



Consolidated Financial Statements
June 30, 2024 and 2023

Children's Home Society of South Dakota

Children's Home Society of South Dakota

Table of Contents

June 30, 2024 and 2023

Independent Auditor's Report.....	1
Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	7
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	11
Supplementary Information	
Consolidating Statement of Financial Position	37
Consolidating Statement of Activities	38
Consolidating Statement of Cash Flows	39



Independent Auditor's Report

The Board of Directors
Children's Home Society of South Dakota
Sioux Falls, South Dakota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Children's Home Society of South Dakota and Children's Home Foundation (collectively, the Organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Children's Home Society of South Dakota and Children's Home Foundation as of June 30, 2024 and 2023, 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 in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Supplementary Information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidating financial statements as a whole.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Sioux Falls, South Dakota
October 30, 2024

Children's Home Society of South Dakota

Consolidated Statements of Financial Position

June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents		
Undesignated	\$ 5,580,873	\$ 6,989,536
Designated	1,694,992	1,705,693
Restricted	1,245,607	1,016,450
Total cash and cash equivalents	8,521,472	9,711,679
Certificate of deposit	-	3,000,000
Accounts receivable	2,824,896	1,758,698
Grants and contracts receivable	580,419	396,368
Contributions and bequests receivable	1,514,114	1,721,661
Inventory	124,130	25,229
Prepaid expenses	679,101	486,856
Investments	155,065,729	147,453,545
Beneficial interest in trusts	3,056,256	2,879,240
Beneficial interest in assets held by community foundations	3,948,694	3,658,207
Cash surrender value of life insurance	1,187,751	1,150,583
Other assets	270,913	251,632
Finance lease right of use asset	78,433	116,493
Land, buildings and equipment, net	38,304,034	24,270,471
Total assets	\$ 216,155,942	\$ 196,880,662
Liabilities and Net Assets		
Liabilities		
Notes payable	\$ 8,977,000	\$ -
Construction loan	-	2,182,576
Finance lease liability	78,433	116,493
Accounts payable	1,946,401	441,300
Accrued expenses	2,338,342	1,677,156
Annuity obligations	12,643	12,436
Total liabilities	13,352,819	4,429,961
Net Assets		
Without donor restrictions		
Undesignated	39,009,681	36,510,921
Board designated	32,296,012	29,631,101
With donor restrictions	71,305,693	66,142,022
Total net assets	131,497,430	126,308,679
Total net assets	202,803,123	192,450,701
	\$ 216,155,942	\$ 196,880,662

Children's Home Society of South Dakota
Consolidated Statements of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Childcare	\$ 12,902,093	\$ -	\$ 12,902,093
Tuition	3,549,291	-	3,549,291
Contributions	1,816,642	3,220,121	5,036,763
Support from government agencies	3,065,839	-	3,065,839
Grants	112,470	127,430	239,900
United Way support	-	722,835	722,835
In-kind contributions	1,761,148	-	1,761,148
Increase in cash surrender value of life insurance	37,169	-	37,169
Distributions from perpetual trusts	33,434	-	33,434
Investment return, net	4,412,495	12,996,673	17,409,168
Distributions from and change in value of beneficial interests in assets held by community foundations	3,219	287,268	290,487
Change in value of beneficial interest in trusts	-	177,016	177,016
Change in value of annuity obligations	(1,837)	-	(1,837)
Other	314,220	-	314,220
Net asset released from restriction pursuant to endowment spending-rate distribution formula	4,625,033	(4,625,033)	-
Net assets released from restrictions - other	7,717,559	(7,717,559)	-
Total revenue, gains and other support	<u>40,348,775</u>	<u>5,188,751</u>	<u>45,537,526</u>
Expenses and Losses			
Program services expense			
Residential and education	18,206,996	-	18,206,996
Community based services	9,235,763	-	9,235,763
Total program services expense	<u>27,442,759</u>	<u>-</u>	<u>27,442,759</u>
Supporting services expense			
General and administrative	4,269,736	-	4,269,736
Fundraising and development	3,472,609	-	3,472,609
Total supporting services expense	<u>7,742,345</u>	<u>-</u>	<u>7,742,345</u>
Total expenses and losses	<u>35,185,104</u>	<u>-</u>	<u>35,185,104</u>
Change in Net Assets	5,163,671	5,188,751	10,352,422
Net Assets, Beginning of Year	<u>66,142,022</u>	<u>126,308,679</u>	<u>192,450,701</u>
Net Assets, End of Year	<u>\$ 71,305,693</u>	<u>\$ 131,497,430</u>	<u>\$ 202,803,123</u>

Children's Home Society of South Dakota
Consolidated Statements of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Childcare	\$ 9,778,075	\$ -	\$ 9,778,075
Tuition	3,473,854	-	3,473,854
Contributions	2,290,768	2,273,857	4,564,625
Support from government agencies	2,507,557	375,591	2,883,148
Grants	218,320	69,500	287,820
United Way support	-	746,574	746,574
In-kind contributions	2,141,816	-	2,141,816
Increase in cash surrender value of life insurance	34,898	-	34,898
Distributions from perpetual trusts	37,820	-	37,820
Investment return, net	3,194,783	10,861,831	14,056,614
Distributions from and change in value of beneficial interests in assets held by community foundations	1,611	202,782	204,393
Change in value of beneficial interest in trusts	-	83,304	83,304
Change in value of annuity obligations	(1,849)	-	(1,849)
Other	301,660	-	301,660
Net asset released from restriction pursuant to endowment spending-rate distribution formula	2,241,262	(2,241,262)	-
Net assets released from restrictions - other	11,502,848	(11,502,848)	-
Total revenue, gains and other support	<u>37,723,423</u>	<u>869,329</u>	<u>38,592,752</u>
Expenses and Losses			
Program services expense			
Residential and education	16,177,867	-	16,177,867
Community based services	7,895,219	-	7,895,219
Total program services expense	<u>24,073,086</u>	<u>-</u>	<u>24,073,086</u>
Supporting services expense			
General and administrative	3,365,316	-	3,365,316
Fundraising and development	2,729,945	-	2,729,945
Total supporting services expense	<u>6,095,261</u>	<u>-</u>	<u>6,095,261</u>
Loss on asset disposal	<u>173,401</u>	<u>-</u>	<u>173,401</u>
Total expenses and losses	<u>30,341,748</u>	<u>-</u>	<u>30,341,748</u>
Change in Net Assets	7,381,675	869,329	8,251,004
Net Assets, Beginning of Year	<u>58,760,347</u>	<u>125,439,350</u>	<u>184,199,697</u>
Net Assets, End of Year	<u>\$ 66,142,022</u>	<u>\$ 126,308,679</u>	<u>\$ 192,450,701</u>

Children's Home Society of South Dakota

Consolidated Statements of Functional Expenses

Year Ended June 30, 2024

	Program Expenses			General and Administrative	Fundraising and Development	Total
	Residential and Education	Community Based Services	Total			
Salaries	\$ 11,782,329	\$ 5,060,775	\$ 16,843,104	\$ 1,686,159	\$ 1,269,918	\$ 19,799,181
Payroll taxes and benefits	3,177,840	1,465,528	4,643,368	486,934	319,216	5,449,518
Employment costs	45,610	21,660	67,270	15,774	2,211	85,255
Training and conferences	92,197	122,116	214,313	24,180	1,855	240,348
Professional services and fees	601,459	379,562	981,021	570,503	195,327	1,746,851
Food	562,334	110,247	672,581	-	-	672,581
Insurance	437,160	225,468	662,628	126,057	45,409	834,094
Travel	26,775	89,794	116,569	58,108	40,796	215,473
Occupancy	457,241	293,946	751,187	220,168	8,253	979,608
Goods and supplies	219,881	550,297	770,178	182,126	1,446,663	2,398,967
Printing and publications	4,998	11,881	16,879	13,179	72,414	102,472
Equipment maintenance and licenses	207,437	94,231	301,668	198,764	23,404	523,836
Loss on uncollectable receivables	-	3,851	3,851	-	33,111	36,962
Interest	-	-	-	430,483	-	430,483
Depreciation	591,735	777,783	1,369,518	209,617	7,651	1,586,786
Other	-	28,624	28,624	47,684	6,381	82,689
	<u>\$ 18,206,996</u>	<u>\$ 9,235,763</u>	<u>\$ 27,442,759</u>	<u>\$ 4,269,736</u>	<u>\$ 3,472,609</u>	<u>\$ 35,185,104</u>

Children's Home Society of South Dakota

Consolidated Statements of Functional Expenses

Year Ended June 30, 2023

	Program Expenses					
	Residential and Education	Community Based Services	Total	General and Administrative	Fundraising and Development	Total
Salaries	\$ 10,412,178	\$ 4,138,671	\$ 14,550,849	\$ 1,406,751	\$ 1,029,482	\$ 16,987,082
Payroll taxes and benefits	2,611,561	1,112,854	3,724,415	362,549	221,747	4,308,711
Employment costs	56,128	27,108	83,236	40,688	33,962	157,886
Training and conferences	116,928	107,014	223,942	20,881	5,378	250,201
Professional services and fees	348,509	333,045	681,554	233,553	41,043	956,150
Food	544,885	95,761	640,646	-	-	640,646
Insurance	470,503	207,753	678,256	98,358	26,019	802,633
Travel	42,497	100,473	142,970	61,425	11,314	215,709
Occupancy	584,699	303,776	888,475	93,788	5,535	987,798
Goods and supplies	304,640	754,926	1,059,566	571,982	1,235,392	2,866,940
Printing and publications	3,031	36,384	39,415	12,454	68,828	120,697
Equipment maintenance and licenses	120,793	68,882	189,675	137,124	29,620	356,419
Loss on uncollectable receivables	-	480	480	-	14,899	15,379
Interest	-	-	-	55,358	-	55,358
Depreciation	561,515	582,596	1,144,111	214,576	6,273	1,364,960
Other	-	25,496	25,496	55,829	453	81,778
	<u>\$ 16,177,867</u>	<u>\$ 7,895,219</u>	<u>\$ 24,073,086</u>	<u>\$ 3,365,316</u>	<u>\$ 2,729,945</u>	<u>\$ 30,168,347</u>

Children's Home Society of South Dakota

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ 10,352,422	\$ 8,251,004
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	1,586,786	1,364,960
Amortization of right of use asset	38,060	37,163
(Gain) loss on disposal of equipment	(6,254)	173,401
Noncash donation of securities	(50,514)	(28,718)
Realized and unrealized gain on investments	(13,370,529)	(9,807,806)
Change in value of beneficial interest in assets held by community foundations	(290,487)	(204,393)
Change in beneficial interest in trusts	(177,016)	(83,304)
Fair value adjustment of contributions receivable	(17,310)	(109,970)
Contributions restricted for endowment including noncash gifts	(493,578)	(507,588)
Contributions restricted to building project	(249,020)	(229,935)
Change in cash surrender value of life insurance	(37,168)	(34,899)
Change in working capital components		
Receivables	(1,262,940)	587,735
Inventory	(98,901)	(25,229)
Prepaid expenses	(192,245)	14,340
Other assets	(19,281)	(4,644)
Accounts payable	210,928	(35,501)
Accrued expenses	661,186	(665,699)
Annuity obligations	207	219
Net Cash used for Operating Activities	(3,415,654)	(1,308,864)
Investing Activities		
Purchase of land, buildings and equipment	(5,349,389)	(7,630,355)
Proceeds from sale of land, buildings and equipment	6,467	1,256,375
Purchase of certificate of deposit	-	(3,000,000)
Maturity of certificate of deposit	3,000,000	250,560
Purchase of investments	(48,691,024)	(41,819,151)
Proceeds from sale and maturity of investments	54,499,883	43,614,648
Net Cash provided by (used for) Investing Activities	3,465,937	(7,327,923)

Children's Home Society of South Dakota

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Financing Activities		
Proceeds from contributions restricted for endowment	\$ 531,715	\$ 1,038,587
Proceeds from contributions restricted for investment in land, buildings and equipment	448,431	443,813
Proceeds from construction loan	-	2,182,576
Proceeds from beneficial interest in trust	-	120,584
Principal payments on construction loan	(2,182,576)	-
Principal payments on finance leases	(38,060)	(37,162)
Net Cash (used for) provided by Financing Activities	(1,240,490)	3,748,398
Net Change in Cash and Cash Equivalents	(1,190,207)	(4,888,389)
Cash and Cash Equivalents, Beginning of Year	9,711,679	14,600,068
Cash and Cash Equivalents, End of Year	\$ 8,521,472	\$ 9,711,679
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 411,807	\$ 45,045
Supplemental Information		
Noncash investing and financing activities		
Accounts payable for land, buildings and equipment	\$ 1,447,879	\$ 153,706
Loan proceeds for land and building	8,977,000	-

Note 1 - Nature of Organization and Significant Accounting Policies**Nature of Organization**

The Children's Home Society of South Dakota was incorporated as a nonprofit corporation under the laws of South Dakota on August 20, 1895. The Children's Home Foundation (Foundation) was established by the Children's Home Society. The Foundation's by-laws provide that funds raised, except for funds required for the operation of the Foundation, be distributed to or held for the benefit of the Children's Home Society or other organizations whose primary functions relate to the care of children. If the Foundation were ever to be dissolved, the net assets are to be transferred to Children's Home Society. The Foundation's articles of incorporation provide that the Foundation's board of directors be appointed by the Society.

Residential and Education – The Society provides residential treatment and education in both eastern and western South Dakota. Services are provided to children with a variety of diagnoses and emotional behavioral needs, including attention deficit hyperactivity disorder, reactive attachment disorder, childhood trauma, abuse and neglect, anxiety disorder, and parent-child challenges.

Community Based Services – The Society provides foster care, adoption services, forensic interview and exam centers as well as providing immediate shelter for children, women and/or men who are in actual or potential situations of domestic violence and provides crisis intervention services to women, children, and families.

Principles of Consolidation

The consolidated financial statements include the accounts of the Children's Home Society of South Dakota and the Children's Home Foundation as Children's Home Society has both control and economic interest in the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Organization".

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Organization are excluded from this definition.

Grants and Contracts Receivable

Grants from United Way and other certain grants and contracts receivable paid on a cost-reimbursement basis are recognized as a receivable once the services are provided or the costs are incurred or the grant conditions have been met.

Contributions and Bequests Receivable

The Organization initially records unconditional contributions and bequests and subsequently carries them at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are carried at the amount management expects to collect from outstanding balances. Due to the nature of the receivables, they are non-interest bearing. The Organization has tracked historical loss information for its receivable balances and compiled historical credit loss percentages for different aging categories. Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for receivable balances held at June 30, 2024 and 2023 because the composition of the receivable balances at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Management has determined that the allowance for credit losses at June 30, 2024 and 2023 was not significant and no allowance was recorded. Accounts receivable as of July 1, 2022 were \$1,327,768.

Inventory

Inventory consists primarily of food and is stated at the lower of cost or net realizable value determined by the first-in first-out method.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Beneficial Interests in Trusts*Charitable Trust Held by Others*

The Organization has been named as an irrevocable beneficiary of certain charitable remainder trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the Organization has neither possession nor control over the assets of the trusts. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the consolidated statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities. Upon receipt of trust distributions, contributions with donor restrictions are released to net assets without donor restrictions.

Perpetual Trusts

The Organization has been named as an irrevocable beneficiary of several perpetual trusts held and administered by independent trustees. Perpetual trusts provide for the distribution of the net income of the trusts to the Organization; however, the Organization will never receive the assets of the trusts. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statements of activities, and a beneficial interest in perpetual trust is recorded in the consolidated statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities. In one instance, the donor has specifically granted the trustee the right to encroach upon principal on an as-needed basis. As a result, this perpetual trust is treated as net assets with donor restrictions in the consolidated statements of financial position.

Beneficial Interest in Assets Held by Community Foundations

Interest in community foundations represents funds transferred to community foundations by the Foundation where the Foundation has specified the Foundation or the Organization as beneficiary. The Foundation granted variance power to the community foundations which allows the community foundations to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the community foundations' Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The funds are held and invested by the community foundations for the benefit of the Organization and are reported at fair value in the consolidated statements of financial position, with trust distributions and changes in fair value recognized in the consolidated statements of activities.

Charitable Gift Annuities

Under charitable gift annuity contracts, the Organization receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discounts rate designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received (Note 14).

Land, Buildings and Equipment

Land, buildings and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying value of land, buildings and equipment is reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

Right of Use Leased Assets and Liabilities

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Other Assets

Other assets consist of capital credits that represent member dividend allocations based on expenditures from electric cooperatives in which the Organization is a member of, that have been declared, but not yet distributed and a subscriber savings account (SSA) for the Organization's workman compensation insurance. The amount of capital credits was \$119,733 and \$115,216 as of June 30, 2024 and 2023, respectively. The amount of the subscriber savings account was \$151,180 and \$136,416 as of June 30, 2024 and 2023, respectively.

Revenue and Revenue Recognition

The Organization recognizes revenue from childcare and tuition as the related services are provided. The performance obligation of delivering childcare and tuition services is simultaneously received and consumed; therefore, the revenue is recognized ratably over the course of the year. Payment for childcare and tuition is required monthly. Program service fees and certain governmental and private grants paid in advance are deferred to the applicable period in which the related services are performed.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts received with conditions and restrictions are recognized as revenue that increases net assets without donor restrictions if those conditions are met and restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no refundable advances as of June 30, 2024 and 2023. The Organization received cost-reimbursable grants of approximately \$10,000 and \$34,000 that have not been recognized at June 30, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations. Without donor restrictions board-designated net assets consist of net assets designated by the Board of Directors for operating reserve (Note 3) and quasi-endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Amounts are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Functional Allocation of Expenses

The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. These expenses are allocated on a basis determined reasonable for allocation by management. The expenses that are allocated include property insurance and utilities that are allocated on a square-footage basis. General and professional liability insurance is allocated based on the percentage of full time equivalent employees by program. Salaries, payroll taxes and benefits, and printing and publications expenses are allocated on the basis of estimates of time and effort. Equipment maintenance and food expenses have been allocated to the residential and education programs as they primarily support these programs.

Income Taxes

The Society and the Foundation are organized as South Dakota nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Each entity has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Each entity believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts.

	2024	2023
Cash held in bank - bank balance	\$ 1,048,014	\$ 1,032,000
Money market sweep - bank balance	7,670,456	8,861,063
Total cash and cash equivalents - bank balance	<u>\$ 8,718,470</u>	<u>\$ 9,893,063</u>

The Society maintains cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each ownership category. At June 30, 2024 and 2023, the Society had approximately \$7,718,000 and \$8,893,000, respectively, in excess of FDIC-insured limits.

Credit risk associated with accounts receivable and contributions, grants and contracts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and organizations supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Adoption of New Accounting Standard

As of July 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade receivables. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The standard provides financial statement users with more decision-useful information about the expected losses on financial instruments.

The Organization adopted ASU 2016-13 using the modified retrospective review method for all financial assets measured at amortized cost. Results for reporting periods beginning after July 1, 2023, are presented under Topic 326. The adoption of the new standard did not materially impact the Organization's financial statements.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2024	2023
Cash and cash equivalents	\$ 7,376,732	\$ 8,760,744
Accounts receivable	2,646,078	1,588,527
Grants and contracts receivable	580,419	483,319
Contributions receivable	617,002	914,420
Distributions from beneficial interests in trusts	156,633	158,104
Distributions from beneficial interests in assets held by community foundations	170,277	159,624
Spending-rate distributions and appropriations	6,110,903	6,356,586
	<u>\$ 17,658,044</u>	<u>\$ 18,421,324</u>

Cash and cash equivalents are available for general operating expenditures. Restricted cash is available to the extent it is expected to be used within the following fiscal year.

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not considered available for general expenditure, with the exception of the approved annual spending rate of 5 percent.

Board-designated endowments are considered available to the extent of the approved annual spending rate of 5 percent. Although the Organization does not intend to spend from these board designated endowment amounts (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary. Balances of the board designated endowments were \$28,335,717 and \$25,907,119 as of June 30, 2024 and 2023, respectively. In addition to board designated endowments, the board has designated certain investments which were \$2,265,303 and \$2,018,289 as of June 30, 2024 and 2023, respectively.

As part of a liquidity management plan, cash in excess of daily requirements may be invested in short-term investments, certificates of deposit, or money market funds. The Board annually designates a portion of its budget to certain cash reserves. Cash reserves were \$1,694,992 and \$1,705,693 as of June 30, 2024 and 2023, respectively, and are further described in Note 3.

Note 3 - Board Designated Cash and Investments

The Board of Directors has designated that amounts equal to depreciation expense be set aside to fund property and equipment. The amount reported as designated cash and investments equals this amount, less property and equipment acquisitions paid for with such funds. The Board of Directors has also designated a portion of investments for endowment.

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

The following summarizes board designated cash and investments at June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents		
Self-funded insurance reserve	\$ 118,804	\$ 129,505
Depreciation reserve	1,576,188	1,576,188
Investments		
Operating reserve	2,265,303	2,018,289
Endowment	28,335,717	25,907,119
	<u>\$ 32,296,012</u>	<u>\$ 29,631,101</u>

Note 4 - Certificates of Deposit

The Organization had certificates of deposit, held at cost which approximated fair value, at a financial institution of \$0 and \$3,000,000 as of June 30, 2024 and 2023, respectively. The certificate bore interest rate at 3.5% with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The \$3,000,000 certificate of deposit served as collateral on the construction loan.

Note 5 - Contributions Receivable

Contributions receivable at June 30, 2024 and 2023 are summarized as follows:

	2024	2023
Endowment	\$ 132,000	\$ 170,137
Shelter for Family Safety	1,434,942	1,796,762
Other restricted	74,100	-
Unrestricted	101,000	-
	1,742,042	1,966,899
Adjustment to fair value	(227,928)	(245,238)
	<u>\$ 1,514,114</u>	<u>\$ 1,721,661</u>

At June 30, 2024 and 2023, two and three donors accounted for approximately 46% and 48%, respectively, of total contributions receivable.

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

The following summarizes scheduled receipts of contributions receivable at June 30, 2024.

	Due by June 30	
2025		\$ 723,002
2026		329,290
2027		206,750
2028		185,500
2029		80,500
Thereafter		217,000
		<u>\$ 1,742,042</u>

Note 6 - Cash Surrender Value of Life Insurance

The Organization is the beneficiary of life insurance policies on the lives of certain employees, former employees and donors. Premiums paid by the donors are recorded as contributions received. Premiums paid by the Organization are recorded as life insurance expense. The face values of the policies were approximately \$2,161,000 and \$2,165,000 at June 30, 2024 and 2023. The policies had cash values of \$1,187,751 and \$1,150,583 at June 30, 2024 and 2023, respectively. Investments in cash surrender value of life insurance are carried at their contract amount.

Note 7 - Investments

The following summarizes investments by major investment type at June 30, 2024 and 2023:

	2024	2023
Without donor restrictions		
Cash equivalents and money market funds	\$ 1,100,113	\$ 3,649,069
Corporate debt securities	255,502	252,278
Mutual funds - equity securities	22,976,602	19,345,546
Mutual funds - debt securities	9,301,565	7,374,311
	<u>33,633,782</u>	<u>30,621,204</u>
With donor restrictions		
Cash equivalents and money market funds	4,266,695	6,372,476
State and municipal government obligations	64,205	69,253
Corporate debt securities	1,051,989	1,283,062
Mutual funds - equity securities	82,739,003	76,491,505
Mutual funds - debt securities	33,310,055	32,616,045
	<u>121,431,947</u>	<u>116,832,341</u>
	<u>\$ 155,065,729</u>	<u>\$ 147,453,545</u>

Investment income from investments is recorded net of related investment fees of \$355,795 and \$334,524 for the years ended June 30, 2024 and 2023, respectively.

Note 8 - Construction Loan

The Organization entered into a \$3,000,000 note payable during the prior year in order to finance the construction of the Shelter for Family Safety. The note matured on September 30, 2023 and bore interest at 5.5%. The note was paid off in full at maturity and the loan was collateralized by a \$3,000,000 certificate of deposit (Note 4).

Note 9 - Notes payable

During the year ended June 30, 2024, the Organization entered into two notes payable related to the purchase of the Rapid City Campus and land. One note was for \$6,871,000 and one note was for \$2,106,000. The notes both mature on June 30, 2025 and bear interest at 7.75%. Monthly payments of interest are required with principal payments due at maturity. The loan is collateralized by the mortgage on the property.

Note 10 - Beneficial Interest in Trusts

The following summarizes the carrying values of beneficial interest in trusts at June 30, 2024 and 2023:

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Beneficial interest in perpetual trusts				
Williamson Trust	\$ -	\$ 1,915	\$ 1,915	\$ 1,935
A. Coe Frankhauser Charitable Trust	-	129,270	129,270	122,666
Thelma Serr Charitable Trust	-	322,806	322,806	305,855
Hayward Memorial Trust	-	149,197	149,197	139,883
Beach Memorial Trust	-	366,224	366,224	340,688
Beneficial interest in charitable trusts				
Edith Siegrist Trust	-	182,034	182,034	174,901
Didier Charitable Annuity Trust	-	169,335	169,335	135,920
Verne and Bonnie Anderson Trust	-	1,735,475	1,735,475	1,657,392
	<u>\$ -</u>	<u>\$ 3,056,256</u>	<u>\$ 3,056,256</u>	<u>\$ 2,879,240</u>

The Organization is also the beneficiary under various wills and revocable split interest agreements, the total realizable amount of which is not presently determinable. Such amounts will be recorded when an irrevocable right to receive benefits under the will or agreement has been received.

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 11 - Land, Buildings, and Equipment

The following summarizes land, buildings and equipment at June 30, 2024 and 2023:

	2024	2023
Land and improvements	\$ 6,032,447	\$ 3,167,335
Buildings and improvements	26,990,817	26,910,300
Equipment and fixtures	7,576,520	7,101,653
Vehicles	1,009,771	960,554
Construction in progress	12,489,238	458,943
	<u>54,098,793</u>	<u>38,598,785</u>
Less accumulated depreciation	<u>(15,794,759)</u>	<u>(14,328,314)</u>
	<u>\$ 38,304,034</u>	<u>\$ 24,270,471</u>

Construction in progress relates to costs incurred in relation to construction of a new dining hall on the Sioux Falls campus as well as the purchase and renovation of a new campus in Rapid City, South Dakota as of June 30, 2024. Remaining commitments on these project costs are included in Note 20. The Sioux Falls campus is being primarily financed with operating funds and was completed in September 2024. The Rapid City project is financed with bank debt as noted in Note 9 as well as a capital campaign and is expected to be completed in 2026.

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 12 - Non-Recognized Funds Held by Community Foundations

A number of designated funds which benefit the Organization are maintained at the Sioux Falls Area Community Foundation (SFACF). These funds were established as a result of gifts by donors on the Organization's behalf. The Organization is the sole beneficiary of these funds; however, SFACF has been given variance power by the donors. Therefore, the Organization does not recognize its interest in these funds until any distributions are received.

The following summarizes current values of these designated funds at June 30, 2024 and 2023, and the annual distributions for the years ended June 30, 2024 and 2023:

	2024		2023	
	Current Value	Annual Distribution	Current Value	Annual Distribution
Winona Axtel Lyon Fund	\$ 105,947	\$ 4,089	\$ 99,731	\$ 4,061
Dorothy Christopherson Fund	53,110	2,050	49,994	2,036
Children's Home Society Endowment	1,044,660	40,294	983,347	40,017
Lou & Helen Madsen Fund	565,655	21,865	532,921	21,716
Larsen Memorial Fund	157,095	6,062	147,877	6,021
Raymond Daugaard Memorial Fund	79,494	3,068	74,830	3,047
Madden Family Fund	112,683	-	101,834	-
Children's Inn Endowment	89,721	3,224	79,270	3,182
Madsen House Endowment	139,382	-	125,963	-
Madsen Adoption and Foster Care Endowment	41,468	1,600	39,034	1,589
Excellence in Caring Endowment	35,269	1,597	33,169	1,377
Child Advocacy Center Endowment	23,879	922	22,478	915
Music Fund	19,295	745	18,164	740
Creative Arts	47,077	1,582	42,101	1,499
Carmody Family Endowment	15,910	614	14,976	610
Amundson Family Endowment	46,286	1,784	43,568	1,753
The Sunshyne Fund	6,371	246	5,998	244
Solveig Steen Endowment	176,792	6,492	163,533	6,301
Elvira Larson Endowment	12,522	483	11,787	480
Links to Literacy Endowment	25,114	973	23,682	968
Profilet Endowment	77,967	755	73,521	752
	<u>\$ 2,875,697</u>	<u>\$ 98,445</u>	<u>\$ 2,687,778</u>	<u>\$ 97,308</u>

In addition, the South Dakota Community Foundation has funds totaling \$979,925 and \$895,409 at June 30, 2024 and 2023, respectively, for which the Organization is the beneficiary. The Organization does not recognize its interest in these funds until any distributions are received. Distributions received totaled \$31,800 and \$31,895 for the years ended June 30, 2024 and 2023, respectively.

Note 13 - Fair Value of Assets and Liabilities

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

Assets and liabilities measured at fair value on a recurring basis at June 30, 2024 and 2023 are as follows:

	2024	2023
Assets		
State and municipal government obligations	\$ 64,205	\$ 69,253
Corporate debt securities	1,307,491	1,535,340
Mutual funds - equity securities	105,715,605	95,837,051
Mutual funds - debt securities	42,611,620	39,990,356
Contributions receivable	1,514,114	1,721,661
Beneficial interest in trusts	3,056,256	2,879,240
Beneficial interest in assets held by community foundations	3,948,694	3,658,207
	<u>\$ 158,217,985</u>	<u>\$ 145,691,108</u>
Liabilities		
Annuity obligations	<u>\$ 12,643</u>	<u>\$ 12,436</u>

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

The related fair values of these assets and liabilities are determined as follows at June 30, 2024 and 2023:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>June 30, 2024</u>				
Assets				
State and municipal government obligations	\$ -	\$ 64,205	\$ -	\$ 64,205
Corporate debt securities	-	1,307,491	-	1,307,491
Mutual funds - equity securities	105,715,605	-	-	105,715,605
Mutual funds - debt securities	42,611,620	-	-	42,611,620
Total investments valued at fair value	<u>148,327,225</u>	<u>1,371,696</u>	<u>-</u>	<u>149,698,921</u>
Beneficial interest in trusts	-	-	3,056,256	3,056,256
Beneficial interest in assets held by community foundations	-	-	3,948,694	3,948,694
Total beneficial interests	<u>-</u>	<u>-</u>	<u>7,004,950</u>	<u>7,004,950</u>
Contributions receivable	-	-	1,514,114	1,514,114
	<u>\$ 148,327,225</u>	<u>\$ 1,371,696</u>	<u>\$ 8,519,064</u>	<u>\$ 158,217,985</u>
Liabilities				
Annuity obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,643</u>	<u>\$ 12,643</u>
<u>June 30, 2023</u>				
Assets				
State and municipal government obligations	\$ -	\$ 69,253	\$ -	\$ 69,253
Corporate debt securities	-	1,535,340	-	1,535,340
Mutual funds - equity securities	95,837,051	-	-	95,837,051
Mutual funds - debt securities	39,990,356	-	-	39,990,356
Total investments valued at fair value	<u>135,827,407</u>	<u>1,604,593</u>	<u>-</u>	<u>137,432,000</u>
Beneficial interest in trusts	-	-	2,879,240	2,879,240
Beneficial interest in assets held by community foundations	-	-	3,658,207	3,658,207
Total beneficial interests	<u>-</u>	<u>-</u>	<u>6,537,447</u>	<u>6,537,447</u>
Contributions receivable	-	-	1,721,661	1,721,661
	<u>\$ 135,827,407</u>	<u>\$ 1,604,593</u>	<u>\$ 8,259,108</u>	<u>\$ 145,691,108</u>
Liabilities				
Annuity obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,436</u>	<u>\$ 12,436</u>

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

The fair value of mutual funds are determined by reference to quoted market prices. The fair value of government obligations and corporate debt securities are determined by reference to similar assets that are directly or indirectly observable in the marketplace. The fair value of the beneficial interest in trusts and annuity obligations are estimated at the present value of the expected future cash flows. The fair value of the beneficial interests in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. Contributions and bequests receivable are initially recorded and subsequently carried at fair value using present value techniques incorporating risk adjusted discount rates and are classified within Level 3.

Following is a reconciliation of activity for assets measured at fair value based upon significant unobservable (non-market) information for 2024 and 2023:

	Contributions Receivable	Beneficial Interest in	
		Community Foundations	Trusts
Balance, July 1, 2022	\$ 3,038,078	\$ 3,453,814	\$ 2,916,520
Change in fair value	479,969	359,453	83,304
Collections and losses	(2,017,411)	-	(120,584)
Contributions	221,025	-	-
Distributions from the CF	-	(155,060)	-
Balance, June 30, 2023	1,721,661	3,658,207	2,879,240
Change in fair value	17,309	459,805	177,016
Collections and losses	(1,209,356)	-	-
Contributions	984,500	-	-
Distributions from the CF	-	(169,318)	-
Balance, June 30, 2024	<u>\$ 1,514,114</u>	<u>\$ 3,948,694</u>	<u>\$ 3,056,256</u>

Following is a reconciliation of activity for liabilities measured at fair value based upon significant unobservable (non-market) information:

	Annuity Obligations
Balance, July 1, 2022	\$ 12,217
Changes in the value of annuity obligations	<u>219</u>
Balance, June 30, 2023	12,436
Changes in the value of annuity obligations	<u>207</u>
Balance, June 30, 2024	<u>\$ 12,643</u>

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 14 - Donated Professional Services and Materials

The Organization received donated professional services and materials as follows during the years ended June 30, 2024 and 2023:

	Program Services	Management and General	Fundraising and Development	Total
<u>June 30, 2024</u>				
Advertising and printing	\$ -	\$ -	\$ 1,213,362	\$ 1,213,362
Events	-	-	189,638	189,638
Professional services	3,488	22,000	337	25,825
Goods and supplies	319,598	-	725	320,323
Construction in progress	-	-	-	12,000
	<u>\$ 323,086</u>	<u>\$ 22,000</u>	<u>\$ 1,404,062</u>	<u>\$ 1,761,148</u>
<u>June 30, 2023</u>				
Advertising and printing	\$ 258,816	\$ -	\$ 1,110,827	\$ 1,369,643
Events	8,887	-	136,349	145,236
Professional services	2,350	22,569	-	24,919
Goods and supplies	431,840	-	18,971	450,811
Construction in progress	-	-	-	151,207
	<u>\$ 701,893</u>	<u>\$ 22,569</u>	<u>\$ 1,266,147</u>	<u>\$ 2,141,816</u>

The Organization receives free advertising through radio, digital, and television advertisements that serve to support its programs. These donated advertisements are recognized as in-kind contributions at fair value, with a corresponding expense allocated to the programs benefitted, as they are delivered to the public. The valuation of these advertisements is provided by the service provider, who estimates the fair value based on the date, time, and market in which each is displayed.

The contributed events donations include gift cards and other donated items to be raffled or used as prizes at events held by the Organization. The contributed goods and supplies include food and non-food items such as household goods, toys, clothing, and other items that would have otherwise been purchased to run its programs. The Organization estimated the fair value of these items based on values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the items are contributed by the donor.

The Organization receives donated professional services that would typically be purchased if not provided as an in-kind contribution. There were \$12,000 of donated architectural services for the Rapid City campus and \$151,207 of donated artwork and construction services capitalized related to the new shelter for family safety for the years ended June 30, 2024 and 2023, respectively. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the service is provided. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which the service is rendered.

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 15 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	2024	2023
Subject to expenditure for specified purpose or passage of time		
Various Children's Home Society programs	\$ 2,269,428	\$ 2,094,804
Child's Voice and Child Advocacy Center	81,761	8,079
Shelter for Family Safety Program	4,936,945	7,412,238
Building maintenance	922	792
Black Hills capital campaign	74,420	-
Black Hills programs	773	2,335,320
Creative arts	2,122	1,837
Advocacy and prevention	489,582	475,906
Shelter for Family Safety Facility	242,063	559,884
United Way and other program expenses	1,310,368	1,113,636
	<u>9,408,384</u>	<u>14,002,496</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs (Note 18)	<u>29,696,145</u>	<u>21,410,250</u>
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Various Children's Home Society programs	69,065,817	68,817,217
Child's Voice and Child Advocacy Center	3,925,912	3,822,079
Shelter for Family Safety	10,392,729	9,300,042
Building maintenance	293,647	293,647
Black Hills programs	558,017	549,108
Creative Arts	1,496,725	1,476,463
Mark Amundson Memorial	235,058	233,058
Advocacy and prevention	1,831,488	1,831,488
Adoption	457,728	457,728
Contributions and bequests receivable, net - permanently restricted to general endowment	<u>94,491</u>	<u>122,885</u>
	<u>88,351,612</u>	<u>86,903,715</u>
Not subject to spending policy or appropriation		
Beneficial interest in trusts	820,215	771,144
Beneficial interest in community foundations	<u>3,221,074</u>	<u>3,221,074</u>
	<u>4,041,289</u>	<u>3,992,218</u>
	<u>\$ 131,497,430</u>	<u>\$ 126,308,679</u>

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Satisfaction of purpose and/or time restrictions		
Black Hills programs	\$ 2,192,522	\$ 115,959
Shelter for Family Safety Program	4,299,682	1,777,321
Shelter for Family Safety Facility	392,845	8,787,300
Black Hills capital campaign	73,020	-
Child's Voice and CAC	7,542	-
Advocacy and prevention	66,746	23,855
Various Children's Home Society programs	685,202	798,413
	7,717,559	11,502,848
Restricted-purpose spending-rate distributions and appropriations (Note 19)	4,625,033	2,241,262
	<u>\$ 12,342,592</u>	<u>\$ 13,744,110</u>

Note 16 - Scholarship Contributions

The Organization has received both contributions with donor restrictions and contributions without donor restrictions which have been and will be used as scholarships for tuition for children who would not otherwise be able to attend the education programs. These amounts are classified as contributions in the consolidated statements of activities and are recognized as income in the year the contribution was received. Tuition income, which does not include these contributions received, would have been approximately \$232,000 and \$198,000 higher for 2024 and 2023, respectively.

Note 17 - Revenue from Governmental Units

The Organization receives a substantial amount of its revenue from federal, state and local governments. A significant reduction in the level of this revenue, if this were to occur, may have a corresponding significant effect on the Organization's programs and activities.

Note 18 - Employee Benefit Plans

The Organization offers an employee benefit plan to eligible employees. Employees who are at least 21 years of age and have completed one year of service are eligible to receive discretionary profit-sharing contributions. These contributions are determined annually and are based on each employee's eligible compensation. Additionally, employees who are at least 21 years of age and have completed 30 days of service are automatically enrolled to receive a contribution from the Organization equal to 3% of their eligible wages. This contribution is made irrespective of employee participation in the plan and is deposited bi-weekly into the plan. Retirement plan contributions for the years ended June 30, 2024 and 2023 were \$1,262,422 and \$1,031,718, respectively.

Note 19 - Endowment Funds

The Organization's endowment funds consist of various donor restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization's management has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift at the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund (historic dollar value). In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment fund; (2) the purposes of the Organization and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investment; (6) other resources of the Organization; and (7) the investment policies of the Organization.

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

The following summarizes endowment net assets at June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 28,335,717	\$ -	\$ 28,335,717
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor			
Various Children's Home Society programs	-	69,160,308	69,160,308
Child's Voice and Child Advocacy Center	-	3,925,912	3,925,912
Shelter for Family Safety	-	10,392,729	10,392,729
Building maintenance	-	293,647	293,647
Black Hills programs	-	558,017	558,017
Creative Arts	-	1,496,725	1,496,725
Mark Amundson Memorial	-	235,058	235,058
Advocacy and prevention	-	1,831,488	1,831,488
Adoption	-	457,728	457,728
Accumulated investment gains			
Various Children's Home Society programs	-	23,850,448	23,850,448
Child's Voice and Child Advocacy Center	-	951,533	951,533
Shelter for Family Safety	-	2,706,603	2,706,603
Building maintenance	-	599,749	599,749
Black Hills programs	-	243,054	243,054
Creative Arts	-	624,813	624,813
Mark Amundson Memorial	-	65,076	65,076
Advocacy and prevention	-	547,173	547,173
Adoption	-	107,696	107,696
	<u>\$ 28,335,717</u>	<u>\$ 118,047,757</u>	<u>\$ 146,383,474</u>

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

The following summarizes endowment net assets at June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 25,907,119	\$ -	\$ 25,907,119
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor			
Various Children's Home Society programs	-	68,940,102	68,940,102
Child's Voice and Child Advocacy Center	-	3,822,079	3,822,079
Shelter for Family Safety	-	9,300,042	9,300,042
Building maintenance	-	293,647	293,647
Black Hills programs	-	549,108	549,108
Creative Arts	-	1,476,463	1,476,463
Mark Amundson Memorial	-	233,058	233,058
Advocacy and prevention	-	1,831,488	1,831,488
Adoption	-	457,728	457,728
Accumulated investment gains			
Various Children's Home Society programs	-	17,605,584	17,605,584
Child's Voice and Child Advocacy Center	-	680,918	680,918
Shelter for Family Safety	-	1,411,060	1,411,060
Building maintenance	-	540,238	540,238
Black Hills programs	-	185,819	185,819
Creative Arts	-	485,052	485,052
Mark Amundson Memorial	-	45,726	45,726
Advocacy and prevention	-	392,087	392,087
Adoption	-	63,766	63,766
	<u>\$ 25,907,119</u>	<u>\$ 108,313,965</u>	<u>\$ 134,221,084</u>

From time to time, the fair value of endowment funds associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration, (i.e., underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2024 and 2023, there were no deficiencies of this nature reported in net assets with donor restrictions.

Investment Spending Policies

The Organization has adopted investment and spending policies for its endowment fund that attempt to provide the Organization a predictable funding stream for its programs while protecting the purchasing power of the endowment funds. The Organization, through its investment policy, has established a target (inflation-adjusted) annualized rate of return over the long-term of at least 5%; the total return during any single measurement period may deviate from the long-term return objective. To satisfy its long-term rate-of-return objective, the Organization expects to maintain appropriate diversification among equity and fixed income allocations. The purpose is to moderate the overall investment risk of the endowment fund.

Children's Home Society of South Dakota

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

The Board of Directors of the Organization may appropriate for expenditure or accumulate so much of the endowment fund as the Organization determines is prudent for the uses, benefits, purpose, and duration for which the endowment fund is established. The amount appropriated, the spending policy, is a Board approved percentage applied to the average fair value of the endowment fund assets during the prior sixteen quarters. In cases where the fair value of the endowment fund assets fall below the original value of the gifts donated to the permanent endowment, appropriation of gifts will not be made if such appropriation would reduce any gift below its historic-dollar value threshold. However, appropriations may be made from board designated quasi-endowment funds in an amount equivalent to an appropriation that would otherwise be allowable, but for the below historic-dollar-value condition. The Board approved spending percentage was 5% for the years ended June 30, 2024 and 2023.

The following summarizes the change in endowment net assets for the years ended June 30, 2024 and 2023:

June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 25,907,119	\$ 108,313,965	\$ 134,221,084
Investment return, net	3,101,978	12,910,927	16,012,905
Contributions and bequests	56,542	1,447,898	1,504,440
Appropriation of endowment assets pursuant to spending-rate policy	-	(4,625,033)	(4,625,033)
Other changes			
Distribution from board-designated endowment pursuant to distribution policy	(729,922)	-	(729,922)
Endowment net assets, end of year	<u>\$ 28,335,717</u>	<u>\$ 118,047,757</u>	<u>\$ 146,383,474</u>
June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 18,003,798	\$ 96,979,357	\$ 114,983,155
Investment return, net	2,503,052	10,246,709	12,749,761
Contributions and bequests	12,362	1,327,115	1,339,477
Appropriation of endowment assets pursuant to spending-rate policy	-	(2,241,262)	(2,241,262)
Other changes			
Board designated transfer	6,312,902	-	6,312,902
Donor redirected transfer	-	634,110	634,110
Transfer of CHS endowment funds	-	1,367,936	1,367,936
Distribution from board-designated endowment pursuant to distribution policy	(924,995)	-	(924,995)
Endowment net assets, end of year	<u>\$ 25,907,119</u>	<u>\$ 108,313,965</u>	<u>\$ 134,221,084</u>

Note 20 - Commitments and Contingencies

Property acquired with federal grants is considered owned by the Organization while used in the program for which it was purchased or in other future authorized programs; however, the United States has reversionary interests in certain property. The property's disposition as well as the ownership of any proceeds there from is subject to federal regulations. The total book value of property and equipment in which the United States has reversionary interest is \$1,343,641 and \$1,518,022 at June 30, 2024 and 2023, respectively.

Community Development Block Grants totaling \$915,500, which have been received and used for construction of buildings, are in the form of zero percent notes payable, with mortgages on the property. The notes are due upon noncompliance with the intended purpose of the funds, as defined in the agreement, or upon sale of the property. Since the possibility of having to repay the notes is considered remote, no liability has been recorded for the notes. The net book value of the property pledged on these mortgages is \$898,950 and \$1,036,267 at June 30, 2024 and 2023, respectively, and is included in the reversionary interest amount above.

The Organization applied for and received loan forgiveness from the SBA on its PPP loan in 2021. In accordance with the PPP loan requirements, the Organization is required to maintain PPP loan files and certain underlying supporting documents for periods ranging from three to six years. The Organization is also required to permit access to such files upon request by the SBA. Accordingly, there is potential the PPP loan could be subject to further review by the SBA and that previously recognized forgiveness could be reversed based on the outcome of this review.

The Organization has entered into a design contract for the remodel of the new acquired Rapid City campus. The remaining commitment on the contract as of June 30, 2024 is approximately \$1,243,000.

The Organization has entered into a contract for a new dining hall facility. The remaining commitment on the contract is approximately \$2,655,000 at June 30, 2024.

The Organization has entered into a contract for new siding. The remaining commitment on the contract is approximately \$48,000 as of June 30, 2024.

The Organization has entered into a contract for an upgrade for their software system. The remaining commitment on the contract is approximately \$113,000 at June 30, 2024.

The Organization has entered into an agreement for campaign services for a future capital campaign. The remaining commitment on the agreement as of June 30, 2024 is \$625,000.

Note 21 - Leases

The Organization leases equipment under a long-term, non-cancelable finance lease agreement. The lease expires in July 2026.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization applied the risk-free rate option to the office equipment class of assets.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Organization has elected the practical expedient to not separate lease and non-lease components for equipment leases.

Total lease costs for the year ended June 30, 2024 were as follows:

Finance lease cost	
Interest expense	\$ 805
Amortization of right of use asset	38,060

The following table summarizes the supplemental cash flow information for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance lease	\$ 805
Financing cash flows from finance lease	37,462

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-average remaining lease term (in years)	2.07
Weighted-average discount rate	0.81%

The future minimum lease payments under noncancelable finance leases with terms greater than one year are listed below as of June 30, 2024.

2025	\$ 38,267
2026	38,267
2027	3,188
	<hr/>
Total lease payments	79,722
Less interest	(1,289)
	<hr/>
Present value of lease liabilities	<u>\$ 78,433</u>

Note 22 - Subsequent Event

Management has considered subsequent events through October 30, 2024, the date that the consolidated financial statements were available to be issued.

Subsequent to year end, Management has listed two of their Black Hills campus locations for sale. The Messenger's building has an accepted offer to sell for \$1,299,000. The potential sale is in the due diligence phase with a potential close in January 2025. The Rockerville Campus has been listed for sale at a price of \$7,000,000.



Supplementary Information
June 30, 2024 and 2023

Children's Home Society of South Dakota

Children's Home Society of South Dakota
Consolidating Statement of Financial Position
June 30, 2024

	Children's Home Society	Children's Home Foundation	Eliminations	Consolidated
Assets				
Cash and cash equivalents				
Undesignated	\$ 4,944,539	\$ 636,334	\$ -	\$ 5,580,873
Designated	1,690,722	4,270	-	1,694,992
Restricted	579,836	665,771	-	1,245,607
	<u>7,215,097</u>	<u>1,306,375</u>	<u>-</u>	<u>8,521,472</u>
Accounts receivable	2,658,427	166,469	-	2,824,896
Grants and contracts receivable	580,419	-	-	580,419
Contributions and bequests receivable	-	1,514,114	-	1,514,114
Due from Children's Home Foundation	5,185,083	-	(5,185,083)	-
Inventory	124,130	-	-	124,130
Prepaid expenses	637,518	41,583	-	679,101
Investments	2,255,986	152,809,743	-	155,065,729
Beneficial interest in trusts	954,557	2,101,699	-	3,056,256
Beneficial interest in assets held by community foundations	-	3,948,694	-	3,948,694
Cash surrender value of life insurance	-	1,187,751	-	1,187,751
Other assets	270,913	-	-	270,913
Finance lease right of use asset	78,433	-	-	78,433
Land, buildings and equipment, net	<u>38,288,107</u>	<u>15,927</u>	<u>-</u>	<u>38,304,034</u>
	<u>\$ 58,248,670</u>	<u>\$ 163,092,355</u>	<u>\$ (5,185,083)</u>	<u>\$ 216,155,942</u>
Liabilities and Net Assets				
Liabilities				
Notes payable	\$ 8,977,000	\$ -	\$ -	\$ 8,977,000
Finance lease liability	78,433	-	-	78,433
Accounts payable	1,936,994	9,407	-	1,946,401
Accrued expenses	2,246,395	91,947	-	2,338,342
Annuity obligations	-	12,643	-	12,643
Due to Children's Home Society	-	5,185,083	(5,185,083)	-
	<u>13,238,822</u>	<u>5,299,080</u>	<u>(5,185,083)</u>	<u>13,352,819</u>
Net Assets				
Without donor restrictions				
Undesignated	38,850,939	158,742	-	39,009,681
Board designated	3,946,707	28,349,305	-	32,296,012
With donor restrictions	<u>2,212,202</u>	<u>129,285,228</u>	<u>-</u>	<u>131,497,430</u>
	<u>45,009,848</u>	<u>157,793,275</u>	<u>-</u>	<u>202,803,123</u>
	<u>\$ 58,248,670</u>	<u>\$ 163,092,355</u>	<u>\$ (5,185,083)</u>	<u>\$ 216,155,942</u>

Children's Home Society of South Dakota
Consolidating Statement of Activities
Year Ended June 30, 2024

	Children's Home Society	Children's Home Foundation	Eliminations	Consolidated
Revenue, Gains and Other Support				
Child care	\$ 12,902,093	\$ -	\$ -	\$ 12,902,093
Tuition	3,549,291	-	-	3,549,291
Contributions	363,669	4,673,094	-	5,036,763
Support from government agencies	3,065,839	-	-	3,065,839
Grants	239,900	-	-	239,900
Children's Home Foundation	13,215,440	-	(13,215,440)	-
United Way support	722,835	-	-	722,835
In-kind contributions	442,790	1,761,148	(442,790)	1,761,148
Increase in cash surrender value of life insurance	-	37,169	-	37,169
Distributions from perpetual trusts	33,434	-	-	33,434
Investment return, net	876,215	16,532,953	-	17,409,168
Distributions from and change in value of beneficial interests in assets held by others	-	290,487	-	290,487
Change in value of beneficial interest in trusts	73,398	103,618	-	177,016
Change in value of annuity obligations	-	(1,837)	-	(1,837)
Other	358,020	-	(43,800)	314,220
Total revenue, gains and other support	35,842,924	23,396,632	(13,702,030)	45,537,526
Expenses				
Program services expense				
Residential and education	18,206,996	-	-	18,206,996
Community based services	9,208,460	27,303	-	9,235,763
Contribution to Children's Home Society	-	13,658,230	(13,658,230)	-
Total program services expense	27,415,456	13,685,533	(13,658,230)	27,442,759
Supporting services expense				
General and administrative	4,059,953	209,783	-	4,269,736
Fundraising and development	174,991	3,341,418	(43,800)	3,472,609
Total supporting services expenses	4,234,944	3,551,201	(43,800)	7,742,345
Total expenses	31,650,400	17,236,734	(13,702,030)	35,185,104
Change in Net Assets Before Transfers	4,192,524	6,159,898	-	10,352,422
Transfer to Children's Home Society	(335,420)	335,420	-	-
Change in Net Assets	3,857,104	6,495,318	-	10,352,422
Net Assets, Beginning of Year	41,152,744	151,297,957	-	192,450,701
Net Assets, End of Year	\$ 45,009,848	\$ 157,793,275	\$ -	\$ 202,803,123

Children's Home Society of South Dakota
Consolidating Statement of Cash Flows
Year Ended June 30, 2024

	Children's Home Society	Children's Home Foundation	Eliminations	Consolidated
Operating Activities				
Change in net assets	\$ 3,857,104	\$ 6,495,318	\$ -	\$ 10,352,422
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities				
Depreciation	1,581,857	4,929	-	1,586,786
Amortization of right of use asset	38,060	-	-	38,060
Gain on disposal of equipment	(6,254)	-	-	(6,254)
Noncash donation of securities	-	(50,514)	-	(50,514)
Realized and unrealized gain on investments	(202,739)	(13,167,790)	-	(13,370,529)
Change in value of beneficial interest in assets held by others	-	(290,487)	-	(290,487)
Change in beneficial interest in trusts	(73,398)	(103,618)	-	(177,016)
Fair value adjustment of contributions and bequests receivable	-	(17,310)	-	(17,310)
Contributions restricted for endowment including noncash gifts	-	(493,578)	-	(493,578)
Contributions restricted to building project	-	(249,020)	-	(249,020)
Change in cash surrender value of life insurance	-	(37,168)	-	(37,168)
Change in working capital components				
Receivables	(1,635,034)	(10,822)	382,916	(1,262,940)
Inventory	(98,901)	-	-	(98,901)
Prepaid expenses	(181,978)	(10,267)	-	(192,245)
Other assets	(19,281)	-	-	(19,281)
Accounts payable	209,575	1,353	-	210,928
Accrued expenses	644,686	16,500	-	661,186
Annuity obligations	-	207	-	207
Due to Children's Home Society	-	382,916	(382,916)	-
Net Cash provided by (used for) Operating Activities	<u>4,113,697</u>	<u>(7,529,351)</u>	<u>-</u>	<u>(3,415,654)</u>
Investing Activities				
Purchase of land, buildings and equipment	(5,338,493)	(10,896)	-	(5,349,389)
Proceeds from sale of land, buildings and equipment	6,467	-	-	6,467
Maturity of certificate of deposit	3,000,000	-	-	3,000,000
Purchase of investments	(46,763)	(48,644,261)	-	(48,691,024)
Proceeds from sale and maturity of investments	1,880	54,498,003	-	54,499,883
Net Cash (used for) provided by Investing Activities	<u>(2,376,909)</u>	<u>5,842,846</u>	<u>-</u>	<u>3,465,937</u>
Financing Activities				
Proceeds from contributions restricted for endowment	-	531,715	-	531,715
Proceeds from contributions restricted for investment in land, buildings and equipment	-	448,431	-	448,431
Principal payments on construction loan	(2,182,576)	-	-	(2,182,576)
Principal payments on finance leases	(38,060)	-	-	(38,060)
Net Cash provided by Financing Activities	<u>(2,220,636)</u>	<u>980,146</u>	<u>-</u>	<u>(1,240,490)</u>
Net Change in Cash and Cash Equivalents	(483,848)	(706,359)	-	(1,190,207)
Cash and Cash Equivalents, Beginning of Year	<u>7,698,945</u>	<u>2,012,734</u>	<u>-</u>	<u>9,711,679</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,215,097</u>	<u>\$ 1,306,375</u>	<u>\$ -</u>	<u>\$ 8,521,472</u>
Supplemental Information				
Noncash investing and financing activities				
Accounts payable for land, buildings and equipment	\$ 1,447,879	\$ -	\$ -	\$ 1,447,879
Loan proceeds for land and building	8,977,000	-	-	8,977,000