

**WENDELL FOSTER'S CAMPUS  
FOR DEVELOPMENTAL DISABILITIES, INC.**

**FINANCIAL STATEMENTS**

**OCTOBER 31, 2024 AND 2023**

**WENDELL FOSTER'S CAMPUS  
FOR DEVELOPMENTAL DISABILITIES, INC.  
Contents  
October 31, 2024 and 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Wendell Foster's Campus  
for Developmental Disabilities, Inc.

### Opinion

We have audited the accompanying financial statements of Wendell Foster's Campus for Developmental Disabilities, Inc. (a nonprofit organization), which comprise the balance sheets as of October 31, 2024 and 2023, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wendell Foster's Campus for Developmental Disabilities, Inc. as of October 31, 2024 and 2023, 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. 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 Wendell Foster's Campus for Developmental Disabilities, Inc. 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wendell Foster's Campus for Developmental Disabilities, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wendell Foster's Campus for Developmental Disabilities, Inc.'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.

*Altaden & Company CPAS PSC*

Owensboro, Kentucky  
February 19, 2025

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**

**Balance Sheets**

**October 31, 2024 and 2023**

	<u><b>2024</b></u>	<u><b>2023</b></u>
<b>Assets</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,640,746	\$ 5,110,470
Patient receivables, net	1,883,307	1,949,229
Other receivables	9,833	78,862
Investments	7,546,808	6,987,247
Promises to give	12,351	51,376
Supplies	109,183	126,605
Prepaid insurance	75,816	24,887
Prepaid expenses	<u>64,125</u>	<u>73,669</u>
<b>TOTAL CURRENT ASSETS</b>	<u>14,342,169</u>	<u>14,402,345</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	1,567,608	1,567,608
Land improvements	1,805,443	1,782,777
Buildings	16,136,963	16,050,643
Equipment	3,149,559	2,958,819
Vehicles	972,993	960,602
Construction in progress	<u>123,780</u>	<u>2,925</u>
	23,756,346	23,323,374
Accumulated depreciation	<u>(15,335,457)</u>	<u>(14,658,836)</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>8,420,889</u>	<u>8,664,538</u>
<b>OTHER ASSETS</b>		
Mineral interest	165	165
Assets limited as to use	613,804	499,136
Investments	1,107,908	1,062,927
Investments - restricted	<u>44,725</u>	<u>43,727</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,766,602</u>	<u>1,605,955</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 24,529,660</u></u>	<u><u>\$ 24,672,838</u></u>

See accompanying notes.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.****Balance Sheets****October 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Liabilities and Net Assets</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 425,993	\$ 443,820
Accrued payroll and withholdings	574,717	508,697
Accrued compensated absences	571,935	547,822
Accrued self-insurance claims	125,923	65,907
Accrued expenses	153,473	161,549
Current portion of long-term debt	-	1,770,350
Estimated third-party payor settlements	471,832	442,881
Deferred revenue	24,391	57,555
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,348,264</b>	<b>3,998,581</b>
<b>TOTAL LIABILITIES</b>	<b>2,348,264</b>	<b>3,998,581</b>
<b>NET ASSETS</b>		
Without donor restrictions	21,260,499	19,972,253
With donor restrictions	920,897	702,004
<b>TOTAL NET ASSETS</b>	<b>22,181,396</b>	<b>20,674,257</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 24,529,660</b>	<b>\$ 24,672,838</b>

See accompanying notes.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Statements of Operations and Changes in Net Assets**  
**Years ended October 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUES</b>		
Net client service revenues	\$ 23,622,466	\$ 22,711,033
Contributions and grants	512,891	407,374
In-kind contributions	37,371	127,227
Other	466,054	490,233
<b>TOTAL REVENUES WITHOUT DONOR RESTRICTIONS</b>	<b>24,638,782</b>	<b>23,735,867</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Satisfaction of program restrictions	46,332	197,562
<b>TOTAL REVENUE WITHOUT DONOR RESTRICTIONS AND RECLASSIFICATIONS</b>	<b>24,685,114</b>	<b>23,933,429</b>
<b>EXPENSES</b>		
Salaries and wages	15,647,250	14,772,467
Payroll taxes	1,189,690	1,107,414
Employee benefits	2,463,587	2,107,833
Supplies and other expense	4,694,157	4,449,016
In-kind expense	37,371	31,291
Purchased services and professional fees	600,658	867,140
Depreciation and amortization	872,706	841,390
Interest	90,348	74,238
<b>TOTAL EXPENSES</b>	<b>25,595,767</b>	<b>24,250,789</b>
<b>OTHER INCOME</b>		
Investment income, net	2,193,899	284,179
<b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>1,283,246</b>	<b>(33,181)</b>

See accompanying notes.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Statements of Operations and Changes in Net Assets**  
**Years ended October 31, 2024 and 2023**

	<u><b>2024</b></u>	<u><b>2023</b></u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions and grants	\$ 155,556	\$ 332,687
Net assets released from restrictions	(46,332)	(197,562)
Change in value of assets limited as to use	<u>114,669</u>	<u>(26,956)</u>
 <b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	 <u>223,893</u>	 <u>108,169</u>
 <b>INCREASE IN NET ASSETS</b>	 1,507,139	 74,988
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 <u>20,674,257</u>	 <u>20,599,269</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u><u>\$ 22,181,396</u></u>	 <u><u>\$ 20,674,257</u></u>

See accompanying notes.



**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.****Statements of Cash Flows****Years ended October 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	<u>\$ 1,507,139</u>	<u>\$ 74,988</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	872,706	841,390
Unrealized (gain) loss on investments	(1,453,179)	122,338
Realized gain on investments	(426,278)	(116,285)
Change in value of assets limited as to use	(114,669)	26,957
Allowance for credit losses	(828)	(432)
Donated property & equipment included in contributions in-kind	-	(95,936)
(Gain) loss on disposition of assets	16,291	(82,789)
Change in debt issuance costs	6,754	1,192
Contributions restricted for capital	(139,971)	(307,200)
(Increase) decrease in assets:		
Patient accounts receivable	66,750	(59,007)
Other receivables	69,029	14,989
Promises to give	39,025	962
Supplies	17,422	21,769
Prepaid insurance and expenses	(41,385)	34,540
Increase (decrease) in liabilities:		
Accounts payable	(17,827)	70,462
Payroll and withholdings	66,020	38,551
Compensated absences	24,113	(11,866)
Accrued self-insurance	60,016	(12,619)
Accrued expenses	(8,076)	(21,548)
Estimated third-party payor settlements	28,951	(4,571)
Deferred revenue	<u>(33,164)</u>	<u>(36,408)</u>
<b>TOTAL ADJUSTMENTS</b>	<u>(968,300)</u>	<u>424,489</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>538,839</u>	<u>499,477</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	2,546,339	2,049,230
Purchase of investments	(1,298,394)	(2,152,369)
Proceeds from sale of assets	3,413	82,617
Payments for the purchase of property	<u>(629,542)</u>	<u>(1,125,921)</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>621,816</u>	<u>(1,146,443)</u>

See accompanying notes.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**

**Statements of Cash Flows**

**Years ended October 31, 2024 and 2023**

	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for capital	\$ 139,971	\$ 307,200
Proceeds from long-term debt	1,627,000	-
Principal payments on long-term debt	<u>(3,397,350)</u>	<u>(217,404)</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>(1,630,379)</u>	<u>89,796</u>
<b>NET DECREASE IN CASH AND RESTRICTED CASH</b>	(469,724)	(557,170)
<b>CASH AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	<u>5,110,470</u>	<u>5,667,640</u>
<b>CASH AND RESTRICTED CASH AT END OF YEAR</b>	<u><u>\$ 4,640,746</u></u>	<u><u>\$ 5,110,470</u></u>

See accompanying notes.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Wendell Foster's Campus for Developmental Disabilities, Inc. DBA Wendell Foster, is a private non-profit multi-service organization located in the heart of Owensboro, Kentucky. Serving over 2,000 children and adults, their services are known for supporting people with intellectual and developmental disabilities across 34 counties in Western Kentucky and Southern Indiana; however, they are much more of a universal agency capable of supporting an array of individuals in need. Wendell Foster also provides therapy services, support for community living, outpatient rehabilitation, and rental housing to individuals with disabilities. Wendell Foster's mission is to empower people with developmental disabilities to realize their dreams and potentials.

Programs and Services

Wendell Foster's wide array of services provides support to children, adolescents and adults with special needs. These programs and services include:

- *Intermediate Care Facilities* – Wendell Foster's licensed Intermediate Care Facility (ICF) for individuals with disabilities consists of four, eight bedroom/four bathroom homes for 63 individuals. Residential, active treatment, and nursing supports are offered 24 hours per day. Each person living in the ICF has a person-centered, individualized support plan, based on their strengths, interests, and needs.
- *Outpatient Therapies* – Wendell Foster's Comprehensive Outpatient Rehabilitation Facility (CORF) houses all outpatient therapies including Physical, Occupational, and Speech Therapies. The therapies include the evaluation and treatment of people of all ages, birth through adulthood. Services are offered both at our site and within the school setting through contractual arrangements with some area school systems. Depending on coverage, Medicaid, Medicare, and private insurance may pay for expenses related to the services.
- *Community Living Arrangements (CLA)* – Wendell Foster Community Living Services offer individualized community based supports to participants who meet ICF/IID criteria. Participants and their team work to develop supports that ensures individuals are active contributing members of their community. Community Services are offered with respect, designed to ensure participants are afforded choice, and provided in a manner whereby participants feel, and are safe in the community. Wendell Foster Community Services provide supports to individuals allocated funding through the Supports for Community Living and Michelle P Waivers. Supports can also be provided on a fee-for-service basis.
- *Day Services* – Wendell Foster offers services so adults can become more self-sufficient in their home, during community and volunteer activities, or to prepare for work. Training is offered in small group community-based activities or classroom settings. These services are funded by the Supports for Community Living and Michelle P Waivers, as well as fee-for-service
- *Community Transportation* – Wendell Foster provided non-emergency medical transportation for people with disabilities through a subcontract with the Green River Intra-county Transit System (GRITS) at Audubon Area Community Services through May 9, 2024. Wendell Foster offers additional transportation services for those participating in the ICF/SCL programs. This helps those participants maintain or increase their community involvement and lead a meaningful quality of life.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Programs and Services (continued)

- *Assistive Technology* – Wendell Foster is a participating member of the Kentucky Assistive Technology Services (KATS) Network whose mission is to make AT information, devices, and services easily obtainable throughout the state. Assistive Technology (AT) is defined as “any item, piece of equipment or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve the functional capabilities of individuals with disabilities.”

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Wendell Foster and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity and are included in net assets with donor restrictions. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Net Client Service Revenue and Client Receivables

Net client service revenue is reported at the amount that reflects the consideration to which Wendell Foster expects to be entitled for providing client care. These amounts are due from clients, third-party payors, and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. 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, reviews, and investigations. Generally, Wendell Foster bills the clients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by Wendell Foster. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. Wendell Foster believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients receiving therapy care services. Wendell Foster measures the performance obligation from the commencement of the outpatient service to the point when it is no longer required to provide services to that client, which is generally the completion of the outpatient service.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Net Client Service Revenue and Client Receivables (continued)

These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and Wendell Foster does not believe it is required to provide additional services to the client.

Because all of its performance obligations relate to contracts with a duration of less than one year, Wendell Foster has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) ASC Paragraph 606-10-50-14a, *Revenue From Contracts With Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to therapy care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the clients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Wendell Foster is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net client service revenue. Wendell Foster accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the clients within each portfolio. The portfolios consist of major payor classes for client revenue and outpatient revenue. Based on historical collection trends and other analyses, Wendell Foster has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

Wendell Foster has agreements with third-party payors that generally provide for payments to Wendell Foster at amounts different from its established rates. For uninsured clients who do not qualify for charity care, Wendell Foster recognizes revenue based on established rates, subject to certain discounts and implicit price concessions as determined by Wendell Foster. Wendell Foster determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured clients in accordance with Wendell Foster's policy, and implicit price concessions provided to uninsured clients. Explicit price concessions are based on contractual agreements, discount policies and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration Wendell Foster expects to receive from clients, which are determined based on historical collection experience, current market conditions and other factors.

Generally, clients who are covered by third-party payors are responsible for client responsibility balances, including deductibles and coinsurance, which vary in amount. Wendell Foster estimates the transaction price for clients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to client service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2024 or 2023. Subsequent changes that are determined to be the result of an adverse change in the client's ability to pay are recorded as bad debt expense.

Wendell Foster is paid a prospectively determined rate for the majority of outpatient, skilled nursing, and rehabilitation services provided (principally Medicare, Medicaid, and certain insurers). These rates vary according to a client classification system that is based on clinical, diagnostic, and other factors. Payments

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Net Client Service Revenue and Client Receivables (continued)

for capital are received on a prospective basis for Medicare and on a cost reimbursement methodology for Medicaid. Wendell Foster is paid for cost reimbursable items at a tentative rate, for ICF services, with final settlement determined after submission of annual cost reports by Wendell Foster and audits thereof.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation as well as significant regulatory action, and, in the normal course of business, Wendell Foster is subject to contractual audits, reviews and investigations, including audits initiated by the Kentucky Department for Medicaid Services. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term. Wendell Foster believes it is in compliance with applicable laws and regulations governing the Medicare and Medicaid programs and that adequate provisions have been made for any adjustments that may result from final settlements.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing client care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and Wendell Foster's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (i.e., as new information becomes available) or as years are settled or are no longer subject to audits, reviews and investigations. Adjustments arising from a change in estimated settlements reduced net client service revenue by \$471,832 and \$438,216 in 2024 and 2023, respectively.

Wendell Foster reports accounts receivable for services rendered at net realizable amounts due from third-party payers, residents, and others.

Promises to Give

Contributions and grants are recognized when the donor makes a promise to give to Wendell Foster that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Bequests are recognized as revenue once the probate process is complete.

Wendell Foster uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Gifts-in-kind

Wendell Foster's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow Wendell Foster to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

All gifts-in-kind received by Wendell Foster for the years ended October 31, 2024 and 2023 were considered without donor restrictions and able to be used by the organization as determined by the board of directors and management.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributed Services

During the years ended October 31, 2024 and 2023, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Functional Allocation of Expenses

The functional allocation of expenses in Note 20 report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include the executive, business, human relations, information systems and development offices and occupancy, which are allocated based on square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Wendell Foster reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Wendell Foster reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Wendell Foster capitalizes fixed assets with a value greater than \$ 5,000 and a life greater than a year. Property and equipment are depreciated using the straight-line method as follows:

Land improvements	10-40 years
Buildings	15-40 years
Equipment	5-20 years
Vehicles	5 years

Depreciation expense for the year ended October 31, 2024 and 2023 charged to operations was \$872,706 and \$ 839,918, respectively.

Assets Limited as to Use

Assets limited as to use include primarily assets held by trustees, assets restricted by donors and assets set aside by the board of directors for future capital improvements over which the board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of Wendell Foster are included in current assets.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities (level 1 measurement) are reported at their fair values based on quoted prices in active markets in the balance sheets.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Investment Return

Investment return (including realized gains and losses on investments, interest and dividends, net of investment fees) is included in the increase in net assets without donor restrictions unless the income is restricted by donor or law. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions.

Tax Position

Wendell Foster maintains the tax position that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes in the accompanying financial statements. In addition, Wendell Foster maintains that it has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Wendell Foster did not pay any interest or penalties as a result of its tax position. The tax years 2021 through 2023 remain subject to examination by the Internal Revenue Service.

Cash, Cash Equivalents, and Cash Flows Information

For purposes of the balance sheets and the statements of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, other than those limited as to use, with an original maturity of three months or less when purchased. Restricted cash consists of those amounts required by a contractual agreement with an insurer to be set aside for the payment of specific workers' compensation claims. Restricted cash included in other long-term assets on the balance sheets consists of cash pledged as collateral for long-term financing arrangements per the contractual requirements of the lender. When the related long-term debt is paid off, the restriction will lapse. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets that sum to the totals of the same such amounts presented in the statements of cash flows.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,375,278	\$ 4,949,227
Restricted cash	<u>265,468</u>	<u>161,243</u>
Total cash, cash equivalents, and restricted cash presented in the statement of cash flows	<u>\$ 4,640,746</u>	<u>\$ 5,110,470</u>

Interest paid for the year ended October 31, 2024 and 2023 was \$ 90,348 and \$ 74,238 respectively. Income tax paid was \$ 0 each year.

Wendell Foster is required under Kentucky Revised Statute 528.130(8) to maintain a separate checking account for all gaming activities.

At October 31, 2024, the bank carrying amount of Wendell Foster's cash and cash equivalents was \$4,760,810. Of the total cash balance, \$553,233 was covered by federal depository insurance and \$4,207,577 was uninsured and uncollateralized.



**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Flows Information (continued)

At October 31, 2023, the bank carrying amount of Wendell Foster's cash and cash equivalents was \$5,172,438. Of the total cash balance, \$ 592,207 was covered by federal depository insurance and \$4,580,231 was uninsured and uncollateralized.

Allowance for Credit Losses

Wendell Foster provides an allowance for credit losses based upon a review of outstanding receivables, historical collection information, existing economic conditions, and future forecasts affecting collectability. Client accounts receivable are due in full when billed. Interest is not charged on delinquent accounts. Accounts considered delinquent are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

Advertising

Advertising costs are charged to expense in the period incurred and totaled \$ 5,950 and \$1,126 for the years ended October 31, 2024 and 2023, respectively.

Supplies

Supply inventory consists of medical and food supplies for residents, along with general housekeeping and office supplies. These supplies are valued at the lower of cost and net realizable value.

Special Events

Wendell Foster conducts a charity auction each year in September. Auction income was \$ 228,917 and \$170,012 for the years ended October 31, 2024 and 2023, respectively. Direct expenses were \$ 45,581 and \$38,721 for the years ended October 31, 2024 and 2023, respectively.

Management Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Reclassifications

Certain amounts in 2023 have been reclassified to conform to the 2024 presentation.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. These amendments are effective for entities other than public business entities, certain non-profit entities, and certain employee benefit plans for fiscal years beginning after December 15, 2019. ASU 2019-10 deferred the effective date for another year to years beginning after December 15, 2020. Application is to be applied using a modified retrospective approach with optional practical expedients and other special transition provisions. Early adoption is permitted. This new standard would have been effective November 2021, however due to the uncertainties surrounding the COVID-19 pandemic, the FASB has granted a one-year effective date delay. Application is to be applied using a modified retrospective approach with optional practical expedients and other special transition provisions. Management adopted this standard on November 1, 2022 and determined it did not have a significant or material impact on the financial statements.

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The FASB has subsequently issued additional ASUs amending certain aspects of ASU 2016-13. Management adopted this new accounting standard on November 1, 2023 and it did not have a material or significant impact on the financial statements.

**NOTE 2 - PROMISES TO GIVE**

Unconditional promises to give consist of the following

	2024	2023
Unrestricted	\$ -	\$ -
Restricted	12,351	52,338
Total unconditional promises to give	12,351	51,376
Less discount to net present value	-	-
	12,351	51,376
Less amounts due within one year	(12,351)	(51,376)
Amounts due in one to five years.	\$ -	\$ -

Conditional Promises to Give

On July 17, 2024, Wendell Foster received notification of a \$1,110,000 (Federal share of \$888,000 and State share of \$222,000) award from the Commonwealth of Kentucky, Transportation Cabinet to procure new transport vehicles to use in their programs.

On October 15, 2024, Wendell Foster received notification of a \$450,000 award from the Commonwealth of Kentucky, Cabinet for Health and Family Services to construct a new aquatic therapy center, as appropriated in House Bill 1 of the 2024 regular session.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
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**NOTE 3 – ASSETS LIMITED AS TO USE**

Beneficial Interest in Perpetual Trust

Wendell Foster received a beneficial interest from a perpetual trust. Wendell Foster receives fifty percent (50%) of the trust's income from a corpus in perpetuity. The investments of the trust are determined by the trustee rather than Wendell Foster. Accordingly, 50% of the total corpus, \$613,804 and \$499,136 has been recorded as a beneficial interest in perpetual trust and net assets with donor restrictions at October 31, 2024 and 2023, respectively.

**NOTE 4 – INVESTMENTS**

Investments, stated at fair value, at October 31, 2024 and 2023, include:

	2024			2023		
	Cost	Fair Value	Unrealized Gains (Losses)	Cost	Fair Value	Unrealized Gains (Losses)
Corporate stocks	\$ 2,632,376	\$ 4,219,183	\$ 1,586,807	\$ 2,539,309	\$ 3,481,082	\$ 941,773
Fixed income securities	1,226,603	1,182,541	(44,062)	1,318,116	1,212,926	(105,190)
Preferreds/fixed rate	368,953	343,894	(25,059)	449,507	370,947	(78,560)
Mutual funds and ETFs	1,931,275	2,909,098	977,823	2,688,127	2,985,219	297,092
	<u>6,159,207</u>	<u>8,654,716</u>	<u>2,495,509</u>	<u>6,995,059</u>	<u>8,050,174</u>	<u>1,055,115</u>
Restricted:						
Money market funds	725	725	-	43,727	43,727	-
Certificates of deposit	44,000	44,000	-	-	-	-
	<u>44,725</u>	<u>44,725</u>	<u>-</u>	<u>43,727</u>	<u>43,727</u>	<u>-</u>
Total investments	<u>\$ 6,203,932</u>	<u>\$ 8,699,441</u>	<u>\$ 2,495,509</u>	<u>\$ 7,038,786</u>	<u>\$ 8,093,901</u>	<u>\$ 1,055,115</u>
Current	\$ 5,007,977	\$ 7,546,808	\$ 2,538,831	\$ 5,797,698	\$ 6,987,247	\$ 1,189,549
Long-term	1,151,230	1,107,908	(43,322)	1,197,361	1,062,927	(134,434)
Restricted	44,725	44,725	-	43,727	43,727	-
Total investments	<u>\$ 6,203,932</u>	<u>\$ 8,699,441</u>	<u>\$ 2,495,509</u>	<u>\$ 7,038,786</u>	<u>\$ 8,093,901</u>	<u>\$ 1,055,115</u>

Investment income comprised the following for the years ended October 31 is as follows:

	2024	2023
Investment income:		
Interest and dividend income, net of investment fees	\$ 291,959	\$ 247,218
Perpetual trust distributions	22,483	43,014
Net realized gains	426,278	116,285
Net unrealized gains and losses	<u>1,453,179</u>	<u>(122,338)</u>
Investment income, net	<u>\$ 2,193,899</u>	<u>\$ 284,179</u>

Investment fees totaled \$ 60,163 and \$ 53,192 for the years ending October 31, 2024 and 2023, respectively.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 5 - LONG-TERM DEBT**

Long-term debt at October 31 consists of the following:

	<u>2024</u>	<u>2023</u>
Note payable Truist, beginning July 17, 2024, with an interest rate of 5.95%, requiring 60 monthly payments of \$31,484 (principal and interest), maturing July 17, 2029, secured by 815 Triplett building.	\$ -	\$ -
Note payable Old National Bank, due in 6 monthly consecutive interest payments, beginning February 15, 2020 with an interest rate of 3.82%, then 47 monthly payments of \$25,407 (principal and interest), and one estimated balloon payment of \$1,655,181 due July 15, 2024, secured by 815 Triplett building.	-	1,777,104
Less: unamortized debt issuance costs	<u>-</u>	<u>(6,754)</u>
Less: current portion	<u>-</u>	<u>1,770,350</u>
Long-term debt, net of current portion	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Wendell Foster refinanced the note payable originally maturing on July 15, 2024 with a new note from Truist maturing on July 17, 2029. The new note was paid in full early on October 28, 2024. Prior to payoff Wendell Foster was in compliance with all required loan covenants.

Interest incurred on the above notes amounted to \$90,348 for the year ending October 31, 2024 and \$74,238 for the year ending October 31, 2023.

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets are available for the following purpose or periods as of October 31:

	<u>2024</u>	<u>2023</u>
CORF	\$ 3,192	\$ -
ICF	1,187	7,716
Maintenance equipment	600	-
Recreation Department - Residents	4,366	2,023
Go Baby Go program event	-	504
New CORF equipment	9,349	-
AED devices	2,347	15,000
CORF Aquatic Therapy Center	243,397	136,000
Day training	1,030	-
Perpetual trust	<u>655,429</u>	<u>540,761</u>
	<u><u>\$ 920,897</u></u>	<u><u>\$ 702,004</u></u>

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
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**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS (continued)**

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 702,004	\$ 593,835
Additions:		
CORF	895	925
Maintenance equipment	16,500	-
ICF	1,615	5,911
Recreation Department - Residents	2,965	240
AED devices	-	7,500
ICF renovations	-	143,700
Day training	1,030	-
Aktion Club	580	520
CORF Aquatic Therapy Center	107,397	136,000
New CORF equipment and supplies	19,574	37,095
Speech feeding room	-	796
Change in value of perpetual trust	114,669	(26,956)
	<u>265,225</u>	<u>305,731</u>
Funds recognized as unrestricted in current year	<u>46,332</u>	<u>197,562</u>
Balance, end of year	<u>\$ 920,897</u>	<u>\$ 702,004</u>

Donor restricted net assets include assets held in a trust administered by a third-party trustee under which Wendell Foster is the income beneficiary, and the principal portion of endowment assets to be invested in perpetuity. The donor restricted perpetual net assets as of October 31 are as follows:

	<u>2024</u>	<u>2023</u>
Assets limited as to use (third-party trust) to be held in perpetuity, the income is unrestricted	\$ 613,804	\$ 499,136
Assets to be held in perpetuity, the income is unrestricted	<u>41,625</u>	<u>41,625</u>
Total perpetual trust assets	<u>\$ 655,429</u>	<u>\$ 540,761</u>

**NOTE 7 - THIRD PARTY REIMBURSEMENT**

Wendell Foster is licensed with the Commonwealth of Kentucky, Cabinet for Health Services, Department for Medicaid Services, to provide an intermediate care facility with 63 beds.

In exchange for this service, Wendell Foster was reimbursed \$664.14 for each bed day of service for the period July 1, 2022 through June 30, 2023, \$716.55 for the period July 1, 2023 through June 30, 2024 and \$734.06 for the period July 1, 2024 through October 31, 2024. For the year ended October 31, 2024 and 2023, reimbursements totaling \$ 16,624,426 and \$ 15,643,926, respectively, were received.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
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**NOTE 7 - THIRD PARTY REIMBURSEMENT (continued)**

Wendell Foster is licensed by the Commonwealth of Kentucky, Cabinet for Health Services, Department for Medicaid Services, to provide staff in each of the seven licensed homes to qualified clients. This program is known as the Community Living Options program (CLO).

In exchange for this service, Wendell Foster was reimbursed \$189.71 for each day of service beginning July 2018. An emergency increase due to COVID-19 was granted beginning March 6, 2020, which increased the rate to \$ 284.57 for certain individuals. On April 12, 2022, the Kentucky State Legislature passed House Bill 1, which made the temporary increases effective to June 30, 2024. During the 2024 legislative session the rate increase was extended. For the year ended October 31, 2024 and 2023, reimbursements totaling \$ 2,149,926 and \$2,051,662 were received.

**NOTE 8 - CONCENTRATIONS**

Revenues

Wendell Foster is primarily supported through its intermediate care facility, comprehensive outpatient rehabilitation facility, and Community Living Options program, accounting for approximately 75.7%, 5.5%, and 12.6% of revenues for the year ended October 31, 2024 and 73.4%, 5.9%, and 12.3% of revenues for the year ended October 31, 2023.

**NOTE 9 - RETIREMENT PLAN**

Wendell Foster provides a tax-deferred annuity plan covering substantially all employees. Wendell Foster contributes 2% of the eligible employees' annual salaries and matches up to 3% of the eligible employees' voluntary contributions. Wendell Foster's expense related to this plan was \$533,936 and \$503,996 for 2024 and 2023, respectively.

**NOTE 10 - RELATED PARTY TRANSACTIONS**

Wendell Foster is involved in various transactions with board members including legal fees and other goods and services. These related party transactions totaled \$10,212 and \$47,902 for the years ended October 31, 2024 and 2023, respectively, of which \$575 and \$532 was payable at each fiscal year end.

During the years ended October 31, 2024 and 2023, Wendell Foster paid a construction company related to management \$138,060 and \$476,821 for work associated with various capital improvement projects and project payables were \$66,200 and \$0 for the years then ended, respectively.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

Project Commitments

Wendell Foster has active constructions projects at October 31, 2024 for facility renovations. Commitments with contractors on the project were approximately \$307,000.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
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**NOTE 11 – COMMITMENTS AND CONTINGENCIES (continued)**

Risk Management

Wendell Foster maintains professional liability insurance with a commercial carrier for losses up to \$1,000,000 for each professional incident and up to \$3,000,000 in the aggregate. Wendell Foster also maintains general liability insurance with the same limits. Additionally, Wendell Foster maintains an umbrella policy for losses up to \$4,000,000 per incident. These policies provide a combined coverage limit of up to \$5,000,000 per occurrence.

Wendell Foster is subject to various claims and lawsuits arising in the normal course of business. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial statements. Additionally, management is unaware of any unasserted claims that would have a material effect on the accompanying financial statements, however, claims from unknown incidents may be asserted arising from services provided to clients.

**NOTE 12 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject Wendell Foster to credit risk consist principally of cash on deposit at financial institutions. Although uninsured cash balances existed at October 31, 2024 and 2023, Wendell Foster reduces this risk by placing its deposits with credit-worthy, high-quality financial institutions.

**NOTE 13 – HEALTH SELF-INSURANCE PROGRAM**

Wendell Foster has a self-insurance program for its employees' health care costs. Wendell Foster is liable in fiscal 2024 and 2023 for losses on claims up to \$ 100,000 per insured and \$0 aggregate retention amount, with an aggregate excess loss amount, which varies based on participants but was \$1,738,455 and \$1,706,210 at October 31, 2024 and 2023, respectively. Wendell Foster has third party insurance coverage for any losses in excess of such amounts with an unlimited specific lifetime maximum per insured and a maximum annual reimbursement of \$1,000,000.

Self-insurance costs are accrued based on claims reported as of the balance sheet date as well as claims incurred but not reported. The total accrued liability for self-insurance costs was \$ 125,923 and \$65,907 as of October 31, 2024 and 2023, respectively.

**NOTE 14 - FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market. This level includes common stocks, corporate bonds or mutual funds based on the closing price reported in the active market where the securities are traded.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
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**NOTE 14 - FAIR VALUE MEASUREMENTS (continued)**

- Level 2—Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation, or other means.
- Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair values of assets and liabilities measured on a recurring basis at October 31, 2024 are as follows:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 725	\$ 725	\$ -	\$ -
Certificates of deposit	44,000	44,000	-	-
Corporate stocks	4,219,183	4,219,183	-	-
Fixed income sec.	1,182,541	1,182,541	-	-
Preferred/fixed rate	343,894	343,894	-	-
Mutual funds	2,909,098	2,909,098	-	-
Total investments	8,699,441	8,699,441	-	-
Beneficial interest in perpetual trust	613,804	-	-	613,804
Total Assets	\$ 9,313,245	\$ 8,699,441	\$ -	\$ 613,804

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Balance at November 1, 2023	\$ 499,136
Net activity	58,188
Change in market value	56,480
Balance October 31, 2024	\$ 613,804



**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 14 - FAIR VALUE MEASUREMENTS (continued)**

Fair values of assets and liabilities measured on a recurring basis at October 31, 2023 are as follows:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 43,727	\$ 43,727	\$ -	\$ -
Corporate stocks	3,481,082	3,481,082	-	-
Fixed income sec.	1,212,926	1,212,926	-	-
Preferred/fixed rate	370,947	370,947	-	-
Mutual funds	2,985,219	2,985,219	-	-
Total investments	8,093,901	8,093,901	-	-
Beneficial interest in perpetual trust	499,136	-	-	499,136
Total Assets	\$ 8,593,037	\$ 8,093,901	\$ -	\$ 499,136

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Balance at November 1, 2022	\$ 526,093
Net activity	(9,552)
Change in market value	(17,405)
Balance October 31, 2023	\$ 499,136

Assets and liabilities itemized above were measured at fair value during the year ended using the market and income approaches. The market approach was used for Level 1 and level 2. The income approach was used for Level 3.

Fair value for the beneficial interest in a perpetual trust is measured using the fair value of the assets held in the trust as reported by the trustee as of October 31, 2024 and 2023. The Organization considers the measurement of its beneficial interest in the trust to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, the Organization will never receive those assets or have the ability to redeem them.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
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**NOTE 15 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2024</u>	<u>2023</u>
Financial assets, at year end:		
Cash and cash equivalents	\$ 4,640,746	\$ 5,110,470
Patient receivables, net	1,883,307	1,949,229
Other receivables	9,833	78,862
Investments	8,699,606	8,094,066
Promises to give	12,351	51,376
Assets limited as to use	<u>613,804</u>	<u>499,136</u>
 Total financial assets, at year end	 <u>15,859,647</u>	 <u>15,783,139</u>
 Less those unavailable for general expenditure within one year:		
Assets, restricted in perpetuity	(655,429)	(540,761)
Investments in bonds with durations greater than 1 year	(1,107,908)	(1,062,927)
Mineral interest	(165)	(165)
Other investment restrictions	(3,100)	-
Donor restrictions for specific purposes	<u>(265,468)</u>	<u>(161,243)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$13,827,577</u>	 <u>\$14,018,043</u>

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>2024</u>	<u>2023</u>
Financial assets, at year end:		
Cash and cash equivalents	\$ 4,375,278	\$ 4,949,227
Patient receivables, net	1,883,307	1,949,229
Other receivables	9,833	78,862
Investments	7,546,808	6,989,349
Promises to give	<u>12,351</u>	<u>51,376</u>
 Total financial assets, at year end	 <u>\$13,827,577</u>	 <u>\$14,018,043</u>

Wendell Foster generates significant cash flows from its client services. Thus, financial assets are generally readily available for general expenditures within one year. The Organization's board of directors approved in 2024 and 2023 distributions from investments of \$430,000 and \$390,000, respectively, if needed for operations. In September 2024, the board approved additional distributions from investments of \$1,150,000 to pay off the loan mentioned in Note 5. In the event of further unanticipated liquidity needs, Wendell Foster could use its substantial amount of cash reserves, collect outstanding accounts receivable, liquidate additional investment reserves, open a line of credit with local financial institution, or implement cost-cutting measures to enhance operating cash flows.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 16 – IN-KIND CONTRIBUTIONS AND SERVICES**

Wendell Foster records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

In addition, a number of volunteers have donated over 2,262 and 1,372 hours to Wendell Foster's program and support services for the years ended October 31, 2024 and 2023, respectively. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition.

The Organization received the following in-kind contributions during the periods ending October 31, 2024 and 2023:

	2024	2023
Supplies	\$ 1,432	\$ 5,978
Promotional items	22,807	9,763
Real estate	-	25,000
Vehicles	-	43,000
Equipment	13,132	43,486
	<u>\$ 37,371</u>	<u>\$ 127,227</u>

**NOTE 17 – NET CLIENT SERVICE REVENUE AND RECEIVABLES**

Net client service revenue by major payor source, net of price concessions, for the year ended October 31, 2024 and 2023, is as follows:

	2024		2023	
Medicaid and managed care	\$ 21,708,012	91.9%	\$ 20,536,783	90.5%
Commercial	913,715	3.9%	785,933	3.5%
Medicare	357,310	1.5%	237,158	1.0%
Contract	449,509	1.9%	824,249	3.6%
Self-pay	193,920	0.8%	326,910	1.4%
Net client service revenue	<u>\$ 23,622,466</u>	<u>100.0%</u>	<u>\$ 22,711,033</u>	<u>100.0%</u>

As of October 31, 2024 and 2023, contract balances relating to net patient receivables are as follows:

	2024	2023
Beginning of year	\$ 1,949,229	\$ 1,889,790
End of year	1,883,307	1,949,229

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 17 – NET CLIENT SERVICE REVENUE AND RECEIVABLES (continued)**

Wendell Foster's concentration of credit risk relating to client receivables is limited due to the diversity of clients and payors. Client receivables consist of amounts due from government programs, commercial insurance companies, other group insurance programs, and private pay clients. Client receivables due from Medicaid account for approximately 96.2% and 98.5% at October 31, 2024 and 2023, respectively, of Wendell Foster's total client receivables. Revenues from Medicaid programs account for approximately 91.6% and 89.7% for October 31, 2024 and 2023, respectively, of Wendell Foster's net client service revenue. Excluding this payor, no one payor represents more than 10% of Wendell Foster's client receivables or net client service revenue. As a result of certain changes required by ASU 2014-09, the majority of Wendell Foster's provision for uncollectible accounts is recorded as a direct reduction to net client service revenue instead of being presented as a separate line item on the statements of operations and changes in net assets.

The adoption of ASU 2014-09 has no impact on Wendell Foster's client receivables as it was historically recorded net of allowance for credit losses and contractual adjustments on the balance sheets. The allowance for credit losses was \$13,251 and \$14,078 for the periods ending October 31, 2024 and 2023, respectively.

**NOTE 18 – HEALTH CARE PROVIDER TAX**

Kentucky imposes various taxes on health care providers to help fund the state of Kentucky's portion of the Medicaid program. The law imposes a tax of 5.5% on the gross receipts of intermediate care facility services and Supports for Community Living (SCL) services. Wendell Foster recognized an expense for such provider taxes of \$1,193,740 and \$1,106,321 in 2024 and 2023, respectively.

**NOTE 19 - SUBSEQUENT EVENTS**

Wendell Foster did not have any subsequent events through February 19, 2025, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended October 31, 2024.

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 20 - FUNCTIONAL ALLOCATION OF EXPENSES**

The cost of providing Wendell Foster's programs and other activities is summarized on a functional basis. Expenses that can be directly identified with a specific program or support service are charged directly to that program or service. Costs common to multiple functions have been allocated among various functions benefited using a reasonable allocation method consistently applied. Each year the basis on which the costs are allocated is evaluated.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

A summary of expense by function for the year ended October 31, 2024, is as follows:

	Program Services							Supporting Services			
	Inter- mediate Care Facility	Outpatient Therapies	Community Living Arrange- ments	Day Services	Community Transportation	Assistive Technology	Total	Manage- ment and General	Fund Raising	Total	Total
Salaries and wages	\$10,417,727	\$ 919,036	\$ 1,519,451	\$214,177	\$ 157,119	\$ 66,138	\$13,293,648	\$2,353,602	\$ -	\$2,353,602	\$15,647,250
Payroll taxes	795,082	69,724	116,803	15,923	12,390	4,904	1,014,826	174,864	-	174,864	1,189,690
Employee benefits	1,578,840	139,547	218,481	41,366	25,622	2,876	2,006,732	456,855	-	456,855	2,463,587
Furnishings/equipment	101,635	12,571	5,944	4,944	-	63,510	188,604	33,266	-	33,266	221,870
Depreciation/amortization	578,947	109,008	36,916	7,167	50,380	4,657	787,075	85,631	-	85,631	872,706
Healthcare Provider Tax	1,024,616	-	151,651	17,473	-	-	1,193,740	-	-	-	1,193,740
Food/supplements	433,652	-	81,495	-	-	-	515,147	-	-	-	515,147
Vehicle expenses	63,947	-	14,271	125	76,841	-	155,184	-	-	-	155,184
Occupancy	108,127	45,885	100,982	2,137	650	-	257,781	658,502	-	658,502	916,283
Office and supplies	315,595	16,446	9,235	4,570	843	15,305	361,994	81,162	-	81,162	443,156
Medical supplies	398,746	-	-	-	-	-	398,746	-	-	-	398,746
Professional services	223,012	58,361	29,115	-	-	-	310,488	233,632	-	233,632	544,120
Licenses and fees	2,729	-	-	-	-	-	2,729	13,372	-	13,372	16,101
Staff training/travel	40,657	12,038	3,633	816	1,292	5,701	64,137	60,722	-	60,722	124,859
Day Program/Foster Care	23,623	-	410,005	1,105	-	-	434,733	-	-	-	434,733
Recruiting/retention	6,172	-	-	-	205	20	6,397	124,242	-	124,242	130,639
Resident activities	69,586	-	5,593	-	-	8,122	83,301	19,670	-	19,670	102,971
Fundraising and events	496	829	363	-	-	13,133	14,821	22,549	150,701	173,250	188,071
Other	8,778	11,977	2,471	-	163	504	23,893	13,021	-	13,021	36,914
	\$16,191,967	\$1,395,422	\$ 2,706,409	\$309,803	\$ 325,505	\$ 184,870	\$21,113,976	\$4,331,090	\$150,701	\$4,481,791	\$25,595,767

**WENDELL FOSTER'S CAMPUS FOR DEVELOPMENTAL DISABILITIES, INC.**  
**Notes to the Financial Statements**  
**October 31, 2024 and 2023**

**NOTE 20 - FUNCTIONAL ALLOCATION OF EXPENSES (continued)**

A summary of expense by function for the year ended October 31, 2023, is as follows:

	Program Services							Supporting Services			
	Inter- mediate Care Facility	Outpatient Therapies	Community Living Arrange- ments	Day Services	Community Transportation	Assistive Technology	Total	Manage- ment and General	Fund Raising	Total	Total
Salaries and wages	\$ 9,513,012	\$ 970,713	\$ 1,462,211	\$ 199,759	\$ 294,228	\$ 87,425	\$ 12,527,348	\$ 2,245,119	\$ -	\$ 2,245,119	\$ 14,772,467
Payroll taxes	716,632	72,823	110,309	14,853	22,339	6,301	943,257	164,157	-	164,157	1,107,414
Employee benefits	1,324,094	130,493	185,149	36,813	30,867	15,334	1,722,750	385,083	-	385,083	2,107,833
Furnishings/equipment	97,140	7,910	9,867	499	-	12,886	128,302	27,926	-	27,926	156,228
Depreciation/amortization	571,051	109,871	41,466	7,248	48,084	3,576	781,296	60,094	-	60,094	841,390
Healthcare Provider Tax	943,043	-	150,286	12,992	-	-	1,106,321	-	-	-	1,106,321
Food/supplements	427,672	-	81,262	-	-	-	508,934	-	-	-	508,934
Vehicle expenses	48,385	-	8,858	-	102,869	-	160,112	-	-	-	160,112
Occupancy	113,323	44,937	131,424	-	808	-	290,492	609,247	-	609,247	899,739
Office and supplies	310,691	26,935	9,507	2,848	3,555	19,782	373,318	86,746	-	86,746	460,064
Medical supplies	402,450	-	-	-	-	-	402,450	-	-	-	402,450
Professional services	470,950	55,611	15,154	-	-	1,350	543,065	224,018	-	224,018	767,083
Licenses and fees	2,780	-	-	-	-	-	2,780	9,741	-	9,741	12,521
Staff training/travel	22,402	12,133	3,046	629	590	6,240	45,040	52,795	-	52,795	97,835
Day Program/Foster Care	31,472	-	366,759	5,113	-	-	403,344	-	-	-	403,344
Recruiting/retention	5,730	-	-	-	-	40	5,770	107,762	-	107,762	113,532
Resident activities	59,921	-	2,904	-	-	9,553	72,378	16,700	-	16,700	89,078
Fundraising and events	1,500	5,869	-	-	-	10,050	17,419	13,871	114,730	128,601	146,020
Other	5,852	14,481	2,980	-	-	-	23,313	75,111	-	75,111	98,424
	<u>\$ 15,068,100</u>	<u>\$ 1,451,776</u>	<u>\$ 2,581,182</u>	<u>\$ 280,754</u>	<u>\$ 503,340</u>	<u>\$172,537</u>	<u>\$ 20,057,689</u>	<u>\$ 4,078,370</u>	<u>\$114,730</u>	<u>\$ 4,193,100</u>	<u>\$ 24,250,789</u>