

**Spence-Chapin Services to Families  
and Children**



**Financial Statements  
(Together with Independent Auditors' Report)**

**Years Ended June 30, 2021 and 2020**

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2021 AND 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Spence-Chapin Services to Families and Children

We have audited the accompanying financial statements of Spence-Chapin Services to Families and Children (the "Agency"), 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.

### ***Auditors' 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 Spence-Chapin Services to Families and Children 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.

*Marks Paneth LLP*

New York, NY  
November 8, 2021

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C, 3 and 12)	\$ 676,527	\$ 860,831
Accounts receivable (Note 2I)	37,290	53,055
Contributions receivable (Notes 2I and 4)	86,000	50,000
Investments (Notes 2D, 2E, 2K, 6 and 7)	54,221,229	44,758,151
Prepaid expenses and other assets	99,125	84,295
Operating lease right-of-use assets (Notes 2O and 11)	55,418	-
Property and equipment, net (Notes 2F and 5)	8,335,344	8,697,848
<b>TOTAL ASSETS</b>	<b>\$ 63,510,933</b>	<b>\$ 54,504,180</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 311,201	\$ 385,829
Charitable gift annuities payable (Note 2K)	9,815	16,293
Lease liability (Notes 2O and 11)	56,711	-
Bond payable (Note 8)	6,770,000	7,060,000
<b>TOTAL LIABILITIES</b>	<b>7,147,727</b>	<b>7,462,122</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 11)</b>		
<b>NET ASSETS (Note 2B)</b>		
Without donor restrictions		
Operating	1,158,942	993,154
Board designated (Note 13)	47,943,018	39,704,911
Total without donor restrictions	49,101,960	40,698,065
With donor restrictions		
Restricted for time and purpose (Notes 13 and 14)	1,850,748	933,495
Restricted in perpetuity (Notes 13 and 14)	5,410,498	5,410,498
Total with donor restrictions	7,261,246	6,343,993
<b>TOTAL NET ASSETS</b>	<b>56,363,206</b>	<b>47,042,058</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 63,510,933</b>	<b>\$ 54,504,180</b>

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

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Comparative Totals for June 30, 2020)**

	Without Donor Restrictions			With Donor Restrictions		Total 2021	Total 2020
	Operating	Board Designated	Total	Time and Purpose	In Perpetuity		
<b>OPERATING REVENUE AND SUPPORT:</b>							
<b>Public Support and Other Revenue:</b>							
Contributions (Note 2G)	\$ 741,387	\$ -	\$ 741,387	\$ 441,683	\$ -	\$ 1,183,070	\$ 1,167,172
Special events revenue (net of cost of direct benefit to donors of \$0 in 2021 and \$96,755 in 2020) (Note 2H)	-	-	-	-	-	-	139,379
Donated goods and services (Note 2J)	-	-	-	-	-	-	4,409
Other income	45,106	-	45,106	-	-	45,106	71,606
Spending from endowment for operations (Note 2D)	2,163,007	-	2,163,007	-	-	2,163,007	3,365,505
Net assets released from restrictions (Note 14)	407,388	-	407,388	(407,388)	-	-	-
Total Public Support and Other Revenue	3,356,888	-	3,356,888	34,295	-	3,391,183	4,748,071
<b>Program Service Revenue:</b>							
Program service fees	1,313,879	-	1,313,879	-	-	1,313,879	1,118,504
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>4,670,767</b>	<b>-</b>	<b>4,670,767</b>	<b>34,295</b>	<b>-</b>	<b>4,705,062</b>	<b>5,866,575</b>
<b>OPERATING EXPENSES:</b>							
<b>Program Services</b>							
	4,403,775	-	4,403,775	-	-	4,403,775	5,672,565
<b>Supporting Services:</b>							
Management and administration	929,640	-	929,640	-	-	929,640	751,391
Fundraising	709,044	-	709,044	-	-	709,044	765,655
<b>TOTAL OPERATING EXPENSES</b>	<b>6,042,459</b>	<b>-</b>	<b>6,042,459</b>	<b>-</b>	<b>-</b>	<b>6,042,459</b>	<b>7,189,611</b>
<b>NET DECREASE FROM OPERATIONS (NOTE 15)</b>	<b>(1,371,692)</b>	<b>-</b>	<b>(1,371,692)</b>	<b>34,295</b>	<b>-</b>	<b>(1,337,397)</b>	<b>(1,323,036)</b>
<b>NON-OPERATING ACTIVITIES:</b>							
Royalties on mineral interests (Note 2L)	822,843	-	822,843	-	-	822,843	890,552
Paycheck protection program grant (Note 9)	714,637	-	714,637	-	-	714,637	834,036
Investment return (Notes 2D and 6)	-	10,038,107	10,038,107	1,245,965	-	11,284,072	1,396,648
Spending from endowment for operations (Note 2D)	-	(1,800,000)	(1,800,000)	(363,007)	-	(2,163,007)	(3,365,505)
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>1,537,480</b>	<b>8,238,107</b>	<b>9,775,587</b>	<b>882,958</b>	<b>-</b>	<b>10,658,545</b>	<b>(244,269)</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>165,788</b>	<b>8,238,107</b>	<b>8,403,895</b>	<b>917,253</b>	<b>-</b>	<b>9,321,148</b>	<b>(1,567,305)</b>
<b>Net Assets - Beginning of Year</b>	<b>993,154</b>	<b>39,704,911</b>	<b>40,698,065</b>	<b>933,495</b>	<b>5,410,498</b>	<b>47,042,058</b>	<b>48,609,363</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,158,942</b>	<b>\$ 47,943,018</b>	<b>\$ 49,101,960</b>	<b>\$ 1,850,748</b>	<b>\$ 5,410,498</b>	<b>\$ 56,363,206</b>	<b>\$ 47,042,058</b>

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

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Operating</u>	<u>Board Designated</u>	<u>Total</u>	<u>Time and Purpose</u>	<u>In Perpetuity</u>	
<b>OPERATING REVENUE AND SUPPORT:</b>						
<b>Public Support and Other Revenue:</b>						
Contributions (Note 2G)	\$ 676,260	\$ -	\$ 676,260	\$ 490,912	\$ -	\$ 1,167,172
Special events revenue (net of cost of direct benefit to donors of \$96,755) (Note 2H)	139,379	-	139,379	-	-	139,379
Donated goods and services (Note 2J)	4,409	-	4,409	-	-	4,409
Other income	71,606	-	71,606	-	-	71,606
Spending from endowment for operations (Note 2D)	3,365,505	-	3,365,505	-	-	3,365,505
Net assets released from restrictions (Note 14)	192,014	-	192,014	(192,014)	-	-
<b>Total Public Support and Other Revenue</b>	<b>4,449,173</b>	<b>-</b>	<b>4,449,173</b>	<b>298,898</b>	<b>-</b>	<b>4,748,071</b>
<b>Program Service Revenue:</b>						
Program service fees	1,118,504	-	1,118,504	-	-	1,118,504
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>5,567,677</b>	<b>-</b>	<b>5,567,677</b>	<b>298,898</b>	<b>-</b>	<b>5,866,575</b>
<b>OPERATING EXPENSES:</b>						
<b>Program Services</b>						
	5,672,565	-	5,672,565	-	-	5,672,565
<b>Supporting Services:</b>						
Management and administration	751,391	-	751,391	-	-	751,391
Fundraising	765,655	-	765,655	-	-	765,655
<b>TOTAL OPERATING EXPENSES</b>	<b>7,189,611</b>	<b>-</b>	<b>7,189,611</b>	<b>-</b>	<b>-</b>	<b>7,189,611</b>
<b>NET DECREASE FROM OPERATIONS (Note 15)</b>	<b>(1,621,934)</b>	<b>-</b>	<b>(1,621,934)</b>	<b>298,898</b>	<b>-</b>	<b>(1,323,036)</b>
<b>NON-OPERATING ACTIVITIES:</b>						
Royalties on mineral interests (Note 2L)	890,552	-	890,552	-	-	890,552
Paycheck protection program grant (Note 9)	834,036	-	834,036	-	-	834,036
Investment return (Note 2D and 6)	-	1,176,806	1,176,806	219,842	-	1,396,648
Spending from endowment for operations (Note 2D)	-	(3,145,714)	(3,145,714)	(219,791)	-	(3,365,505)
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>1,724,588</b>	<b>(1,968,908)</b>	<b>(244,320)</b>	<b>51</b>	<b>-</b>	<b>(244,269)</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>102,654</b>	<b>(1,968,908)</b>	<b>(1,866,254)</b>	<b>298,949</b>	<b>-</b>	<b>(1,567,305)</b>
<b>Net Assets - Beginning of Year</b>	<b>890,500</b>	<b>41,673,819</b>	<b>42,564,319</b>	<b>634,546</b>	<b>5,410,498</b>	<b>48,609,363</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 993,154</b>	<b>\$ 39,704,911</b>	<b>\$ 40,698,065</b>	<b>\$ 933,495</b>	<b>\$ 5,410,498</b>	<b>\$ 47,042,058</b>

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

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(With Comparative Totals for June 30, 2020)**

For the Year Ended June 30, 2021

	Program Services					Supporting Services				Total 2021	Total 2020
	Domestic Adoption	International Adoption	Special Needs Adoption	Pre and Post Adoption	Granny	Total Program Services	Management and Administration	Fundraising	Total Supporting Services		
Salaries	\$ 898,082	\$ 339,686	\$ 303,955	\$ 690,957	\$ 106,519	\$ 2,339,199	\$ 340,040	\$ 422,769	\$ 762,809	\$ 3,102,008	\$ 3,396,839
Benefits and payroll taxes	191,764	70,521	64,559	152,656	25,719	505,219	71,594	90,061	161,655	666,874	909,270
<b>Total personnel services</b>	<b>1,089,846</b>	<b>410,207</b>	<b>368,514</b>	<b>843,613</b>	<b>132,238</b>	<b>2,844,418</b>	<b>411,634</b>	<b>512,830</b>	<b>924,464</b>	<b>3,768,882</b>	<b>4,306,109</b>
Direct assistance	50,223	63,651	7,863	660	358,470	480,867	66	-	66	480,933	198,309
Professional fees	84,592	12,525	11,879	67,796	2,284	179,076	264,828	41,265	306,093	485,169	836,149
Supplies	3,142	174	121	637	54	4,128	9,854	514	10,368	14,496	35,492
Telephone	8,417	6,624	3,077	7,220	30	25,368	4,795	3,418	8,213	33,581	34,470
Postage	2,680	2,593	144	2,583	5	8,005	4,154	8,857	13,011	21,016	21,954
Printing and brochures	207	-	-	-	-	207	-	21,402	21,402	21,609	34,241
Facilities and equipment	80,417	13,538	15,611	22,497	-	132,063	17,607	9,641	25,955	158,018	218,374
Information technology	25,957	9,133	11,524	26,571	865	74,050	55,296	15,291	70,587	144,637	224,607
Transportation/Travel	10,310	57	15	6,928	2	17,312	1,631	112	1,743	19,055	22,237
Subscriptions and publications	-	-	-	-	-	-	-	-	-	-	129
Dues and membership	4,629	3,302	1,192	572	79	9,774	1,364	2,525	3,889	13,663	10,622
Conferences/Meetings/Staff training	6,835	451	252	2,112	3	9,653	3,032	1,062	4,094	13,747	67,975
Event expenses (indirect)	-	-	-	-	-	-	-	-	-	-	41,319
Advertising/Publicity	31,630	13,169	9,822	31,716	5,340	91,677	799	-	799	92,476	152,000
Liability insurance	34,588	11,529	17,294	40,353	-	103,764	28,823	17,294	46,117	149,881	158,925
General miscellaneous	3,328	5,528	37	5,980	90	14,963	12,299	6,758	19,057	34,020	94,593
Depreciation	112,656	37,552	56,328	131,432	-	337,968	93,880	56,328	150,208	488,176	485,442
Interest on bond	23,494	7,831	11,747	27,410	-	70,482	19,578	11,747	31,325	101,807	196,603
Total other expenses	483,105	187,657	146,906	374,467	367,222	1,559,357	518,006	196,214	712,927	2,272,284	2,833,441
Less: Special event direct expenses	-	-	-	-	-	-	-	-	-	-	(96,755)
<b>TOTAL EXPENSES - 2021</b>	<b>\$ 1,572,951</b>	<b>\$ 597,864</b>	<b>\$ 515,420</b>	<b>\$ 1,218,080</b>	<b>\$ 499,460</b>	<b>\$ 4,403,775</b>	<b>\$ 929,640</b>	<b>\$ 709,044</b>	<b>\$ 1,637,391</b>	<b>6,041,166</b>	<b>\$ -</b>
<b>TOTAL EXPENSES - 2020</b>	<b>\$ 1,875,880</b>	<b>\$ 552,024</b>	<b>\$ 132,804</b>	<b>\$ 1,954,496</b>	<b>\$ 259,841</b>	<b>\$ 5,672,565</b>	<b>\$ 751,391</b>	<b>\$ 765,655</b>	<b>\$ 1,517,046</b>	<b>\$ -</b>	<b>\$ 7,189,611</b>

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

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

For the Year Ended June 30, 2020

	Program Services						Supporting Services				Total 2020
	Domestic Adoption	International Adoption	Special Needs Adoption	Pre and Post Adoption	Granny	Healthy Women, Strong Families	Total Program Services	Management and Administration	Fundraising	Total Supporting Services	
Salaries	\$ 1,016,182	\$ 227,981	\$ 77,121	\$ 1,006,351	\$ 61,293	\$ 447,337	\$ 2,836,265	\$ 235,378	\$ 325,196	\$ 560,574	\$ 3,396,839
Benefits and payroll taxes	272,326	62,366	20,666	269,708	16,407	119,894	761,367	60,805	87,098	147,903	909,270
<b>Total personnel services</b>	<b>1,288,508</b>	<b>290,347</b>	<b>97,787</b>	<b>1,276,059</b>	<b>77,700</b>	<b>567,231</b>	<b>3,597,632</b>	<b>296,183</b>	<b>412,294</b>	<b>708,477</b>	<b>4,306,109</b>
Direct assistance	1,206	16,478	2	23	167,625	12,975	198,309	-	-	-	198,309
Professional fees	76,787	91,908	3,754	110,307	6,000	74,470	363,226	349,142	123,781	472,923	836,149
Supplies	2,509	591	36	13,535	951	1,112	18,734	16,758	-	16,758	35,492
Telephone	9,157	3,215	647	11,318	-	6,733	31,070	-	3,400	3,400	34,470
Postage	1,793	2,398	6	94	-	1,549	5,840	4,300	11,814	16,114	21,954
Printing and brochures	150	213	11	1,977	-	635	2,986	549	30,706	31,255	34,241
Facilities and equipment	74,402	29,127	3,979	58,555	-	37,541	203,604	50	14,720	14,770	218,374
Information technology	70,063	19,218	4,623	69,657	-	31,937	195,498	-	29,109	29,109	224,607
Transportation/Travel	3,626	322	31	5,597	209	10,083	19,868	-	2,369	2,369	22,237
Subscriptions and publications	14	4	1	103	-	7	129	-	-	-	129
Dues and membership	5,960	233	56	1,523	-	507	8,279	2,213	130	2,343	10,622
Conferences/Meetings/Staff training	19,028	3,423	480	23,576	6,723	6,629	59,859	-	8,116	8,116	67,975
Event expenses (indirect)	-	-	-	-	-	-	-	90	41,229	41,319	41,319
Photographers/Audio	-	-	-	-	-	-	-	-	67,380	67,380	67,380
Catering/Venue	-	-	-	-	-	-	-	-	17,810	17,810	17,810
Advertising/Publicity	30,174	8,879	2,136	95,792	-	15,009	151,990	-	10	10	152,000
Liability insurance	50,289	14,799	3,560	52,396	-	24,061	145,105	-	13,820	13,820	158,925
General miscellaneous	26,392	7,359	416	9,118	633	3,781	47,699	20,480	26,414	46,894	94,593
Bad debts	-	-	-	-	-	-	-	61,626	-	61,626	61,626
Depreciation	153,610	45,203	10,875	160,047	-	73,495	443,230	-	42,212	42,212	485,442
Interest on bond	62,212	18,307	4,404	64,819	-	29,765	179,507	-	17,096	17,096	196,603
Total other expenses	587,372	261,677	35,017	678,437	182,141	330,289	2,074,933	455,208	450,116	905,324	2,980,257
Less: Special event direct expenses	-	-	-	-	-	-	-	-	(96,755)	(96,755)	(96,755)
<b>TOTAL EXPENSES</b>	<b>\$ 1,875,880</b>	<b>\$ 552,024</b>	<b>\$ 132,804</b>	<b>\$ 1,954,496</b>	<b>\$ 259,841</b>	<b>\$ 897,520</b>	<b>\$ 5,672,565</b>	<b>\$ 751,391</b>	<b>\$ 765,655</b>	<b>\$ 1,517,046</b>	<b>\$ 7,189,611</b>

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



**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 9,321,148	\$ (1,567,305)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	488,176	485,442
Realized gains on sales of investments	(841,344)	(4,293,689)
Unrealized (gains) losses on investments	(9,816,237)	3,923,462
Subtotal	(848,257)	(1,452,090)
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	15,765	62,942
Contributions receivable	(36,000)	5,000
Prepaid expenses and other assets	(14,830)	87,810
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(74,628)	71,667
Charitable gift annuities payable	(6,478)	(29,327)
Lease payments	1,293	-
<b>Net Cash Used in Operating Activities</b>	<b>(963,135)</b>	<b>(1,253,998)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(125,672)	(21,826)
Proceeds from sale of investments	1,800,000	5,513,767
Purchases of investments	(605,497)	(3,514,529)
<b>Net Cash Provided by Investing Activities</b>	<b>1,068,831</b>	<b>1,977,412</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments of bond payable	(290,000)	(275,000)
<b>Net Cash Used in Financing Activities</b>	<b>(290,000)</b>	<b>(275,000)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(184,304)</b>	<b>448,414</b>
Cash and cash equivalents - beginning of year	860,831	412,417
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 676,527</b>	<b>\$ 860,831</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	\$ 101,807	\$ 196,603

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

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Spence-Chapin Services to Families and Children (“Spence-Chapin” or the “Agency”) is a licensed and accredited not-for-profit organization providing adoption and adoption-related services for more than 100 years. To date, Spence-Chapin has helped over 25,000 children find their forever families and thousands of women and families in need of support and guidance; it has also helped build strong communities through supportive services and engagements.

Today, Spence-Chapin works with children in need of a family or those living in institutional care, biological parents wanting support to explore permanency options for their child, and adoptive families looking to start or complete their families through adoption. It does this work by providing comprehensive and continuous support and counseling, while exploring all available options, to every individual who comes for help.

Spence-Chapin has an experienced team of licensed social workers, clinicians, and support staff from diverse backgrounds. It relies on the philanthropic support of foundations and a community of friends and families as well as program service fees to sustain and grow programs and operations. Spence-Chapin is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Presentation***

The accompanying financial statements of the Agency have been prepared on the accrual basis of accounting. The Agency adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).

**B. *Net Assets***

The Agency maintains its net assets under the following two classes:

- Without Donor Restrictions – represents the portion of net assets of the Agency that are neither restricted by donor-imposed stipulations for time and purpose or in perpetuity. Contributions are considered available for use unless specifically restricted by the donor. The Board of the Agency has also designated certain amounts to be considered Board designated for future spending.
- With Donor Restrictions –
  - Restricted for time and purpose – net assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Agency pursuant to those stipulations and unappropriated earnings on the Agency’s endowment. When such stipulations end or are fulfilled or endowment earnings are appropriated, net assets with donor restrictions are reported in the statements of activities as without donor restrictions.
  - Restricted in perpetuity – net assets with donor-imposed restrictions on the corpus of the gifts specifying they be maintained in perpetuity.

**C. *Cash and Cash Equivalents***

The Agency considers all liquid debt instruments with original maturities of three months or less to be cash equivalents.

**D. *Investments and Investment Income***

Investments are stated at fair value. Donated securities are recorded at fair value at the date of donation. Interest, dividends and gains and losses on investments are reflected as increases and decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

The Agency appropriates 6.5% of the net assets with donor restrictions in perpetuity balance for operations in accordance with the information in Note 13.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. *Fair Value Measurements***

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 7.

**F. *Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. These amounts are not intended to represent replacement or realizable values. Buildings and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The Agency capitalizes property and equipment having a cost of \$1,000 or more and a useful life of at least one year.

**G. *Grant and Contributions***

Contributions and donated goods, including contributions receivable as described in Note 4, are recorded as increases in net assets with and without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Grant and contributions are nonexchange transactions and accounted for under Accounting Standards Update (“ASU”) 2018-08. Grant and contributions are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Grant and contributions amounted to \$1,897,707 and \$2,001,208 for the year ended June 30, 2021 and 2020, respectively, and are included in the statements of activities.

During the year ended June 30, 2021, the Agency received a conditional grant of approximately \$1.24 million, of which approximately \$453,000 has not been recognized in the accompanying statement of activities, as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the grantor is not obligated to expend the funds allotted under the grants and contracts and the Agency may be required to return the funds already remitted.

The Agency is the beneficiary, at times, of bequests and legacies under various wills, the ultimate realization of which is not always readily determinable. The Agency recognizes bequests and legacies when the proceeds are measurable and irrevocable right to the proceeds has been established by the Agency. These amounts are recorded as contributions on the accompanying statements of activities.

**H. *Special Events***

The Agency conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. The annual special event was not held for the year ended June 30, 2021. These costs of \$96,755 for the year ended June 30, 2020, are netted against special events revenue.

**I. *Accounts Receivable and Contributions Receivable***

Program service fees are recognized as revenue when earned. The Agency determines whether an allowance should be provided for accounts and contributions receivable. Such estimates are based on management’s assessment of the aged basis of its contributions and other sources, current economic conditions and historic information. Accounts and contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. As of June 30, 2021 and 2020, the Agency determined an allowance for doubtful accounts related to accounts and contributions receivable was not necessary.

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. *Accounts Receivable and Contributions Receivable (Continued)***

Unconditional promises to give (contributions) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. If material to the financial statements, the discounts on those amounts are computed using risk-based interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

**J. *Donated Services***

Donated services are recognized in the accompanying financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation.

**K. *Charitable Gift Annuities Payable***

The Agency's charitable gift annuities payable with donors consist of the present value of the annuities to be paid to the beneficiaries for the balance of their life under the Annuity 2000 Mortality table. Rates of return range from 4.2% to 5.0%. Upon death of the beneficiaries, the remaining interest transfers to the Agency. The funds are invested and are included in the Agency's investments on the accompanying statements of financial position, amounting to \$25,000 and \$45,000 as of June 30, 2021 and 2020, respectively.

**L. *Royalties on Mineral Interests***

The Agency is the beneficiary of royalties on oil and mineral deposits. Such royalties are recorded as non-operating revenue when earned.

**M. *Functional Allocation of Expenses***

The cost of providing the various program and supporting services has been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among program and supporting services. The expenses that are allocated include salaries, payroll taxes and employee benefits, professional fees, occupancy, telephone, office supplies, professional development, equipment rental and depreciation. These are allocated on the basis of estimates of time and effort.

**N. *Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**O. *Recent Accounting Pronouncements***

Financial Accounting Standards Board ("FASB") ASU-2019-04 "Revenue from Contracts with Customers" (Topic 606) was adopted by the Agency the year ended June 30, 2021. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. These changes had no impact on the Agency for the year ended June 30, 2021.

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Agency adopted FASB ASU 2016-02, Leases (Topic 842) for the year ended June 30, 2021. The ASU requires organizations that lease assets to recognize the present value of the assets and liabilities for the rights and obligations created by those leases. The Agency adopted Topic 842 using July 1, 2020 as the date of initial adoption, which required the Agency to recognize lease assets and liabilities as of that date. The lease assets and liabilities on July 1, 2020 totaled \$70,779 and \$71,360, respectively. The lease asset amount is determined using the lease liability less amounts previously paid or accrued. The adoption of Topic 842 had no material effect on the change in net assets as previously reported.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES**

The Agency regularly monitors liquidity required to meet its operating needs, while is also striving to maximize the investment return within acceptable levels of risk. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its ongoing program activities as well as the supporting services to be general expenditures.

As of June 30, 2021 and 2020, financial assets available for general expenditure within twelve months were as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 676,527	\$ 860,831
Accounts receivable, net	37,290	53,055
Contributions receivable	86,000	50,000
Investments	<u>49,725,394</u>	<u>38,318,602</u>
Total financial assets	50,525,211	39,282,488
Less: net assets with donor restrictions	(7,261,246)	(6,343,993)
Less: board designated funds	<u>(47,943,018)</u>	<u>(39,704,911)</u>
	<u>\$ (4,679,053)</u>	<u>\$ (6,766,416)</u>

As needed, the board can release board designated funds to meet liquidity requirements.

**NOTE 4 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Amounts due in less than one year	\$ 56,000	\$ 50,000
Amounts due in one to five years	<u>30,000</u>	<u>-</u>
Total contributions receivable	<u>\$ 86,000</u>	<u>\$ 50,000</u>

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
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**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	\$ 14,791,914	\$ 14,666,242	20 - 40 years
Furniture and equipment	<u>1,245,219</u>	<u>1,980,519</u>	5 years
	16,037,133	16,646,761	
Less: accumulated depreciation	<u>(7,701,789)</u>	<u>(7,948,913)</u>	
Total property and equipment	<u>\$ 8,335,344</u>	<u>\$ 8,697,848</u>	

Depreciation expense amounted to \$488,176 and \$485,442 for the years ended June 30, 2021 and 2020, respectively. During the years ended June 30, 2021 and 2020, the Agency disposed of property and equipment amounting to \$731,269 and \$0, respectively, and no loss on disposal was recorded.

**NOTE 6 – INVESTMENTS**

Investments consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 9,771,570	\$ 822,823
Equities	38,642,003	27,841,826
Fixed income	1,311,821	10,511,901
Blended income funds	-	142,052
Alternative investments	<u>4,495,835</u>	<u>5,439,549</u>
	<u>\$ 54,221,229</u>	<u>\$ 44,758,151</u>

Investment return consists of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 754,850	\$ 1,129,950
Realized gains, net	841,344	4,293,689
Unrealized gains (losses), net	9,816,237	(3,923,462)
Investment fees	<u>(128,359)</u>	<u>(103,529)</u>
	<u>\$ 11,284,072</u>	<u>\$ 1,396,648</u>

**NOTE 7 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value hierarchy defines three levels as follows:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
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**NOTE 7 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in inactive markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Agency's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in money market funds, equities, mutual funds, fixed income and blended income funds are valued using market prices in active markets (Level 1). Investments in certain fixed income funds are valued using market prices in inactive markets (Level 2). Alternative investments are valued using Net Asset Value (“NAV”) provided by the underlying investment managers as a practical expedient.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended June 30, 2021 and 2020, there were no transfers.

The Agency's financial assets and liabilities carried at fair value at June 30, 2021, are classified in the table in one of the three levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Assets Carried at Fair Value:			
Money market funds	\$ 9,711,570	\$ -	\$ 9,711,570
Equities	38,642,003	-	38,642,003
Fixed income	<u>-</u>	<u>1,311,821</u>	<u>1,311,821</u>
Subtotal	<u>\$ 48,353,573</u>	<u>\$ 1,311,821</u>	49,665,394
Alternative investments valued at net asset value per share practical expedient			<u>4,495,835</u>
Total Assets Carried at Fair Value			<u>\$ 54,221,229</u>

The Agency's financial assets and liabilities carried at fair value at June 30, 2020, are classified in the table in one of the three levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Assets Carried at Fair Value:			
Money market funds	\$ 822,823	\$ -	\$ 822,823
Equities	27,841,826	-	27,841,826
Fixed income	10,424,799	87,102	10,511,901
Blended income funds	<u>142,052</u>	<u>-</u>	<u>142,052</u>
Subtotal	<u>\$ 39,231,500</u>	<u>\$ 87,102</u>	39,318,602
Alternative investments valued at net asset value per share practical expedient			<u>5,439,549</u>
Total Assets Carried at Fair Value			<u>\$ 44,758,151</u>

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN  
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**NOTE 7 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

The following table sets forth additional disclosures of the Agency's investments whose fair value is estimated using net asset value per share (or its equivalent) as of June 30, 2021:

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
North Haven RE VII OFF GLB	\$ 115,897	\$ 216,614	Annually	90 days
NB Crossroads Private Markets Fund IV (TE)	3,168,044	832,000	No liquidity feature	No liquidity feature
Trilantic	498,142	1,123,722	No liquidity feature	No liquidity feature
EQT Infrastructure V	-	500,000	No liquidity feature	No liquidity feature
PEG Global Private Equity	203,319	806,856	No liquidity feature	No liquidity feature
RC II Private Investors	-	350,000	No liquidity feature	No liquidity feature
CPI Carlye Property	<u>510,433</u>	<u>-</u>	No liquidity feature	No liquidity feature
Total	<u>\$ 4,495,835</u>	<u>\$ 3,829,192</u>		

**NOTE 8 – BOND PAYABLE**

On June 20, 2006, the New York City Industrial Development Agency ("NYCIDA") issued a bond which enabled the Agency to finance the acquisition of office space. As part of its agreement with the NYCIDA, the Agency sold and assigned its interest in the new office space to NYCIDA and repurchased its interest at a nominal fee pursuant to an installment sale agreement which covers the 25-year bond term.

The bond bears a weekly interest rate payable on the first Thursday of each month. Interest received by the bondholder qualifies as municipal bond interest income and is generally not subject to federal, state or local income taxes. The Agency has the right to convert the bond to a fixed rate of interest at any time by giving written notice to NYCIDA. The interest rate on the bond at June 30, 2021 and 2020, was .29% and 2.00%, respectively. The Agency may also enter into a swap agreement which would fix the interest rate for all or a portion of the outstanding bond.

Credit support for the bond is provided by a letter of credit issued by TD Bank in the amount of \$9,472,833. The Agency secured this letter of credit agreement on August 26, 2010 prior to the term of its previous letter of credit arrangement with Allied Irish Bank. With the TD Bank credit, the Agency was able to re-market the bond and obtain a more favorable interest rate. The letter of credit expired in August 2018 and was renewed through August 2021.

Under the terms of the letter of credit, the Agency is responsible for payment of a fee equal to 1.0% per annum of the letter of credit amount and for payment of a \$300 fee for each draw under the letter of credit in addition to the monthly bond interest payment. The Agency also pays a re-marketing agent a fee equal to 0.125% of the par amount of the bond per annum.



**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
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**NOTE 8 – BOND PAYABLE (Continued)**

The principal payments subsequent to June 30, 2021, on the bond payable for each of the next five years and thereafter are as follows:

2022	\$ 300,000
2023	315,000
2024	330,000
2025	340,000
2026	355,000
Thereafter	<u>5,130,000</u>
	<u>\$ 6,770,000</u>

Total interest expense on the bond payable amounted to \$101,807 and \$196,603 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 9 – PAYCHECK PROTECTION PROGRAM GRANT**

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Securities Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (SBA) sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. The Agency applied for two loans through an SBA authorized lender. The first loan, amounting to \$834,036, was approved on April 16, 2020 and received on April 27, 2020. The second loan amounting to \$714,637, was approved on March 23, 2021 and received on April 9, 2021.

In accounting for the terms of the PPP loan, the Agency is guided by Accounting Standards Codification (“ASC”) 470 *Debt*, and ASC 958-605 *Gain contingency*. Accordingly, the Agency has accounted for this under ASC 958-605 *Gain contingency*. For the year ending June 30, 2021 and 2020, the Agency has met the performance obligations and recorded grant income of \$714,637 and \$834,036, respectively, in the accompanying statements of activities.

**NOTE 10 – RETIREMENT PLAN**

The Agency sponsors a defined contribution retirement plan covering eligible employees. Pursuant to the plan, all employees can contribute up to the maximum allowed by law, and for eligible employees, the Agency made a matching contribution of 6% of the employee’s eligible salary. Eligible employees are all employees at least 21 years of age, continuously employed for at least one full year and working a schedule of at least 1,000 hours per year. Employees become fully vested in the Agency’s contribution upon three years of service. Total retirement plan expense for the years ended June 30, 2021 and 2020, amounted to \$128,077 and \$177,572, respectively.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

A. The Agency is obligated under operating leases for the rental of premises in New York and New Jersey through 2025. The equipment leases which expires on June 30, 2022.

As disclosed in Note 20, the Agency adopted FASB ASC 842. As a result, adopting FASB ASC 842 had no impact to prior year statement of financial position information, and because these leases are operating leases, the adoption of the standard has no material impact on the Agency’s change in net assets. Comparative information provided in the following paragraphs was determined using the accounting principles in effect as of and the for the year ended June 30, 2020. No comparative information is provided for the amounts reported on the statements of financial position as of June 30, 2020 since the Agency used the modified retrospective method of transition that does not require restating the prior period.

**SPENCE-CHAPIN SERVICES TO FAMILIES AND CHILDREN**  
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**NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)**

As of June 30, 2021, the right-of-use (“ROU”) asset had a balance of \$55,418, as shown in the statements of financial position; the lease liability totaled \$56,711 as shown in the statements of financial position. The lease liabilities were calculated utilizing the Agency’s incremental borrowing rate of 3% for leases in effect at the initial adoption date of July 1, 2020.

Rent expense relating to these property and equipment leases for the years ended June 30, 2021 and 2020 was approximately \$69,000 and \$50,000, respectively.

The minimum annual rental payments under the operating leases are as follows:

2022	\$ 27,221
2023	18,343
2024	17,924
2025	<u>7,559</u>
	<u>\$ 71,047</u>

- B. The Agency believes it had no uncertain tax positions as of June 30, 2021 and 2020, in accordance with ASC Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- C. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Agency’s business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Agency is currently unable to fully determine the extent of COVID-19’s impact on its business in future periods. The Agency’s performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Agency continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results.
- D. The Agency is subject to legal proceedings and claims that have recently been filed, and is unable to anticipate the impact, if any, these will have on the financial statements.

**NOTE 12 – CONCENTRATIONS OF CREDIT RISK**

Cash and cash equivalents that potentially subject the Agency to a concentration of credit risk include cash accounts with banks that may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Interest bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2021 and 2020, cash and cash equivalents held in two banks exceeded FDIC limits by approximately \$357,000 and \$539,000, respectively.

**NOTE 13 – BOARD DESIGNATED AND ENDOWMENT NET ASSETS**

**The Endowments:**

Net assets, including Board-designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The Agency maintains seven donor restricted endowment funds established to fund adoption and post adoption programs and other general activities of the Agency.

**Interpretation of Relevant Law:**

The Agency recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA replaced the prior law which was the Uniform Management of Institutional Funds Act (“UMIFA”). The Agency’s endowments are governed under NYPMIFA, which created a rebuttable presumption of imprudence if an organization appropriates more than 7% of donor-restricted endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year.

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**NOTE 13 – BOARD DESIGNATED AND ENDOWMENT NET ASSETS (Continued)**

**Return Objectives, Strategies Employed, and Spending Policy:**

The Agency maintains an investment policy implemented by the Board of Directors and designed to provide a framework within which to manage the investment of its endowment funds. This investment policy identifies responsibilities with respect to the management and control of the investment assets and provides a structure consistent with a standard care necessary for the Board to exercise its fiduciary responsibility in managing the funds of the Agency, including: investment objectives, assets, strategic asset allocation, investment management, performance standards and miscellaneous matters, such as spending rules.

Investment risk is measured in terms of total funds invested. Investment assets and allocation between asset classes and strategies are managed to not expose the funds to unacceptable levels of risk. The endowment funds are therefore invested in institutional assets that are prudently managed and well diversified.

To preserve principal, the Agency emphasizes the need for a long-term perspective in formulating both investment and spending policies. Annually, the Board determines the rate at which the income generated from the investment of the endowment fund can be spent and appropriates an allocation of funds to the Agency's budget. Unless otherwise specified by the donor, the Board limits spending from its donor-restricted endowment fund to 6.5% annually.

From time to time, the fair value of assets associated with endowment funds may fall below the level that the Agency is required to retain as a fund of perpetual duration.

Changes in net assets for the year ended June 30, 2021 were as follows:

	Board	<u>With Donor Restrictions</u>		
	<u>Designated</u>	Unappropriated		<u>Total</u>
		<u>Earnings</u>	<u>Perpetuity</u>	
Net assets, beginning of year	<u>\$ 39,704,911</u>	<u>\$ 531,582</u>	<u>\$ 5,410,498</u>	<u>\$ 45,750,006</u>
Net assets, before appropriation	39,704,911	531,582	5,410,498	45,750,006
Investment activity	10,038,107	1,245,965	-	11,284,072
Appropriated for expenditure	<u>(1,800,000)</u>	<u>(363,007)</u>	<u>-</u>	<u>(2,163,007)</u>
Net assets, end of year	<u>\$ 47,943,018</u>	<u>\$ 1,414,540</u>	<u>\$ 5,410,498</u>	<u>\$ 54,871,071</u>

Changes in net assets for the year ended June 30, 2020 were as follows:

	Board	<u>With Donor Restrictions</u>		
	<u>Designated</u>	Unappropriated		<u>Total</u>
		<u>Earnings</u>	<u>Perpetuity</u>	
Net assets, beginning of year	<u>\$ 41,673,819</u>	<u>\$ 531,531</u>	<u>\$ 5,410,498</u>	<u>\$ 47,718,863</u>
Net assets, before appropriation	41,673,819	531,531	5,410,498	47,718,863
Investment activity	1,176,806	219,842	-	1,396,648
Appropriated for expenditure	<u>(3,145,714)</u>	<u>(219,791)</u>	<u>-</u>	<u>(3,365,505)</u>
Net assets, end of year	<u>\$ 39,704,911</u>	<u>\$ 531,582</u>	<u>\$ 5,410,498</u>	<u>\$ 45,750,006</u>

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**NOTE 14 – NET ASSETS WITH DONOR RESTRICTIONS**

**Net Assets With Donor Restrictions (Time and Purpose):**

The Agency's net assets with donor restrictions for time and purpose consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Forstmann – Granny Program South Africa	\$ 208,797	\$ 223,898
Charina Endowment Fund	50,000	75,000
African American Adoptive services	60,237	60,237
Humanitarian	42,778	42,778
Other	74,396	-
Unappropriated endowment earnings – Foster care post adoption services and adoption records	1,022,673	405,443
Unappropriated endowment earnings	<u>391,867</u>	<u>126,139</u>
 Total net assets with donor restrictions for time and purpose	 <u>\$ 1,850,748</u>	 <u>\$ 933,495</u>

During the years ended June 30, 2021 and 2020, the Agency released net assets with donor restrictions of \$407,388 and \$192,014, respectively, by incurring program expenses or the passage of time.

**Net Assets With Donor Restrictions (In Perpetuity):**

Net assets with donor restrictions in perpetuity consist of endowment funds of \$5,410,498 as of both June 30, 2021 and 2020, with investment income to be used for the following purposes:

	<u>2021</u>	<u>2020</u>
Foster Care Post Adoption Services and Adoption Records	\$ 3,733,986	\$ 3,733,986
International	739,409	739,409
After Care	590,312	590,312
Other Programs	138,459	138,459
General Purpose	<u>208,332</u>	<u>208,332</u>
Total net assets with donor restrictions (in perpetuity)	<u>\$ 5,410,498</u>	<u>\$ 5,410,498</u>

**NOTE 15 – NET DECREASE FROM OPERATIONS**

The Agency relies on funds from its endowment and royalty income to support and enhance its programs. During the year ended June 30, 2021, the Agency improved its cash position by successfully securing a 2<sup>nd</sup> PPP loan which was recorded as a grant in the year ended June 30, 2021. The Agency increased its individual donor base and also increased program fees and held virtual fundraising events for additional revenues and support for its programs. During the year ended June 30, 2021, a diligent cash flow management and reduction in operating costs resulted in Agency drawing the lowest amount of cash from the endowment at \$1.8M. The Agency, however, remains committed to its strategic plan of opening and operating additional satellite offices in the State of New York and expanding the Granny program during the year ended June 30, 2022.

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through November 8, 2021, the date the financial statements were available to be issued.