

**WILDWOOD PROGRAMS, INC.
FINANCIAL REPORT
JUNE 30, 2020**

WILDWOOD PROGRAMS, INC.

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Marvin and Company, P.C.

Latham, NY
November 5, 2020

WILDWOOD PROGRAMS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 3,896,037	\$ 3,736,966
Investments, unrestricted	2,517,405	300,046
Accounts receivable	4,247,717	3,922,576
Due from The Wildwood Foundation	75,971	37,129
Prepaid expenses	113,465	113,023
Total Current Assets	<u>10,850,595</u>	<u>8,109,740</u>
Property, Plant and Equipment		
Land and improvements	3,515,752	3,440,118
Building and improvements	22,708,448	22,247,972
Construction in progress	326,364	78,233
Furniture, fixtures and equipment	4,834,964	4,764,675
Total	<u>31,385,528</u>	<u>30,530,998</u>
Less accumulated depreciation	<u>20,545,135</u>	<u>19,770,440</u>
Net Property, Plant and Equipment	<u>10,840,393</u>	<u>10,760,558</u>
Other Assets		
Investments, restricted	247,386	257,807
Debt service reserves and restricted deposits	792,772	704,245
Escrow	2,521	2,521
Security deposits	58,518	68,463
Interest in net assets of Capital Northcares, LLC	4,294	4,294
Interest in net assets of Wildwood Foundation, Inc.	6,283,495	6,216,247
Total Other Assets	<u>7,388,986</u>	<u>7,253,577</u>
TOTAL ASSETS	<u><u>\$ 29,079,974</u></u>	<u><u>\$ 26,123,875</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 292,298	\$ 294,245
Accrued expenses and payroll withholdings	4,464,230	2,327,179
Deferred revenue	69,047	19,367
Accrued interest expense	78,320	88,757
Current installments of capital leases payable	175,756	100,510
Current installments of long-term debt	680,481	646,956
Total Current Liabilities	<u>5,760,132</u>	<u>3,477,014</u>
Long-Term Liabilities		
Long-term debt, net of current installments and deferred financing costs	5,759,100	5,491,475
Long-term portion of capital leases payable	779,154	548,931
Fair value of swap agreement	789,215	641,485
Retirement health benefit obligation	500,400	503,100
Total Long-Term Liabilities	<u>7,827,869</u>	<u>7,184,991</u>
Total Liabilities	<u>13,588,001</u>	<u>10,662,005</u>
Net Assets		
Without Donor Restrictions	8,961,092	8,987,817
With Donor Restrictions	6,530,881	6,474,053
Total Net Assets	<u>15,491,973</u>	<u>15,461,870</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 29,079,974</u></u>	<u><u>\$ 26,123,875</u></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 ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Program Support and Revenue			
Government agencies	\$ 34,110,759	\$ -	\$ 34,110,759
Program fees from clients	2,239,801	-	2,239,801
Operating grants	745,148	-	745,148
Net assets released from restrictions	16,754	(16,754)	-
Total Program Support and Revenue	<u>37,112,462</u>	<u>(16,754)</u>	<u>37,095,708</u>
Nonprogram Support and Revenue			
Contributions	644,878	-	644,878
Investment income	64,952	12,420	77,372
Consulting fees and conferences	28,250	-	28,250
Other income	217,704	-	217,704
Total Nonprogram Support and Revenue	<u>955,784</u>	<u>12,420</u>	<u>968,204</u>
Total Revenue	<u>38,068,246</u>	<u>(4,334)</u>	<u>38,063,912</u>
Expenses			
Education	12,580,671	-	12,580,671
Residential	14,246,687	-	14,246,687
Day hab	4,806,815	-	4,806,815
All other programs	2,929,738	-	2,929,738
Administration	2,891,958	-	2,891,958
Fundraising	34,069	-	34,069
Total Expenses	<u>37,489,938</u>	<u>-</u>	<u>37,489,938</u>
Change in Net Assets Before Change in Interest in Net Assets of Related Party	578,308	(4,334)	573,974
Change in Interest in Net Assets of Related Party	<u>-</u>	<u>(125,689)</u>	<u>(125,689)</u>
Change in Net Assets Before Change in Fair Value of Swap Agreement	578,308	(130,023)	448,285
Change in Fair Value of Swap Agreement	<u>(99,652)</u>	<u>-</u>	<u>(99,652)</u>
Change in Net Assets	478,656	(130,023)	348,633
Net Assets, Beginning of Year	<u>8,509,161</u>	<u>6,604,076</u>	<u>15,113,237</u>
Net Assets, End of Year	<u>\$ 8,987,817</u>	<u>\$ 6,474,053</u>	<u>\$ 15,461,870</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.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<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	\$ 8,355,562	\$ 8,271,309	\$ 2,793,250	\$ 1,680,232	\$ 21,100,353	\$ 1,912,287	\$ -	\$ 23,012,640
Taxes and benefits	859,062	923,437	294,552	178,196	2,255,247	202,801	-	2,458,048
Health benefits	1,175,717	1,271,474	468,562	236,769	3,152,522	250,469	-	3,402,991
Pension benefits	416,312	436,808	141,732	111,281	1,106,133	133,335	-	1,239,468
Total Salaries and Employee Benefits	<u>10,806,653</u>	<u>10,903,028</u>	<u>3,698,096</u>	<u>2,206,478</u>	<u>27,614,255</u>	<u>2,498,892</u>	<u>-</u>	<u>30,113,147</u>
Program supplies and materials	118,899	744,700	26,123	288,125	1,177,847	54,759	3,197	1,235,803
Food	15,907	495,796	7,163	22,687	541,553	3,595	1,371	546,519
Transportation	46,726	218,645	284,496	175,353	725,220	5,437	-	730,657
Professional fees and contracted services	115,806	19,780	10,240	22,371	168,197	106,395	-	274,592
Staff development	96,621	57,180	12,759	22,300	188,860	58,534	22,414	269,808
Technology and equipment	145,507	133,240	13,833	8,590	301,170	64,915	-	366,085
Depreciation and amortization	460,734	274,399	17,259	29,544	781,936	40,433	4,441	826,810
Depreciation and amortization- vehicles	29,149	96,952	184,335	21,499	331,935	1,074.00	-	333,009
Occupancy- leases	194,646	459,982	380,562	27,691	1,062,881	-	-	1,062,881
Utilities	147,270	334,288	52,475	30,922	564,955	18,463	-	583,418
Repair and maintenance	89,493	281,537	16,654	14,904	402,588	5,840	-	408,428
Interest expense	243,569	106,970	35,722	35,754	422,015	32,275	2,549	456,839
Insurance	69,691	95,190	62,098	19,520	246,499	1,346	97	247,942
Bad debt	-	25,000	5,000	4,000	34,000	-	-	34,000
	<u>1,774,018</u>	<u>3,343,659</u>	<u>1,108,719</u>	<u>723,260</u>	<u>6,949,656</u>	<u>393,066</u>	<u>34,069</u>	<u>7,376,791</u>
Total Functional Expenses	<u>\$ 12,580,671</u>	<u>\$ 14,246,687</u>	<u>\$ 4,806,815</u>	<u>\$ 2,929,738</u>	<u>\$ 34,563,911</u>	<u>\$ 2,891,958</u>	<u>\$ 34,069</u>	<u>\$ 37,489,938</u>

See accompanying notes to financial statements.

WILDWOOD PROGRAMS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 30,103	\$ 348,633
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,271,590	1,160,553
Interest on deferred financing charges	46,608	45,920
Bad debts	51,015	34,000
Net realized/unrealized gain on investments	(16,277)	(31,058)
Loss (gain) on disposal of property and equipment	172,564	(5,902)
Change in fair value of swap agreement	147,730	99,652
Change in interest in net assets of related party	(67,248)	125,689
(Increase)/decrease in assets		
Accounts receivable	(376,156)	(57,740)
Prepaid expenses	(442)	16,022
Security deposits	9,945	(2,458)
Increase/(decrease) in liabilities		
Accounts payable	(1,947)	(105,295)
Accrued expenses and payroll withholdings	2,137,051	(185,550)
Deferred revenue	49,680	(43,909)
Retirement health benefit obligation	(2,700)	19,900
Accrued interest expense	(10,437)	17,098
Due from/to the Wildwood Foundation	(38,842)	29,015
Net Cash Provided by Operating Activities	<u>3,402,237</u>	<u>1,464,570</u>
Cash Flows From Investing Activities		
Purchases of investments	(2,512,977)	(621,575)
Proceeds from sale of investments	322,316	573,691
Purchases of property, plant and equipment	(929,097)	(191,894)
Net Cash Used by Investing Activities	<u>(3,119,758)</u>	<u>(239,778)</u>
Cash Flows From Financing Activities		
Deferred financing costs	(244,858)	-
Proceeds from long-term debt	2,880,000	296,334
Repayment of long-term debt	(2,521,488)	(1,059,252)
Repayment of capital leases	(148,535)	(53,301)
Net Cash Used by Financing Activities	<u>(34,881)</u>	<u>(816,219)</u>
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	247,598	408,573
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>4,443,732</u>	<u>4,035,159</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 4,691,330</u>	<u>\$ 4,443,732</u>
Reconciliation of Cash Balances Included in the Statement of Cash Flows With Those in the Statement of Financial Position		
Cash and Cash Equivalents	\$ 3,896,037	\$ 3,736,966
Debt service reserves and restricted deposits	792,772	704,245
Escrow	2,521	2,521
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 4,691,330</u>	<u>\$ 4,443,732</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 390,430</u>	<u>\$ 411,476</u>
Non Cash Transactions		
Acquisition of Leased Vehicles	<u>\$ (454,004)</u>	<u>\$ (626,770)</u>
Capital Lease Financing	<u>\$ 454,004</u>	<u>\$ 626,770</u>

See accompanying notes to financial statements.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2020 and 2019, the allowance for doubtful accounts was \$91,177 and \$50,154, respectively. Bad debt expense was \$51,015 and \$34,000 for the years ended June 30, 2020 and 2019, 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, 2020 AND 2019

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, 2020 and 2019. 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, 2020 and 2019 was \$20,130 and \$19,961, respectively. The medical prescription benefits payable at June 30, 2020 and 2019 was \$50,492 and \$45,388, 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, 2020 AND 2019

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 Pronouncement

The Agency has implemented ASU 2016-18, Statement of Cash Flows (Topic 230): *Restricted Cash* - effective for fiscal years beginning after December 15, 2018. Implementation required balances identified as restricted cash or restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning and ending balances on the statements of cash flows. The statement of cash flows includes the reconciliation of total cash to the statement of financial position. This statement did not have a material impact on the financial statements.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Future Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*, which was effective for fiscal years beginning after December 15, 2018. Subsequently in June 2020, FASB issued ASU 2020-05: *Revenue from Contracts with Customers (Topic 606) and Leases (Topics 842): Effective Dates for Certain Entities* which extended the effective date to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, for public NFP entities that have not yet issued financial statements reflecting the adoption of Leases. The standard requires a change in the way the Agency will account for its leases, eliminating operating leases and requiring lease obligations to be recorded as a liability on the balance sheet with a corresponding right to use asset. Agency management is currently evaluating the impact of this standard on their financial statements.

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.

Reclassification

Certain 2019 amounts have been reclassified to conform with the 2020 financial statement presentation.

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 \$3.3 million, which it could draw upon.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Information Regarding Liquidity and Availability

Additionally the Agency has access to Foundation (board)/unrestricted endowments of approximately \$3.9 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,896,037	\$ 3,736,966
Accounts receivable and other assets	4,323,688	3,959,705
Investments, without donor restrictions	<u>2,517,405</u>	<u>300,046</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 10,737,130</u>	<u>\$ 7,996,717</u>

2. INVESTMENTS

Investments consist of marketable equity and debt securities carried at fair value and consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Debt securities/mutual funds	\$ 2,369,400	\$ 146,258
Money markets	41,612	25,967
Equity securities/mutual funds	<u>353,779</u>	<u>385,628</u>
Total Investments	<u>\$ 2,764,791</u>	<u>\$ 557,853</u>

The following schedule summarizes the investment income in the statement of activities for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 41,905	\$ 48,006
Investment Fees	(1,649)	(1,692)
Net realized and unrealized gain on investments	<u>16,277</u>	<u>31,058</u>
Total Investment Income	<u>\$ 56,533</u>	<u>\$ 77,372</u>

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,049,545	\$ 1,049,545
Land improvements	2,466,207	2,390,573
Building	11,883,346	11,888,420
Building improvements	10,825,102	10,359,552
Construction in progress	326,364	78,233
Furniture, fixtures and equipment	<u>4,834,964</u>	<u>4,764,675</u>
Total	31,385,528	30,530,998
Less: Accumulated depreciation	<u>20,545,135</u>	<u>19,770,440</u>
Net Property, Plant and Equipment	<u>\$ 10,840,393</u>	<u>\$ 10,760,558</u>

Depreciation expense was \$1,271,928 and \$1,160,553 for the years ended June 30, 2020 and 2019, 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 \$720,376 and \$691,047 at June 30, 2020 and 2019, respectively.

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 \$72,396 and \$13,198 at June 30, 2020 and 2019, respectively.

5. LINES OF CREDIT

The Agency has the following lines of credit as of June 30, 2020 and 2019:

- \$500,000 unsecured line of credit with KeyBank to be drawn upon as needed, the interest rate is established at LIBOR 1 month (0.17% at June 30, 2020, however line requires in no event the rate be less than 0.25%), renews annually in March. The line is guaranteed by The Wildwood Foundation, Inc. Outstanding balance was \$-0- for both years ended June 30, 2020 and 2019.
- \$2,800,000 unsecured line of credit with KeyBank to be drawn upon as needed, the interest rate is established at prime minus 1% (3.25% at June 30, 2020), renews annually in March. The line is guaranteed by The Wildwood Foundation, Inc. Outstanding balance was \$-0- for both years ended June 30, 2020 and 2019.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. OPERATING LEASES

The Agency's minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2020 for each of the next five years and in the aggregate are as follows:

Year Ended June 30,	<u>Amount</u>
2021	\$ 461,072
2022	464,586
2023	473,708
2024	484,925
2025	493,553
Thereafter	<u>1,570,335</u>
Total	<u>\$ 3,948,179</u>

Rental expense included in the statements of activities was \$950,768 and \$1,062,880 for the years ended June 30, 2020 and 2019, respectively.

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.

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

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 1,169,393	\$ 702,742
Less: Accumulated Depreciation	<u>282,088</u>	<u>66,240</u>
	<u>\$ 887,305</u>	<u>\$ 636,502</u>

The following is a schedule by years of future minimum payments required under the lease together with the present value of the net minimum lease payments as of June 30, 2020:

2021	\$ 240,807
2022	238,337
2023	234,285
2024	190,289
Thereafter	<u>218,350</u>
Total Minimum Lease Payments	1,122,068
Less amount representing interest	<u>167,158</u>
Present Value of Net Minimum Lease Payments	<u>\$ 954,910</u>

**WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

7. CAPITAL LEASES PAYABLE

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.

8. LONG-TERM DEBT

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

	<u>2020</u>	<u>2019</u>
<p>2006 Insured Revenue Bonds, with the Albany County Industrial Development Agency, issued through the Bank of New York, under Special Needs Facility Pooled Program, consisting of two issues, Series 2006K-1 (non-taxable) and Series 2006K-2 (federally taxable). The bonds are secured by the mortgaged property located in Colonie, New York; and a secured interest in certain fixtures, furnishings and equipment. The bonds are also secured by financial guaranty insurance policies. Interest rates range from 4.35% to 5%. Payments are due semi-annually on January 1 and July 1. These bonds were refinanced in 2019, see 2019 Insured Revenue Bonds below.</p>	\$ -	\$ 1,986,248

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. LONG-TERM DEBT

	<u>2020</u>		<u>2019</u>
<p>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 2021.</p>	\$	165,455	\$ 345,236
<p>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 \$3,314,701. 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).</p>		3,065,000	3,245,000
<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>		155,000	180,000

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
<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>	\$ 300,000	\$ 335,000
<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>	226,519	246,519

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
<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>	\$ 2,880,000	\$ -
<p>Community Preservation Corporation Mortgage, fixed interest rate of 6.12%, monthly payments of \$6,964 through November 2021, secured by buildings.</p>	111,070	186,767
<p>Key Bank Equipment loan, fixed interest rate of 5.50%, monthly payments of \$1,860 through October 2019.</p>	<u>-</u>	<u>7,380</u>
<p>Total</p>	6,903,044	6,532,150
<p>Less current installments of long-term debt</p>	680,481	646,956
<p>Less unamortized deferred financing charges</p>	<u>463,463</u>	<u>393,719</u>
<p>Long-term Debt, Net of Current Installments</p>	<u>\$ 5,759,100</u>	<u>\$ 5,491,475</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 680,481
2022	649,238
2023	662,506
2024	635,000
2025	655,000
Thereafter	3,620,819

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. LONG TERM DEBT

Interest expense was \$437,401 and \$457,396 for the years ended June 30, 2020 and 2019, 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, 2020, 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 \$3,065,000 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, 2020 and 2019. The fair value of financial instruments measured on a recurring basis at June 30, 2020 and 2019 are as follows:

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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	<u>147,730</u>	<u>-</u>	<u>-</u>	<u>147,730</u>
Fair Value of Interest Rate Swap Agreement (see Note 9)	<u>\$ 789,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 789,215</u>

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

10. FAIR VALUE MEASUREMENTS

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
June 30, 2019				
ASSETS				
Investments:				
Cash and Equivalents	\$ 25,967	\$ 25,967	\$ -	\$ -
Equities				
Consumer Discretionary	10,596	10,596	-	-
Consumer Staples	18,328	18,328	-	-
Energy	12,122	12,122	-	-
Financials	33,416	33,416	-	-
Healthcare	17,700	17,700	-	-
Industrials	25,197	25,197	-	-
Information Technology	45,862	45,862	-	-
Communications Services	20,923	20,923	-	-
Exchange Traded Funds - Equity	202,061	202,061	-	-
Exchange Traded Funds - Fixed Income	14,953	14,953	-	-
Government Bonds and Agency Issues	45,137	-	45,137	-
Corporate Bonds	70,747	-	70,747	-
Treasury Bills	14,844	14,844	-	-
Total Investments	<u>\$ 557,853</u>	<u>\$ 441,969</u>	<u>\$ 115,884</u>	<u>\$ -</u>
LIABILITIES				
Beginning Balance	\$ 541,833	\$ -	\$ -	\$ 541,833
Current year loss	<u>99,652</u>	<u>-</u>	<u>-</u>	<u>99,652</u>
Fair Value of Interest Rate Swap Agreement (see Note 9)	<u>\$ 641,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 641,485</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, 2020 and 2019. 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, 2020 AND 2019

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 \$1,299,426 and \$1,241,639 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, the following transactions occurred between the Agency and the Foundation:

- The Foundation donated \$572,889 and \$644,876 to the Agency for the years ended June 30, 2020 and 2019, 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 \$46,508 and \$47,322 to the Foundation for the reimbursement of an allocation of administrative operations for the years ended June 30, 2020 and 2019, respectively. The fees are included in the due from Wildwood Foundation.

The Foundation owed \$75,971 and \$37,129 to Wildwood Programs, Inc. as of June 30, 2020 and 2019, respectively.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

13. RETIREMENT HEALTH REIMBURSEMENT ARRANGEMENT

The Agency sponsors a defined contribution 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, 2020 and 2019 was \$500,400 and \$503,100 respectively.

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.

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.

WILDWOOD PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

14. ENDOWMENTS

Endowment funds consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Hearst Endowment Fund	\$ <u>247,386</u>	\$ <u>257,807</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, 2020 and 2019 are as follows:

	<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>

	<u>2019</u>		
	<u>With Time or Purpose Restriction</u>	<u>Restricted in Perpetuity</u>	<u>Total Net Endowment Funds</u>
Endowment funds, beginning of year	\$ 62,141	\$ 200,000	\$ 262,141
Net appreciation	12,420	-	12,420
Amounts appropriated for expenditure	<u>(16,754)</u>	<u>-</u>	<u>(16,754)</u>
Endowment funds, end of year	<u>\$ 57,807</u>	<u>\$ 200,000</u>	<u>\$ 257,807</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:

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15. RESTRICTED NET ASSETS

	<u>2020</u>		<u>2019</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	\$ 47,386	\$ 200,000	\$ 57,807	\$ 200,000
Net Assets of Related Party	<u>5,223,005</u>	<u>1,060,490</u>	<u>5,160,294</u>	<u>1,055,953</u>
Total	<u>\$ 5,270,391</u>	<u>\$ 1,260,490</u>	<u>\$ 5,218,101</u>	<u>\$ 1,255,953</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, 2020 and 2019. 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.

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.

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19. SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through November 5, 2020, 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.