



The Elwyn Foundation and Subsidiaries

Consolidated Financial Statements
Years Ended June 30, 2023 and 2022

The Elwyn Foundation and Subsidiaries

Consolidated Financial Statements
Years Ended June 30, 2023 and 2022

The Elwyn Foundation and Subsidiaries

Contents

Independent Auditor’s Report	3-4
Consolidated Financial Statements	
Consolidated Balance Sheets	6-7
Consolidated Statements of Operations and Changes in Net Assets	8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10-43
Supplemental Material	
Independent Auditor’s Report on Supplementary Material	45
Consolidating Balance Sheet - June 30, 2023	46-47
Consolidating Statement of Operations and Changes in Net Assets - Year Ended June 30, 2023	48



Tel: 215-564-1900
Fax: 215-564-3940
www.bdo.com

Ten Penn Center
1801 Market Street, Suite 1700
Philadelphia, PA 19103

Independent Auditor's Report

The Board of Directors
The Elwyn Foundation and Subsidiaries
Elwyn, Pennsylvania

Opinion

We have audited the consolidated financial statements of The Elwyn Foundation and Subsidiaries (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

Philadelphia, Pennsylvania
October 31, 2023

Consolidated Financial Statements

The Elwyn Foundation and Subsidiaries

Consolidated Balance Sheets

<i>June 30,</i>	2023	2022
Assets		
Current Assets		
Cash and cash equivalents		
Operating funds	\$ 22,035,358	\$ 45,777,751
Operating reserve fund - unrestricted	17,569,083	-
Restricted cash	3,409,907	3,331,979
Investments		
Operating reserve fund - unrestricted	15,456,520	15,000,000
Current portion of spending policy income and other	5,287,000	5,807,000
Accounts receivable, net	41,138,342	33,957,123
Estimated settlements due from third-party payors	2,392,534	2,220,469
Assets held for sale	2,251,720	-
Prepaid expenses and other current assets	1,923,819	2,998,370
Contribution receivable	552,762	755,568
Total Current Assets	112,017,045	109,848,260
Investments, net of current portion	64,385,187	60,320,008
Assets Limited as to Use	1,751,261	1,691,942
Property and Equipment, net	69,782,381	64,821,187
Operating Lease Assets, net	59,598,287	64,364,714
Other Assets		
Estimated settlements due from third-party payors, net of current portion	4,230,667	5,415,203
Assets held for sale, net of current portion	1,948,768	7,356,675
Other long-term assets	883,748	890,028
Contribution receivable, net of discount and current portion	2,233,081	1,579,598
Total Other Assets	9,296,264	15,241,504
Total Assets	\$ 316,830,425	\$ 316,287,615

(Continued)

The Elwyn Foundation and Subsidiaries

Consolidated Balance Sheets

<i>June 30,</i>	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 1,409,594	\$ 1,347,917
Accounts payable and accrued expenses, salaries and benefits	61,847,453	62,221,991
Deferred revenue and other liabilities	11,206,598	18,948,951
Operating lease liabilities	12,008,230	11,805,712
Deposits held in custody for others	1,451,657	853,279
Total Current Liabilities	87,923,532	95,177,850
Accrued benefits payable	8,614,000	8,006,000
Postretirement benefit plans	28,373,990	19,581,718
Long-term debt, net of current portion	42,472,247	43,929,564
Deferred revenue and other liabilities, net of current portion	16,428,921	22,722,750
Operating lease liabilities, net of current portion	49,124,544	54,172,629
Total Liabilities	232,937,234	243,590,511
Net Assets		
Without donor restrictions	46,040,795	37,453,710
With donor restrictions	37,852,396	35,243,394
Total Net Assets	83,893,191	72,697,104
Total Liabilities and Net Assets	\$ 316,830,425	\$ 316,287,615

See accompanying notes to consolidated financial statements.

The Elwyn Foundation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

Year Ended June 30,	2023	2022
Net Assets Without Donor Restrictions		
Revenues		
Net client service revenue	\$ 398,347,899	\$ 375,824,074
Other revenue	2,093,447	1,473,122
Contributions	1,960,989	2,102,354
Contribution on Paycheck Protection Program loan forgiveness	-	3,239,500
Spending policy income	4,063,750	2,790,680
Net assets released from restrictions for operations	1,237,624	337,721
Total Revenues	407,703,709	385,767,451
Expenses		
Salaries and wages	194,039,327	192,494,086
Fringe benefits	53,706,118	51,742,589
Purchased personnel	70,410,686	57,869,467
Occupancy costs	17,996,980	18,680,984
Operational costs	60,471,949	52,795,367
Interest	2,097,339	2,474,060
Depreciation	6,666,052	6,205,584
Total Expenses	405,388,451	382,262,137
Operating income before other items	2,315,258	3,505,314
Other items:		
Investment return (loss), net of spending policy income	2,241,896	(6,756,819)
Other components of net periodic benefit cost	(4,302,282)	(600,463)
Loss on extinguishment of debt	-	(185,413)
Net gain (loss) on sale and disposal of property and equipment	14,155,372	(254,070)
Excess of (deficiency in) revenues and other items over expenses	14,410,244	(4,291,451)
Other changes in net assets without donor restrictions:		
Pension-related changes other than net periodic benefit cost	(5,065,288)	(2,659,724)
Net assets released from restrictions not for operations	167,500	-
Loss on discontinued and non-operating programs	(925,371)	(946,261)
Increase (Decrease) in Net Assets Without Donor Restrictions	8,587,085	(7,897,436)
Net Assets with Donor Restrictions		
Contributions and bequests	1,897,826	1,916,736
Investment return (loss), net of spending policy income - Donor Restrictions	2,116,300	(4,889,542)
Net assets released from restrictions	(1,405,124)	(337,721)
Increase (Decrease) in Net Assets With Donor Restrictions	2,609,002	(3,310,527)
Increase (Decrease) in Net Assets	11,196,087	(11,207,963)
Net Assets, beginning of year	72,697,104	83,905,067
Net Assets, end of year	\$ 83,893,191	\$ 72,697,104

See accompanying notes to consolidated financial statements.

The Elwyn Foundation and Subsidiaries

Consolidated Statements of Cash Flows

Year Ended June 30,	2023	2022
Operating Activities		
Increase (decrease) in net assets	\$ 11,196,087	\$ (11,207,963)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities:		
Change in additional minimum pension liability	9,367,570	3,260,187
Contribution on Paycheck Protection Program loan forgiveness	-	(3,239,500)
Receipt of contributed securities	(819,607)	(1,214,819)
Proceeds from sale of contributed securities	267,715	1,213,957
Depreciation and amortization	6,618,329	6,569,690
Loss on extinguishment of debt	-	185,413
Net (gain) loss on sale and disposal of property and equipment	(14,155,373)	254,070
Net realized and unrealized (gain) loss on investments	(6,491,912)	10,595,580
Contributions and investment return restricted to long-term purposes	(853,181)	(823,333)
Changes in operating assets and liabilities:		
Accounts receivable, estimated settlements due from third-party payors and contributions receivable	(6,619,425)	394,211
Prepaid expenses and other current assets	1,074,551	1,930,990
Accounts payable and accrued expenses, salaries and benefits, deferred revenue and other liabilities and deposits held for custody of others	(12,126,902)	12,533,189
Accrued benefits payable and postretirement benefit plans	32,702	3,892,844
Net cash (used in) provided by operating activities	(12,509,446)	24,344,516
Cash Flows from Investing Activities		
Acquisition of property and equipment	(14,290,137)	(13,503,300)
Proceeds from sale of property and equipment	18,209,871	1,878,636
Purchases of investments	(14,866,508)	(23,379,072)
Proceeds from sale of investments	17,855,574	21,186,037
Net cash provided by (used in) investing activities	6,908,800	(13,817,699)
Cash Flows from Financing Activities		
Contributions and investment return restricted to long-term purposes	853,181	823,333
Payment on outstanding debt	(1,347,917)	(12,706,098)
Net cash used in financing activities	(494,736)	(11,882,765)
Net Decrease in Cash and Cash Equivalents	(6,095,382)	(1,355,948)
Cash and Cash Equivalents, beginning of year	49,109,730	50,465,678
Cash and Cash Equivalents, end of year	\$ 43,014,348	\$ 49,109,730
Supplemental Disclosure of Cash Paid		
Interest	\$ 2,149,902	\$ 2,610,483
Operating leases	14,840,534	15,524,270
Supplemental Disclosure of Cash Flow Information		
Purchases of property and equipment in accounts payable and accrued expenses	\$ 949,194	\$ 2,713,774
Right-of-use assets obtained in exchange for new operating lease liabilities	7,108,405	9,853,661
Receipt of contributed securities	819,607	1,214,819
Write-off of fully depreciated property and equipment	7,445,632	6,002,756

See accompanying notes to consolidated financial statements.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization

The Elwyn Foundation is a Pennsylvania non-profit corporation and the sole member of Elwyn of Pennsylvania and Delaware, Elwyn New Jersey, a New Jersey Non-Profit Corporation, and Elwyn California. The Elwyn Foundation is incorporated for exclusively charitable, educational, religious, literary and/or scientific purposes and engages in charitable activities, including, but not limited to: directly or indirectly, supporting, operating for the benefit of, performing the functions of, and/or carrying out the purposes of Elwyn of Pennsylvania and Delaware, Elwyn New Jersey, A New Jersey Non-Profit Corporation and Elwyn California.

Elwyn of Pennsylvania and Delaware (“Elwyn PA”) is a Pennsylvania non-profit corporation providing services to individuals at locations in Pennsylvania and Delaware under three service lines: (i) Intellectual and Development Disability Services (“IDD Services”), (ii) Children’s Services, and (iii) Adult Behavioral Health Services. The services include comprehensive residential, day and work programs for individuals with intellectual and developmental disabilities, behavioral health services for individuals with emotional difficulties and developmental, physical and sensory disabilities, early learning services for children ages three to five, and educational services. In addition, Elwyn PA is the sole member of Fellowship Health Resources, Inc., Provider Enhancement Management Services, Family Support Services, and Sleighton School. Elwyn PA also owns 100% of Grace Pharmacy, a for-profit corporation.

Elwyn New Jersey, A New Jersey Non-Profit Corporation (“Elwyn NJ”) is a non-profit corporation that provides day, residential, vocational, and social rehabilitation services for individuals with intellectual and developmental disabilities within the state of New Jersey.

Elwyn California (“Elwyn CA”) is a non-profit corporation that provides day, residential and vocational services for individuals with intellectual and developmental disabilities within the state of California.

Fellowship Health Resources, Inc. is a non-profit corporation that provides adult behavioral health services including outpatient services, group homes, day programs, social activity programs and a network of supervised apartments in six states. Fellowship Health Resources, Inc. has two subsidiaries: Fellowship Realty Corp. (“FRC”) and Fellowship Realty Corp. of Massachusetts (“FRCM”) (Collectively, “FHR”).

- FRC is a private non-profit corporation founded in 2001 that owns properties located throughout Delaware and Massachusetts, which are leased to FHR.
- FRCM is a private non-profit corporation founded in 2006 that owns property in Massachusetts which it leases to a non-FHR agency.

Sleighton School (“Sleighton”), a non-profit corporation, was a residential rehabilitative institution providing residential and educational services for secondary school youth who were placed at the Sleighton School by governmental units. In 2002, the school was closed, and Sleighton is in the process of divesting the real property comprising the school’s sole asset. See Note 5 for additional details.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Family Support Services ("FSS") is a non-profit corporation that provided early intervention services, early learning services, parenting education and support programs, school-based childcare, and preschool programs. FSS operated and provided services in Pennsylvania. FSS transferred its programs and contracts to Elwyn PA. During the years ended June 30, 2023 and 2022, FSS did not provide any services.

Provider Enhancement Management Services ("PEMS"), is an inactive non-profit corporation. During the years ended June 30, 2023 and 2022, PEMS did not provide any services.

Grace Pharmacy, Inc. ("Grace"), is an inactive for-profit corporation. During the years ended June 30, 2023 and 2022, Grace did not provide any services.

The Elwyn Foundation and its subsidiaries are collectively known as "the Organization".

2. Financial Assets and Liquidity Resources

As of June 30, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital costs not financed with debt, were as follows:

<i>June 30,</i>	2023	2022
Financial assets and liquidity resources:		
Cash and cash equivalents - Operating funds	\$ 22,035,358	\$ 45,777,751
Cash and cash equivalents - Operating reserve fund	17,569,083	-
Accounts receivable, net	41,138,342	33,957,123
Current investments - Operating reserve fund	15,456,520	15,000,000
Current investments - Spending Policy income and other	5,287,000	5,807,000
Total financial assets and liquidity resources available within one year	\$ 101,486,303	\$ 100,541,874
Total liquidity from available revolving line of credit	\$ 39,740,000	\$ 40,490,000

The Organization's financial assets are structured to be available to fund operating expenses, strategic initiatives, and other obligations as each are due. At times, the Organization is subject to delayed cash receipts from the funders of certain programs because of contractual payment schedules. During these times, the Organization utilizes the available capacity of its revolving line of credit to mitigate the impact of such funding delays. Additionally, as of June 30, 2023 and 2022, the Organization has approximately \$32.8 million and \$33.2 million, respectively, of board-designated quasi-endowment funds. As a general practice, the Organization does not make permanent distributions from these investment funds, other than the amounts authorized as part of the annual spending policy. However, the Organization's Board of Directors will authorize temporary borrowings from the investment funds or allow a permanent distribution to facilitate and support the Organization's strategic initiatives. Distributions from the quasi-endowment funds are partially limited by lock-up provisions and redemption notice period restrictions as detailed in Note 4.

In June 2022, management of the Organization created an operating reserve fund utilizing \$15,000,000 of operating cash. The planned investment allocation of the fund is 20% equities and 80% short-duration fixed income securities. This allocation is intended to generate a modest yield

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

while preserving the capital value of the fund. The fund's primary purpose is to provide a source of capital for the Organization's strategic initiatives. The fund totals \$15,456,520 and \$15,000,000 as of June 30, 2023 and 2022, respectively.

In June 2023, management of the Organization expanded the operating reserve fund to include the proceeds from the sale of certain properties. These proceeds will be held in cash, cash equivalents or other low-risk investment options with the intent to generate a small yield while maintaining liquidity and availability to support strategic capital expenditures during the fiscal year ending June 30, 2024. The fund totals \$17,569,083 and \$0 as of June 30, 2023 and 2022, respectively.

3. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of The Elwyn Foundation and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Basis of Accounting

These consolidated financial statements are prepared in accordance with generally accepted accounting principles promulgated in the United States of America ("U.S. GAAP"). Revenues are reported as increases in assets without donor-imposed restrictions unless the donor restricts their use. Expenses are reported as decreases in assets without donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in assets without donor-imposed restrictions unless their use is restricted by explicit donor stipulations or by law.

Use of Estimates

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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions are related to the recording of (i) client service revenue and accounts receivable, (ii) recoverability and useful lives of property and equipment, (iii) actuarial estimates for the postretirement benefit plans, (iv) self-insured reserves for insurance claims, workers compensation, healthcare and prescription drugs, (v) the allocation of functional expenses, and (iv) the reported fair values of certain assets and liabilities. Actual results could differ from those estimates.

Excess of (Deficiency in) Revenues and Other Items over Expenses

The consolidated statements of operations and changes in net assets include the excess of (deficiency in) revenues and other items over expenses. Changes in net assets without donor restrictions, which are excluded from excess of (deficiency in) revenues over expenses, consistent with industry practice, include pension-related changes other than net periodic benefit cost, net assets released from restriction not for operations, and the effect of discontinued and non-operating programs, including the Sleighton School.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Fair Value Measurements

The Organization reports certain assets and liabilities at fair value on a recurring and non-recurring basis depending on the underlying accounting policy for the particular item. Recurring fair value measures include the Organization's investment accounts. The Organization does not have any non-recurring measures as of June 30, 2023 and 2022. U.S. GAAP requires an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. U.S. GAAP also requires the Organization to classify financial instruments, except for instruments measured at net asset value as a practical expedient, into a three-level hierarchy, based on the priority of inputs to the valuation technique.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly that are observable for substantially the full term of the instrument, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs used in the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by several factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Organization's financial instruments, see Note 4.

As a practical expedient, the Organization estimates the fair value of investments in certain entities, including private equity funds and other alternative investments, using the reported net asset value as of the measurement date.

The estimated value of beneficial interest in perpetual trusts is determined based on information received from the trustee. The fair value of the beneficial interests in these trusts is measured using the value of the underlying investments. The underlying investments consist primarily of cash and cash equivalents, and marketable securities. These investments are reported as level 3.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Financial Instruments

Financial instruments consist of cash equivalents, accounts receivable, estimated settlements due from third-party payors, investments and assets limited as to use, accounts payable and accrued expenses, lines of credit and long-term debt. The carrying amounts reported in the consolidated balance sheets for these assets and liabilities approximate fair value because of either their short-term nature or the interest rates approximate market. Management's estimates of the fair values of other financial instruments are described elsewhere in the notes to the consolidated financial statements.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include all cash balances and highly liquid investments purchased with initial maturities of three months or less at the purchase date. The Organization considers cash and cash equivalents in investment accounts to be investments at fair value, and therefore excludes these amounts from cash and cash equivalents on the consolidated balance sheet and the consolidated statements of cash flows. The Organization invests a portion of its operating cash and cash equivalents in various checking, savings, and certificates of deposit accounts with several commercial banks. At times, such amounts may be in excess of the Federal Deposit Insurance Corporate limits. The Organization has not experienced any losses in these accounts and believes it is not subject to any significant credit risk.

Restricted cash primarily consists of amounts held in escrow and client funds held by the Organization as representative payee or under other arrangements. The Organization records a liability equal to the amount of restricted cash associated with client funds. This liability is recorded as deposits held for custody of others within current liabilities on the consolidated balance sheets.

Cash and cash equivalents as of June 30, 2023 and 2022 consist of the following:

<i>June 30,</i>	2023	2022
Cash and Cash Equivalents		
Operating funds	\$ 22,035,358	\$ 45,777,751
Operating reserve fund	17,569,083	-
Restricted cash	3,409,907	3,331,979
Cash and cash equivalents	\$ 43,014,348	\$ 49,109,730

Investments

Investments consist primarily of fixed income and equity securities measured at fair value based upon quoted market prices. Investment income (comprising of interest and dividends) and realized gains and losses on investments are reported as non-operating gains and losses or as restricted investment income, if such income is restricted by the donor or legislation. See Note 9 for description of the spending policy applied to the endowment funds. Investment income is reported net of external investment expenses. The Organization does not have any direct internal investment expenses.

Unrealized gains and losses on investments, to the extent that such losses are considered temporary, are aggregated with other investment return as a non-operating gain or loss or as restricted

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

investment income, if such income is restricted by the donor or legislation. Realized gains and losses on investments sold are computed using the average cost method.

Assets Limited as to Use

Assets limited as to use include externally designated assets held by trustees under the bond indenture agreements.

Revenue and Accounts Receivable

In accordance with Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, client revenue is reported at the amounts that reflect the consideration to which the Organization is expected to be entitled to in exchange for providing client care within each of its programs. These amounts are due from public payors, which include federal, state and local government agencies under fee-for-service and cost reimbursed programs. Individuals and third-party payors are billed as services are performed, in accordance with the payor agreements. Client revenue is recognized in the period in which the performance obligations are satisfied under contracts by transferring services to individuals.

Performance obligations are determined based on the nature of the services provided. The Organization recognizes revenue for cost reimbursed programs based on performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. The Organization believes that this method provides an appropriate depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations. The Organization recognizes revenue for fee-for-service programs based on performance obligations satisfied at a point in time, which generally relate to individuals receiving daily, unit-based services.

Third-party settlements are accrued on an estimated basis in the period the related services are rendered. Estimated settlements due from third-party payors are classified as current and noncurrent based on the anticipated timing of settlements. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. The ultimate determination of amounts reimbursable under certain contracts is based upon allowable costs to be reported to, and audited by, grantors and/or their agents. In the opinion of management, adequate provision has been made for any additional adjustments, which may result from final settlement of outstanding cost reports and is based on an implicit price concession based on historical collection experience.

The Organization has elected the practical expedient allowed and does not adjust the promised amount of consideration from individuals and third-party payors for the effects of a significant financing component due to the Organization’s expectations that the period between the time the services is provided to an individual and the time that the individual or third-party payors pays for that service will be one year or less.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Disaggregated net client services revenue by service line for the years ended June 30, 2023 and 2022 consists of the following:

	2023	2022
Intellectual and Developmental Disability Services	49%	52%
Children's Services	34%	32%
Adult Behavioral Health	17%	16%
Total	100%	100%

Disaggregated client services revenue by payor type for the years ended June 30, 2023 and 2022 consists of the following:

	2023	2022
Medicaid	48%	49%
State contracts	31%	29%
Managed care organizations	7%	8%
Other	5%	5%
County contracts	5%	4%
Federal contracts	4%	5%
Total	100%	100%

Allowance for Doubtful Accounts

The Organization provides an allowance for doubtful accounts for estimated losses resulting from uncollectible accounts. Accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely, and the Organization ceases collection efforts.

The remainder of this page is intentionally left blank.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Contributions Receivable and Promises to Give

Unconditional promises to give cash and other assets to the Organization are recorded at fair value at the date the promise is received and the value of the promise is reasonably determinable. The fair value of the promise is estimated based on the present value of stated or anticipated future cash receipts. The present value is calculated using a risk-adjusted rate that is commensurate with the timing of the cash receipts. Conditional promises to give are recorded at fair value at the date the promise becomes unconditional. Such amounts are classified as revenues without donor restrictions unless donor-imposed restrictions exist which limit their current or future use.

<i>June 30,</i>	2023	2022
Amounts due in:		
Less than one year	\$ 552,762	\$ 755,568
One to five years	1,663,181	1,367,564
More than five years	819,065	435,000
	3,035,008	2,558,132
Less: discount for present value	(249,165)	(222,966)
Contribution receivable	\$ 2,785,843	\$ 2,335,166

Property and Equipment

Purchased property and equipment greater than the Organization's capitalization threshold are capitalized and recorded at cost. The capitalization threshold was \$10,000 and \$2,500 for the years ended June 30, 2023 and 2022, respectively. The cost of maintenance and repairs is expensed as incurred. Contributed property is recorded at estimated fair value at the date contributed and is reflected as a contribution to net assets without donor restrictions. Depreciation is computed straight-line over the estimated useful lives of the assets. Estimated useful lives are as follows:

- Buildings, building improvements and leasehold improvements between 5 to 40 years
- furniture, equipment, and software between 3 to 10 years
- ground improvements, roadways and extension of utilities between 5 and 40 years

The Organization continually evaluates whether circumstances have occurred that indicate the remaining estimated useful lives of long-lived assets may warrant revision or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the Organization uses an estimate of the related undiscounted operating income over the remaining life of the long-lived asset in measuring whether the long-lived asset is recoverable.

Net Assets

Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions. Net assets are classified into one of two classes: without donor restrictions and with donor restrictions. Descriptions of the two net asset classes and types of transactions within each class are as follows:

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Without donor restrictions - Net assets that are not subject to donor-imposed restrictions. Transactions that affect this net asset class primarily consist of fees received for servicing individuals, gifts without restrictions, investment returns on board-designated quasi-endowment funds, other revenue, and expenses incurred by the Organization. In addition to these transactions, changes in this net asset class include gain (loss) on disposal of property and equipment, the change in minimum pension liability and the loss on discontinued and non-operating programs.

The Organization reports restricted gifts whose donor-imposed restrictions are met within the year of receipt as without donor restrictions.

With donor restrictions - Net assets that are subject to donor-imposed restrictions. The donor-imposed restrictions will be met through either (i) the passage of time or (ii) the Organization's actions. Transactions that affect this net asset class primarily consist of gifts for which donor-imposed restrictions have not been met; gifts to the Organization's endowment, pledges and promises to give; and investment returns on donor restricted endowment funds and other restricted investment funds. The expiration of restrictions on net assets with donor restrictions are reported as net assets released from restrictions within the consolidated statements of operations and changes in net assets.

Income Taxes

The Elwyn Foundation, Elwyn PA, Elwyn NJ, Elwyn CA, PEMS, Sleighton, FSS, Fellowship Health Resources, Inc., and FRCM have been recognized by the Internal Revenue Service ("IRS") as tax-exempt organizations as described in Section 501(c) of the Internal Revenue Code ("IRC") and are exempt from federal income taxes pursuant to Section 501(c)(3) of the IRC. However, at times, the entities are subject to unrelated business income tax based on their activities.

FRC has been recognized by the IRS tax-exempt organization as described in Section 501(c) of the IRC and is exempt from federal income taxes pursuant to Section 501(c)(2) of the IRC.

For the years ended June 30, 2023 and 2022, the Organization did not identify any uncertain tax positions taken or expected to be taken, which would require adjustment or disclosure in the consolidated financial statements. The Organization is current with respect to filing of IRS Form 990s.

Reclassifications

Certain amounts in the 2022 consolidated financial statements have been reclassified to conform to the current year presentation.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The update requires the earlier recognition of credit losses on financial assets, including accounts receivable, based on an expected loss model, replacing the incurred loss model that is currently in use. Under the expected loss model, an allowance is recorded at the point of initial recognition of the asset for all expected losses over the life of the asset. The estimate of expected losses should be based on historical information, current conditions, and reasonable and supportable forecasts. The update is effective for annual financial statements beginning after December 15, 2022. Early adoption is permitted. The Organization is in the process of evaluating the impact of ASU 2016-13 on its consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events through October 31, 2023, which was the date the consolidated financial statements were available to be issued. Pursuant to the requirements, there were no other events or transactions occurring during the subsequent event reporting period, other than noted below, which require recognition or disclosure in the consolidated financial statements.

In August 2023, the sale of the property in Wilmington, Delaware was completed. The transaction resulted in a gain on sale of approximately \$751,000 and generated proceeds, net of transaction costs, of approximately \$3,003,000.

In September 2023, the letter of credit collateralizing the Organization’s large deductible workers’ compensation program for New Jersey, Delaware and California was increased from \$5,260,000 to \$5,510,000. The additional amount was issued through and utilizes capacity on the revolving line of credit. See Note 8 for additional details on the large deductible workers’ compensation program.

The remainder of this page is intentionally left blank.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

4. Fair Value Measurements

The following table presents information about the Organization's investments and assets limited as to use that were measured at fair value on a recurring basis by level, within the fair value hierarchy, as of June 30:

Description	Assets at Fair Value as of June 30, 2023			
	Total	Level 1	Level 2	Level 3
Equities:				
Domestic	\$ 40,022,651	\$ 40,022,651	\$ -	\$ -
International	13,226,390	13,226,390	-	-
Fixed Income:				
Corporate bonds	503,309	-	503,309	-
Municipal bonds	7,847,211	-	7,847,211	-
Funds and ETFs	9,469,313	9,469,313	-	-
U.S. treasuries and agency bonds	3,208,181	-	3,208,181	-
Other:				
Cash and cash equivalents	2,622,028	2,622,028	-	-
Certificates of deposit	850,404	-	850,404	-
Cash surrender value of life insurance	2,681,051	-	2,681,051	-
Beneficial interest in perpetual trusts	2,371,087	-	-	2,371,087
Total investments in fair value	82,801,625	65,340,382	15,090,156	2,371,087
Investments measured at NAV	4,078,343	-	-	-
	\$ 86,879,968	\$ 65,340,382	\$ 15,090,156	\$ 2,371,087

Description	Assets at Fair Value as of June 30, 2022			
	Total	Level 1	Level 2	Level 3
Equities:				
Domestic	\$ 34,456,140	\$ 34,456,140	\$ -	\$ -
International	13,641,064	13,641,064	-	-
Fixed Income:				
Corporate bonds	20,721	-	20,721	-
Funds and ETFs	10,176,673	10,176,673	-	-
Other:				
Cash and cash equivalents	17,078,949	17,078,949	-	-
Cash surrender value of life insurance	2,393,579	-	2,393,579	-
Beneficial interest in perpetual trusts	1,782,334	-	-	1,782,334
Total investments in fair value	79,549,460	75,352,826	2,414,300	1,782,334
Investments measured at NAV	3,269,490	-	-	-
	\$ 82,818,950	\$ 75,352,826	\$ 2,414,300	\$ 1,782,334

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Investments valued at NAV per share (or equivalent) as of June 30, 2023 and 2022 consist of the following:

	Fair Value 2023	Fair Value 2022	Redemption Frequency	Redemption Notice Period	Unfunded Commitment
Private Equity Co-Investment Partners II (a)	\$ 307,654	\$ 312,677	N/A	N/A	73,697
Private Equity Co-Investment Partners III Offshore SCSP (b)	124,098	25,425	N/A	N/A	376,276
Private Equity Managers (2018) (c)	770,300	605,169	N/A	N/A	158,400
Private Equity Managers (2019) LP (d)	648,137	587,125	N/A	N/A	176,945
Private Equity Managers (2020) Offshore LP (e)	335,717	196,498	N/A	N/A	228,452
Vintage VIII Offshore SCSP (f)	1,024,794	951,031	N/A	N/A	526,513
Private Equity Managers 2021 Offshore (g)	239,601	98,984	N/A	N/A	345,513
Monarch V Select Opportunities Access Offshore LP (h)	327,748	250,439	N/A	N/A	82,163
West Street Strategic Solutions Offshore Feeder Fund I, LLC (i)	207,334	202,587	N/A	N/A	183,750
Private Equity Managers 2022 Offshore (j)	41,353	5,555	N/A	N/A	1,047,936
Vintage IX B Offshore SCSP (k)	51,607	34,000	N/A	N/A	1,666,000
E&F Private Equity Managers (2023) Offshore LP (l)	-	-	N/A	N/A	1,000,000
	\$ 4,078,343	\$ 3,269,490			

(a)(b) Formed for the purpose of investing in privately negotiated transactions in a pooled investment vehicle via capital commitments to issuers of such investments.

(c)(d)(e)(g)(j) Formed by Goldman Sachs as an annual fund of funds private equity vehicle that provides clients with a global, diversified portfolio of growth private equity managers.

(f)(k)(l) Formed to invest in Limited Partner interests in existing Private Equity funds, typically at a discount.

(h) Formed for the purpose of investing in opportunistic credit and distressed direct investments with a focus on opportunities in small to mid-size capital structures.

(i) Formed for the purpose of directly originating credit and structured equity investments to generate attractive risk-adjusted returns irrespective of prevailing market conditions.

The private equity investments do not allow early redemption of invested capital. Instead, the nature of these investments is that the fund manager will call capital as investment opportunities arise and distribute capital as investments are liquidated or exited in accordance with the fund's life. The lifespan of each fund varies, but on average is between seven and fifteen years.

Total investment return (loss) was approximately \$8,984,000 and (\$8,856,000) for the years ended June 30, 2023 and 2022, respectively. The Organization recorded approximately \$562,000 and \$0 of the total investment return within 'Other Revenue' on the consolidated statement of operations and changes in net assets for the years ended June 30, 2023 and 2022, respectively.

Assets limited as to use, recorded at fair value, consist of the following on June 30:

<i>June 30,</i>	2023	2022
Cash and cash equivalents	\$ 1,751,261	\$ 1,691,942
	\$ 1,751,261	\$ 1,691,942

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Assets limited as to use are maintained for the following purposes on June 30:

<i>June 30,</i>	2023	2022
Debt service reserve fund - 2017 bonds	\$ 1,751,261	\$ 1,691,942
	\$ 1,751,261	\$ 1,691,942

5. Property and Equipment

Property and equipment consist of the following at June 30:

<i>June 30,</i>	2023	2022
Land	\$ 2,801,213	\$ 2,894,401
Buildings, building improvements and leasehold improvements	123,518,817	110,883,813
Furniture, equipment, and software	36,460,081	39,302,931
Ground improvements, roadways and extension of utilities	9,647,185	9,087,802
	172,427,296	162,168,947
Less: accumulated depreciation	(107,310,981)	(110,672,723)
	65,116,315	51,496,224
Construction-in-progress	4,666,066	13,324,963
	\$ 69,782,381	\$ 64,821,187

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$6,666,052 and \$6,205,584, respectively.

The Organization capitalizes the implementation costs for hosted software arrangements. These costs are included within the 'Furniture, equipment, and software' line within the above table. The capitalized costs consist of the following at June 30:

<i>June 30,</i>	2023	2022
Implementation costs for hosted software arrangements	\$ 4,987,842	\$ 2,961,807
Less: accumulated depreciation	(1,815,686)	(1,069,448)
	\$ 3,172,156	\$ 1,892,359

Assets Held for Sale - Sleighton

In June 2020, Sleighton entered into an agreement of sale with a private entity pursuant to which the entity agreed to purchase the remaining 200 acres of the Sleighton property for an anticipated purchase price of \$17,285,255, and a minimum purchase price of \$16,000,000 based upon the number of approved housing units. The agreement contains a provision that allows for a maximum environmental remediation credit of \$3,000,000 against the purchase price that is based upon the projected total cost of (i) demolishing existing buildings, and (ii) remediating the existing environmental contamination. The agreement is subject to various contingencies that are standard in this type of real estate transaction. The agreement contains an outside closing date of November

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

2024. Closing is conditioned upon the approval of certain discretionary zoning amendments and a joint land development plan by two municipalities, the timing and certainty of which are currently unable to be predicted. There are currently several land use litigation matters pending in the Delaware County, Pennsylvania Court of Common Pleas in connection with the municipal approvals required for the proposed development of the property. The outcome of these litigation matters cannot be reasonably determined at this time.

At both June 30, 2023 and 2022, there was approximately \$1,949,000 of assets held for sale related to the Sleighton property.

Assets Held for Sale - Fountain Valley

In November 2022, Elwyn PA entered into an agreement of sale with a private entity pursuant to which the entity agreed to purchase property in Fountain Valley, CA for a purchase price of \$7,300,000. The transaction was completed in December 2022. The transaction resulted in a gain on sale of approximately \$6,479,000 and generated proceeds, net of transaction costs, of approximately \$6,916,000.

As of June 30, 2023 and 2022, the net book value of assets related to this property totaled \$0 and \$437,000, respectively.

Assets Held for Sale - Aston

In February 2023, Elwyn PA entered into an agreement of sale with a private entity pursuant to which the entity agreed to purchase property in Aston, PA for a purchase price of \$11,250,000. The transaction was completed in April 2023. The transaction resulted in a gain on sale of approximately \$7,499,000 and generated proceeds, net of transaction costs, of approximately \$10,653,000.

As of June 30, 2023 and 2022, there was approximately \$0 and \$3,154,000 of assets held for sale related to the Aston property.

Assets Held for Sale - Wilmington

In December 2022, Elwyn PA entered into an agreement of sale with a private entity pursuant to which the entity agreed to purchase property in Wilmington, Delaware for a purchase price of \$3,200,000. The transaction was completed in August 2023.

As of June 30, 2023 and 2022, there was approximately \$2,252,000 and \$2,246,000 of assets held for sale related to the Wilmington property.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

6. Debt and Revolving Lines of Credit

Long-term debt comprises the following at June 30:

<i>June 30,</i>	2023	2022
Delaware County Industrial Development Authority Revenue Bonds (Elwyn Project) Series of 2017 (tax-exempt).	\$ 16,030,000	\$ 16,810,000
Delaware County Industrial Development Authority Revenue Bonds (Elwyn Project) Series of 2018.		
Series A-1 (tax-exempt)	9,639,856	9,867,314
Series A-2 (taxable)	4,811,263	4,909,681
Series B (taxable)	11,472,049	11,714,090
Loans payables and unsecured term loans - Non-amortizing	197,119	197,119
Fellowship Health Resources - Non-amortizing	1,420,726	1,420,726
Subtotal	43,571,013	44,918,930
Plus: unamortized original issue premium (Series of 2017)	1,118,988	1,261,495
Less: current maturities	(1,409,594)	(1,347,917)
Less: unamortized debt issuance costs	(808,160)	(902,944)
Total	\$ 42,472,247	\$ 43,929,564

Revenue Bonds 2017 Series

In December 2017, the Delaware County Authority issued Revenue Bonds, Series of 2017 ("2017 Bonds") in the principal amount of \$19,000,000 to refund all the outstanding 2010 bonds and to create a fund for capital projects. These bonds mature in varying annual amounts ranging from \$370,000 to \$1,540,000 beginning on June 1, 2018 through June 1, 2037, with interest rates ranging from 3.00% to 5.00%. The 2017 Bonds are secured by a parity lien on and security interest in the gross revenue of the Organization, as well as a parity mortgage lien on its Media campus.

The original issue premium on the 2017 Bonds is being amortized over the term of the related debt.

Agreements related to the 2017 Bonds contain certain financial and restrictive covenants. The Organization was in compliance with these covenants as of June 30, 2023 and 2022.

Revenue Bonds 2018 Series

In October 2018, the Delaware County Authority issued Revenue Bonds, Series of 2018 ("2018 Bonds") in the aggregate principal amount of \$45,888,331 to (i) refinance certain lines of credit used to finance capital improvements and other costs, (ii) financing and/or reimbursing the Organization for certain capital improvements, renovations and repairs to the Organization's Media campus and certain other facilities, and (iii) funding any necessary reserves and paying bond issuance expenses and related costs and expenses. The 2018 Bonds are secured by a parity lien on and security interest in the gross revenue of the Organization, as well as a parity mortgage lien on its Media campus.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

- Series 2018 A-1 - Principal and interest are due monthly. The monthly principal payments range from \$18,251 to \$28,724, with a balloon payment of \$6,711,114 due in October 2033. Interest is fixed at 3.74%. The maturity date is October 2033.
- Series 2018 A-2 - Principal and interest are due monthly. The monthly principal payments range from \$7,822 to \$13,784 with a balloon payment of \$3,470,185 due in October 2033. Interest is fixed at 4.67%. The maturity date is October 2033.
- Series 2018 B - Principal and interest are due monthly. The monthly principal payments range from \$15,454 to \$33,157, with a balloon payment of \$8,213,858 due in October 2033. Interest is fixed at 4.47%. The maturity date is October 2033.
- Series 2018 C-1 - Interest was due monthly. Principal was due upon sale of Sleighton School property or upon maturity. Interest was fixed at 4.17%. The original maturity date was October 2023.

In May 2022, the Organization paid \$11.4 million towards the Revenue Bond Series 2018 C-1 using a loan from its board-designated quasi-endowment funds. The Organization recognized a loss on extinguishment in conjunction with this payment that totaled \$185,000. This payment satisfied the Organization's obligations related to the Revenue Bond Series 2018 C-1.

In November 2022, the Organization further amended the agreements associated with the Revenue Bonds 2018 Series to, among other things, (i) modify the debt service coverage ratio to be measured semi-annually at June 30 and December 31, (ii) modify certain restrictions to allow the Organization to engage in the acquisition of real property, subject to meeting certain days cash on hand ratios, or if the ratios are not met, acquire real property up to \$5,000,000 per project, with exclusions for deferred maintenance and for projects that are at least 80% funded by a payor, (iii) modify certain restrictions to allow the Organization to engage in the sale of real property, except for the mortgaged property, so long as the proceeds are reinvested into new real property, (iv) eliminate the monthly financial reporting requirements, and (v) modify existing additional indebtedness restrictions to allow up to \$5,000,000 subject to limitations in the bond indenture and loan agreement, or in excess of \$5,000,000 subject to limitations in the bond indenture and loan agreement and other additional debt tests.

In June 2023, the Organization further amended the agreements associated with the Revenue Bonds 2018 Series to, among other things, modify certain restrictions to allow the Organization to exclude the Aston property, Wilmington property, Fountain Valley property and certain other properties, along with any future sale of property, except for the mortgaged property, with net proceeds less than \$1,000,000, from the requirement to reinvest the sale proceeds into new real property.

Agreements related to the 2018 Bonds contain certain financial and restrictive covenants. The Organization was in compliance with these covenants as of June 30, 2023 and 2022.

Fellowship Health Resources - Non-Amortizing Debt

Noninterest bearing mortgage note payable to Rhode Island Housing, due and payable on August 2, 2014, at which time the beneficiary (Department of Behavioral Healthcare, Developmental Disabilities & Hospitals of the State of Rhode Island) has the option to request principal reimbursement or extend the agreement for an additional 20 years if it is continued to be used for a specific purpose or terminate the agreement and not require any repayment of the funds. FHR has not received a request for payment and intends to continue to use the property for the specified purpose. At both June 30, 2023 and 2022, the balance outstanding was \$309,900.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Noninterest bearing mortgage note payable to Rhode Island Housing, due and payable August 24, 2019, at which time the beneficiary (Department of Behavioral Healthcare, Developmental Disabilities & Hospitals of the State of Rhode Island) has the option to request principal reimbursement or extend the agreement for an additional term to be agreed upon by the parties. At both June 30, 2023 and 2022, the balance outstanding was \$313,147.

Noninterest bearing mortgage note payable to Rhode Island Housing, secured by land and building at 1612 Broad Street, Cranston, Rhode Island. This mortgage was due in January 2012. As of the date of the audit report, Rhode Island Housing is not expected to demand payment of the note within the next twelve months as Management intends to continue to use the property for the specified purpose. At both June 30, 2023 and 2022, the balance outstanding was \$136,106.

Noninterest bearing mortgage note payable to Rhode Island Housing expiring January 18, 2049, at which time the beneficiary (Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals of the State of Rhode Island) has the option to request principal reimbursement or extend the agreement for an additional period if it is continued to be used for the specified purpose. The funds are required to be repaid if the property is sold, transferred, or disposed of, or if it is no longer used to service individuals who have a diagnosis of behavioral health or intellectual disabilities. At both June 30, 2023 and 2022, the balance outstanding was \$391,573.

Fellowship Realty Corp. of Massachusetts, Inc. has a mortgage note payable to Community Economic Development Assistance Corporation expiring October 1, 2038. No principal or interest payments are due under this agreement. The holder has the option to extend an additional 10 years if the need for community-based housing still exists at maturity. The note is secured by the property at 55 J.B. Drive, Barnstable, Massachusetts. At both June 30, 2023 and 2022, the balance outstanding was \$270,000.

Principal Payments

Scheduled principal and sinking fund payments on long-term debt for the next five years are as follows:

Year ending June 30,

2024	\$	1,409,594
2025		1,478,334
2026		1,545,283
2027		1,618,417
2028		1,695,042

Revolving Line of Credit

The Organization maintains a revolving line of credit (“RLOC”) totaling \$45 million with a single bank. The RLOC is secured by a parity lien on and security interest in the gross revenue of the Organization, as well as a parity mortgage lien on its Media campus. The RLOC expires on June 28, 2024.

The RLOC requires interest to be paid monthly based on the daily simple secured overnight financing rate (“SOFR”) plus 225 basis points. As of June 30, 2023, the interest rate was 7.34%.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

As of June 30, 2023 and 2022, there were no amounts outstanding on the RLOC. However, the RLOC is used to collateralize an outstanding letter of credit that supports a large deductible workers' compensation program. The amount collateralized totaled \$5,260,000 and \$4,510,000 as of June 30, 2023 and 2022, respectively.

Agreements related to the RLOC contain certain financial and restrictive covenants. The Organization was in compliance with these covenants as of June 30, 2023 and 2022.

7. Retirement Benefits

The Organization follows FASB ASC 715, *Defined Benefit Plans - Pensions*. FASB ASC 715 requires the recognition of the funded status of a benefit plan in the consolidated balance sheets, the recognition in the consolidated statements of operations and changes in net assets of gains or losses and prior service costs or credits arising during the period but which are not included as components of net periodic benefit cost, the measurement of defined benefit plan assets and obligations as of the consolidated balance sheet date, and disclosure of additional information about the effects on net periodic benefit cost for the following fiscal year arising from delayed recognition in the current period. In addition, FASB ASC 715 includes guidance regarding selection of assumed discount rates for use in measuring the benefit obligation.

Elwyn NJ had postretirement benefits consisting of the following:

Medical Benefits

United Automobile Workers ("UAW") employees retiring after age 60 with at least 30 years of service; or age 62 with at least 10 years of service; or age 65 with at least 5 years of service are entitled to have their medical premiums reimbursed for private insurance for the lifetime of the retiree. Medical reimbursements are capped at \$600 per year for those employees hired September 15, 1990 or after. Elwyn NJ elected to amortize the transition obligation over the average remaining service period of active plan participants at the date of transition or 20 years.

Life Insurance Benefits

UAW employees who were hired prior to September 15, 1990 are entitled to a \$10,000 life insurance benefit. The benefit is decreased by 1% per month during retirement until reaching a minimum benefit of \$1,000.

Elwyn PA and Elwyn NJ use a June 30 measurement date.

Elwyn PA and Elwyn NJ each have a noncontributory defined benefit plan covering all full-time employees. As of June 30, 2018, the retirement plan for Elwyn PA was frozen, and benefits are no longer accruing.

Effective December 31, 2016, Elwyn NJ settled contract negotiations with the respective unions representing their participating employees. The terms of those portions of the agreements are as follows:

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Pension Plan Changes

The current defined benefit plan was frozen. Participants no longer accrue benefits under this plan. A defined contribution 403(b) plan was implemented effective January 1, 2017.

Postretirement Health Benefits Plan Changes

To those eligible employees hired prior to September 15, 1990, a one-time payment of \$12,000 less applicable taxes was paid. All other eligible employees hired after September 15, 1990 received a one-time payment of \$300 less applicable taxes. The postretirement health and welfare benefit were eliminated and discontinued as of December 31, 2016. Current retirees receiving this post-retirement health benefit continues to receive the benefit.

Information regarding the retirement benefit plans as of and for the year ended June 30, 2023 is as follows:

	Pension Benefits		Postretirement
	Elwyn PA	Elwyn NJ	Elwyn NJ
Changes in benefit obligations:			
Projected benefit obligations, beginning of year	\$ 63,158,598	\$ 22,019,679	\$ 2,441,756
Service cost	500,000	245,000	-
Interest cost	3,138,806	957,807	106,254
Benefits and administrative expenses paid	(9,075,835)	(3,533,116)	(171,563)
Actuarial loss (gain)	10,825,880	(1,889,559)	(203,742)
Projected benefit obligations, end of year	68,547,449	17,799,811	2,172,705
Accumulated benefit obligation	\$ 68,547,449	\$ 17,799,811	\$ 2,172,705
Changes in plan assets:			
Fair value of plan assets, beginning of year	\$ 51,267,281	\$ 17,697,640	\$ -
Actual return on plan assets	2,534,492	854,679	-
Contributions by the employer	775,000	225,000	171,563
Benefits and administrative expenses paid	(9,075,835)	(3,533,116)	(171,563)
Fair value of plan assets, end of year	45,500,938	15,244,203	-
Funded status of the plan	(23,046,511)	(2,555,608)	(2,172,705)
Unrecognized net actuarial loss (gain)	25,210,946	962,782	(598,918)
Prepaid (Accrued) benefit cost	2,164,435	(1,592,826)	(2,771,623)
Amounts recognized in the consolidated balance sheets consist of:			
Accounts payable and accrued expenses, salaries and benefits	-	-	(166,314)
Postretirement benefit plans	(23,046,511)	(2,555,608)	(2,006,391)
Accumulated charge to net assets without donor restrictions:			
Net loss (gain)	25,210,946	962,782	(598,918)

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

	Pension Benefits		Postretirement Benefits
	Elwyn PA	Elwyn NJ	Elwyn NJ
Additional information:			
Increase (decrease) in additional minimum pension liability in net assets without donor restrictions:	7,472,431	(2,198,452)	(191,159)
Components of net periodic benefit costs:			
Service cost	500,000	245,000	-
Interest cost	3,138,806	957,807	106,254
Expected return on plan assets	(2,931,793)	(752,791)	-
Amortization of net actuarial loss (gain)	1,126,715	35,860	(12,583)
Settlement loss	2,624,035	171,145	-
Net periodic benefit cost	\$ 4,457,763	\$ 657,021	\$ 93,671

For the year ended June 30, 2023, the net actuarial loss in benefit obligation in the Elwyn PA pension plan was due to the increase in the weighted-average cash balance interest crediting rate from 2.65% to 4.73% and 5.24% thereafter, partially offset by the increase in the discount rate from 4.6% to 5.24%.

For the year ended June 30, 2023, the net actuarial gain in benefit obligation in the Elwyn NJ pension plan was due to the increase in the discount rate from 4.63% to 5.20% and the net actuarial gain in benefit obligation in the Elwyn NJ postretirement benefit plan was due to the increase in the discount rate from 4.51% to 5.17%.

	Pension Benefits		Postretirement Benefits
	Elwyn PA	Elwyn NJ	Elwyn NJ
Assumptions:			
Weighted-average assumptions for year June 30, 2023			
Discount rate	4.60%	4.63%	4.51%
Rate of increase in future compensation levels	N/A	N/A	N/A
Cash balance interest crediting rate	0.98%/2.65%	N/A	N/A
Expected long-term rate of return on plan assets	5.50%	5.50%	N/A
Weighted-average assumptions used to determine benefit obligations at June 30, 2023:			
Discount rate	5.24%	5.20%	5.17%
Rate of increase in future compensation levels	N/A	N/A	N/A
Cash balance interest crediting rate	4.73%/5.24%	N/A	N/A
Expected long-term rate of return on plan assets	5.50%	5.50%	N/A

The expected long-term rate of return for the plans' total assets is based on the asset allocation of the plans and the expected return of those asset classes.

Health care cost trend rate assumptions at June 30, 2023:	
Health care cost trend rate assumed for the next year	6.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%
Year that the ultimate trend rate is reached	2028

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The pension plans' target asset allocation and actual weighted-average asset allocation by asset category on June 30, 2023, are as follows:

Asset Category	Target Asset	Elwyn PA
Equity securities	50%	50%
Fixed income	50%	47%
Cash and cash equivalents	-%	3%
	100%	100%

Asset Category	Target Asset	Elwyn NJ
Equity securities	50%	51%
Fixed income	50%	47%
Cash and cash equivalents	-%	2%
	100%	100%

The plans' investment policies, as established by the Investment Committee that oversees the pension assets, are to provide for growth of capital with a moderate level of volatility by investing assets per the target allocations stated above. The investment policies are reviewed on a regular basis to determine if the policy should be changed.

The fair values of the Organization's pension plan assets by asset category, as defined under FASB ASC 820, are as follows as of June 30, 2023:

Description	Total	Level 1	Level 2	Level 3
Equities:				
Domestic funds and ETFs	\$ 19,752,838	\$ 19,752,838	\$ -	\$ -
International funds and ETFs	10,608,481	10,608,481	-	-
Fixed Income:				
Corporate bonds	8,838,879	-	8,838,879	-
Funds and ETFs	10,010,450	10,010,450	-	-
U.S. treasury securities	1,921,641	-	1,921,641	-
Mortgage-backed securities	7,805,140	-	7,805,140	-
Other:				
Cash and cash equivalents	1,807,712	1,807,712	-	-
Total pension plan assets	\$ 60,745,141	\$ 42,179,481	\$ 18,565,660	\$ -

The Organization expects to utilize a combination of cash contribution and prefunding credits contribution to fulfill the required minimum contributions to the pension plans during the fiscal year ending June 30, 2024. The cash contributions have been estimated at \$1,700,000 for Elwyn PA and \$300,000 for Elwyn NJ.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The following benefit payments are projected to be paid during the years ending June 30:

<i>Year ending June 30,</i>	Pension Benefits		Postretirement
	Elwyn PA	Elwyn NJ	Elwyn NJ
2024	\$ 5,984,520	\$ 3,029,327	\$ 166,314
2025	3,926,475	2,432,381	172,698
2026	3,783,087	2,458,964	178,319
2027	4,041,705	2,555,291	183,012
2028	4,259,381	2,443,054	186,404
2029-2033	18,374,025	11,157,190	859,691

The remainder of this page is intentionally left blank.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Information regarding the retirement benefit plans as of and for the year ended June 30, 2022, is as follows:

	Pension Benefits		Postretirement Benefits
	Elwyn PA	Elwyn NJ	Elwyn NJ
Changes in benefit obligations:			
Projected benefit obligations, beginning of year	\$ 73,235,990	\$ 31,625,532	\$ 3,259,783
Service cost	444,997	320,000	-
Interest cost	2,059,902	875,462	79,369
Benefits and administrative expenses paid	(8,698,478)	(3,330,676)	(182,708)
Actuarial gain	(3,883,813)	(7,470,639)	(714,688)
Projected benefit obligations, end of year	63,158,598	22,019,679	2,441,756
Accumulated benefit obligation	\$ 63,158,598	\$ 22,019,679	\$ 2,441,756
Changes in plan assets:			
Fair value of plan assets, beginning of year	\$ 68,376,796	\$ 23,876,426	\$ -
Actual return on plan assets	(9,136,671)	(3,174,552)	-
Contributions by the employer	725,634	326,442	182,708
Benefits and administrative expenses paid	(8,698,478)	(3,330,676)	(182,708)
Fair value of plan assets, end of year	51,267,281	17,697,640	-
Funded status of the plan	(11,891,317)	(4,322,039)	(2,441,756)
Unrecognized net actuarial loss (gain)	17,738,515	3,161,234	(407,759)
Prepaid (Accrued) benefit cost	5,847,198	(1,160,805)	(2,849,515)
Amounts recognized in the consolidated balance sheets consist of:			
Accounts payable and accrued expenses, salaries and benefits	-	-	(171,563)
Postretirement benefit plans	(11,891,317)	(4,322,039)	(2,270,193)
Accumulated charge to net assets without donor restrictions:			
Net loss (gain)	17,738,515	3,161,234	(407,759)
Additional information:			
Increase (decrease) in additional minimum pension liability in net assets without donor restrictions:	6,981,585	(3,608,352)	(714,688)
Components of net periodic benefit costs:			
Service cost	444,997	320,000	-
Interest cost	2,059,902	875,462	79,369
Expected return on plan assets	(3,471,167)	(1,261,760)	-
Amortization of net actuarial loss	622,926	286,665	-
Settlement loss	1,119,514	287,360	-
Net periodic benefit cost	\$ 776,172	\$ 507,727	\$ 79,369

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

For the year ended June 30, 2022, the net actuarial gain in benefit obligation was due to the increase in weighted-average discount rates from 2.60% to 4.60% for the Elwyn PA pension plan, from 2.82% to 4.63% for the Elwyn NJ pension plan, and from 2.51% to 4.51% for the Elwyn NJ postretirement benefit plan. The actuarial gain in the Elwyn PA pension plan was partially offset by the increase in the weighted-average cash balance interest crediting rate from 0.98% to 2.65%.

	Pension Benefits		Postretirement Benefits
	Elwyn PA	Elwyn NJ	Elwyn NJ
Assumptions:			
Weighted-average assumptions for year June 30, 2022			
Discount rate	2.60%	2.82%	2.51%
Rate of increase in future compensation levels	N/A	N/A	N/A
Cash balance interest crediting rate	0.98%	N/A	N/A
Expected long-term rate of return on plan assets	5.75%	5.75%	N/A
Weighted-average assumptions used to determine benefit obligations at June 30, 2022:			
Discount rate	4.60%	4.63%	4.51%
Rate of increase in future compensation levels	N/A	N/A	N/A
Cash balance interest crediting rate	0.98%/2.65%	N/A	N/A
Expected long-term rate of return on plan assets	5.50%	5.50%	N/A

The expected long-term rate of return for the plans' total assets is based on the asset allocation of the plans and the expected return of those asset classes.

Health care cost trend rate assumptions at June 30, 2022:

Health care cost trend rate assumed for the next year	6.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%
Year that the ultimate trend rate is reached	2029

The pension plans' target asset allocation and actual weighted-average asset allocation by asset category at June 30, 2022 are as follows:

Asset Category	Target Asset	Elwyn PA
Equity securities	50%	54%
Fixed income	50%	43%
Cash and cash equivalents	-%	3%
	100%	100%

Asset Category	Target Asset	Elwyn NJ
Equity securities	50%	54%
Fixed income	50%	42%
Cash and cash equivalents	-%	4%
	100%	100%

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The plans' investment policies, as established by the Investment Committee that oversees the pension assets, are to provide for growth of capital with a moderate level of volatility by investing assets per the target allocations stated above. The investment policies are reviewed on a regular basis to determine if the policy should be changed.

The fair values of the Organization's pension plan assets by asset category, as defined under FASB ASC 820, are as follows as of June 30, 2022:

Description	Total	Level 1	Level 2	Level 3
Equities:				
Domestic funds and ETFs	\$ 27,996,227	\$ 27,996,227	\$ -	\$ -
International funds and ETFs	9,286,143	9,286,143	-	-
Fixed Income:				
Corporate bonds	12,237,035	-	12,237,035	-
Funds and ETFs	5,705,900	5,705,900	-	-
U.S. treasury securities	2,527,836	-	2,527,836	-
Mortgage-backed securities	9,340,491	-	9,340,491	-
Other:				
Cash and cash equivalents	1,871,289	1,871,289	-	-
Total pension plan assets	\$ 68,964,921	\$ 44,859,559	\$ 24,105,362	\$ -

Other Supplemental Retirement Plans

Elwyn PA has supplemental nonqualified retirement plans available to certain executive level management employees. The present value of these plans was approximately \$587,000 and \$768,000 at June 30, 2023 and 2022, respectively, and is included in 'postretirement benefit plans' on the consolidated balance sheets. Total net periodic benefit cost related to these agreements amounted to approximately (\$112,000) and \$14,000 for the years ended June 30, 2023 and 2022, respectively.

FHR has a 457(b) deferred compensation plan which covers certain senior level management designated by the Board of Directors. Employees may elect to defer a portion of their compensation into such plan. Under such plan, employer contributions are discretionary in amount, percentage and allocation. The contributions are made to investment accounts held in trust. The investment balances are included within the fair value hierarchy tables within Note 4. FHR contributed approximately \$15,000 and \$30,000 to this plan during the years ended June 30, 2023 and 2022, respectively. The 457(b) liability totals approximately \$178,000 and \$330,000 as of June 30, 2023 and 2022, respectively, and is included in 'postretirement benefit plans' on the consolidated balance sheets.

FHR has a 457(f) deferred compensation plan which covered certain senior level management designated by the Board of Directors. Under such plan, employer contributions are discretionary in amount, percentage and allocation. The contributions are made to investment accounts held in trust. FHR did not contribute to this plan during the years ended June 30, 2023 and 2022.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

403(b) Retirement Plans

As of July 1, 2018, Elwyn PA sponsors a qualified retirement 403(b) plan (“Elwyn PA 403(b) Plan”) covering all employees. Employees may elect to defer a percentage of their compensation into the Plan. The employer contributes to the plan through a non-elective contribution of 4% of an employee’s eligible compensation and an employer match of 2% of the compensation deferred into the plan. Beginning January 1, 2021, the non-elective contribution for certain union employees has been reduced to 2% in accordance with their new union contract. Total contribution expense was approximately \$4,708,000 and \$4,112,000 for the years ended June 30, 2023 and 2022, respectively.

As of January 1, 2017, Elwyn NJ sponsors a qualified retirement 403(b) plan covering all employees. The employer contributes to the plan through a non-elective contribution of 4% of an employee’s eligible compensation. Beginning January 1, 2021, the non-elective contribution for certain union employees has been reduced to 2% in accordance with their new union contract. Total contribution expense was approximately \$370,000 and \$359,000 for the years ended June 30, 2023 and 2022, respectively.

Elwyn CA sponsors a qualified retirement 403(b) plan covering all employees. The employer contributes to the plan through a non-elective contribution of 3% of an employee’s eligible compensation. Total contribution expense was approximately \$874,000 and \$924,000 for the years ended June 30, 2023 and 2022, respectively.

FHR sponsors a qualified retirement 403(b) plan covering eligible employees. Employees may elect to defer a percentage of their compensation into the Plan. The employer may contribute a voluntary matching contribution. Total contribution expense was approximately \$85,000 and \$74,000 for the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, the Organization has accrued 403(b) employer contributions totaling approximately \$8,918,000 and \$8,107,000, respectively. As of June 30, 2023, approximately \$3,102,000 and \$5,816,000 is related to the plan years ending December 31, 2023 and 2022, respectively. The liabilities for the plan year ending December 31, 2022 are included in ‘accounts payable and accrued expenses, salaries and benefits’ while the liabilities for the plan year ending December 31, 2023 are included in ‘accrued benefits payable’. The amount related to the plan year ending December 31, 2022 was paid in September 2023.

8. Self-Insurance Programs

The Organization, including FHR as of April 1, 2023, is self-insured for employee medical and prescription benefits. The liability for open medical and prescription claims totaled approximately \$2,705,000 and \$2,525,000 as of June 30, 2023 and 2022, respectively. The liability is estimated based on known claims, historical experience, and includes an estimate for incurred but not reported claims. The amount is included in ‘accounts payable and accrued expenses, salaries and benefits’ on the consolidated balance sheets. For health care plan years December 31, 2023 and 2022, the Organization maintains stop-loss insurance with a limit of \$300,000 for all claims incurred in any one year for any one employee. A receivable for prescription rebates has been recorded and totaled approximately \$168,000 and \$886,000 as of June 30, 2023 and 2022, respectively. The prescription rebate receivables are included in ‘prepaid and other current assets’ on the consolidated balance sheets.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The Organization, excluding FHR, is self-insured for Pennsylvania workers' compensation claims up to \$500,000 per claim. Excess insurance coverage is maintained for claims more than this amount. The Organization utilizes an unsecured surety bond as collateral for the program. The surety bond totaled \$4,400,000 and \$5,000,000 as of June 30, 2023 and 2022, respectively. The liability for open workers' compensation claims totaled approximately \$2,477,000 and \$1,899,000, as of June 30, 2023 and 2022, respectively. As of June 30, 2023, the current portion of this workers' compensation liability totals \$681,000 and is included in 'accounts payable and accrued expenses, salaries and benefits' on the consolidated balance sheets. The noncurrent portion of this liability totals \$1,796,000 and is included in 'accrued benefits payable' on the consolidated balance sheets.

The Organization, excluding FHR, has a large deductible workers' compensation program for New Jersey, Delaware, and California with a \$200,000 per claim deductible. The Organization maintains a letter of credit as collateral for its large deductible New Jersey, Delaware, and California workers' compensation programs. As of June 30, 2023 and 2022, the letter of credit totaled \$5,260,000 and \$4,510,000, respectively. The current letter of credit is secured by the RLOC. In September 2023, the letter of credit was renewed and increased to \$5,510,000. The liability for open workers' compensation claims totaled approximately \$5,889,000 and \$5,619,000 as of June 30, 2023 and 2022, respectively. As of June 30, 2023, the current portion of this workers' compensation liability totals \$2,173,000 and is included in 'accounts payable and accrued expenses, salaries and benefits' on the consolidated balance sheets. The noncurrent portion of this liability totals \$3,716,000 and is included in 'accrued benefits payable' on the consolidated balance sheets.

The Organization, excluding FHR, utilizes high-deductible insurance policies to cover risks associated with general liability, professional liability, employment practices and property claims. The policies have deductibles that range from \$50,000 to \$500,000 per incident, and certain policies are subject to retention. Upon occurrence of a claim, the Organization records an estimate for the loss, subject to the deductible and retention limits. The loss estimate is continually evaluated and adjusted as necessary for new information that is received up through final settlement of the claim. As of June 30, 2023 and 2022, the loss estimate totaled approximately \$3,282,000 and \$2,260,000, respectively. As of June 30, 2023, the current portion of the liability totals \$1,641,000 and is included in 'deferred revenue and other liabilities' on the consolidated balance sheets. The noncurrent portion of the liability totals \$1,641,000 and is included in 'deferred revenue and other liabilities, net of current portion' on the consolidated balance sheets.

9. Endowment

The Organization's endowments consist of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Boards of Directors of Elwyn PA and of Elwyn NJ have interpreted Pennsylvania Act 141 and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), respectively, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, to the extent that there are no donor stipulations to the contrary. The Organization classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment, the original value of subsequent gifts made to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor designation ("perpetual restrictions"). The donor-restricted endowment fund also includes investment return and other items that are subject to purpose of time restrictions and are not included in the balance subject to perpetual restrictions ("time or purpose restrictions"). The

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

amounts included in the time or purpose restrictions are classified within net assets with donor restrictions until those amounts are appropriated for expenditure by either Elwyn PA or Elwyn NJ in a manner consistent with the standard of prudence prescribed by Pennsylvania Act 141 and UPMIFA, respectively, and where applicable, the underlying donor-imposed restrictions are fulfilled.

The Organization's interpretation is that Pennsylvania Act 141 allows for the Organization's Board of Directors to define income as a stipulated percentage of endowment assets (between 2% and 7% of the fair value of the assets over a specified period) without regard to actual interest, dividend, or realized and unrealized gains.

In accordance with UPMIFA, Elwyn NJ considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (i) the duration and preservation of the various funds, (ii) the purposes of the institution and of the donor-restricted endowment funds, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the institution, and (vii) investment policies.

Investment Return Objectives, Risk Parameters, and Strategies - Elwyn PA and Elwyn NJ have each adopted investment and spending policies, approved by each entity's Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions not to exceed 7%, while growing the funds if possible. Elwyn PA and Elwyn NJ each have an Investment Policy Statement in place, which calls for a target asset allocation ranging between 32 to 80% equities, 20 to 60% fixed income and 0 to 15% alternative assets. Elwyn PA and Elwyn NJ each expect their endowment assets to produce an average rate of return of at least 6% annually.

Spending Policy - Elwyn PA and Elwyn NJ each utilize a spending policy on its respective endowment assets and board-designated quasi-endowment funds to calculate the portion of investment income that is appropriated annually to partially fund operating expenses. This amount is generally calculated as a percentage of the average of the fair value of the endowment assets and board-designated funds as the average of the three most recent calendar years, measured as of December 31, except where donor restrictions specify otherwise. The spending policy is a total return policy such that investment income and realized and unrealized gains are reinvested and included in the investment balances on which the spending policy is calculated. Any cumulative realized and unrealized gains and losses and investment income remaining after the draw remains in the endowment assets and board-designated funds. This is consistent with Elwyn PA's and Elwyn NJ's objectives to maintain the purchasing power of endowment assets and board-designated funds as well as to provide additional real growth through new gifts and investment return.

The Organization's board of directors approved a spending policy of 5% and 4% for both of the fiscal years ending June 30, 2023 and 2022, respectively.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

In March 2022, the Organization's Board of Directors authorized a temporary distribution of \$11,550,000 from the board-designated quasi-endowment fund to prepay the Series 2018 C-1 bonds. This distribution, plus reasonable interest, is required to be repaid to quasi-endowment fund upon sale of the remaining 200 acres of the Sleighton property. As of both June 30, 2023 and 2022, no amounts have been repaid to the quasi-endowment fund.

In December 2022, the Organization distributed approximately \$2,300,000 from the board-designated quasi-endowment fund to use as a source of capital for certain strategic capital expenditures. This distribution was approved by the Board of Directors.

The following table provides endowment activity for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ 33,156,105	\$ 26,367,246	\$ 59,523,351
Distributions	(2,335,794)	(7,905)	(2,343,699)
Dividends and interest	1,027,190	867,495	1,894,685
Realized and unrealized gains	3,350,369	2,797,307	6,147,676
Amounts appropriated for expenditure	(2,387,607)	(1,676,143)	(4,063,750)
End of year	\$ 32,810,263	\$ 28,348,000	\$ 61,158,263

The following table provides endowment activity for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ 47,816,297	\$ 30,807,806	\$ 78,624,103
Contributions	3,463,377	-	3,463,377
Distributions	(11,550,000)	-	(11,550,000)
Dividends and interest	1,000,460	690,060	1,690,520
Realized and unrealized losses	(5,865,907)	(4,048,062)	(9,913,969)
Amounts appropriated for expenditure	(1,708,122)	(1,082,558)	(2,790,680)
End of year	\$ 33,156,105	\$ 26,367,246	\$ 59,523,351

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

10. Donor-Imposed Restrictions

Net assets with donor restrictions are available for the following purpose at June 30:

	2023	2022
Perpetual:		
Endowed investments	\$ 3,848,727	\$ 3,848,727
Beneficial interest in trust	2,371,087	1,782,334
Donor-restricted for purpose or time:		
Implied time restrictions on contribution receivable, net	2,265,676	1,608,223
Endowed investments	24,499,273	22,518,519
Non-endowed investments	1,187,359	1,097,382
Other specific items designated by donor	3,680,274	4,388,209
	\$ 37,852,396	\$ 35,243,394

11. Functional Expenses

The Organization allocates expenses among service line classifications based on direct costs and payroll, occupancy and square footage, as well as certain estimates prepared by management. Expenses incurred by functional classification were as follows:

<i>Year ended June 30, 2023</i>	Program	Fundraising	Admin	Total
Salaries and wages	\$ 174,361,357	\$ 536,016	\$ 19,141,954	\$ 194,039,327
Fringe benefits	48,922,489	147,597	4,636,032	53,706,118
Purchased personnel	66,538,367	13,514	3,858,805	70,410,686
Occupancy costs	17,294,046	8,973	693,961	17,996,980
Operational costs	46,623,571	524,071	13,324,307	60,471,949
Interest	1,818,457	9,522	269,360	2,097,339
Depreciation	4,872,590	28,493	1,764,969	6,666,052
	\$ 360,430,877	\$ 1,268,186	\$ 43,689,388	\$ 405,388,451

<i>Year ended June 30, 2022</i>	Program	Fundraising	Admin	Total
Salaries and wages	\$ 172,175,804	\$ 511,713	\$ 19,806,569	\$ 192,494,086
Fringe benefits	47,095,530	123,206	4,523,853	51,742,589
Purchased personnel	55,621,005	6,854	2,241,608	57,869,467
Occupancy costs	17,452,036	7,601	1,221,347	18,680,984
Operational costs	40,670,570	438,867	11,685,930	52,795,367
Interest	2,114,537	10,572	348,951	2,474,060
Depreciation	4,645,105	27,104	1,533,375	6,205,584
	\$ 339,774,587	\$ 1,125,917	\$ 41,361,633	\$ 382,262,137

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

12. Leases

The Organization leases certain real property, equipment and vehicles under operating leases with various expiration dates through November 2038. ASU 2016-02, *Leases*, requires the Organization to record right-of-use assets, representing the right to utilize and receive the economic benefit from a leased asset over the specified lease term, and lease liabilities, representing the obligation to make lease payments measured at the present value of future lease payments over the remaining lease term. The Organization has leases that contain renewal options. The lease payments in periods subject to a renewal option are excluded from the calculation of the Right-of-Use asset and Lease Liability unless Elwyn is reasonably certain to exercise the option. The standard requires the Organization to classify leases as either finance or operating based on whether the arrangement is effectively a purchase of the underlying asset.

In conjunction with the adoption of ASU 2016-02, the Organization has made the following elections: (i) to adopt the package of practical expedients to not reassess certain factors for leases that commenced prior to the implementation date of ASU 2016-02, (ii) to not apply the lease standard to existing land easements that were not previously recorded as leases, (iii) to exclude short-term leases, defined as those with an initial term of one year or less, from the lease standard, (iv) to not separate nonlease components from lease components and instead to account for all components as a single lease component, and (v) to use the Organization's incremental borrowing rate for discounting lease payments when the rate implicit in the lease is unknown.

	2023	2022
Lease costs for the year ended June 30:		
Operating lease cost	\$ 14,849,814	\$ 15,496,813
Short-term lease cost	1,368,117	1,298,149
Variable lease cost	717,519	797,817
Right-of-use assets and liabilities as of June 30:		
Right-of-use assets - Operating leases	59,598,287	64,364,714
Lease liability - Operating leases	61,132,774	65,978,341
Weighted-Averages		
Remaining lease term (in years) - Operating leases:	6.6	7.3
Discount rate - Operating leases:	4.47%	4.12%

For operating leases, right-of-use assets are included in operating lease assets, net and lease liabilities are included in either the operating lease liability or operating lease liability, net of current in the consolidated balance sheets.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

<i>Year Ending June 30,</i>	<i>Amount</i>
2024	\$ 14,241,082
2025	11,978,057
2026	10,790,307
2027	10,063,962
2028	6,161,592
Thereafter	16,897,192
<hr/>	
Total lease payments	70,132,192
<hr/>	
Less: imputed interest	8,999,418
<hr/>	
Total lease liability	61,132,774
<hr/>	
Less: current portion of lease liability	12,008,230
<hr/>	
Long-term portion of lease liability	\$ 49,124,544

13. Commitments and Contingencies

Concentrations of Risk

The Organization 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 consolidated balance sheet.

One funder, with multiple separate contracts, represented approximately 34% and 29% of accounts receivable as of June 30, 2023 and 2022, respectively.

Two funders, with multiple separate contracts, represent approximately 46% and 43% of net client service revenue for the fiscal year ending June 30, 2023 and 2022, respectively.

During the years ended June 30, 2023 and 2022, Elwyn CA derived approximately 98% and 95%, respectively, of its net client service revenue from various regional centers within the State of California. The regional centers are funded primarily by the California Department of Development Services. As of both June 30, 2023 and 2022, the regional centers, in aggregate, represented approximately 96% and 94%, respectively, of the outstanding accounts receivable for Elwyn CA. The Organization has excluded these amounts from the concentration percentages figures noted in the previous paragraph as no single regional center exceeds 10% of total net client service revenue or accounts receivable for the Organization as a whole.

The estimated settlements due from third-party payors represents receivables from one funder during both years ended June 30, 2023 and 2022.

As of June 30, 2023 and 2022, approximately 29% and 30%, respectively, of the Organization's employees are covered under six separate collective bargaining agreements. As of June 30, 2023, the Organization is negotiating one of the six agreements. The other five were settled between April

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

2021 and November 2021. The settled agreements each have a four-year term and provide, among other things, increased base pay in return for certain modifications to benefits provided by the Organization. The Organization is working to settle the remaining agreement and does not expect there to be any material adverse financial impact to the Organization or labor disruptions because of the negotiations.

Litigation

The Organization is involved in various lawsuits arising in the normal course of business. Generally, claims will be covered by insurance policies and the ultimate resolution of any pending litigation will not have a material adverse effect on the Organization's consolidated financial statements.

COVID-19 Risks and Relief

The COVID-19 pandemic continues to have significant impacts on the operations of the Organization. The impacts have included, but were not limited to, temporary closure of certain work and day programs, reduced census in various non-residential programs, staffing shortages and hiring challenges, and increases in costs due to inflation and other factors.

The below paragraphs summarize certain significant sources of funding to help offset the impact of the COVID-19 pandemic. These funds are primarily from the CARES Act and American Rescue Plan Act (ARP).

The Organization has applied for and received funding from the Provider Relief Fund established as part of the CARES Act. The funding may only be used to cover expenses and lost revenues attributable to COVID-19. The funding is divided into separate phases based on the date of receipt of the funds. Each phase has a deadline to use funds and a reporting time period by which the Organization must report on the usage of funds. Any funds not spent by the deadline to use must be repaid within 30 days of the applicable reporting time period. Below is a summary of the total funding received, cumulative recognized as revenue, and the amount recorded as deferred revenue as of June 30, 2023.

	Use By	Report By	Cash Received	Cumulative Revenue Recognized	Deferred Revenue
Phase 1	June 30, 2021	November 30, 2021	\$ 246,000	\$ 246,000	\$ -
Phase 2	December 31, 2021	March 31, 2022	2,014,000	2,014,000	-
Phase 3	June 30, 2022	September 30, 2022	569,000	569,000	-
Phase 4	December 31, 2022	March 31, 2023	41,000	41,000	-
Phase 5	June 30, 2023	September 30, 2023	2,589,000	2,589,000	-
Total			\$ 5,459,000	\$ 5,459,000	\$ -

Revenue Recognized - For the fiscal years ended June 30, 2023 and 2022, the Organization recognized revenue totaling \$1,680,000 and \$3,533,000, respectively. This revenue is included in 'net client service revenue' on the consolidated statement of operations and changes in net assets.

The Elwyn Foundation and Subsidiaries

Notes to Consolidated Financial Statements

In addition to the funding received from the Provider Relief Fund, the Organization has received grants from various state funders to offset the impact of the pandemic. Below is a summary of significant grants awarded, cash received, cumulative revenue recognized, and the related amount recorded as deferred revenue by service line as of June 30, 2023.

Service Line	Awarded	Cash Received	Cumulative Revenue Recognized	Deferred Revenue / (Accounts Receivable)
Supports for Living	\$ 7,081,000	\$ 7,081,000	\$ 7,081,000	\$ -
Children's Services	6,019,000	3,749,000	5,016,000	(1,267,000)
Adult Behavioral Health	1,531,000	1,531,000	1,446,000	85,000
Various	958,000	958,000	958,000	-
Total	\$ 15,589,000	\$ 13,319,000	\$ 14,501,000	\$ (1,182,000)

Revenue Recognized - For the fiscal years ended June 30, 2023 and 2022, the Organization recognized revenue totaling \$4,086,000 and \$3,227,000, respectively. This revenue is included in 'net client service revenue' on the consolidated statement of operations and changes in net assets.

The Organization has also received various other supplemental payments from state, local and other funders to help offset the impact of the COVID-19 pandemic. While the form of these payments varied, in general, they consisted of either (i) alternative payment arrangements based on historical monthly trends and billings, (ii) supplemental payments to offset increased costs and lost revenue from reduced census and temporary program closures, or (iii) increased rates on services performed. The supplemental funding was recognized as revenue at the same time as the related services were performed on the basis that no amount would be owed back to the funder.

The CARES Act and other supplemental funding has been recorded within 'net client service revenue' on the consolidated statement of operations and changes in net assets.

Due to the impact of COVID-19 on the operations of the Organization, certain programs have received advances of funding which exceed the allowable costs incurred during the fiscal year. Accordingly, the Organization classifies these advances based on the funder's requirements for repayment. Funds that require repayment are classified as due to funder, while the funds that may be utilized in future fiscal years are classified as deferred revenue. As of June 30, 2023, the total amount due back to the funders was approximately \$7,866,000 and the total amount of deferred revenue was approximately \$7,926,000. These liabilities are included in 'deferred revenue and other liabilities' on the consolidated balance sheet. As of June 30, 2023, the current portion of the amount due back to funders was approximately \$6,641,000 and the current portion of the deferred revenue was approximately \$1,941,000.

The Organization participated in the deferral of the employer's portion of social security taxes from April 1, 2020, through December 31, 2020, as provided for by the CARES Act. The CARES Act required entities to repay 50% of the amount deferred by December 31, 2021, with the remainder due by December 31, 2022. There was no interest associated with the deferral. As of June 30, 2023 and 2022, the total amount deferred was approximately \$0 and \$3,912,000, respectively. The liability was recorded in 'deferred revenue and other liabilities' on the consolidated balance sheet. The current portion of the liability totaled \$0 and \$3,912,000 as of June 30, 2023 and 2022, respectively.

Supplemental Material



Tel: 215-564-1900
Fax: 215-564-3940
www.bdo.com

Ten Penn Center
1801 Market Street, Suite 1700
Philadelphia, PA 19103

Independent Auditor's Report on Supplemental Material

The Board of Directors
The Elwyn Foundation and Subsidiaries
Elwyn, Pennsylvania

Our audit of the 2023 consolidated financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The consolidating balance sheet as of June 30, 2023, and the consolidating statement of operations and changes in net assets for the year ended June 30, 2023, presented in the following section of this report, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, P.C.

Philadelphia, Pennsylvania
October 31, 2023

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

The Elwyn Foundation and Subsidiaries

Consolidating Balance Sheet June 30, 2023

	The Elwyn Foundation	Elwyn of Pennsylvania and Delaware	Elwyn New Jersey	Provider Enhancement Management Services	Sleighton School	Grace Pharmacy, Inc.	Elwyn California	Fellowship Health Resources and Affiliates	Family Support Services	Elwyn Health Services, PC	Eliminating Entries	The Elwyn Foundation and Subsidiaries Consolidated
Assets												
Current Assets												
Cash and cash equivalents												
Operating funds	\$ 4,801,260	\$ 10,048,396	\$ 849,768	\$ -	\$ -	\$ -	\$ 172,235	\$ 6,163,699	\$ -	\$ -	\$ -	\$ 22,035,358
Operating reserve fund - unrestricted	-	17,569,083	-	-	-	-	-	-	-	-	-	17,569,083
Restricted cash	-	2,291,172	679,062	-	-	-	65,465	374,208	-	-	-	3,409,907
Investments												
Operating reserve fund - unrestricted	15,452,850	3,670	-	-	-	-	-	-	-	-	-	15,456,520
Current portion of spending policy income and other	5,287,000	-	-	-	-	-	-	-	-	-	-	5,287,000
Accounts receivable, net	-	27,098,519	3,225,440	-	-	-	8,042,358	2,772,025	-	-	-	41,138,342
Estimated settlements due from third-party payors	-	2,392,534	-	-	-	-	-	-	-	-	-	2,392,534
Assets held for sale	-	2,251,720	-	-	-	-	-	-	-	-	-	2,251,720
Intercompany receivables	-	13,760,653	-	-	-	-	-	10,101,806	-	-	(23,862,459)	-
Prepaid expenses and other current assets	-	1,752,407	-	-	-	-	36,467	134,945	-	-	-	1,923,819
Contribution receivable	552,762	-	-	-	-	-	-	-	-	-	-	552,762
Total Current Assets	26,093,872	77,168,154	4,754,270	-	-	-	8,316,525	19,546,683	-	-	(23,862,459)	112,017,045
Investments, net of current portion	58,886,274	4,278,536	-	-	-	-	182,832	1,037,545	-	-	-	64,385,187
Assets Limited as to Use	-	1,751,261	-	-	-	-	-	-	-	-	-	1,751,261
Property and Equipment, net	-	55,281,878	9,080,870	-	-	-	43,370	5,376,263	-	-	-	69,782,381
Operating Lease Assets, net	-	24,903,908	3,530,909	-	-	-	24,362,996	6,800,474	-	-	-	59,598,287
Other Assets												
Estimated settlements due from third party payors, net of current portion	-	4,230,667	-	-	-	-	-	-	-	-	-	4,230,667
Assets held for sale, net of current portion	-	-	-	-	1,948,768	-	-	-	-	-	-	1,948,768
Intercompany receivables, net of current portion	11,550,000	-	-	-	-	-	-	-	-	-	(11,550,000)	-
Other long-term assets	-	419,620	44,684	-	-	-	333,643	85,801	-	-	-	883,748
Contribution receivable, net of discount and current portion	2,233,081	-	-	-	-	-	-	-	-	-	-	2,233,081
Total Other Assets	13,783,081	4,650,287	44,684	-	1,948,768	-	333,643	85,801	-	-	(11,550,000)	9,296,264
Total Assets	\$ 98,763,227	\$ 168,034,024	\$ 17,410,733	\$ -	\$ 1,948,768	\$ -	\$ 33,239,366	\$ 32,846,766	\$ -	\$ -	\$ (35,412,459)	\$ 316,830,425

(Continued)

The Elwyn Foundation and Subsidiaries

Consolidating Balance Sheet June 30, 2023

	The Elwyn Foundation	Elwyn of Pennsylvania and Delaware	Elwyn New Jersey	Provider Enhancement Management Services	Sleighton School	Grace Pharmacy, Inc.	Elwyn California	Fellowship Health Resources and Affiliates	Family Support Services	Elwyn Health Services, PC	Eliminating Entries	The Elwyn Foundation and Subsidiaries Consolidated
Liabilities and Net Assets (Deficit)												
Current Liabilities												
Current portion of long-term debt	\$ -	\$ 1,409,594	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,409,594
Accounts payable and accrued expenses, salaries and benefits	501	43,832,584	6,110,205	-	225,329	-	7,849,592	3,766,179	63,063	-	-	61,847,453
Intercompany payables	4,685,538	-	8,825,016	-	6,452,710	-	3,810,658	-	88,537	-	(23,862,459)	-
Deferred revenue and other liabilities	-	7,943,208	262,221	-	-	-	1,104,658	1,896,511	-	-	-	11,206,598
Operating lease liabilities	-	4,543,151	1,157,349	-	-	-	4,282,807	2,024,923	-	-	-	12,008,230
Deposits held in custody for others	-	353,383	679,062	-	-	-	66,119	353,093	-	-	-	1,451,657
Total Current Liabilities	4,686,039	58,081,920	17,033,853	-	6,678,039	-	17,113,834	8,040,706	151,600	-	(23,862,459)	87,923,532
Accrued benefits payable	-	4,226,000	1,983,000	-	-	-	2,405,000	-	-	-	-	8,614,000
Postretirement benefit plans	-	23,633,613	4,561,999	-	-	-	-	178,378	-	-	-	28,373,990
Intercompany payables, net of current portion	-	-	-	-	11,550,000	-	-	-	-	-	(11,550,000)	-
Long-term debt, net of current portion	-	40,854,402	-	-	-	-	197,119	1,420,726	-	-	-	42,472,247
Deferred revenue and other liabilities, net of current portion	-	13,120,958	802,059	-	-	-	1,201,183	1,304,721	-	-	-	16,428,921
Operating lease liabilities, net of current portion	-	21,531,151	2,463,623	-	-	-	20,204,011	4,925,759	-	-	-	49,124,544
Total Liabilities	4,686,039	161,448,044	26,844,534	-	18,228,039	-	41,121,147	15,870,290	151,600	-	(35,412,459)	232,937,234
Net Assets (Deficit)												
Without donor restrictions	57,990,347	4,988,495	(9,433,801)	-	(16,279,271)	-	(8,008,906)	16,935,531	(151,600)	-	-	46,040,795
With donor restrictions	36,086,841	1,597,485	-	-	-	-	127,125	40,945	-	-	-	37,852,396
Total Net Assets (Deficit)	94,077,188	6,585,980	(9,433,801)	-	(16,279,271)	-	(7,881,781)	16,976,476	(151,600)	-	-	83,893,191
Total Liabilities and Net Assets	\$ 98,763,227	\$ 168,034,024	\$ 17,410,733	\$ -	\$ 1,948,768	\$ -	\$ 33,239,366	\$ 32,846,766	\$ -	\$ -	\$ (35,412,459)	\$ 316,830,425

The Elwyn Foundation and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets

June 30, 2023

	The Elwyn Foundation	Elwyn of Pennsylvania and Delaware	Elwyn New Jersey	Provider Enhancement Management Services	Sleighton School	Grace Pharmacy, Inc.	Elwyn California	Fellowship Health Resources and Affiliates	Family Support Services	Elwyn Health Services, PC	Eliminating Entries	The Elwyn Foundation and Subsidiaries Consolidated
Net Assets Without Donor Restrictions												
Revenues												
Net client service revenue	\$ -	\$ 247,694,426	\$ 36,766,017	\$ -	\$ -	\$ -	\$ 78,864,733	\$ 35,022,723	\$ -	\$ -	\$ -	\$ 398,347,899
Other revenue	121,706	8,723,691	48,830	-	-	-	-	884,220	-	-	(7,685,000)	2,093,447
Contributions	1,865,768	76,862	-	-	-	-	-	18,359	-	-	-	1,960,989
Contributions from The Elwyn Foundation	-	5,439,744	657,082	-	-	-	25,381	-	-	-	(6,122,207)	-
Spending policy income	4,063,750	-	-	-	-	-	-	-	-	-	-	4,063,750
Net assets released from restrictions for operations	1,224,285	-	-	-	-	-	-	13,339	-	-	-	1,237,624
Total Revenues	7,275,509	261,934,723	37,471,929	-	-	-	78,890,114	35,938,641	-	-	(13,807,207)	407,703,709
Expenses												
Salaries and wages	-	109,367,742	19,964,442	-	-	-	45,664,145	19,042,998	-	-	-	194,039,327
Fringe benefits	-	32,005,441	7,173,205	-	-	-	10,919,275	3,608,197	-	-	-	53,706,118
Purchased personnel	1,114,000	63,465,968	616,031	-	-	-	3,971,356	2,357,331	-	-	(1,114,000)	70,410,686
Occupancy costs	-	8,126,883	1,488,307	-	-	-	5,743,837	2,637,953	-	-	-	17,996,980
Operational costs	154,970	39,892,175	7,022,014	-	-	-	13,724,805	6,226,309	23,271	(595)	(6,571,000)	60,471,949
Interest	-	1,867,522	153,318	-	-	-	74,914	1,585	-	-	-	2,097,339
Depreciation	-	5,422,848	726,966	-	-	-	77,802	438,436	-	-	-	6,666,052
Grant expense	6,122,207	-	-	-	-	-	-	-	-	-	(6,122,207)	-
Total Expenses	7,391,177	260,148,579	37,144,283	-	-	-	80,176,134	34,312,809	23,271	(595)	(13,807,207)	405,388,451
Operating income (loss) before other items	\$ (115,668)	\$ 1,786,144	\$ 327,646	\$ -	\$ -	\$ -	\$ (1,286,020)	\$ 1,625,832	\$ (23,271)	\$ 595	\$ -	\$ 2,315,258
Other items:												
Investment return (loss), net of spending policy income	2,562,791	182,585	190	-	-	-	-	73,830	-	-	(577,500)	2,241,896
Other components of net periodic benefit cost	-	(3,796,590)	(505,692)	-	-	-	-	-	-	-	-	(4,302,282)
Net gain (loss) on sale and disposal of property and equipment	-	14,202,462	-	-	-	-	-	(47,090)	-	-	-	14,155,372
Excess of (deficiency in) revenues and other items over expenses	2,447,123	12,374,601	(177,856)	-	-	-	(1,286,020)	1,652,572	(23,271)	595	(577,500)	14,410,244
Other changes in net assets without donor restrictions:												
Pension-related changes other than net periodic benefit cost	-	(7,454,899)	2,389,611	-	-	-	-	-	-	-	-	(5,065,288)
Equity transfer	13,019,399	(12,953,208)	-	(66,191)	-	(104,085)	-	-	-	-	104,085	-
Net assets released from restrictions not for operations	167,500	-	-	-	-	-	-	-	-	-	-	167,500
Loss on discontinued and non-operating programs	-	-	-	-	(1,502,871)	-	-	-	-	-	577,500	(925,371)
Increase (Decrease) in Net Assets Without Donor Restrictions	15,634,022	(8,033,506)	2,211,755	(66,191)	(1,502,871)	(104,085)	(1,286,020)	1,652,572	(23,271)	595	104,085	8,587,085
Net assets with donor restrictions												
Contributions and bequests	1,897,826	-	-	-	-	-	-	-	-	-	-	1,897,826
Investment return (loss), net of spending policy income - Donor Restrictions	2,115,559	16,732	-	-	-	-	3,211	-	(19,202)	-	-	2,116,300
Net assets released from restrictions	(1,391,785)	-	-	-	-	-	-	(13,339)	-	-	-	(1,405,124)
Increase (Decrease) in Net Assets With Donor Restrictions	2,621,600	16,732	-	-	-	-	3,211	(13,339)	(19,202)	-	-	2,609,002
Increase (Decrease) in Net Assets	18,255,622	(8,016,774)	2,211,755	(66,191)	(1,502,871)	(104,085)	(1,282,809)	1,639,233	(42,473)	595	104,085	11,196,087
Net Assets (Deficit), beginning of year	75,821,566	14,602,754	(11,645,556)	66,191	(14,776,400)	104,085	(6,598,972)	15,337,243	(109,127)	(595)	(104,085)	72,697,104
Net Assets (Deficit), end of year	\$ 94,077,188	\$ 6,585,980	\$ (9,433,801)	\$ -	\$ (16,279,271)	\$ -	\$ (7,881,781)	\$ 16,976,476	\$ (151,600)	\$ -	\$ -	\$ 83,893,191