



## Notes on 2023-24 Financial Statements

**Change in Net Assets.** Although Wayfinder’s audited change in net assets in the 2023-24 fiscal year was \$1.26 million, the actual operating surplus was \$814,000. This is because the audit includes nonoperating items such as unrealized gains or losses on investments and wills and bequests. The primary cause of the 2023-24 surplus was a \$1.67 million gain from an insurance settlement, listed in the audit under “Other changes.” The settlement resulted from a legal case against a utility company over damaged property in 2018.

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 items, producing a more accurate assessment of the agency’s financial results. Wayfinder’s five-year average change in net assets, from FY 2019-20 through 2023-24 was roughly \$430,000, or less than 1% of expenses.

### **Current assets, cash on hand and investment portfolio**

Wayfinder’s board requires 180 days of cash on hand. The largest portion of cash on hand is our investment portfolio, listed as “Investments” in the audit’s Statement of Financial Position. Only \$420,000 of the investment portfolio is restricted for specific programs, so the bulk of the investment portfolio is unrestricted and is part of Wayfinder’s current assets. 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, 2024**

A Trusted Nonprofit Partner

Main Office: 2698 Mataro Street, Pasadena, CA 91107 Phone: 626.403.6801  
[www.npocpas.com](http://www.npocpas.com)

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## INDEPENDENT AUDITORS' REPORT

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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, 2024, 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 referred to above present fairly, in all material respects, the financial position of Wayfinder Family Services as of June 30, 2024, 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 opinion.

### **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.

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## INDEPENDENT AUDITORS' REPORT

continued

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### 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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

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### **Other Matter**

#### *Report on Summarized Comparative Information*

We have previously audited Wayfinder Family Services' 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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 November 6, 2024, 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

November 6, 2024

**WAYFINDER FAMILY SERVICES**

STATEMENT OF FINANCIAL POSITION

June 30, 2024

With comparative totals at June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2024	2023
<b>ASSETS</b>				
Cash	\$ 633,366	\$ 196,517	\$ 829,883	\$ 863,471
Accounts and grants receivable, net of allowance of \$686,615	4,977,296		4,977,296	5,476,399
Employee retention credit, net of allowance of \$1,667,430 in 2023 (Note 18)			-	7,067,754
Pledges receivable (Note 4)	200,124		200,124	437,275
Prepaid expenses and other assets	2,171,302		2,171,302	1,979,119
Investments (Note 5)	38,725,541	419,880	39,145,421	30,296,907
Property held for investment	2,989,000		2,989,000	2,989,000
Property and equipment (Note 7)	11,230,170		11,230,170	10,772,469
Right-of-use assets - operating leases (Note 11)	1,409,282		1,409,282	804,349
	<b>\$ 62,336,081</b>	<b>\$ 616,397</b>	<b>\$ 62,952,478</b>	<b>\$ 60,686,743</b>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 365,234	\$ -	\$ 365,234	\$ 392,845
Accrued liabilities (Note 8)	6,615,823		6,615,823	6,212,781
Accrued unemployment liability (Note 9)	26,366		26,366	-
Lease liabilities - operating lease (Note 11)	1,414,326		1,414,326	812,279
Line of credit (Note 10)			-	-
	<b>8,421,749</b>	<b>-</b>	<b>8,421,749</b>	<b>7,417,905</b>
<b>TOTAL LIABILITIES</b>				
<b>NET ASSETS</b>				
Without donor restrictions	3,958,621		3,958,621	11,987,189
Without donor restrictions - property, plant, and equipment (Note 2)	11,230,170		11,230,170	10,772,469
Without donor restrictions - board designated (Note 2)	38,725,541		38,725,541	29,877,027
With donor restrictions				
Purpose and time restrictions (Note 13)		196,517	196,517	212,273
Perpetual in nature (Note 14)		419,880	419,880	419,880
	<b>53,914,332</b>	<b>616,397</b>	<b>54,530,729</b>	<b>53,268,838</b>
<b>TOTAL NET ASSETS</b>				
	<b>\$ 62,336,081</b>	<b>\$ 616,397</b>	<b>\$ 62,952,478</b>	<b>\$ 60,686,743</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>				

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

**WAYFINDER FAMILY SERVICES**

STATEMENT OF ACTIVITIES

For the year ended June 30, 2024

With comparative totals for the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2024	2023
<b>REVENUE</b>				
Private support				
Other contributions	\$ 1,827,771	\$ 25,400	\$ 1,853,171	\$ 2,016,872
Trust income	1,103,648		1,103,648	1,695,337
Wills and bequests	551,683		551,683	452,902
Contributed property, goods, and services (Note 6)	403,952		403,952	682,759
Net assets released from restrictions (Note 13)	51,077	(51,077)	-	-
	3,938,131	(25,677)	3,912,454	4,847,870
Government fees and other revenue				
Government contracts, fees for service, and grants (Note 15)	35,470,686		35,470,686	35,697,579
Other revenue	189,607		189,607	168,480
Employee retention credit (Note 18)			-	5,611,949
	35,660,293	-	35,660,293	41,478,008
Other changes				
Gain on investments	4,176,059		4,176,059	2,519,452
Gain from court settlement (Note 19)	1,671,597		1,671,597	-
Recovery of bad debt expense for employee retention credit (Note 18)	1,667,430		1,667,430	-
Investment income, net of fees of \$110,053	754,745	9,921	764,666	912,029
Gain on sales of equipment	1,300		1,300	15,500
Employee retention credit interest income (Note 18)			-	382,351
	8,271,131	9,921	8,281,052	3,829,332
<b>TOTAL REVENUE</b>	47,869,555	(15,756)	47,853,799	50,155,210
<b>EXPENSES</b>				
Program services				
Early intervention program	1,438,227		1,438,227	1,168,086
Special education school	1,543,851		1,543,851	1,626,632
Group homes	5,547,942		5,547,942	5,762,470
Camp bloomfield and recreation	692,208		692,208	929,468
Transition services	95,590		95,590	130,306
Older individuals who are blind	292,756		292,756	-
Davidson program for independence	1,603,094		1,603,094	1,640,413
Hatlen center	674,012		674,012	785,737
Temporary shelter care program	4,660,898		4,660,898	5,390,720
The haven	2,175,508		2,175,508	-
Foster care and adoption	14,312,658		14,312,658	17,402,203
Mental health services	4,952,420		4,952,420	4,188,563
Public education program	469,757		469,757	579,036
Strategic initiatives	549,924		549,924	1,213,467
Hillsdale and TAY			-	3,182
Total program services	39,008,845	-	39,008,845	40,820,283
Supporting services				
Management and administrative	5,854,641		5,854,641	5,559,046
Fundraising and public relations	1,728,422		1,728,422	2,068,095
Total supporting services	7,583,063	-	7,583,063	7,627,141
<b>TOTAL EXPENSES</b>	46,591,908	-	46,591,908	48,447,424
<b>CHANGE IN NET ASSETS</b>	1,277,647	(15,756)	1,261,891	1,707,786
<b>NET ASSETS, BEGINNING OF YEAR</b>	52,636,685	632,153	53,268,838	51,561,052
<b>NET ASSETS, END OF YEAR</b>	\$ 53,914,332	\$ 616,397	\$ 54,530,729	\$ 53,268,838

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



WAYFINDER FAMILY SERVICES

STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2024  
With comparative totals for the year ended June 30, 2023

	Early Intervention Program	Special Education School	Group Homes	Camp Bloomfield and Recreation	Transition Services	Older Individuals Who are Blind	Davidson Program for Independence	Hatlen Center	Temporary Shelter Care Program	The Haven	Foster Care and Adoption	Mental Health Services	Public Education Program	Strategic Initiatives	Hillsdale and TAY	Total Program Services
Salaries	\$ 925,738	\$ 776,827	\$ 3,434,367	\$ 314,062	\$ 24,783	\$ 150,180	\$ 947,128	\$ 326,979	\$ 2,653,542	\$ 1,242,085	\$ 7,344,686	\$ 3,114,109	\$ 267,897	\$ 14,276	\$ -	\$ 21,536,659
Payroll taxes	68,667	57,331	208,864	18,834	1,857	11,000	68,889	23,536	194,873	86,106	563,831	222,638	17,986	1,668	-	1,546,080
Employee benefits	125,943	161,298	498,556	62,749	4,582	21,466	173,433	50,563	474,879	153,997	1,115,242	462,284	50,843	1,854	-	3,357,689
Total personnel costs	1,120,348	995,456	4,141,787	395,645	31,222	182,646	1,189,450	401,078	3,323,294	1,482,188	9,023,759	3,799,031	336,726	17,798	-	26,440,428
Professional fees	29,213	156,230	505,393	47,713	3,683	15,713	116,828	30,437	371,635	148,408	477,903	323,237	87,554	382,743	-	2,696,690
Foster family payments and reimbursements											2,861,861	31,853				2,893,714
Supplies	81,998	39,075	181,204	23,706	11,099	68,245	52,830	19,281	205,420	267,311	313,865	265,904	11,921	35,646	-	1,577,505
Rent	13,829	18	53,034	6		3	21	146,964	61	27	565,998	153,656				933,617
Maintenance	608	69,433	160,714	15,060	1,124	1,521	67,906	701	149,116	116,090	72,300	34,415	2,125	655		691,768
Insurance	24,091	20,736	88,018	7,709	641	3,254	24,998	8,984	71,196	31,972	195,875	82,139	7,191	714		567,518
Utilities	1,924	21,092	55,599	11,522	413	4,500	26,967	5,120	72,678	42,545	93,535	74,452	7,430	631		418,408
Training, dues, and subscriptions	21,599	16,739	35,477	8,770		3,826	15,816	4,680	41,185	10,790	84,460	55,391	9,087	39,074		346,894
Travel and transportation	96,659	1,720	6,251	1,318	5,699	10,471	10,283	10,346	5,987	3,453	209,944	56,436	213	1,820		420,600
Event expenses	7,635	2,188	58	134,003	25,232	3	1,809	163	231	4,728	94,130	2,426				272,606
Contract food services	18,793	17,067	139,676	930	5,951	141	47,759	945	78,831	17,581	1,996	1,676	9			331,355
Telephone	10,355	8,492	36,812	5,168	1,127	911	14,884	15,810	24,067	20,865	92,545	52,835	1,827	814		286,512
Direct mail marketing																-
Other expenses	3,418	651	7,734	403	930	127	4,452	2,792	16,950	3,721	30,927	7,075	49	4,007		83,236
Program transportation and lodging	815	64,015	34,060	11,506	2,290	978	11,250	6,064	2,320	17,656	856	712	79	8		152,609
Bad debt	5,118	73	1,119	8	5,934	5	2,977	12,124	83	39	102,228					129,708
Postage	799	681	2,523	651	64	106	788	531	2,397	975	20,230	4,321	148	53		34,267
Taxes and licenses	26	9,677	9,954	3,669	124	95	2,670	7,637	2,423	2,555	25,108	582	58	7		64,585
Publication and media		26		312				4	36	2,860	619	17	5,050	65,916		74,840
Interest																-
Recreation																-
Total expenses before depreciation	1,437,228	1,423,369	5,459,413	668,099	95,533	292,545	1,591,688	673,661	4,367,910	2,173,764	14,268,139	4,946,158	469,467	549,886	-	38,416,860
Depreciation	999	120,482	88,529	24,109	57	211	11,406	351	292,988	1,744	44,519	6,262	290	38		591,985
<b>TOTAL 2024 FUNCTIONAL EXPENSES</b>	<b>\$ 1,438,227</b>	<b>\$ 1,543,851</b>	<b>\$ 5,547,942</b>	<b>\$ 692,208</b>	<b>\$ 95,590</b>	<b>\$ 292,756</b>	<b>\$ 1,603,094</b>	<b>\$ 674,012</b>	<b>\$ 4,660,898</b>	<b>\$ 2,175,508</b>	<b>\$ 14,312,658</b>	<b>\$ 4,952,420</b>	<b>\$ 469,757</b>	<b>\$ 549,924</b>	<b>\$ -</b>	<b>\$ 39,008,845</b>
TOTAL 2023 FUNCTIONAL EXPENSES	\$ 1,168,086	\$ 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

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

## WAYFINDER FAMILY SERVICES

### STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2024

With comparative totals for the year ended June 30, 2023

continued

	Total Program Services	Supporting Services		Total Supporting Services	Total Expenses	
		Management and Administrative	Fundraising and Public Relations		2024	2023
Salaries	\$ 21,536,659	\$ 3,524,807	\$ 776,644	\$ 4,301,451	\$ 25,838,110	\$ 24,794,793
Payroll taxes	1,546,080	205,985	52,802	258,787	1,804,867	1,736,706
Employee benefits	3,357,689	562,707	140,406	703,113	4,060,802	4,123,574
Total personnel costs	26,440,428	4,293,499	969,852	5,263,351	31,703,779	30,655,073
Professional fees	2,696,690	524,006	165,615	689,621	3,386,311	4,858,308
Foster family payments and reimbursements	2,893,714			-	2,893,714	3,697,243
Supplies	1,577,505	233,331	83,931	317,262	1,894,767	1,436,561
Rent	933,617	998	95	1,093	934,710	896,871
Maintenance	691,768	60,221	7,117	67,338	759,106	1,294,351
Insurance	567,518	90,990	20,789	111,779	679,297	534,862
Utilities	418,408	75,241	23,587	98,828	517,236	394,093
Training, dues, and subscriptions	346,894	124,586	20,388	144,974	491,868	495,984
Travel and transportation	420,600	40,593	10,585	51,178	471,778	683,760
Event expenses	272,606	3,956	60,073	64,029	336,635	222,344
Contract food services	331,355	2,154	108	2,262	333,617	297,008
Telephone	286,512	34,335	5,593	39,928	326,440	449,663
Direct mail marketing	-		274,090	274,090	274,090	270,273
Other expenses	83,236	94,353	24,522	118,875	202,111	117,754
Program transportation and lodging	152,609	12,728	225	12,953	165,562	82,676
Bad debt	129,708			-	129,708	1,144,483
Postage	74,840	4,534	37,302	41,836	116,676	16,859
Taxes and licenses	64,585	36,380	2,347	38,727	103,312	100,473
Publication and media	34,267		19,972	19,972	54,239	21,725
Interest	-	23,037		23,037	23,037	595
Recreation	-			-	-	6,131
Total expenses before depreciation	38,416,860	5,654,942	1,726,191	7,381,133	45,797,993	47,677,090
Depreciation	591,985	199,699	2,231	201,930	793,915	770,334
<b>TOTAL 2024 FUNCTIONAL EXPENSES</b>	<b>\$ 39,008,845</b>	<b>\$ 5,854,641</b>	<b>\$ 1,728,422</b>	<b>\$ 7,583,063</b>	<b>\$ 46,591,908</b>	
<b>TOTAL 2023 FUNCTIONAL EXPENSES</b>	<b>\$ 40,820,283</b>	<b>\$ 5,559,046</b>	<b>\$ 2,068,095</b>	<b>\$ 7,627,141</b>		<b>\$ 48,447,424</b>

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

## WAYFINDER FAMILY SERVICES

### STATEMENT OF CASH FLOWS

For the year ended June 30, 2024

With comparative totals for the year ended June 30, 2023

	2024	2023
<b>CASH FLOWS FROM (TO) OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,261,891	\$ 1,707,786
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	793,915	770,334
(Gain) loss on investments	(4,176,059)	(2,519,452)
Investment income, net of fees	(764,666)	(912,029)
(Gain) on disposal of property and equipment	(1,300)	(15,500)
Amortization of right-of-use assets - operating leases	811,645	616,679
Reduction of lease liabilities - operating leases	(814,531)	(608,749)
Change in allowance for doubtful accounts	(472,576)	(261,255)
(Increase) decrease in operating assets:		
Accounts and grants receivable	971,679	2,564,883
Employee retention credit	7,067,754	(4,918,908)
Pledges receivable	237,151	1,423
Prepaid expenses	(192,183)	(434,905)
Increase (decrease) in operating liabilities:		
Accounts payable	(27,611)	(978,538)
Accrued liabilities	403,042	816,793
Accrued unemployment liability	26,366	(114,414)
	<b>5,124,517</b>	<b>(4,285,852)</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS (TO) FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	4,713,258	6,486,971
Purchase of investments	(8,621,047)	(3,896,611)
Proceeds from sale of property and equipment	1,300	15,500
Purchase of property and equipment	(1,251,616)	(499,657)
	<b>(5,158,105)</b>	<b>2,106,203</b>
<b>NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES</b>		
<b>NET (DECREASE) IN CASH</b>	<b>(33,588)</b>	<b>(2,179,649)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>863,471</b>	<b>3,043,120</b>
<b>CASH, END OF YEAR</b>	<b>\$ 829,883</b>	<b>\$ 863,471</b>
<b>NON-CASH OPERATING ACTIVITIES:</b>		
Right-of-use assets/lease liabilities - operating from adoption of ASC 842	\$ -	\$ 1,421,028
Right-of-use asset/liability from addition of new leases	<b>\$ 1,416,578</b>	<b>\$ -</b>

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

# WAYFINDER FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

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### 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

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### 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.
- *Older Individuals who are Blind (OIB)* provides adults ages 55+ who are visually impaired with training in areas like the use of assistive technology, orientation and mobility so they can care for themselves, live independently and navigate their community.

### **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.

continued

# WAYFINDER FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

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### 1. **Organization**, continued

- 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.
- 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.
- *The Haven* provides long-term foster care, a group home and family finding for children and youth, ages 0-17, who enter the country unaccompanied by family. Our staff offer child-centered, trauma-informed services to refugee children, who have complex, intertwined needs, including health, mental health, behavioral, developmental or physical disabilities. We increase children’s stability while locating capable relatives or a foster family.

### **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.

continued

# WAYFINDER FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2024, with a balance of \$11,230,170.

**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, 2024, with a balance of \$38,725,541.

**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, 2024, Wayfinder has \$616,397 in net assets with donor restrictions.

# WAYFINDER FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$110,053) of \$4,940,725 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.

continued



## WAYFINDER FAMILY SERVICES

### NOTES TO FINANCIAL STATEMENTS

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#### 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, 2024 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

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#### 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, 2024 was \$403,952. Of this amount, \$268,502 is related to legal services and \$135,450 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

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### 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

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which introduces a new impairment model, the current expected credit loss (CECL) model. The model applies to most assets that are measured at amortized cost and requires those assets to be presented at the net amount expected to be collected. In addition, credit losses on available-for-sale debt securities are to be recognized through an allowance account. ASU 2016-13 also expands existing disclosure requirements. For nonpublic entities, ASU 2019-10 delayed the effective date of ASU 2016-13, and related subsequent ASUs, to fiscal years beginning after December 15, 2022. Management has determined that the adoption did not have a significant impact on the amounts reported in the financial statements for the year ended June 30, 2024.

#### 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.

# WAYFINDER FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2023, from which the summarized information was derived.

#### Reclassifications

For comparability, certain June 30, 2023 accounts have been reclassified, where appropriate, to conform to the financial statements presentation used at June 30, 2024.

#### Subsequent Events

Management has evaluated subsequent events through November 6, 2024, the date which the financial statements were made available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

### 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	\$ 633,366
Accounts and grants receivable, net	5,351,834
Investments	<u>38,725,541</u>
Financial assets at year-end	<u>\$44,710,741</u>

continued

## WAYFINDER FAMILY SERVICES

### NOTES TO FINANCIAL STATEMENTS

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#### 3. Liquidity and Availability of Resources, continued

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.

#### 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, 2024. 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, 2024 is \$200,124, which are due in three to five years.

#### 5. Investments

Investments as of June 30, 2024 consists of the following:

U.S. domestic composite	\$18,286,059
Fixed income composite	12,912,032
Foreign stocks	7,036,630
Private debt	621,898
Money market	<u>288,802</u>
Total	<u>\$39,145,421</u>

continued

# WAYFINDER FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

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### 6. Fair Value Measurements

The table below presents the balances of assets or liabilities measured at fair value as of June 30, 2024 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. stocks	\$18,286,059	\$ -	\$ -	\$18,286,059
Fixed income	12,912,032			12,912,032
Foreign stocks	7,036,630			7,036,630
Private debt	<u>621,898</u>	<u>          </u>	<u>          </u>	<u>621,898</u>
Total	<u>\$38,856,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$38,856,619</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, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed property, goods, and services	<u>\$ -</u>	<u>\$403,952</u>	<u>\$ -</u>	<u>\$403,952</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).

### 7. Property and Equipment

Property and equipment as of June 30, 2024 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 and building improvements	21,443,762		21,443,762
Furniture and equipment	7,417,238		7,417,238
Computer equipment	566,768		566,768
Vehicles	955,000		955,000
Software	36,159		36,159
Construction in progress	<u>763,565</u>	<u>          </u>	<u>763,565</u>
	33,961,937	1,850,000	35,811,937
Less: accumulated depreciation	<u>(21,592,767)</u>	<u>          </u>	<u>(21,592,767)</u>
	<u>\$ 12,369,170</u>	<u>\$1,850,000</u>	<u>\$ 14,219,170</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, 2024 is \$11,230,170.

continued

## WAYFINDER FAMILY SERVICES

### NOTES TO FINANCIAL STATEMENTS

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#### 8. Accrued Liabilities

Accrued liabilities as of June 30, 2024 consist of the following:

457(b) liability	\$1,546,162
Accrued vacation	1,115,492
Government fees overpayment	882,760
Contract advances	841,659
Accrued payroll and taxes	687,147
Accrued invoices	678,106
Other accrued liabilities	522,997
Accrued legal fee	<u>341,500</u>
	<u>\$6,615,823</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, 2024, total amount of unemployment liability is \$26,366.

#### 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 December 1, 2024. The revolving line of credit is secured by accounts receivable, general intangibles, inventory and equipment. At June 30, 2024, there is no outstanding balance on the line of credit.

#### 11. Right-of-Use Assets and Lease 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. Lease terms, in the calculations, may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. The additions of ROU assets and lease liabilities during the fiscal year 2024, were both \$1,416,578.

Wayfinder's operating leases consist of real property, office equipment, and vehicles. The ROU assets and leases liabilities for these leases were determined based on the current terms in force as of June 30, 2024. No additional options have been included.

continued

# WAYFINDER FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

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### 11. Right-of-Use Assets and Lease Liabilities - Operating Leases, continued

Cash paid for the operating leases for the year ended June 30, 2024 was \$776,796. There were no noncash investing and financing transactions related to leasing other than the transition entry during the year ended June 30, 2024.

For the year ended June 30, 2024, the weighted average of discounted rate is 2.18%, and the weighted average of remaining leases term is approximately 3.94 years.

Future maturities of the lease liabilities are as follows:

<u>Year ending June 30,</u>	
2025	\$ 593,944
2026	470,353
2027	283,778
2028	83,161
2029	55,984
Thereafter	<u>19,388</u>
Total lease payments	1,506,608
Less: present value discount	<u>(92,282)</u>
	<u>\$1,414,326</u>

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

ROU asset balance at July 1, 2023	\$ 804,349
Add: new leases	1,416,578
Less: amortization of lease	<u>(811,645)</u>
ROU asset balance at June 30, 2024	<u>\$1,409,282</u>

Lease expense under operating leases of facilities and vehicles for the year ended June 30, 2024 was \$775,310.

### 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, 2024, Wayfinder has established an allowance for possible disallowance of program costs and/or uncollectable of receivables in the amount of \$680,363.

continued



## WAYFINDER FAMILY SERVICES

### NOTES TO FINANCIAL STATEMENTS

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#### 13. Net Assets With Donor Restrictions

Net assets with restrictions as of June 30, 2024 consist of the following:

Purpose restrictions	<u>\$196,517</u>
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For the year ended June 30, 2024, net assets released from program restrictions were \$51,077.

#### 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, 2024, 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.

Endowment net assets composition by type of fund as of June 30, 2024 is as follows:

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

No changes in endowment net assets as of June 30, 2024.

## WAYFINDER FAMILY SERVICES

### NOTES TO FINANCIAL STATEMENTS

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#### 15. Government Contracts, Fees for Service, and Grants

Government contracts and fees for service, and grants as of June 30, 2024 consist of the following:

California Department of Social Services	\$20,998,644
Department of Mental Health	4,891,821
Department of Rehabilitation (States of California, Alaska, and Nevada)	2,334,747
Unaccompanied Children	2,068,965
Special Education Services	1,238,685
Maryleen Allen Promoting Safe and Stable Families	552,860
Family Connection Grants	548,443
CCC FF (RFA)	484,187
CCC KSSP	484,051
Sac KSSP II	471,254
Sonoma KSSP	334,595
Placer HTS	308,121
Placer – BeWell	302,773
Department of Education	258,050
Others	155,633
Department of Education – nutrition program	<u>37,857</u>
	<u>\$35,470,686</u>

#### 16. 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.

#### 17. 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, 2024 was \$491,532.

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, 2024 was \$84,687.

## WAYFINDER FAMILY SERVICES

### NOTES TO FINANCIAL STATEMENTS

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#### **18. 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.

Wayfinder qualified for the tax credit under the CARES Act and recorded \$5,611,949 and \$2,740,884 as revenue during the fiscal years June 30, 2023 and 2022, respectively.

In July 2023, Wayfinder received payments in the amount of \$8,352,833 related to its Employee Retention Credit.

#### **19. Gain from Court Settlement**

During the fiscal year, Wayfinder recognized a gain of \$1,671,597 from a court settlement. This gain resulted from the resolution of a legal dispute related to a case against a utility company over damaged property in 2018. The proceeds is presented as other changes in the Statements of Activities.