	1,649	(14,499)	(9,002)	386,468	17,330	403,798
Net assets - end of year	\$ 411,838	\$ 18,092	\$ 429,930	\$ 9,601	\$ 1,649	\$ (16,446)	\$ (9,002)	\$ 397,640	\$ 18,092	\$ 415,732

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto and report of independent certified public accountants.

The Children's Aid Society
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the year ended June 30, 2024
(Dollars in thousands)

	Children's Aid Society			910 East 172nd Street, LLC	1218 Southern Blvd., LLC	1232 Southern Blvd., LLC	Consolidating Eliminations	Consolidated Total		
	Without Donor Restrictions	With Donor Restrictions	Total					Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support										
Government support	\$ 114,050	\$ -	\$ 114,050	\$ -	\$ -	\$ -	\$ -	\$ 114,050	\$ -	\$ 114,050
Program services fees	11,723	-	11,723	-	-	-	-	11,723	-	11,723
Contributions	8,312	11,747	20,059	-	-	-	-	8,312	11,747	20,059
Planned giving	1,490	-	1,490	-	-	-	-	1,490	-	1,490
Rental income	-	-	-	1,434	-	2,000	(701)	2,733	-	2,733
Investment return used for operations and special initiatives	14,548	-	14,548	-	-	-	-	14,548	-	14,548
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-
Other revenue	4,561	(93)	4,468	14	-	147	-	4,722	(93)	4,629
In-kind contributions	2,558	-	2,558	-	-	-	-	2,558	-	2,558
Net assets released from restrictions for operations	13,363	(13,363)	-	-	-	-	-	13,363	(13,363)	-
Total operating revenue and support	170,605	(1,709)	168,896	1,448	-	2,147	(701)	173,499	(1,709)	171,790
Operating expenses										
Program services										
Early childhood	15,841	-	15,841	-	-	-	-	15,841	-	15,841
Youth	36,221	-	36,221	-	-	4,557	-	40,778	-	40,778
Health and wellness	23,558	-	23,558	326	-	-	(350)	23,534	-	23,534
Child welfare and family services	65,706	-	65,706	327	-	-	(351)	65,682	-	65,682
Collective impact and national center for community schools	3,060	-	3,060	-	-	-	-	3,060	-	3,060
Total program services	144,386	-	144,386	653	-	4,557	(701)	148,895	-	148,895
Supporting services										
Management and general	27,612	-	27,612	-	-	-	-	27,612	-	27,612
Fundraising	3,727	-	3,727	-	-	-	-	3,727	-	3,727
Total supporting services	31,339	-	31,339	-	-	-	-	31,339	-	31,339
Total operating expenses	175,725	-	175,725	653	-	4,557	(701)	180,234	-	180,234
Changes in net assets from operations	(5,120)	(1,709)	(6,829)	795	-	(2,410)	-	(6,735)	(1,709)	(8,444)
Non-operating activities										
Investment return net of amount used for operations	14,033	-	14,033	-	-	-	-	14,033	-	14,033
Change in value of split-interest agreements	(145)	-	(145)	-	-	-	-	(145)	-	(145)
Pension-related activity	5,066	-	5,066	-	-	-	-	5,066	-	5,066
Changes in net assets from non-operating activities	18,954	-	18,954	-	-	-	-	18,954	-	18,954
CHANGES IN TOTAL NET ASSETS	13,834	(1,709)	12,125	795	-	(2,410)	-	12,219	(1,709)	10,510
Net assets - beginning of year	385,738	19,039	404,777	7,953	1,649	(12,089)	(9,002)	374,249	19,039	393,288
Net assets - end of year	\$ 399,572	\$ 17,330	\$ 416,902	\$ 8,748	\$ 1,649	\$ (14,499)	\$ (9,002)	\$ 386,468	\$ 17,330	\$ 403,798

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto and report of independent certified public accountants.