

**WILDWOOD PROGRAMS, INC.
FINANCIAL REPORT
JUNE 30, 2021**

WILDWOOD PROGRAMS, INC.

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4-5
STATEMENTS OF FUNCTIONAL EXPENSES	6-7
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9-26

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wildwood Programs, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Wildwood Programs, Inc. (the Agency) (a non-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wildwood Programs, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adoption of New Accounting Standard

As discussed in Note 1, the Agency adopted Financial Accounting Standards Board's Accounting Standards Update 2016-02, Leases (Topic 842) as of and for the year ended June 30, 2021. Our opinion is not modified with respect to this matter (see Note 6).

Marvin and Company, P.C.

Latham, NY
November 3, 2021

WILDWOOD PROGRAMS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	ASSETS	
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 8,213,443	\$ 3,896,037
Investments, unrestricted	413,465	2,517,405
Accounts receivable	3,718,653	4,247,717
Due from The Wildwood Foundation	36,033	75,971
Prepaid expenses	128,879	113,465
Total Current Assets	<u>12,510,473</u>	<u>10,850,595</u>
Property, Plant and Equipment		
Land and improvements	3,515,752	3,515,752
Building and improvements	23,104,592	22,708,448
Construction in progress	58,446	326,364
Furniture, fixtures and equipment	2,948,232	4,834,964
Total	<u>29,627,022</u>	<u>31,385,528</u>
Less accumulated depreciation	20,481,664	20,545,135
Net Property, Plant and Equipment	<u>9,145,358</u>	<u>10,840,393</u>
Other Assets		
Investments, restricted	287,323	247,386
Debt service reserves and restricted deposits	868,243	792,772
Escrow	2,521	2,521
Security deposits	43,119	58,518
Operating Lease - Right of use assets - Program Space	3,077,701	-
Operating Lease - Right of use assets - Vehicles	1,249,058	-
Interest in net assets of Capital Northcares, LLC	4,294	4,294
Interest in net assets of Wildwood Foundation, Inc.	8,685,241	6,283,495
Total Other Assets	<u>14,217,500</u>	<u>7,388,986</u>
TOTAL ASSETS	<u>\$ 35,873,331</u>	<u>\$ 29,079,974</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 273,636	\$ 292,298
Accrued expenses and payroll withholdings	5,381,039	4,464,230
Deferred revenue	155,948	69,047
Accrued interest expense	85,090	78,320
Current portion of operating lease liability - Program Space	373,680	-
Current portion of operating lease liability - Vehicles	386,104	-
Current installments of capital leases payable	-	175,756
Current installments of long-term debt	639,701	680,481
Total Current Liabilities	<u>7,295,198</u>	<u>5,760,132</u>
Long-Term Liabilities		
Long-term debt, net of current installments and deferred financing costs	5,214,667	5,759,100
Long-term portion of operating lease liability - Program Space	2,728,700	-
Long-term portion of operating lease liability - Vehicles	862,954	-
Long-term portion of capital leases payable	-	779,154
Fair value of swap agreement	592,563	789,215
Retirement health benefit obligation	459,190	500,400
Total Long-Term Liabilities	<u>9,858,074</u>	<u>7,827,869</u>
Total Liabilities	<u>17,153,272</u>	<u>13,588,001</u>
Net Assets		
Without Donor Restrictions	9,747,495	8,961,092
With Donor Restrictions	8,972,564	6,530,881
Total Net Assets	<u>18,720,059</u>	<u>15,491,973</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 35,873,331</u>	<u>\$ 29,079,974</u>

See accompanying notes to financial statements.

WILDWOOD PROGRAMS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Program Support and Revenue			
Government agencies	\$ 34,738,398	\$ -	\$ 34,738,398
Program fees from clients	2,058,984	-	2,058,984
Operating grants	628,678	-	628,678
Net assets released from restrictions	16,894	(16,894)	-
Total Program Support and Revenue	<u>37,442,954</u>	<u>(16,894)</u>	<u>37,426,060</u>
Nonprogram Support and Revenue			
Contributions	500,584	-	500,584
Investment income	102,799	56,831	159,630
Consulting fees and conferences	22,500	-	22,500
Other income	294,154	-	294,154
Gain on disposal of assets	71,708	-	71,708
Total Nonprogram Support and Revenue	<u>991,745</u>	<u>56,831</u>	<u>1,048,576</u>
Total Revenue	<u>38,434,699</u>	<u>39,937</u>	<u>38,474,636</u>
Expenses			
Education	13,022,877	-	13,022,877
Residential	14,654,126	-	14,654,126
Day hab	4,621,388	-	4,621,388
All other programs	2,493,524	-	2,493,524
Administration	3,030,777	-	3,030,777
Fundraising	22,256	-	22,256
Total Expenses	<u>37,844,948</u>	<u>-</u>	<u>37,844,948</u>
Change in Net Assets Before Change in Interest in Net Assets of Related Party	589,751	39,937	629,688
Change in Interest in Net Assets of Related Party	<u>-</u>	<u>2,401,746</u>	<u>2,401,746</u>
Change in Net Assets Before Change in Fair Value of Swap Agreement	589,751	2,441,683	3,031,434
Change in Fair Value of Swap Agreement	<u>196,652</u>	<u>-</u>	<u>196,652</u>
Change in Net Assets	786,403	2,441,683	3,228,086
Net Assets, Beginning of Year	<u>8,961,092</u>	<u>6,530,881</u>	<u>15,491,973</u>
Net Assets, End of Year	<u>\$ 9,747,495</u>	<u>\$ 8,972,564</u>	<u>\$ 18,720,059</u>

See accompanying notes to financial statements.

WILDWOOD PROGRAMS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Program Support and Revenue			
Government agencies	\$ 35,471,480	\$ -	\$ 35,471,480
Program fees from clients	2,143,355	-	2,143,355
Operating grants	433,496	-	433,496
Net assets released from restrictions	16,970	(16,970)	-
Total Program Support and Revenue	<u>38,065,301</u>	<u>(16,970)</u>	<u>38,048,331</u>
Nonprogram Support and Revenue			
Contributions	575,184	-	575,184
Investment income	49,983	6,550	56,533
Consulting fees and conferences	25,500	-	25,500
Other income	134,289	-	134,289
Loss on disposal of assets	(38,707)	-	(38,707)
Loss on write off of bond closing costs	(141,221)	-	(141,221)
Total Nonprogram Support and Revenue	<u>605,028</u>	<u>6,550</u>	<u>611,578</u>
Total Revenue	<u>38,670,329</u>	<u>(10,420)</u>	<u>38,659,909</u>
Expenses			
Education	12,943,031	-	12,943,031
Residential	14,811,443	-	14,811,443
Day hab	5,005,353	-	5,005,353
All other programs	2,751,522	-	2,751,522
Administration	3,019,764	-	3,019,764
Fundraising	18,211	-	18,211
Total Expenses	<u>38,549,324</u>	<u>-</u>	<u>38,549,324</u>
Change in Net Assets Before Change in Interest in Net Assets of Related Party	121,005	(10,420)	110,585
Change in Interest in Net Assets of Related Party	<u>-</u>	<u>67,248</u>	<u>67,248</u>
Change in Net Assets Before Change in Fair Value of Swap Agreement	121,005	56,828	177,833
Change in Fair Value of Swap Agreement	<u>(147,730)</u>	<u>-</u>	<u>(147,730)</u>
Change in Net Assets	(26,725)	56,828	30,103
Net Assets, Beginning of Year	<u>8,987,817</u>	<u>6,474,053</u>	<u>15,461,870</u>
Net Assets, End of Year	<u>\$ 8,961,092</u>	<u>\$ 6,530,881</u>	<u>\$ 15,491,973</u>

See accompanying notes to financial statements.

WILDWOOD PROGRAMS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Education</u>	<u>Residential</u>	<u>Day Hab</u>	<u>All Other Programs</u>	<u>Total Programs</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Functional Expenses								
Salaries and wages	\$ 8,441,339	\$ 8,864,664	\$ 2,656,758	\$ 1,480,336	\$ 21,443,097	\$ 1,960,880	\$ -	\$ 23,403,977
Taxes and benefits	951,206	956,119	291,696	172,786	2,371,807	215,267	-	2,587,074
Health benefits	1,369,241	1,380,628	498,314	227,788	3,475,971	314,399	302	3,790,672
Pension benefits	501,702	479,809	142,846	107,888	1,232,245	147,684	-	1,379,929
Total Salaries and Employee Benefits	<u>11,263,488</u>	<u>11,681,220</u>	<u>3,589,614</u>	<u>1,988,798</u>	<u>28,523,120</u>	<u>2,638,230</u>	<u>302</u>	<u>31,161,652</u>
Program supplies and materials	143,217	743,629	35,886	167,880	1,090,612	50,426	3,641	1,144,679
Food	7,702	496,956	1,464	3,515	509,637	18	60	509,715
Transportation	45,094	160,177	225,750	49,932	480,953	4,707	-	485,660
Professional fees and contracted services	82,133	28,807	3,615	15,556	130,111	132,407	-	262,518
Staff development	100,532	54,139	12,661	14,051	181,383	37,003	18,251	236,637
Technology and equipment	82,011	66,375	22,087	10,013	180,486	31,413	-	211,899
Depreciation and amortization	464,692	223,950	7,086	90,304	786,032	60,270	-	846,302
Depreciation and amortization- vehicles	21,349	7,997	78,082	12,436	119,864	877	-	120,741
Occupancy- leases	229,984	414,577	324,568	7,500	976,629	-	-	976,629
Vehicle leases	14,003	77,213	125,998	4,535	221,749	-	-	221,749
Utilities	137,709	331,742	53,566	33,804	556,821	21,670	-	578,491
Repair and maintenance	108,087	156,077	20,256	19,980	304,400	14,401	-	318,801
Interest expense	195,931	51,232	2,944	48,963	299,070	37,243	-	336,313
Insurance	124,199	143,285	110,811	25,007	403,302	2,112	2	405,416
Bad debt	2,746	16,750	7,000	1,250	27,746	-	-	27,746
	<u>1,759,389</u>	<u>2,972,906</u>	<u>1,031,774</u>	<u>504,726</u>	<u>6,268,795</u>	<u>392,547</u>	<u>21,954</u>	<u>6,683,296</u>
Total Functional Expenses	<u>\$ 13,022,877</u>	<u>\$ 14,654,126</u>	<u>\$ 4,621,388</u>	<u>\$ 2,493,524</u>	<u>\$ 34,791,915</u>	<u>\$ 3,030,777</u>	<u>\$ 22,256</u>	<u>\$ 37,844,948</u>

See accompanying notes to financial statements.

WILDWOOD PROGRAMS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Education</u>	<u>Residential</u>	<u>Day Hab</u>	<u>All Other Programs</u>	<u>Total Programs</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Functional Expenses								
Salaries and wages	\$ 8,698,914	\$ 8,958,797	\$ 2,832,869	\$ 1,604,443	\$ 22,095,023	\$ 1,933,787	\$ -	\$ 24,028,810
Taxes and benefits	966,716	1,048,154	354,934	190,041	2,559,845	241,982	-	2,801,827
Health benefits	1,202,697	1,288,562	500,556	220,428	3,212,243	271,491	-	3,483,734
Pension benefits	457,476	455,201	147,043	101,642	1,161,362	136,233	-	1,297,595
Total Salaries and Employee Benefits	<u>11,325,803</u>	<u>11,750,714</u>	<u>3,835,402</u>	<u>2,116,554</u>	<u>29,028,473</u>	<u>2,583,493</u>	<u>-</u>	<u>31,611,966</u>
Program supplies and materials	102,244	742,569	35,740	210,429	1,090,982	47,254	3,033	1,141,269
Food	8,838	486,093	6,928	4,334	506,193	481	755	507,429
Transportation	38,839	172,699	269,473	84,392	565,403	5,287	-	570,690
Professional fees and contracted services	90,067	20,758	8,761	14,620	134,206	116,589	-	250,795
Staff development	93,399	60,285	9,700	15,642	179,026	24,614	11,098	214,738
Technology and equipment	94,061	76,412	40,786	39,745	251,004	74,040	-	325,044
Depreciation and amortization	436,705	237,459	8,965	83,771	766,900	69,127	2,221	838,248
Depreciation and amortization- vehicles	40,411	117,353	258,333	15,717	431,814	1,528.00	-	433,342
Occupancy- leases	200,679	424,564	315,613	9,912	950,768	-	-	950,768
Utilities	135,789	327,500	44,575	36,674	544,538	25,929	-	570,467
Repair and maintenance	95,701	176,677	26,899	34,065	333,342	20,283	-	353,625
Interest expense	196,744	79,313	46,336	63,987	386,380	49,654	1,004	437,038
Insurance	83,751	101,032	90,842	15,680	291,305	1,485	100	292,890
Bad debt	-	38,015	7,000	6,000	51,015	-	-	51,015
	<u>1,617,228</u>	<u>3,060,729</u>	<u>1,169,951</u>	<u>634,968</u>	<u>6,482,876</u>	<u>436,271</u>	<u>18,211</u>	<u>6,937,358</u>
Total Functional Expenses	<u>\$ 12,943,031</u>	<u>\$ 14,811,443</u>	<u>\$ 5,005,353</u>	<u>\$ 2,751,522</u>	<u>\$ 35,511,349</u>	<u>\$ 3,019,764</u>	<u>\$ 18,211</u>	<u>\$ 38,549,324</u>

See accompanying notes to financial statements.

WILDWOOD PROGRAMS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 3,228,086	\$ 30,103
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	967,043	1,271,590
Interest on deferred financing charges	45,456	46,608
Bad debts	27,746	51,015
Net realized/unrealized gain on investments	(146,966)	(16,277)
Loss (gain) on disposal of property and equipment	(71,708)	172,564
Change in fair value of swap agreement	(196,652)	147,730
Change in interest in net assets of related party	(2,401,746)	(67,248)
(Increase)/decrease in assets		
Accounts receivable	501,318	(376,156)
Prepaid expenses	(15,414)	(442)
Security deposits	15,399	9,945
Increase/(decrease) in liabilities		
Accounts payable	(18,662)	(1,947)
Accrued expenses and payroll withholdings	916,809	2,137,051
Deferred revenue	86,901	49,680
Retirement health benefit obligation	(41,210)	(2,700)
Accrued interest expense	6,770	(10,437)
Due from/to the Wildwood Foundation	39,938	(38,842)
Net Cash Provided by Operating Activities	<u>2,943,108</u>	<u>3,402,237</u>
Cash Flows From Investing Activities		
Purchases of investments	(527,265)	(2,512,977)
Proceeds from sale of investments	2,738,234	322,316
Purchases of property, plant and equipment	(163,464)	(929,097)
Net Cash Provided (Used) by Investing Activities	<u>2,047,505</u>	<u>(3,119,758)</u>
Cash Flows From Financing Activities		
Deferred financing costs	45,456	(244,858)
Proceeds from long-term debt	-	2,880,000
Repayment of long-term debt	(643,192)	(2,521,488)
Repayment of capital leases	-	(148,535)
Net Cash Used by Financing Activities	<u>(597,736)</u>	<u>(34,881)</u>
Net Increase in Cash, Cash Equivalents, and Restricted Cash	4,392,877	247,598
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>4,691,330</u>	<u>4,443,732</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 9,084,207</u>	<u>\$ 4,691,330</u>
Reconciliation of Cash Balances Included in the Statement of Cash Flows With Those in the Statement of Financial Position		
Cash and Cash Equivalents	\$ 8,213,443	\$ 3,896,037
Debt service reserves and restricted deposits	868,243	792,772
Escrow	2,521	2,521
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 9,084,207</u>	<u>\$ 4,691,330</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 290,857</u>	<u>\$ 390,430</u>
Non Cash Transactions		
Acquisition of Leased Vehicles	<u>\$ -</u>	<u>\$ (454,004)</u>
Capital Lease Financing	<u>\$ -</u>	<u>\$ 454,004</u>

See accompanying notes to financial statements.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Wildwood Programs, Inc. (the Agency) is a private nonprofit organization that provides education, training and other services for persons with learning or other developmental disabilities in New York State. Revenues are derived from Medicaid, the New York State Office for People With Developmental Disabilities (OPWDD), and contracts with school districts at rates promulgated by the New York State Education Department (SED), contract sales and participant fees. The majority of the revenues and receivables are from Medicaid and the aforementioned funding sources. The Agency extends credit to school districts and other governmental entities within New York State for services provided.

The Agency is in part supported by The Wildwood Foundation, Inc. (the Foundation), a related party. The Foundation is a non-profit organization which was organized and is operated for the exclusive purpose of supporting and assisting the Agency. The net assets of the Foundation are included in the financial statements as interest in net assets of related party. The individual accounts of the Foundation are not included in these financial statements.

Wildwood Cloud Services, LLC is a limited liability corporation, whose sole member is Wildwood Programs, Inc. Wildwood Cloud Services was created to offer other agencies access to some of Wildwood's internally developed applications as managed web services. The financial statements include the accounts of Wildwood Cloud Services and any intercompany transactions have been eliminated.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Agency considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts, if any, is based on a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. At June 30, 2021 and 2020, the allowance for doubtful accounts was \$101,333 and \$91,177, respectively. Bad debt expense was \$27,746 and \$51,015 for the years ended June 30, 2021 and 2020, respectively.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at acquisition cost or at estimated fair value at the date of donation less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Land improvements	2-25
Building and improvements	5-25
Furniture, fixtures and equipment	5-10

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, Plant and Equipment and Depreciation

Additions and betterments are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are charged to operations when incurred. When property, plant and equipment are sold or otherwise disposed of, the asset account and the related accumulated depreciation account are relieved and any gain or loss is included in operations.

Self-Insured Dental and Prescription Plans

Wildwood Programs, Inc. is self-insured for its employees' dental benefits and medical prescription benefits on a cost-reimbursement basis. Under the program, Wildwood Programs, Inc. is responsible for the cost of claims. All known claims and an estimate of incurred, but unreported claims computed using the history obtained by management, have been recorded as employee benefits in the financial statements for the years ended June 30, 2021 and 2020. The difference between the amounts paid to the claims administrator and the amount recorded as expense is recorded as accrued expenses on the statements of financial position. The dental benefits payable at June 30, 2021 and 2020 was \$20,860 and \$20,130, respectively. The medical prescription benefits payable at June 30, 2021 and 2020 was \$51,946 and \$50,492, respectively.

Deferred Revenue

Deferred revenue represents funds received for which the Agency has not fulfilled their obligation to recognize them as revenue. Services will be provided in future periods and/or remaining amounts will be recouped by funding sources.

Net Assets

The net assets of the Agency are reported in two classes as follows:

Without donor restrictions - represents resources that have no external restrictions on their use or purpose. The Board of Directors can authorize use of these funds as it desires to carry on the purposes of the Agency according to its by-laws.

With donor restrictions - includes the interest in the net assets of its related party and represents resources that are either restricted by the donor or are not available for immediate use by the Agency until they are transferred by the related party. Included in with donor restrictions are amounts contributed with donor stipulations to maintain donated amounts in perpetuity.

Revenue Recognition

Government agency revenue mainly consists of revenue earned from Medicaid, OPWDD and SED. Revenue from these sources is recognized as the services are performed as there is direct commensurate value to the Agency (resource provider) as a third-party payer on behalf of an identified customer. Revenue from these sources is recognized throughout the period at approved rates (transaction price) as determined by allowable costs in a rate-setting period, as the performance obligation has been satisfied and there is a right of exchange for the good or service.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The performance obligations under these revenue sources include tuition, waiver services, supported employment, vocational and other services provided to individuals with disabilities qualified to receive such services. Client fees represent the participants' personal contribution towards the cost of goods and services provided by the Agency. These charges are regulated by federal and state law.

The Organization is subject to audits and/or evaluations of reimbursable costs and program activities. The outcome of such audits or evaluations may have the effect of retroactively increasing or decreasing revenue. The Organization adjusts financial information based on its estimate of those potential audits and/or evaluations of reimbursable costs and program activities, however, in the event that a subsequent audit or evaluation determines that an adjustment is required, the amount will be recognized in the period in which it becomes fixed and determinable.

Contributions

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions without donor-imposed restrictions are reported as net assets without donor restrictions. Donor-restricted contributions are reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are classified as contributions without donor restrictions.

Allocation of Expenses

The costs of providing programs and activities have been summarized on a functional basis in the Statements of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services as incurred. Expenses related to more than one function are charged to programs and supporting services using specific allocation methods. Significant expenses that are allocated include maintenance based on square footage, transportation based on the number of trips completed, farm based on time studies, depreciation based on the program utilizing the asset, training, nursing, and program administration based on the salary expenses incurred by each program.

Adoption of New Accounting Standards

On July 1, 2020, the Agency adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, with the purpose of increasing transparency and comparability among organizations by requiring the recognition of right-of-use assets and lease liabilities for all long-term leases, including operating leases, in the statement of financial position. The Agency has elected the optional transition method and adopted the new guidance on a modified retrospective basis with no restatement of prior periods presented. As allowed under the ASU, the Agency elected to apply practical expedients to carry forward the original lease determinations, lease classifications, and accounting of initial direct costs, if any, for all asset classes at the time of adoption. (see Note 6).

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Risks and Uncertainties

The Agency invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Interest and Dividend Income

The Agency recognizes interest income and dividends on the date they are posted to the various accounts by the financial institutions.

Information Regarding Liquidity and Availability

As part of the Agency's liquidity management, it invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Agency has committed lines of credit in the amount of \$1.8 million, which it could draw upon.

Additionally the Agency has access to Foundation (board)/unrestricted endowments of approximately \$4.8 million. In addition to financial assets available to meet general expenditures, the Agency operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Agency also has a reserve target of \$1 million to cover any unanticipated delays in funding.

Financial assets available for general expenditure, without donor or other restriction limiting their use within one year of the statement of financial position date, consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 8,213,443	\$ 3,896,037
Accounts receivable and other assets	3,754,686	4,323,688
Investments, without donor restrictions	<u>413,465</u>	<u>2,517,405</u>
Total Financial Assets Available to Meet Cash		
Needs for General Expenditures Within One Year	<u>\$ 12,381,594</u>	<u>\$ 10,737,130</u>

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. INVESTMENTS

Investments consist of marketable equity and debt securities carried at fair value and consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Debt securities/mutual funds	\$ 177,952	\$ 2,369,400
Money markets	13,311	41,612
Equity securities/mutual funds	<u>509,525</u>	<u>353,779</u>
Total Investments	<u>\$ 700,788</u>	<u>\$ 2,764,791</u>

The following schedule summarizes the investment income in the statement of activities for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 16,812	\$ 41,905
Investment Fees	(4,148)	(1,649)
Net realized and unrealized gain on investments	<u>146,966</u>	<u>16,277</u>
Total Investment Income	<u>\$ 159,630</u>	<u>\$ 56,533</u>

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,049,545	\$ 1,049,545
Land improvements	2,466,207	2,466,207
Building	11,883,346	11,883,346
Building improvements	11,221,246	10,825,102
Construction in progress	58,446	326,364
Furniture, fixtures and equipment	<u>2,948,232</u>	<u>4,834,964</u>
Total	29,627,022	31,385,528
Less: Accumulated depreciation	<u>20,481,664</u>	<u>20,545,135</u>
Net Property, Plant and Equipment	<u>\$ 9,145,358</u>	<u>\$ 10,840,393</u>

Depreciation expense was \$967,043 and \$1,271,928 for the years ended June 30, 2021 and 2020, respectively.

4. DEBT SERVICE RESERVES AND RESTRICTED DEPOSITS

The debt service reserves represent deposits held by the Trustees of the Dormitory Authority (DA) and Albany County Industrial Development Agency (AIDA). These deposits will be used to satisfy the last payments required on mortgages held by the DA and the AIDA or can be used prior to that time to pay amounts that are in default. The reserve fund earns interest, which is used to reduce the payment obligations under the mortgages. Total debt service reserves were \$828,846 and \$720,376 at June 30, 2021 and 2020, respectively.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. DEBT SERVICE RESERVES AND RESTRICTED DEPOSITS

Restricted deposits represent amounts held in trust by a third-party administrator related to the Agency's pension plan. These amounts are to be used to pay for employer contributions or expenses of the plan. The restricted deposits were \$43,119 and \$72,396 at June 30, 2021 and 2020, respectively.

5. LINES OF CREDIT

The Agency has the following lines of credit as of June 30, 2021:

- \$500,000 line of credit with KeyBank to be drawn upon as needed, the interest rate is established at the LIBOR rate plus 1.4%, renews annually in March. The line is guaranteed by The Wildwood Foundation, Inc. Outstanding balance was \$-0- for both years ended June 30, 2021 and 2020.
- \$2,800,000 line of credit with KeyBank to be drawn upon as needed, the interest rate is established at the LIBOR rate plus 1.4%, renews annually in March. The line is guaranteed by The Wildwood Foundation, Inc. Outstanding balance was \$-0- for both years ended June 30, 2021 and 2020.

6. LEASING ACTIVITIES

As disclosed in Note 1, the Agency adopted ASU 2016-02, *Leases (Topic 842)*, effective July 1, 2020. The Agency determines whether a contract contains a lease at the inception of a contract by determining if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration, and only reassess its determination if the terms and conditions of the agreement are changed.

The Agency leases vehicles and office space. Terms of the leases vary from monthly to ten years. None of the leases provide renewal or termination options at the sole discretion of the Agency. The incremental borrowing rate utilized to calculate lease liabilities is based on the information available at commencement date, as most of the leases do not provide an implicit borrowing rate. The Agency's operating leases do not contain any material guarantees or restrictive covenants. The Agency does not have any sublease activities. These leases are included in the right-of-use assets-operating leases and operating lease liability in the accompanying statements of financial position.

The Agency incurred lease expense for operating leases - Program Space with terms in excess of one year of \$485,751 for the year ended June 30, 2021, which is included in Occupancy-leases on the statements of functional expenses. The Agency incurred lease expense for operating leases - Vehicle with terms in excess of one year of \$221,749 for the year ended June 30, 2021, which is included in Vehicle leases on the statements of functional expenses. Total cash paid for the amounts included in the measurement of operating leases - Program Space liabilities during the year ended June 30, 2021 was \$461,072. Total cash paid for the amounts included in the measurement of operating leases - Vehicle liabilities during the year ended June 30, 2021 was \$221,749.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. LEASING ACTIVITIES

At June 30, 2021, future payments of operating lease liabilities were as follows:

	<u>Program Space</u>	<u>Vehicle</u>
2022	\$ 464,586	\$ 386,104
2023	473,708	386,104
2024	484,925	319,658
2025	493,553	181,228
2026	502,031	57,277
Thereafter	<u>1,068,304</u>	<u>-</u>
Total Undiscounted Cash Flows	3,487,107	1,330,371
Less: present value discount	<u>(384,729)</u>	<u>(81,314)</u>
Total Present Value of Lease Liabilities	<u>\$ 3,102,378</u>	<u>\$ 1,249,057</u>

The right-of-use assets - Program Space and right-of-use assets - Vehicle obtained in exchange for new operating lease liabilities were \$3,461,219 and \$1,249,058, respectively, for the year ended June 30, 2021.

Other information related to leases is as follows:

Program Space

Weighted average remaining lease term - operating leases	7.48 years
Weighted average discount rate - operating leases	3.10%

Vehicles

Weighted average remaining lease term - leases	3.47 years
Weighted average discount rate - operating leases	2.68%

Short-term leases, defined as leases with initial terms of 12 months or less, are not reflected in the accompanying statements of financial position. Lease expense for such short-term leases was \$490,878 for the year ended June 30, 2021.

7. CAPITAL LEASES PAYABLE

The Agency leases vehicles under capital leases. The lease agreements contain bargain purchase options at the end of the lease term. The economic substance of the leases are that the Agency is financing the acquisitions of the assets through the leases, and accordingly, they are recorded in the Agency's assets and liabilities. Amortization of assets held under capital leases are included with depreciation expense.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

7. CAPITAL LEASES PAYABLE

The following is an analysis of the leased assets included in Property, Plant and Equipment at June 30:

	<u>2020</u>
Vehicles	\$ 1,169,393
Less: Accumulated Depreciation	<u>282,088</u>
	<u><u>\$ 887,305</u></u>

Interest rates on capital leases vary from 6.60% to 8.00% and are imputed based on the lower of the Agency's incremental borrowing rate at the inception of the lease or the lessor's interest rate of return. Certain capital leases provide purchase options. During the current year, the Agency adopted ASU 2016-02, *Leases (Topic 842)*. Under the new standard, all leases are being treated as operating leases, see Note 6.

8. LONG-TERM DEBT

The Agency's long-term debt consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Vehicle and equipment loans payable to various financial institutions at various rates ranging from 0% to 3.74%, secured by vehicles and equipment. Monthly payments range from \$319 to \$795 and are applied first to interest and then to principal. The loans have maturity dates through June 2022.	\$ 34,724	\$ 165,455
2007 Insured Revenue Bonds, with the Guilderland Industrial Development Agency, issued through Bank of New York, under Multi-Mode Variable Rate Civic Facility Program, consist of four issues. The bonds are secured by the land and building located in Guilderland, New York; and a security interest in certain fixtures, furnishings and equipment. The bond is secured by a KeyBank letter of credit in the amount of \$2,880,000. Bonds are payable in various increments through July 1, 2032. Payments are due annually on July 1. These rates are fixed with an interest rate swap contract with KeyBank (see Note 9).	2,860,833	3,065,000

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

8. LONG-TERM DEBT

	<u>2021</u>	<u>2020</u>
<p>2010 Insured Revenue Bonds, issued through the Dormitory Authority of the State of New York, under its Inter Agency Council Pooled Loan Program No. 1, consisting of two issues, Series 2010A-1 (non-taxable) and 2010A-2 (federally taxable). Several not-for-profit corporations received varying portions of the bond issue proceeds. Each corporation's liability is limited to its allocable portion of the unpaid principal amount of the outstanding bonds. The bonds are secured by the pledge of revenues, subject to prior pledges and the reserve funds established under the bond. The bond is also secured by two financial guaranty insurance policies. Bonds are payable in various increments through July 1, 2029. Interest rates vary from 2.1% to 5.0%, depending on the maturity date of the particular bond. Payments by the participating corporations are due monthly. The loan agreements also contain various covenants, including a debt service coverage ratio.</p>	\$ 130,000	\$ 155,000
<p>2011 Insured Revenue Bonds, issued through the Dormitory Authority of the State of New York, under its Inter Agency Council Pooled Loan Program No. 1, consisting of two issues, Series 2011A-1 (non-taxable) and 2011A-2 (federally taxable). Several not-for-profit corporations received varying portions of the bond issue proceeds. Each corporation's liability is limited to its allocable portion of the unpaid principal amount of the outstanding bonds. The bonds are secured by the pledge of revenues, subject to prior pledges and the reserve funds established under the bond. The bond is also secured by two financial guaranty insurance policies. Bonds are payable in various increments through July 1, 2026. Interest rates vary from 1.20% to 4.125%, depending on the maturity date of the particular bond. Payments by the participating corporations are due monthly. The loan agreements also contain various covenants, including a debt service coverage ratio.</p>	265,000	300,000

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

8. LONG-TERM DEBT

	<u>2021</u>	<u>2020</u>
<p>2015 Insured Revenue Bonds, issued through the Dormitory Authority of the State of New York, under its Inter Agency Council Pooled Loan Program No. 1, consisting of two issues, Series 2015A-1 (non-taxable) and 2015A-2 (federally taxable). Several not-for-profit corporations received varying portions of the bond issue proceeds. Each corporation's liability is limited to its allocable portion of the unpaid principal amount of the outstanding bonds. The bonds are secured by the pledge of revenues, subject to prior pledges and the reserve funds established under the bond. The bond is also secured by two financial guaranty insurance policies. Bonds are payable in various increments through July 1, 2026. Interest rates vary from 1.20% to 4.125%, depending on the maturity date of the particular bond. Payments by the participating corporations are due monthly. The loan agreements also contain various covenants, including a debt service coverage ratio.</p>	\$ 206,519	\$ 226,519
<p>2019 Insured Revenue Bonds, issued through the Albany County Capital Resource Corporation, Bank of New York Mellon as Trustee, consisting of two issues, Series 2019A (non-taxable) and 2019B (federally taxable). The bonds are secured by the pledge of revenues, subject to prior pledges and certain property, furnishings, fixtures and equipment. Bonds are payable in various increments through July 1, 2030. Interest rates vary from 2.60% to 3.10%, depending on the maturity date of the particular bond. The loan agreements also contain various covenants, including a debt service coverage ratio.</p>	2,730,000	2,880,000
<p>Community Preservation Corporation Mortgage, fixed interest rate of 6.12%, monthly payments of \$6,964 through November 2021, secured by buildings.</p>	<u>32,233</u>	<u>111,070</u>
<p>Total</p>	6,259,309	6,903,044
<p>Less current installments of long-term debt</p>	639,701	680,481
<p>Less unamortized deferred financing charges</p>	<u>404,941</u>	<u>463,463</u>
<p>Long-term Debt, Net of Current Installments</p>	<u>\$ 5,214,667</u>	<u>\$ 5,759,100</u>

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

8. LONG-TERM DEBT

Long-term debt is payable in each of the next five years and thereafter as follows:

Year Ended June 30,	<u>Amount</u>
2022	\$ 639,701
2023	635,000
2024	635,000
2025	655,000
2026	685,000
Thereafter	3,009,608

Interest expense was \$336,313 and \$437,401 for the years ended June 30, 2021 and 2020, respectively, including amortization of debt issuance costs.

The Agency has agreed to a number of covenants including a debt service coverage ratio of greater than 1:1. At June 30, 2021, the Agency met these covenant requirements.

9. INTEREST RATE SWAP AGREEMENT

The Agency entered into an interest rate swap agreement (the swap) in order to reduce the impact of changes in interest rates on its Variable Rate Demand Civic Facility Revenue Bonds, issued by the Guilderland Industrial Development Agency. The Agency has assumed no ineffectiveness in the swap as, among other things, the initial amount of the swap was \$4,895,000 at a fixed interest rate of 4.135% that matures on July 1, 2032. The current amount of bonds under the swap agreement is \$2,860,833 maturing on July 1, 2032. The total remaining principal not covered by the swap is \$-0-. Changes in the fair value of the swap are accounted for as the change in fair value of swap agreement in the accompanying statements of activities.

10. FAIR VALUE MEASUREMENTS

Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices in active markets for identical assets and liabilities and have the highest priority, Level 2 consists of other observable inputs other than Level 1 prices, and Level 3 inputs consist of unobservable inputs and have the lowest priority. The asset's or liability's fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no transfers between levels during the year ended June 30, 2021 and 2020. The fair value of financial instruments measured on a recurring basis at June 30, 2021 and 2020 are as follows:

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

10. FAIR VALUE MEASUREMENTS

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
June 30, 2021				
ASSETS				
Investments:				
Cash and Equivalents	\$ 13,311	\$ 13,311	\$ -	\$ -
Equities				
Consumer Discretionary	66,493	66,493	-	-
Consumer Staples	19,260	19,260	-	-
Energy	5,809	5,809	-	-
Financials	43,361	43,361	-	-
Healthcare	69,703	69,703	-	-
Industrials	79,893	79,893	-	-
Information Technology	149,596	149,596	-	-
Communications Services	35,259	35,259	-	-
Materials	22,113	22,113	-	-
Utilities	1,375	1,375	-	-
Real Estate	16,661	16,661	-	-
Corporate Bonds	132,688	-	132,688	-
US Treasury Securities	25,769	-	25,769	-
Municipal Bonds	19,497	-	19,497	-
Total Investments	<u>\$ 700,788</u>	<u>\$ 522,834</u>	<u>\$ 177,954</u>	<u>\$ -</u>
LIABILITIES				
Beginning Balance	\$ 789,215	\$ -	\$ -	\$ 789,215
Current year gain	<u>196,652</u>	<u>-</u>	<u>-</u>	<u>196,652</u>
Fair Value of Interest Rate Swap Agreement (see Note 9)	<u>\$ 592,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 592,563</u>

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

10. FAIR VALUE MEASUREMENTS

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
June 30, 2020				
ASSETS				
Investments:				
Cash and Equivalents	\$ 41,612	\$ 41,612	\$ -	\$ -
Equities				
Consumer Discretionary	7,432	7,432	-	-
Consumer Staples	9,990	9,990	-	-
Energy	4,353	4,353	-	-
Financials	12,289	12,289	-	-
Healthcare	10,760	10,760	-	-
Industrials	12,385	12,385	-	-
Information Technology	36,955	36,955	-	-
Communications Services	10,379	10,379	-	-
Exchange Traded Funds - Equity	249,236	249,236	-	-
Exchange Traded Funds - Fixed Income	55,584	55,584	-	-
Government Bonds and Agency Issues	2,251,557	-	2,251,557	-
Corporate Bonds	62,259	-	62,259	-
Total Investments	<u>\$ 2,764,791</u>	<u>\$ 450,975</u>	<u>\$ 2,313,816</u>	<u>\$ -</u>
LIABILITIES				
Beginning Balance	\$ 641,485	\$ -	\$ -	\$ 641,485
Current year loss	147,730	-	-	147,730
Fair Value of Interest Rate Swap Agreement (see Note 9)	<u>\$ 789,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 789,215</u>

Level 1 Fair Value Measurements

The fair values of investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Level 2 Fair Value Measurements

The fair values of investments in debt securities are based on prices obtained from a pricing service using primarily matrix pricing, which considers observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, credit information, and the bond terms and conditions, among other inputs.

Level 3 Fair Value Measurements

The fair value of the interest rate swap agreement is derived from proprietary models developed by the bank that is party to the interest rate swap agreement, which they contest is based upon well recognized financial principles and provides a reasonable approximation of the fair market value of the interest rate swap agreement at June 30, 2021 and 2020. If an early termination were to occur, the amount payable under the interest rate swap agreement may differ from the fair value calculation provided.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

10. FAIR VALUE MEASUREMENTS

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

11. PENSION PLAN

The Agency maintains a defined contribution retirement plan which covers substantially all employees. Employees become eligible to participate and make elective deferrals on their date of employment. With regards to the Agency's non-elective contributions, employees are eligible if employed on the last day of the Plan year, have attained age 18 and have completed 910 hours of service to receive credit for the required one year of service.

The Agency's contributions to the plan range from 3% to 12%, based on the employee's years of service, and are based on wages earned during the calendar year for qualifying employees. The contributions are deposited into a tax-deferred annuity, which is administered in compliance with the Employee Retirement Income Security Act of 1974 (ERISA). Effective January 1, 2018 the Plan was amended to add auto-enrollment for all participants, starting at 3%. The Agency's pension expense was \$1,381,401 and \$1,299,426 for the years ended June 30, 2021 and 2020, respectively.

12. RELATED PARTIES

The Foundation is a not-for-profit corporation whose charitable purpose is supporting and assisting the Agency. The Foundation carries on fund-raising activities and special events that are for the benefit of the Agency. The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

During the years ended June 30, 2021 and 2020, the following transactions occurred between the Agency and the Foundation:

- The Foundation donated \$500,584 and \$572,889 to the Agency for the years ended June 30, 2021 and 2020, respectively. These amounts are included in contributions on the statements of activities.
- The Agency has a contract with the Foundation to reimburse certain costs incurred by the Agency. This contract includes the salaries and benefits of those staff that perform work on behalf of the Foundation. The Agency charged administrative fees of \$54,669 and \$46,508 to the Foundation for the reimbursement of an allocation of administrative operations for the years ended June 30, 2021 and 2020, respectively. The fees are included in the due from Wildwood Foundation.

The Foundation owed \$36,033 and \$75,971 to Wildwood Programs, Inc. as of June 30, 2021 and 2020, respectively.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

13. RETIREMENT HEALTH REIMBURSEMENT ARRANGEMENT

The Agency sponsors a defined benefit retirement health plan. The Agency accrues \$300 annually to a Retirement Health Reimbursement Arrangement (RHRA) for employees who have over 10 years of service and 200 hours of accumulated sick time. In addition, the Agency makes an additional accrual for employees who have 10 years of service and over 500 hours of accrued sick time. The Agency also accrues \$600 annually for those employees who were eligible under a previous retirement health plan. If an employee leaves Wildwood before they retire, all amounts are forfeited to the Agency. The accumulated health benefit contribution liability as of June 30, 2021 and 2020 was \$459,190 and \$500,400 respectively.

The following table sets forth the Plan's status reconciled with the amount shown in the Plan's statement of financial position at June 30, 2021:

	<u>2021</u>
Accumulated postretirement benefit obligation:	
Benefit obligation at beginning of year	\$ 500,400
Service cost	26,243
Interest cost	9,654
Changes in Assumptions	(54,907)
Benefits paid	<u>(22,200)</u>
Total Accumulated Postretirement Benefit Obligation at End of Year	<u>\$ 459,190</u>

The measurement date used to determine the 2021 amounts was June 30, 2021. For measurement purposes the actual cost was used for 2021.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 2.16% and 2.21% for the years ending 2021 and 2020.

14. ENDOWMENTS

The Agency has applied the principles of ASC 958-205. ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization and also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

Donations to endowment funds that are restricted in perpetuity of the Agency are governed by the New York Prudent Management of Institutional Funds Act (NYPMIFA) which dictates that annual distributions from these types of funds are to be formulated in a manner consistent with the standards of prudence prescribed by NYPMIFA.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

14. ENDOWMENTS

In accordance with NYPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of various funds, or (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Agency, (7) where appropriate and circumstances would otherwise warrant, alternatives to the expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Agency, and (8) the Agency's investment policies. While this law allows for limited invasion of principal where warranted, it is the Agency's Board of Directors policy to maintain and grow these funds over time. As a result of their policy, the Agency classifies as restricted net assets the original value of contributions that are restricted in perpetuity, absent explicit donor stipulations to the contrary. The remaining portion of restricted contributions are classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence.

The Agency has adopted investment and spending policies for net assets restricted in perpetuity that attempt to provide a predictable stream of funding to the Agency while maintaining purchasing power. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. All earnings from these funds that are held by the Agency are reflected as net assets with donor restrictions until appropriated for program expenditures.

Endowment funds consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Hearst Endowment Fund	\$ <u>287,323</u>	\$ <u>247,386</u>

The purpose of the Hearst Endowment Fund is to target independent learning by Wildwood employees where the learning is directly relevant to Wildwood's mission.

Changes in endowment funds for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>		
	<u>With Time or Purpose Restriction</u>	<u>Restricted in Perpetuity</u>	<u>Total Net Endowment Funds</u>
Endowment funds, beginning of year	\$ 47,386	\$ 200,000	\$ 247,386
Net appreciation	56,831	-	56,831
Amounts appropriated for expenditure	<u>(16,894)</u>	<u>-</u>	<u>(16,894)</u>
Endowment funds, end of year	<u>\$ 87,323</u>	<u>\$ 200,000</u>	<u>\$ 287,323</u>

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

14. ENDOWMENTS

	<u>2020</u>		
	<u>With Time or Purpose Restriction</u>	<u>Restricted in Perpetuity</u>	<u>Total Net Endowment Funds</u>
Endowment funds, beginning of year	\$ 57,807	\$ 200,000	\$ 257,807
Net appreciation	6,549	-	6,549
Amounts appropriated for expenditure	<u>(16,970)</u>	<u>-</u>	<u>(16,970)</u>
Endowment funds, end of year	<u>\$ 47,386</u>	<u>\$ 200,000</u>	<u>\$ 247,386</u>

15. RESTRICTED NET ASSETS

Net assets with time or purpose restrictions consist of endowment funds (see Note 14) and the interest in the net assets of the Agency's related party that are not restricted in perpetuity.

Restricted in perpetuity net assets consist of endowment funds (see Note 14) and the interest in the net assets of its related party that are restricted in perpetuity. A summary of restricted net assets at June 30 follows:

	<u>2021</u>		<u>2020</u>	
	<u>With Time or Purpose Restriction</u>	<u>Restricted in Perpetuity</u>	<u>With Time or Purpose Restriction</u>	<u>Restricted in Perpetuity</u>
Hearst Endowment	\$ 87,323	\$ 200,000	\$ 47,386	\$ 200,000
Net Assets of Related Party	<u>7,485,037</u>	<u>1,200,204</u>	<u>5,223,005</u>	<u>1,060,490</u>
Total	<u>\$ 7,572,360</u>	<u>\$ 1,400,204</u>	<u>\$ 5,270,391</u>	<u>\$ 1,260,490</u>

16. CONCENTRATION CREDIT RISK

The Agency maintains cash balances at various financial institutions. Accounts at each institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 during the years ended June 30, 2021 and 2020. At times the Agency had bank deposits in excess of amounts insured by the FDIC.

17. CONTINGENCIES

Personal Allowance Accounts

The Agency is the custodian of clients' personal allowance funds. OPWDD regulations provide for the use of these funds for authorized and allowable purchases for consumer personal items. Those regulations prohibit the Agency from using or commingling these funds with any of their accounts. As the Agency has no legal right to these funds, they have not been reflected in the financial statements.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

17. CONTINGENCIES

COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Agency and its future results and financial position is not presently determinable.

18. TAX STATUS

The Agency is exempt from federal income taxes as a not-for-profit corporation under tax Section 501(c)(3) as determined by the Internal Revenue Code. In addition, the Agency qualifies for charitable contribution deductions and has been classified as an organization other than a private foundation. Under ASC Section 740, the tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize tax-exempt status. Agency management is not aware of any events that could jeopardize tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements.

Wildwood Cloud Services, LLC is a limited liability corporation that is treated as a disregarded entity for tax purposes.

19. SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through November 3, 2021, which is the date these financial statements were available to be issued, and have determined that there are no subsequent events that require recording or disclosure.