

Notes on 2022-23 Financial Statements

Change in Net Assets

Although Wayfinder's change in net assets in the 2022-23 fiscal year was \$1.7 million, the operating surplus was \$877,000. This is because the audit includes nonoperating items, such as investment results. In 2022-23, Wayfinder had \$2.5 million in unrealized gain on investments, which is the primary reason for the change in net assets of \$1.7 million. The operating surplus of \$877,000 was primarily due to higher trust income, plus interest paid by the IRS on a delayed payment to Wayfinder.

When assessing the financial viability of the agency, looking at any one year can be misleading. However, an average of multiple years smooths out the fluctuations in investments, operations and non-recurring wills and bequests, producing a more accurate assessment of the agency's financial results. Wayfinder's four-year average change in net assets, from FY 2019-20 through 2022-23, was roughly \$218,349

Cash on hand and investment portfolio

Wayfinder's board requires 180 days of cash on hand. The largest portion of this is our investment portfolio, listed as "Investments" in the audit's Statement of Financial Position. While our cash and investments (cash equivalents) may appear to exceed 180 days, the board treats the investment portfolio as a quasi-endowment. We have been fortunate over the decades to have received estate gifts that enabled us to create and build our investment portfolio. We do not treat estate gifts as operating revenue. Instead, we take the disciplined approach of adding them to our investment portfolio. The investments are conservatively invested and closely monitored, but they do experience variances year to year in line with the dynamics of the stock market.

Board-approved draw from portfolio

Annually, Wayfinder undergoes a rigorous budgeting process and presents a breakeven budget to the board. The operating budget excludes unpredictable items, such as non-recurring wills and bequests and gain or loss on investments, as well as noncash items, such as depreciation and in-kind donations. In addition, the breakeven budget includes a board preapproved draw from the portfolio for operations.

WAYFINDER FAMILY SERVICES

FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wayfinder Family Services

Opinion

We have audited the accompanying financial statements of Wayfinder Family Services (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2023, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wayfinder Family Services as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wayfinder Family Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT

continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wayfinder Family Services' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wayfinder Family Services' 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.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited Wayfinder Family Services' 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023, on our consideration of Wayfinder Family Services' 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 Wayfinder Family Services' 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 Wayfinder Family Services' internal control over financial reporting and compliance.

Harrington Group

Pasadena, California

October 25, 2023

WAYFINDER FAMILY SERVICES

STATEMENT OF FINANCIAL POSITION

June 30, 2023

With comparative totals at June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	2023	2022
ASSETS				
Cash	\$ 651,198	\$ 212,273	\$ 863,471	\$ 3,043,120
Accounts and grants receivable, net of allowance of \$472,576	5,476,399		5,476,399	7,780,027
Employee retention credit, net of allowance of \$1,667,430 (Note 16)	7,067,754		7,067,754	2,148,846
Pledges receivable (Note 4)	437,275		437,275	438,698
Prepaid expenses and other assets	1,979,119		1,979,119	1,544,214
Investments (Note 5)	29,877,027	419,880	30,296,907	29,455,786
Property held for investment	2,989,000		2,989,000	2,989,000
Property and equipment (Note 7)	10,772,469		10,772,469	11,043,146
Right-of-use assets - operating leases (Note 11)	804,349		804,349	-
	TOTAL ASSETS	\$ 632,153	\$ 60,686,743	\$ 58,442,837
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 392,845	\$ -	\$ 392,845	\$ 1,371,383
Accrued liabilities (Note 8)	6,212,781		6,212,781	5,395,988
Accrued unemployment liability (Note 9)			-	114,414
Right-of-use liabilities - operating lease (Note 11)	812,279		812,279	-
Line of credit (Note 10)			-	-
	TOTAL LIABILITIES	-	7,417,905	6,881,785
NET ASSETS				
Without donor restrictions	11,987,189		11,987,189	10,728,242
Without donor restrictions - property, plant, and equipment (Note 2)	10,772,469		10,772,469	11,043,146
Without donor restrictions - board designated (Note 2)	29,877,027		29,877,027	29,035,906
With donor restrictions				
Purpose and time restrictions (Note 13)		212,273	212,273	333,878
Perpetual in nature (Note 14)		419,880	419,880	419,880
	TOTAL NET ASSETS	632,153	53,268,838	51,561,052
	TOTAL LIABILITIES AND NET ASSETS	\$ 632,153	\$ 60,686,743	\$ 58,442,837

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

WAYFINDER FAMILY SERVICES

STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

With comparative totals for the year ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023</u>	<u>2022</u>
REVENUE				
Private support				
Other contributions	\$ 1,914,875	\$ 101,997	\$ 2,016,872	\$ 2,123,609
Trust income	1,695,337		1,695,337	1,084,138
Contributed property, goods, and services (Note 6)	682,759		682,759	881,547
Wills and bequests	452,902		452,902	612,947
Net assets released from restrictions (Note 13)	230,347	(230,347)	-	-
	<u>4,976,220</u>	<u>(128,350)</u>	<u>4,847,870</u>	<u>4,702,241</u>
Government fees and other revenue				
Government contracts, fees for service, and grants (Note 15)	35,697,579		35,697,579	37,119,303
Employee retention credit (Note 16)	5,611,949		5,611,949	2,740,884
Other revenue	168,480		168,480	157,883
	<u>41,478,008</u>	<u>-</u>	<u>41,478,008</u>	<u>40,018,070</u>
Other changes				
Gain (loss) on investments	2,512,707	6,745	2,519,452	(4,878,787)
Investment income, net of fees of \$98,263	912,029		912,029	1,035,500
Employee retention credit interest income (Note 16)	382,351		382,351	-
Gain on sales of equipment	15,500		15,500	5,625
	<u>3,822,587</u>	<u>6,745</u>	<u>3,829,332</u>	<u>(3,837,662)</u>
TOTAL REVENUE	<u>50,276,815</u>	<u>(121,605)</u>	<u>50,155,210</u>	<u>40,882,649</u>
EXPENSES				
Program services				
Early intervention program	887,061		887,061	956,774
Blind Babies Foundation	281,025		281,025	700,730
Special education school	1,626,632		1,626,632	1,872,827
Group homes	5,762,470		5,762,470	4,997,476
Camp Bloomfield and recreation	929,468		929,468	897,647
Transition services	130,306		130,306	93,479
Davidson Program for Independence	1,640,413		1,640,413	1,450,641
Hatlen Center	785,737		785,737	744,106
Temporary shelter care program	5,390,720		5,390,720	5,102,434
Foster care and adoption	17,402,203		17,402,203	17,248,002
Mental health services	4,188,563		4,188,563	3,498,664
Public education program	579,036		579,036	503,927
Strategic initiatives	1,213,467		1,213,467	460,469
Hillsdale and TAY	3,182		3,182	72,919
Total program services	<u>40,820,283</u>	<u>-</u>	<u>40,820,283</u>	<u>38,600,095</u>
Supporting services				
Management and administrative	5,559,046		5,559,046	7,692,053
Fundraising and public relations	2,068,095		2,068,095	1,934,398
Total supporting services	<u>7,627,141</u>	<u>-</u>	<u>7,627,141</u>	<u>9,626,451</u>
TOTAL EXPENSES	<u>48,447,424</u>	<u>-</u>	<u>48,447,424</u>	<u>48,226,546</u>
CHANGE IN NET ASSETS	<u>1,829,391</u>	<u>(121,605)</u>	<u>1,707,786</u>	<u>(7,343,897)</u>
NET ASSETS, BEGINNING OF YEAR	<u>50,807,294</u>	<u>753,758</u>	<u>51,561,052</u>	<u>58,904,949</u>
NET ASSETS, END OF YEAR	<u>\$ 52,636,685</u>	<u>\$ 632,153</u>	<u>\$ 53,268,838</u>	<u>\$ 51,561,052</u>

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

WAYFINDER FAMILY SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

With comparative totals for the year ended June 30, 2022

	Early Intervention Program	Blind Babies Foundation	Special Education School	Group Homes	Camp Bloomfield and Recreation	Transition Services	Davidson Program for Independence	Hatlen Center	Temporary Shelter Care Program	Foster Care and Adoption	Mental Health Services	Public Education Program	Strategic Initiatives	Hillsdale and TAY	Total Program Services
Salaries	\$ 553,492	\$ 181,101	\$ 825,183	\$ 3,125,523	\$ 280,923	\$ 28,909	\$ 947,068	\$ 442,232	\$ 3,116,161	\$ 8,452,345	\$ 2,027,767	\$ 354,920	\$ 411,403	\$ -	\$ 20,747,027
Payroll taxes	42,121	14,294	60,373	200,221	21,722	2,131	70,641	34,070	229,896	652,499	149,816	21,312	19,315		1,518,411
Employee benefits	81,648	27,254	190,557	463,475	55,194	3,500	184,043	83,897	502,813	1,456,826	256,602	68,447	43,806		3,418,062
Total personnel costs	677,261	222,649	1,076,113	3,789,219	357,839	34,540	1,201,752	560,199	3,848,870	10,561,670	2,434,185	444,679	474,524	-	25,683,500
Professional fees	43,313	7,727	134,938	1,082,946	320,009	2,181	65,434	22,893	348,397	809,835	240,837	88,896	667,236	247	3,834,889
Foster family payments and reimbursements										3,697,243					3,697,243
Supplies	48,566	6,896	31,713	135,456	18,433	2,535	32,561	17,149	259,121	489,421	108,521	12,339	11,263	999	1,174,973
Maintenance	691	66	80,812	191,646	14,456	1,191	157,277	18,250	266,137	203,708	45,126	3,377	12,478	1,878	997,093
Bad debt								(445)			22,592	1,122,336			1,144,483
Rent	8,040	8,201		51,416				110,073		651,647	31,021				860,398
Travel and transportation	52,565	14,068	90,696	75,544	30,541	7,391	26,971	15,403	11,999	239,577	37,203	2,641	2,577		607,176
Insurance	10,332	3,701	15,695	57,956	4,392	560	18,020	8,651	57,811	233,427	38,216	6,187	7,518		462,466
Training, dues, and subscriptions	21,049	4,396	12,647	36,622	6,646	6,716	15,204	10,400	25,193	128,751	15,671	7,459	20,586		311,340
Telephone	10,747	4,576	12,418	55,118	4,410	2,812	37,545	14,282	40,773	147,757	55,307	2,934	5,704		394,383
Utilities	757	274	18,138	52,735	4,409	591	20,316	2,523	66,197	81,101	46,612	6,482	8,362		308,497
Contract food services	516	187	16,229	142,223	1,234	2,471	35,998	1,435	93,661	703	415	6	19		295,097
Direct mail marketing															-
Event expenses	4,763	1,102	109	521	124,476		395	899	135	9,803	4				142,207
Other expenses	4,326	23	966	1,259	966		1,259		61,982	36,626	283				117,732
Taxes and licenses	90	4	9,925	9,578	5,459	172	2,553	984	10,439	35,428	4,591	897	865		80,985
Program transportation and lodging	902	1,553	3,183	229	5,129	68,667	279	375	249	77	157	41	580		81,421
Postage	1,995	774	502	1,280	312	3	453	1,581	1,642	2,686	1,733	109	195		13,265
Publication and media	130	130	130									2,064	365		2,819
Recreation					5,950			181							6,131
Interest															-
Total expenses before depreciation	886,043	276,327	1,503,248	5,683,455	904,954	129,830	1,627,025	784,833	5,092,606	17,352,052	4,182,218	578,111	1,212,272	3,124	40,216,098
Depreciation	1,018	4,698	123,384	79,015	24,514	476	13,388	904	298,114	50,151	6,345	925	1,195	58	604,185
TOTAL 2023 FUNCTIONAL EXPENSES	\$ 887,061	\$ 281,025	\$ 1,626,632	\$ 5,762,470	\$ 929,468	\$ 130,306	\$ 1,640,413	\$ 785,737	\$ 5,390,720	\$ 17,402,203	\$ 4,188,563	\$ 579,036	\$ 1,213,467	\$ 3,182	\$ 40,820,283
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 956,774	\$ 700,730	\$ 1,872,827	\$ 4,997,476	\$ 897,647	\$ 93,479	\$ 1,450,641	\$ 744,106	\$ 5,102,434	\$ 17,248,002	\$ 3,498,664	\$ 503,927	\$ 460,469	\$ 72,919	\$ 38,600,095

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

WAYFINDER FAMILY SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

With comparative totals for the year ended June 30, 2022

continued

	Total Program Services	Supporting Services		Total Supporting Services	Total Expenses	
		Management and Administrative	Fundraising and Public Relations		2023	2022
Salaries	\$ 20,747,027	\$ 3,090,357	\$ 957,409	\$ 4,047,766	\$ 24,794,793	\$ 23,749,703
Payroll taxes	1,518,411	159,318	58,977	218,295	1,736,706	1,730,961
Employee benefits	3,418,062	535,395	170,117	705,512	4,123,574	5,229,037
Total personnel costs	<u>25,683,500</u>	<u>3,785,070</u>	<u>1,186,503</u>	<u>4,971,573</u>	<u>30,655,073</u>	<u>30,709,701</u>
Professional fees	3,834,889	775,012	248,407	1,023,419	4,858,308	4,267,475
Foster family payments and reimbursements	3,697,243			-	3,697,243	3,998,678
Supplies	1,174,973	64,955	196,633	261,588	1,436,561	1,896,985
Maintenance	997,093	271,311	25,947	297,258	1,294,351	1,626,905
Bad debt	1,144,483			-	1,144,483	655,588
Rent	860,398	16,820	19,653	36,473	896,871	820,289
Travel and transportation	607,176	71,086	5,498	76,584	683,760	617,435
Insurance	462,466	54,944	17,452	72,396	534,862	472,777
Training, dues, and subscriptions	311,340	157,893	26,751	184,644	495,984	479,017
Telephone	394,383	45,841	9,439	55,280	449,663	425,909
Utilities	308,497	67,968	17,628	85,596	394,093	440,125
Contract food services	295,097	1,785	126	1,911	297,008	465,571
Direct mail marketing	-		270,273	270,273	270,273	242,712
Event expenses	142,207	61,255	18,882	80,137	222,344	127,436
Other expenses	117,732	22		22	117,754	12,205
Taxes and licenses	80,985	15,369	4,119	19,488	100,473	79,711
Program transportation and lodging	81,421	940	315	1,255	82,676	47,120
Publication and media	2,819	2,266	16,640	18,906	21,725	19,748
Postage	13,265	2,371	1,223	3,594	16,859	32,008
Recreation	6,131			-	6,131	6,271
Interest	-	595		595	595	4,457
Total expenses before depreciation	<u>40,216,098</u>	<u>5,395,503</u>	<u>2,065,489</u>	<u>7,460,992</u>	<u>47,677,090</u>	<u>47,448,123</u>
Depreciation	<u>604,185</u>	<u>163,543</u>	<u>2,606</u>	<u>166,149</u>	<u>770,334</u>	<u>778,423</u>
TOTAL 2023 FUNCTIONAL EXPENSES	<u>\$ 40,820,283</u>	<u>\$ 5,559,046</u>	<u>\$ 2,068,095</u>	<u>\$ 7,627,141</u>	<u>\$ 48,447,424</u>	
TOTAL 2022 FUNCTIONAL EXPENSES	<u>\$ 38,600,095</u>	<u>\$ 7,692,053</u>	<u>\$ 1,934,398</u>	<u>\$ 9,626,451</u>		<u>\$ 48,226,546</u>

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

WAYFINDER FAMILY SERVICES

STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

With comparative totals for the year ended June 30, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,707,786	\$ (7,343,897)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	770,334	778,423
(Gain) loss on investments	(2,519,452)	4,878,787
Investment income, net of fees	(912,029)	(1,035,500)
(Gain) on disposal of property and equipment	(15,500)	-
Amortization of right-of-use assets - operating leases	616,679	-
Change in allowance for doubtful accounts	(261,255)	90,263
(Increase) decrease in operating assets:		
Accounts and grants receivable	2,564,883	(1,893,239)
Employee retention credit	(4,918,908)	(2,148,846)
Pledges receivable	1,423	1,291,623
Prepaid expenses	(434,905)	1,419,073
Increase (decrease) in operating liabilities:		
Accounts payable	(978,538)	565,134
Accrued liabilities	816,793	(488,692)
Accrued unemployment liability	(114,414)	106,775
	(3,677,103)	(3,780,096)
NET CASH (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	6,486,971	5,807,224
Purchase of investments	(3,896,611)	(1,102,123)
Proceeds from sale of property and equipment	15,500	16,229
Purchase of property and equipment	(499,657)	(622,942)
	2,106,203	4,098,388
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of operating leases	(608,749)	-
	(608,749)	-
NET CASH (USED) BY FINANCING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH	(2,179,649)	318,292
CASH, BEGINNING OF YEAR	3,043,120	2,724,828
CASH, END OF YEAR	\$ 863,471	\$ 3,043,120
NON-CASH OPERATING ACTIVITIES:		
Right-of-use assets/lease liabilities - operating from adoption of ASC 842	\$ 1,421,028	\$ -

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

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

1. Organization

Wayfinder Family Services' ("Wayfinder") mission is to ensure that children, youth and adults facing challenges always have a place to turn. Founded in 1953 as the Foundation for the Junior Blind, the organization initially enabled blind and visually impaired children to lead fuller, more independent lives. Over the years, Wayfinder added programs for adults with vision loss and children with multiple disabilities, as well as mental health services. Recognizing that a large number of children with medical, mental health or developmental disabilities were in the child welfare system and that children with disabilities were at the highest risk of abuse and neglect, Wayfinder expanded to provide comprehensive child welfare services. To reflect the evolution in our programs, Junior Blind became Wayfinder Family Services in January 2018. Today, Wayfinder is a human services agency with expertise in child welfare, visual impairment and multiple disabilities. No other human services agency is addressing these complex, intersecting issues in California. Wayfinder is one of the largest statewide foster care and adoption agencies in California, and we provide services to more children who are blind than any other nonprofit in California. Across our programs, Wayfinder strives to achieve equity for all our clients, most of whom are low-income people of color. Wayfinder offers all services at no cost to children, adults and their families.

Visual Impairment and Disabilities

- Wayfinder's statewide *Child Development Services* provides early intervention in person or via telehealth to children birth to age 3 with vision impairment or multiple disabilities. Young children maximize any vision they have and reduce developmental delays. Parents learn to provide their child with therapeutic stimulation and to advocate for their child's education and care.
- Wayfinder's *Special Education School* offers children and youth, ages 5 to 22, who are visually impaired or have moderate-to-severe disabilities, a safe, positive environment for learning and growth. In the least restrictive environment in our state-certified, non-public school, teachers develop students' communication, mobility and functional skills to increase their independence.
- Wayfinder operates five *Group Homes* in single-family homes, each housing up to six children or six young adults with multiple, profound disabilities. Residents receive round-the-clock care. All group homes are conveniently located in the South Los Angeles neighborhood near the Wayfinder campus so that residents can attend the Special Education School, use Wayfinder's recreational facilities or receive care from our 24-hour medical center.
- Camp Bloomfield and Recreation
 - Wayfinder's *Camp Bloomfield* provides children and youth who are blind, visually impaired, multi-disabled with memorable experiences in the outdoors. The camp program offers activities adapted for children of all ages and abilities that develop self-esteem and build independence.
 - Wayfinder offers empowering *sports, recreation and outdoor adventures* that are adapted for children and teens with disabilities.

continued

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

- *Transition Services* enables teenagers and young adults who are blind or visually impaired to explore careers and successfully transition to independent living, college or the workforce. The program offers virtual trainings and quarterly weekend workshops across California, and a four-week, in-person summer program in classrooms and dorms on the Cal State Los Angeles campus to increase workforce readiness and academic preparation.
- *Davidson Program for Independence* on Wayfinder's Los Angeles campus and the *Hatlen Center for the Blind* in San Pablo in Northern California are comprehensive residential rehabilitation programs for adults ages 18 and older who are blind or visually impaired, many with recent vision loss. Participants learn assistive technology, orientation and mobility (white cane and safe travel), braille, and independent living skills. Each client pursues individualized goals that lead to a confident transition to an independent life and education or employment.
- *Assistive Technology Training* provides instruction on the latest assistive technology devices and software for success in today's job market to adults with vision loss, ages 18 and older.
- *Employment Services* teaches adults who are blind or visually impaired the skills they need to join or rejoin the workforce. Participants attend training on our L.A. campus, remotely, or in person in their homes. Clients receive assessments, training and job placement, as well as coaching and instruction in orientation and mobility to find and keep jobs. Clients emerge as competitive candidates in the workforce. Also, Wayfinder helps employers adapt workspaces to increase accessibility.

Child Welfare

- Wayfinder's *Temporary Shelter Care* program, also known as *The Cottage*, is a 10-day shelter on our Los Angeles campus for children, ages 0 through 17, who have just been removed from their homes due to abuse or neglect. These children need temporary refuge until they can be placed with family members or foster families. Our professional staff stabilize children in crisis so they are ready to transition to a placement. Wayfinder is one of only four agencies selected by the Los Angeles County Department of Children and Family Services to provide this service—and the only one that accepts infants and toddlers.
- Wayfinder's statewide *Foster Care and Adoption* programs match children and youth who have been displaced from their homes due to abuse or neglect with families that can provide safe, caring homes. Wayfinder recruits, trains and certifies resource (foster) families, some of whom ultimately adopt the children they foster. Also, Wayfinder offers therapeutic adoption support that includes case management, mental health therapy and mentoring to children and their adoptive families during and after adoption to promote stability and permanency.
- The *Kinship Support Services Program* supports grandparents, extended family members or close family friends who step up to raise children so they avoid the trauma of separation from their birth family. The program also assists kinship families that form voluntarily, without the assistance of a child welfare agency. Our program offers counseling, assistance with basic needs, support groups and workshops, respite resources and more.

continued

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

- Our *Family Finding Services* search exhaustively for relatives or people close to children in foster care so they can establish supportive connections. “Upfront family finding” strives to locate relatives or family friends soon after a child is removed from the home, rather than the older model of finding connections when a youth is in danger of leaving foster care without family connections.
- *Promoting Safe and Stable Families* and *Child and Family Development* provide counseling and support services to prevent at-risk children from entering foster care. Parents whose children are in foster care receive *Supervised Visitation and Coaching* services to strengthen parenting and sustain family ties.

Medical and Mental Health

- *Mental Health* offers therapy to children, youth, adults and families in our programs, including traumatized foster youth in The Cottage. Also, Wayfinder remains one of only a handful of organizations in the state that offers mental health services to people with disabilities. Our counselors help clients build skills to cope with vision loss, traumatic experiences, unstable environments, abuse, neglect and more. Wayfinder’s community mental health services assist residents in need in Los Angeles, Butte and Shasta counties. Our mental health care in the community is focused on preventative services to help build resilient individuals and families.
- Wayfinder’s *Medical Center* provides 24-hour services to children in our The Cottage, as well as children and young adults in Wayfinder’s Group Homes and Special Education School. Many have complex, intertwined medical, mental health and behavioral needs, which our medical staff are adept at addressing. Medical department staff includes nurses and a psychiatrist, and we contract with a nurse practitioner, endocrinologist and behavioral psychologist.

Public Education Program

Through public education, Wayfinder informs and educates students, families, professionals and community members about important issues surrounding disabilities and child welfare.

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

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

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Without Donor Restrictions – Property, Plant, and Equipment. These are assets that have been set aside for property and equipment replacement. For purposes of complying with net asset accounting, this fund is included in net assets without donor restrictions at June 30, 2023, with a balance of \$10,772,469.

Without Donor Restrictions – Board designated. These are comprised of resources that the Board of Directors has established as being designated for particular purposes. For purposes of complying with net asset accounting, this fund is included in net assets without donor restrictions at June 30, 2023, with a balance of \$29,877,027.

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions 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. At June 30, 2023, Wayfinder has \$632,153 in net assets with donor restrictions.

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Accounts Receivable

Wayfinder uses the allowance method in order to reserve for potential uncollectible accounts receivable.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments

Wayfinder values its investments at fair value. Gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain (loss) on investments. Net investment activity (income net of market losses and fees of \$98,263) of \$3,431,481 is reflected in the Statement of Activities. Cash and/or money market funds not used for operations are included in investments.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

Wayfinder is required to measure current year pledges, certain investments, and in-kind contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Concentration of Credit Risks

Wayfinder places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Wayfinder has not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2023 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risk with respect to trade receivables are limited, as the majority of Wayfinder's receivables consist of earned fees from contract programs granted by governmental agencies.

Wayfinder holds investments in the form of equities, fixed income securities, and money market funds. The Board of Directors routinely reviews market values of such investments.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Market risks include global events which could impact the value of investments securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investments securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred.

Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

Wayfinder reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable.

Revenue and Revenue Recognition

Wayfinder recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a 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.

A portion of Wayfinder's revenue is derived from cost-reimbursable state, county or local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Wayfinder has incurred expenditures in compliance with specific contract or grant provisions.

continued

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Donated Materials and Services

Wayfinder recognized nonfinancial assets within revenue, including clothing, household goods, equipment, licenses, and services. Contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed clothing and household goods and supplies were utilized in the following programs: transitional shelter care, group homes, foster care and adoption, and blind babies. The value of these donated items was determined on the basis of wholesale values that would be received for selling similar products in the United States.

Contributed equipment was used in the vision program to assist clients who are vision impaired. The value of this equipment was determined on the basis of wholesale values that would be received for selling similar products in the United States.

Contributed licenses were used in the general and administrative areas of the organization. The value of the licenses was determined on the basis of wholesale values that would be received for selling similar products in the United States.

Contributed services were for legal fees that were used in general and administrative areas of the organization as well as the camp and recreation program. The value of the services was determined on the basis of what would have been paid to the law firms for the same services received.

The value of in-kind contributions received for the year ended June 30, 2023 was \$682,759. Of this amount, \$425,460 is related to legal services and \$257,299 to donated materials. All are related to legal services and is included in professional fees and supplies on the Statement of Functional Expenses, respectively.

Income Taxes

Wayfinder is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Wayfinder in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Wayfinder's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

Costs of providing Wayfinder's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or shared. Shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Wayfinder uses percentage of use, salaries, number of employees, number of meals served, mileage and direct costs to allocate indirect costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement

Wayfinder adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. Wayfinder elected the effective date transition method and the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or existing leases, and any initial direct costs for any existing leases as of the effective date. As a result of implementing ASU No. 2016-02, Wayfinder recognized right-of-use assets and lease liabilities were both \$1,421,028 in its Statement of Financial Position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the Statement of Activities for the year ended June 30, 2023.

Leases

Wayfinder applies Accounting Standards Codification ("ASC") 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant, or equipment for a period of time in excess of twelve months in exchange for consideration. Wayfinder defines control of the asset as the right to obtain substantially all of the economic benefits from use of the identified asset as well as the right to direct the use of the identified asset. Wayfinder further determined some existing leases are operating leases, which are included in Right-of-Use ("ROU") assets and lease liabilities in the Statement of Financial Position.

continued

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Wayfinder's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

3. Liquidity and Availability of Resources

Wayfinder regularly monitors the availability of resources required to meet its operating needs and other commitments, while striving to maximize return on investments of its available funds. Further, as part of its liquidity management the board has approved a days-of-cash on hand policy and reviews the investments regularly. As an additional source of liquidity, Wayfinder has a \$3 million line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Wayfinder considers all expenditures related to its ongoing activities and the pattern of income from grants, contracts, fundraising, and investments. The Finance Committee of the Board of Directors meets regularly to review all financial aspects of Wayfinder.

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

Cash	\$ 651,198
Accounts and grants receivable, net	5,476,399
Investments	<u>29,877,027</u>
Financial assets at year-end	<u>\$36,004,624</u>

Permanently restricted gifts, in which the original gift is never to be used, are invested and income from these gifts are restricted for specific programs. These gifts total \$419,880 and are not available for use.

Donor-restricted gifts or board-designated amounts in which the funds are to be used for a specific purpose are invested and not available for general expenditures.

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

4. Pledges Receivable

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Additionally, all pledges are valued at their estimated fair value and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of June 30, 2023. Discounts, when appropriate, on those amounts are computed using Internal Revenue Service life expectancy index applicable to the years in which the promises are received. Total amount of pledges receivable at June 30, 2023 is \$437,275, which are due in three to five years.

5. Investments

Investments as of June 30, 2023 consists of the following:

U.S. domestic composite	\$14,635,506
Fixed income composite	9,685,676
Foreign stocks	5,498,008
Private debt	264,474
Money market	<u>213,243</u>
Total	<u>\$30,296,907</u>

6. Fair Value Measurements

The table below presents the balances of assets or liabilities measured at fair value as of June 30, 2023 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. stocks	\$14,635,506	\$ -	\$ -	\$14,635,506
Fixed income	9,685,676			9,685,676
Foreign stocks	5,498,008			5,498,008
Private debt	<u>264,474</u>			<u>264,474</u>
Total	<u>\$30,083,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$30,083,664</u>

The fair values of U.S. stocks, fixed income, foreign stocks, and private debt have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The table below presents the transaction measured at fair value on a non-recurring basis as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed property, goods, and services	<u>\$ -</u>	<u>\$682,759</u>	<u>\$ -</u>	<u>\$682,759</u>

The fair value of contributed property, goods, and services have been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

continued

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

7. Property and Equipment

Property and equipment as of June 30, 2023 consist of the following:

	<u>Wayfinder Facilities</u>	<u>Camp Bloomfield</u>	<u>Total</u>
Land and land improvements	\$ 2,779,445	\$1,850,000	\$ 4,629,445
Buildings	14,696,934		14,696,934
Furniture and equipment	8,761,399		8,761,399
Building improvements	5,913,980		5,913,980
Construction in progress	<u>609,681</u>		<u>609,681</u>
	32,761,439	1,850,000	34,611,439
Less: accumulated depreciation	<u>(20,849,970)</u>		<u>(20,849,970)</u>
	<u>\$ 11,911,469</u>	<u>\$1,850,000</u>	<u>\$ 13,761,469</u>

Included in the total fixed assets, under Wayfinder facilities, is property held for investment with a value of \$2,989,000. Therefore, property and equipment (used for operations) at June 30, 2023 is \$10,772,469.

8. Accrued Liabilities

Accrued liabilities as of June 30, 2023 consist of the following:

457(b) liability	\$1,354,579
Accrued vacation	1,011,412
Other accrued liabilities	887,401
Accrued payroll and taxes	837,282
Government fees overpayment	798,983
Accrued legal fees	661,593
Contract advances	<u>661,531</u>
	<u>\$6,212,781</u>

9. Accrued Unemployment Liability

Wayfinder has elected to be self-insured for the purposes of California State Unemployment Insurance. Estimated accrued unemployment liability represents estimated future claims arising from payroll paid. At June 30, 2023, there is no accrued unemployment liability.

continued

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

10. Line of Credit

Wayfinder has a revolving line of credit with a bank in the amount of \$3,000,000, bearing interest at SOFR + 2% or PRIME, with a maturity date of September 1, 2023. The revolving line of credit is secured by accounts receivable, general intangibles, inventory and equipment. At June 30, 2023, there is no outstanding balance on the line of credit. The line of credit was renewed in September, 2023 (see Note 19).

11. Right-of-Use Assets and Liabilities - Operating Leases

Wayfinder evaluated current office and equipment contracts to determine which met the criteria of a lease. The ROU assets represents Wayfinder's right to use underlying assets for the lease term and the lease liabilities represent Wayfinder's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. Wayfinder made an election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The initial ROU assets and liabilities recorded at July 1, 2022 were both \$1,421,028. The lease expense will be recognized on a straight-line basis over the lease terms.

Wayfinder's operating leases consist of real property, office equipment, and vehicles.

There were no noncash investing and financing transactions related to leasing other than the transition entry. For the year ended June 30, 2023, the weighted average of discounted rate is 2.89%, and the weighted average of remaining leases term is approximately 1.77 years.

Future maturities of the lease liabilities are as follows:

<u>Year ending June 30,</u>	
2024	\$570,496
2025	153,464
2026	101,378
2027	6,360
2028	<u>836</u>
Total lease payments	832,534
Less: present value discount	<u>(20,255)</u>
	<u>\$812,279</u>

The underlying ROU asset related to the above liability is as follows:

ROU asset balance at July 1, 2022	\$1,421,028
Less: amortization of lease	<u>(616,679)</u>
ROU asset balance at June 30, 2023	<u>\$ 804,349</u>

Lease and rent expense under operating leases of facilities and vehicles for the year ended June 30, 2023 was \$896,871.

continued

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

12. Contingencies and Risks

Contracts and Grants

Wayfinder's contracts and grants are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated, however, at June 30, 2023, Wayfinder has established an allowance for possible disallowance of program costs and/or uncollectable of receivables in the amount of \$472,576.

13. Net Assets With Donor Restrictions

Net assets with restrictions as of June 30, 2023 consist of the following:

Purpose restrictions	<u>\$212,273</u>
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For the year ended June 30, 2023, net assets released from program restrictions were \$230,347.

14. Net Assets With Donor Restrictions – Perpetual in Nature - Endowment Funds

Net assets perpetual in nature represents contributions which the donor has stipulated that the principal is to be kept intact in perpetuity and only the interest and dividends from there may be expended for the needs of the organization and children. As of June 30, 2023, net assets with donor restrictions – perpetual in nature were \$419,880.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Wayfinder has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Wayfinder classifies as net assets with donor restrictions – perpetual in nature (a) the original value of the gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portions of the donor restricted endowment fund that is not classified in net assets with donor restrictions – perpetual in nature is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Wayfinder in a manner consistent with the standard of prudence prescribed by UPMIFA.

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

14. Net Assets With Donor Restrictions – Perpetual in Nature - Endowment Funds, continued

Endowment net assets composition by type of fund as of June 30, 2023 is as follows:

	With Donor Restrictions
Donor restricted endowment funds	<u>\$419,880</u>

No changes in endowment net assets as of June 30, 2023.

15. Government Contracts, Fees for Service, and Grants

Government contracts and fees for service, and grants as of June 30, 2023 consist of the following:

California Department of Social Services	\$17,293,458
Other Northern California regional grants	7,098,386
Regional centers – various	3,528,386
Department of Mental Health	3,655,233
Department of Rehabilitation (States of California, Alaska, and Nevada)	2,523,753
Various school districts	1,176,411
Others	281,554
Community Development Block Grant	56,653
Alameda County Health Care Services Agency	47,145
Department of Education – nutrition program	<u>36,600</u>
	<u>\$35,697,579</u>

16. Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) provides an Employee Retention Credit (“ERC”), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit was 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was increased to \$10,000 of qualified wages per quarter. During the fiscal year June 30, 2023, Wayfinder qualified for the tax credit under the CARES Act and recorded \$5,611,949 as revenue.

On July 11, 2023, Wayfinder received payments in the amount of \$8,352,833 related to its Employee Retention Credit. The payment includes interest in the amount of \$382,351, which is presented as interest income in the statement of activities (see Note 19).

continued

WAYFINDER FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

17. Perpetual Charitable Trust

Wayfinder was made a beneficiary of a perpetual charitable trust in 1985. According to the trust agreement, Wayfinder is entitled to one-sixth of the net income generated from a Texas oil property and related investments. Due to the nature of the property, the fair value of this contribution cannot be determined at this time. Accordingly, the value of future income to be received from the trust has not been recorded in the accompanying financial statements and income generated from the trust is recognized as income when received.

18. Employee Benefit Plans

Wayfinder has a 401(k) profit sharing plan covering all employees who worked at least three months during the plan year and are eligible to participate in the plan. Wayfinder matches up to 4% of the employee's deferred salary as approved by the plan documents. The 401(k) profit sharing plan expense for the year ended June 30, 2023 was \$504,454.

Wayfinder also has a deferred compensation plan under Section 457 of the Internal Revenue Code for highly compensated employees. The expense under this plan for the year ended June 30, 2023 was \$105,322.

19. Subsequent Events

Wayfinder has a revolving line of credit with a bank in the amount of \$3,000,000, bearing interest at SOFR + 2% or PRIME. The revolving line of credit is secured by accounts receivable, general intangibles, inventory and equipment.

In September 2022, Wayfinder renewed its revolving line of credit with the same terms as referred above see Note 10.

In July 2023, Wayfinder received payments in the amount of \$8,352,833 related to its ERC (see Note 16).

Management has evaluated subsequent events through October 25, 2023, the date which the financial statements were made available for issue. Except as noted above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.