Consolidated Financial Statements
June 30, 2023

Nexus – Woodbourne Family Healing and Subsidiary

(With Comparative Totals for 2022)

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Nexus – Woodbourne Family Healing and Subsidiary
Baltimore, Maryland

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Nexus – Woodbourne Family Healing and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (hereafter referred to as "the financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 of the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 these 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities of 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 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 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 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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited the 2022 financial statements of the Organization, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Minneapolis, Minnesota
February 6, 2024

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 625,358	$ 132,445
Operating investments	776,848	726,638
Accounts receivable, net		
Operating accounts receivable, net	2,282,839	3,668,565
Other accounts receivable	686,198	10,049
Promises to give	-	50,000
Prepaid expenses	221,967	208,056
Total current assets	4,593,210	4,795,753
Non-Current Assets		
Due from affiliates	123,777	-
Beneficial interest in assets held by community foundation	307,805	294,325
Beneficial interest in charitable trusts held by others	4,444,978	4,349,620
Total non current assets	4,876,560	4,643,945
Property and Equipment, Net	3,217,876	3,480,060
Operating Lease Right-Of-Use Assets	176,557	-
Total assets	$ 12,864,203	$ 12,919,758

	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term note payable	$ 41,867	$ 63,542
Current maturities of operating leases	41,310	-
Accounts payable, other accrued expenses and liabilities	1,361,751	531,015
Accrued salaries and benefits	1,167,133	595,678
Due to affiliaties	-	1,967,846
Total current liabilities	2,612,061	3,158,081
Non-Current Liabilities		
Long-term note payable, net of current portion	-	41,867
Operating lease liability, less current maturities	135,247	-
Total non current liabilities	135,247	41,867
Total liabilities	2,747,308	3,199,948
Net Assets		
Without donor restriction	5,622,994	5,261,247
With donor restriction	4,493,901	4,458,563
Total net assets	10,116,895	9,719,810
Total liabilities and net assets	$ 12,864,203	$ 12,919,758

	Without Donor Restriction	With Donor Restriction	2023 Total	2022 Total
Revenue, Support and Gains				
Contract revenue	$ 16,122,786	$ -	$ 16,122,786	$ 13,414,892
School revenue	3,102,660	-	3,102,660	2,646,724
School food revenue	56,862	-	56,862	90,332
Other	89,493	-	89,493	76,603
Grants and contributions	493,929	398,268	892,197	2,787,018
Net investment return (loss)	63,822	-	63,822	(11,791)
Change in value of beneficial interest in charitable trust held by others	13,480	103,535	117,015	(919,852)
Net assets released from restrictions	466,465	(466,465)	-	-
Total revenue, support and gains	20,409,497	35,338	20,444,835	18,083,926
Expenses				
Program services expense	15,602,264	-	15,602,264	12,305,304
Supporting services expense				
Management and general	4,445,486	-	4,445,486	4,773,226
Fundraising	-	-	-	182,771
Total expenses	20,047,750	-	20,047,750	17,261,301
Change in Net Assets	361,747	35,338	397,085	822,625
Net Assets, Beginning of Year	5,261,247	4,458,563	9,719,810	8,897,185
Net Assets, End of Year	$ 5,622,994	$ 4,493,901	$ 10,116,895	$ 9,719,810

	RTC and DETP Programs	Treatment Foster Care	Education	Nursing Program	Program Services	Management and General	2023 Total	2022 Total
Salaries and Wages	$ 5,006,750	$ 425,073	$ 1,659,780	$ 1,534,552	$ 8,626,155	$ 1,232,679	$ 9,858,834	8,462,826
Employee Benefits and Taxes	1,304,633	94,574	408,097	275,471	2,082,775	325,095	2,407,870	2,433,526
Total personnel cost	6,311,383	519,647	2,067,877	1,810,023	10,708,930	1,557,774	12,266,704	10,896,352
Administrative Fees	637,647	78,365	307,374	290,170	1,313,556	230,677	1,544,233	1,404,396
Audit/Accounting	-				-	98,620	98,620	106,781
Auto and Travel	35,311	9,182	1,023	4,254	49,770	96,523	146,293	79,517
Foundation Allocation	98,693	23,375	23,375	23,375	168,818	23,375	192,193	184,075
Books and Subscriptions	2,796	423	3,048	101	6,368	355	6,723	5,928
Community Services	616	1,600	469	92	2,777	21,819	24,596	-
Consulting	-	-	-	-	-	379,427	379,427	351,130
Contract Labor	314,343	12,356	60,391	546,093	933,183	166,867	1,100,050	852,712
Depreciation	387,313	-	4,901	-	392,214	48,476	440,690	429,529
Development	-	-	-	-	-	6,201	6,201	508
Food	-	-	-	-	-	590,694	590,694	599,560
Foster Care Payments		796,856	-	-	796,856	-	796,856	706,035
Insurance	41,254	2,480	18,547	12,632	74,913	163,005	237,918	212,472
Interest	-	-	-	-	-	5,426	5,426	10,091
Leases	-	15,654	-	-	15,654	33,433	49,087	-
License/Dues/Fees	10,206	1,750	30,779	4,161	46,896	202,625	249,521	123,391
Maintenance	320,458	19,082	82,427	49,198	471,165	312,416	783,581	436,599
Miscellaneous			1,408		1,408	3,775	5,183	18,118
Hiring Expenses	27,356	1,082	4,259	92,235	124,932	42,794	167,726	89,903
Office Expense	15,991	18,728	8,348	7,409	50,476	101,184	151,660	75,815
Recreational Expense	122,536	19,939	13,976	481	156,932	30,313	187,245	104,096
Resident Supplies	177,862	2,056	19,017	20,036	218,971	69,153	288,124	171,328
Staff Development	16,294	1,418	3,285	2,364	23,361	27,988	51,349	50,947
Utilities	18,307	5,471	4,092	17,214	45,084	232,566	277,650	352,018
	$ 8,538,366	$ 1,529,464	$ 2,654,596	$ 2,879,838	$ 15,602,264	$ 4,445,486	$ 20,047,750	$ 17,261,301

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 397,085	$ 822,625
Adjustments to reconcile change in net assets to net cash generated by operating activities		
Depreciation	440,690	429,529
Loss (gain) on investments	(45,037)	47,530
Change in value of beneficial interests in assets held by others and by community foundation	(114,011)	919,852
Increase (decrease) in cash from change in		
Accounts receivable	709,577	(56,252)
Promises to give	50,000	(50,000)
Prepaid expenses	(13,911)	(180,958)
Accounts payable, other accrued expenses and liabilities	830,736	(1,291,677)
Accrued salaries and benefits	571,455	37,366
Net Cash from Operating Activities	2,826,584	678,015
Cash Flows used for Investing Activities		
Purchase of fixed assets	(178,506)	(167,973)
Net Cash used for Investing Activities	(178,506)	(167,973)
Cash Flows used for Financing Activities		
Net change in due to affiliates	(2,091,623)	(326,185)
Payments on long-term note payable	(63,542)	(58,906)
Net Cash used for Financing Activities	(2,155,165)	(385,091)
Net Change in Cash and Cash Equivalents	492,913	124,951
Cash and Cash Equivalents, Beginning of Year	132,445	7,494
Cash and Cash Equivalents, End of Year	$ 625,358	$ 132,445
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 5,161	$ 9,423

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Nexus – Woodbourne Family Healing (Woodbourne) and the Woodbourne Organization Charitable Trust (the Trust) are nonprofit Maryland corporations. Woodbourne and the Trust are collectively referred to the as "the Organization." The Organization is exempt from federal income taxes under code section 501(c)(3) and is licensed by the State of Maryland.

The accompanying consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Mission

The mission of the Organization is changing lives through their cornerstone values – honesty, responsibility, courage, care, and concern. Their residential treatment programs, located in Baltimore, Maryland, provide a continuum of specialized services to children and adolescents. Additionally, the Organization provides foster care, family-based therapy for children not in foster care, and adoption placement services and counseling for foster care and adoptive families in Maryland.

The Trust provides public relations, communications, volunteer program development, and related support to Woodbourne. The Trust also raises funds for Woodbourne.

Basis of Accounting

The consolidated financial statements contained herein have been prepared on the accrual basis of accounting.

Principles of Consolidation and Affiliates

The Trust is organized for the exclusive benefit of Woodbourne. All significant intracompany balances and financial transactions have been eliminated in consolidating Woodbourne and the Trust. The Organization is part of an affiliate nonprofit group that shares common management through affiliation agreements and agreements for administrative services. Members of this affiliated nonprofit group are: Nexus Family Healing, Nexus Foundation for Family Healing, Nexus Diversified Community Services, Nexus – PATH Family Healing, and Nexus – Kindred Family Healing. Transactions entered into with these affiliates have been identified within these consolidated financial statements as related party transactions (Note 11). Based on the nature of the relationship with the above-noted entities, there are no requirements to consolidate these entities into the Organization's consolidated financial statements.

Cash and Cash Equivalents

The Organization considers all liquid cash accounts with original maturities of three months or less, and which are neither held for, nor restricted by, donors for long-term purposes, to be cash and cash equivalents.

Operating Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for advisory services, educational, and training programs. Allowance for uncollectable accounts receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2023 and 2022, the allowance was $140,620.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying consolidated statements of financial position.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. An allowance was not deemed necessary as of June 30, 2023.

Beneficial Interest in Assets Held by Community Foundation

The Organization established a fund with a local community foundation and named the Organization as beneficiary. The Organization granted variance power to the community foundation, which allows the community foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the community foundation’s Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the community foundation for the Organization’s benefit and is reported at fair value in the consolidated statements of financial position, with distributions and changes in fair value recognized in the consolidated statements of activities.

Beneficial Interest in Charitable Trust Held by Others

The Organization has been named as an irrevocable beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by a donor and is administered by an outside agent designated by the donor. Therefore, the Organization has neither possession nor control over the assets of the trust. When the notice of a beneficial interest is received, a contribution with donor restriction is recorded in the consolidated statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the consolidated statements of financial position at fair value as reported by the agent with consideration given as to any guaranteed distributions expected. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statements of financial position, with changes in fair value recognized in the consolidated statements of activities.

Property and Equipment

Property and equipment are stated at cost when purchased and fair market value when donated. The Organization follows the practice of capitalizing all expenditures for property, improvements, and equipment in excess of $500; the fair value of donated fixed assets is similarly capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2023 and 2022.

Net Assets

Net Assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. A donation is released from restriction when it is spent for its specific purpose, or when a donor restriction expires, that is, when a stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization did not have any net assets with donor-imposed restrictions that are perpetual in nature.

Revenue and Revenue Recognition

Contract revenue, school and food revenue, and other program service fee revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing client care (which includes residential treatment services, educational services, treatment foster care services, adoption services, and various mental health therapeutic services). These amounts are due from clients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients 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 the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful 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 skilled services. the Organization measures the performance obligation from intake of the client to the point when it is no longer required to provide services to that client. There are no significant revenues with related performance obligations satisfied at a point in time.

The Organization determines the transaction price based on pre-determined charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured clients in accordance with the Organization's policy, and/or implicit price concessions provided to uninsured clients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of clients.

The nature, amount, timing, and uncertainty of revenue and cash flows are affected by several factors that the Organization considers in its recognition of revenue. Following are some of the factors considered:

Payors (for example, counties, managed care or other insurance, patient, or client) have different reimbursement/payment methodologies.

- Length of a client's service/episode of care.
- Nature or line of service provided by the Organization.

Service fees and payments under cost-reimbursable contracts and under service grants and contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. The Organization's operating receivables as of July 1, 2020, was $2,159,798. The Organization's other accounts receivables as of July 1, 2020, was $554,349.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended June 30, 2023 and 2022.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Depreciation is allocated on a square footage basis. All other expenses that are allocated across more than one program or supporting function on the consolidated statements of activities are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a Maryland nonprofit corporation, and the Trust is organized as a Maryland trust. The Organization and Trust have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualify for the charitable contribution deduction under Section 170(b)(1)(A)(viii), and have been determined not to be private foundations under Sections 509(a)(2) and (3), respectively. The Organization and Trust are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization and Trust are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. The Organization and Trust have determined they are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization and Trust believe that they have appropriate support for any tax positions taken affecting its annual filing requirements, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements. The Organization and Trust would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Organization invests in various investment securities that 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 a change could materially affect the amounts reported in the consolidated statements of financial position.

The Organization has the majority of their accounts receivable with various units of state and local government. The amount of loss they would incur, should this group default, is not determinable. The Organization requires contracts be executed with their primary government funders to minimize the risk of this credit concentration. The Organization does not require collateral for the extension of credit.

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2023 and June 30, 2022, the Organization had approximately $522,364 and $0 respectively, in excess of FDIC-insured limits.

Adoption of Accounting Standards Codification (ASC) Topic 842

Effective July 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Organization elected to apply the guidance as of July 1, 2022, the beginning of the adoption period. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost. The Organization has elected a package of the practical expedient as permitted under ASC Topic 842. The adoption of the new standard did not materially impact the Organization's statements of operations or statements of cash flows. See Note 6 for further disclosure of the Organization's lease contracts.

Subsequent Events

The Organization has evaluated subsequent events through February 6, 2024, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise of the following:

	2023	2022
Cash and equivalents	$ 625,358	$ 132,445
Operating investments	776,848	726,638
Receivables, net	2,969,037	3,728,614
	$ 4,371,243	$ 4,587,697

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has financial assets available to meet general expenditures over the next 12 months. Please see the Organization's consolidated statements of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for the years ended June 30, 2023 and 2022.

Note 3 - Fair Value Measurements

The Organization reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

> Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
>
> Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.
>
> Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. The money market funds are measured at cost. The fair value of the beneficial interest in charitable trust held by others is valued at the Organization's proportionate share of the underlying assets as reported by the third-party trustee. These investments are valued at the closing price reported in an active market in which the individual securities are traded; therefore, they are classified within Level 2. The investments held by the community foundation is valued based on unobservable inputs and is therefore classified within Level 3.

The following tables present assets measured at fair value on a recurring basis at June 30, 2023 and 2022:

2023	Total	Unadjusted Market Inputs (Level 1)	Significant Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Operating investments				
Money market funds (at cost)	$ 33,587	$ -	$ -	$ -
Mutual funds	743,261	743,261	-	-
Total operating investments	$ 776,848	$ 743,261	$ -	$ -
Beneficial interest in assets held by community foundation	$ 307,805	$ -	$ -	$ 307,805
Beneficial interest in charitable trust held by others	$ 4,444,978	$ -	$ 4,444,978	$ -

2022	Total	Unadjusted Market Inputs (Level 1)	Significant Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Operating investments				
Money market funds (at cost)	$ 239,507	$ -	$ -	$ -
Mutual funds	487,131	487,131	-	-
Total operating investments	$ 726,638	$ 487,131	$ -	$ -
Beneficial interest in assets held by community foundation	$ 294,325	$ -	$ -	$ 294,325
Beneficial interest in charitable trust held by others	$ 4,349,620	$ -	$ 4,349,620	$ -

There were no transfers into or out of Level 3 of the fair value hierarchy during the years ended June 30, 2023 and 2022. There were no purchases or issuances of Level 3 investments during the years ended June 30, 2023 and 2022.

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30, 2023 and 2022:

	2023	2022
Land	$ 37,057	$ 37,057
Building and improvements	10,909,585	10,884,481
Construction in progress	-	28,436
Equipment	1,606,589	1,424,751
	12,553,231	12,374,725
Less accumulated depreciation	9,335,355	8,894,665
	$ 3,217,876	$ 3,480,060

Depreciation expense totaled $440,690 and $429,529 for the years ended June 30, 2023 and 2022, respectively.

Note 5 - Notes Payable and Other Long-Term Liabilities

In February 1994, the Organization entered into a mortgage note payable, requiring monthly installments of $5,997 including principal and interest at 7.6% per annum until February 2024, at which point all remaining principal and accrued interest is due. This loan is secured by property at the Organization's Maryland facility. Future minimum payments due June 30, 2024, total $41,867.

In March 2021, the Organization entered into an agreement with Maryland Department of Human Services (MDHS) to return amounts to MDHS related to overpayments generated for three clients. The agreement required payments in monthly installments of $76,801 beginning in April 2021 through September 2022. The balance of this payable at June 30, 2023 and 2022, was $0 and $230,404, respectively. This amount is included in current accounts payable, other accrued expenses and liabilities on the consolidated statement of financial position.

Note 6 - Leases

Equipment, vehicles, and building space are leased under various operating leases expiring at various dates through 2028. Rental expense is recognized on a straight-line basis over the life of the lease. The Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

Total lease costs for the year ended June 30, 2023, were as follows:

Operating lease cost	$ 33,011

The following table summarizes the supplemental cash flow information for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 30,357

The following table summarizes the right-of-use assets obtained in exchange for lease liabilities for the year ended June 30, 2023:

Right-of-use assets obtained in exchange for lease liabilities	
Operating leases	$ 166,387

The following summarizes the weighted-average remaining lease term and weighted-average discount rate at June 30, 2023:

Weighted-average remaining lease term	
Operating leases	3.15 Years
Weighted-average discount rate	
Operating leases	3.10%

Future minimum payments determined under the guidance in Topic 842 are listed below as of June 30, 2023:

Years Ending June 30,	Amount
2024	$ 41,310
2025	50,529
2026	51,545
2027	31,473
2028	13,753
Total lease payments	188,610
Less interest	(12,053)
Present value of lease payments	$ 176,557

Future minimum payments determined under the guidance in Topic 840 are listed below as of June 30, 2023:

Years Ending June 30,	Amount
2023	$ 24,540
2024	10,225
Total minimum lease payments	$ 34,765

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2023 and 2022:

	2023	2022
COVID-19 Relief	$ -	$ 50,000
Crane Foundation	-	12,405
Yoga Workshops	28,450	39,963
Thomas Wilson Foundation	8,195	-
Morris Mechanic Foundation	-	-
Milton Roberts	4,444,978	4,349,620
Other	12,278	6,575
	$ 4,493,901	$ 4,458,563

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time, or other events specified by the donors as follows during the years ended June 30, 2023 and 2022:

	2023	2022
Summer activities	$ -	$ 9,392
COVID-19 Relief	50,000	50,000
Education	-	53,588
Crane Foundation	37,405	12,595
Restricted Golfer's Award	2,507	5,000
Yoga Workshops	11,513	-
Thomas Wilson Foundation	14,159	-
Morris Mechanic Foundation	-	5,000
MSDE Teacher Grant	71,072	-
Whiting Turner	22,000	-
Family Liason	-	15,431
Milton Roberts	248,989	244,819
Other	8,820	11,053
	$ 466,465	$ 406,878

Note 8 - Major Customer

A major portion of the Organization's business is dependent upon one customer; the loss of this customer would have a material adverse effect on the Organization. During the years ended June 30, 2023 and 2022, this customer accounted for approximately 56% and 58% of contract revenue. Additionally, this customer accounted for 23% and 61%, of accounts receivable before the allowance for doubtful accounts as of June 30, 2023 and 2022, respectively. There was an additional customer in 2023 that accounted for 44% of accounts receivable.

Note 9 - Retirement Plans

Employees that meet minimum required service hours are eligible to enter into the Nexus Retirement Plan. The Organization provides a matching contribution of 100% of the employees' elective deferral for the first 1% of wages. For the employees' elective contribution of the next 2% through 6% of wages, the Organization provides matching contribution of 50%. For employees' elective contributions above 6%, there is no match provided. All participants become 100% vested after two years of service. The Organization contributed $223,411 and $182,874 to the plan for the years ended June 30, 2023 and 2022, respectively, which is included in employee benefits in the consolidated statements of functional expenses.

Note 10 - Labor Concentration

Approximately 39% and 41% of the Organization's employees are subject to a collective bargaining agreement with the United Food and Commercial Workers Union, Local 27 for the years ended June 30, 2023 and 2022. The collective bargaining agreement was signed in January 2022 to update and extend the terms of the collective bargaining agreement through 2025.

Note 11 - Related Party Transactions

The Organization and the Trust had the following transactions with its related entities during the years ended June 30, 2023 and 2022:

	2023	2022
Beginning balance due (to) from affiliates	$ (1,967,846)	$ (2,294,031)
Charges for various operational expenses	(2,914,143)	(3,726,580)
Charges for management services provided by Nexus Diversified Community Service	(1,544,234)	(1,103,037)
Payments (receipts)	6,494,180	5,150,000
Donation to affiliate	55,820	5,802
Due (to) from affiliates	$ 123,777	$ (1,967,846)

Supplementary Information
June 30, 2023

Nexus – Woodbourne Family Healing and Subsidiary

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

To the Board of Directors
Nexus – Woodbourne Family Healing and Subsidiary
Baltimore, Maryland

We have audited the consolidated financial statements of Nexus – Woodbourne Family Healing and Subsidiary as of and for the year ended June 30, 2023, and have issued our report thereon dated February 6, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The supplementary information on pages 22 through 30 is presented for the purposes of additional analysis and is 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 audits 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.

Eide Bailly LLP

Minneapolis, Minnesota
February 6, 2024

	Woodbourne Center	Woodbourne Trust	Consolidated
Assets			
Cash and cash equivalents	$ 625,358	$ -	$ 625,358
Operating investments	-	776,848	776,848
Accounts receivable, net			
Operating accounts receivable, net	2,282,839	-	2,282,839
Other accounts receivable	686,198	-	686,198
Prepaid expenses	221,967	-	221,967
Total current assets	3,816,362	776,848	4,593,210
Non-Current Assets			
Due from affiliates (net)	(535,542)	659,319	123,777
Beneficial interest in assets held by community foundation	307,805	-	307,805
Beneficial interest in charitable trusts held by others	-	4,444,978	4,444,978
Total non current assets	(227,737)	5,104,297	4,876,560
Property and Equipment, Net	3,217,876	-	3,217,876
Operating Lease Right-Of-Use Assets	176,557	-	176,557
Total assets	$ 6,983,058	$ 5,881,145	$ 12,864,203
Current Liabilities			
Current portion of long-term note payable	$ 41,867	$ -	$ 41,867
Current maturities of operating leases	41,310	-	41,310
Accounts payable, other accrued expenses and liabilities	1,359,251	2,500	1,361,751
Accrued salaries and benefits	1,167,133	-	1,167,133
Due to affiliates (net)	-	-	-
Total current liabilities	2,609,561	2,500	2,612,061
Non-Current Liabilities			
Operating lease liability, less current maturities	135,247	-	135,247
Total liabilities	2,744,808	2,500	2,747,308
Net Assets			
Without donor restriction	4,198,246	1,424,748	5,622,994
With donor restriction	40,004	4,453,897	4,493,901
Total net assets	4,238,250	5,878,645	10,116,895
Total liabilities and net assets	$ 6,983,058	$ 5,881,145	$ 12,864,203

	Woodbourne Center	Woodbourne Trust	Consolidated
Assets			
Cash and cash equivalents	$ 132,445	$ -	$ 132,445
Operating investments	-	726,638	726,638
Accounts receivable, net			
Operating accounts receivable, net	3,668,565	-	3,668,565
Other accounts receivable	10,049	-	10,049
Promises to give	50,000	-	50,000
Prepaid expenses and other assets	208,056	-	208,056
Total current assets	4,069,115	726,638	4,795,753
Non-Current Assets			
Due from affiliates	(659,319)	659,319	-
Beneficial interest in assets held by community foundation	294,325	-	294,325
Beneficial interest in charitable trusts held by others	-	4,349,620	4,349,620
Total non current assets	(364,994)	5,008,939	4,643,945
Property and Equipment, Net	3,480,060	-	3,480,060
Total assets	$ 7,184,181	$ 5,735,577	$ 12,919,758
Current Liabilities			
Current portion of long-term note payable	$ 63,542	$ -	$ 63,542
Accounts payable, other accrued expenses and liabilities	528,515	2,500	531,015
Accrued salaries and benefits	595,678	-	595,678
Due to affiliates	1,967,846	-	1,967,846
Total current liabilities	3,155,581	2,500	3,158,081
Non-Current Liabilities			
Long-term note payable, net of current portion	41,867	-	41,867
Total liabilities	3,197,448	2,500	3,199,948
Net Assets			
Without donor restriction	3,878,532	1,382,715	5,261,247
With donor restriction	108,201	4,350,362	4,458,563
Total net assets	3,986,733	5,733,077	9,719,810
Total liabilities and net assets	$ 7,184,181	$ 5,735,577	$ 12,919,758

	Woodbourne Center			Woodbourne Trust				
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total	Elimination	Consolidated
Revenue and Support								
Contract revenue	16,122,786	$ -	$ 16,122,786	$ -	$ -	$ -	$ -	$ 16,122,786
School revenue	3,102,660	-	3,102,660	-	-	-	-	3,102,660
School food revenue	56,862	-	56,862	-	-	-	-	56,862
Other	89,493	-	89,493	-	-	-	-	89,493
Grants and contributions	742,918	149,279	892,197	-	248,989	248,989	(248,989)	892,197
Net investment return	18,785	-	18,785	45,037	-	45,037	-	63,822
Change in value and distributions from beneficial interests in assets held by others	13,480	-	13,480	-	103,535	103,535	-	117,015
Net assets released from restrictions	217,476	(217,476)	-	248,989	(248,989)	-	-	-
Total revenue, support, and gains	20,364,460	(68,197)	20,296,263	294,026	103,535	397,561	(248,989)	20,444,835
Expenses								
Program services expense	15,602,264	-	15,602,264	248,989	-	248,989	(248,989)	15,602,264
Supporting services expense								
Management and general	4,442,482	-	4,442,482	3,004	-	3,004	-	4,445,486
Fundraising	-	-	-	-	-	-	-	-
Total expenses	20,044,746	-	20,044,746	251,993	-	251,993	(248,989)	20,047,750
Change in Net Assets	319,714	(68,197)	251,517	42,033	103,535	145,568	-	397,085
Net Assets, Beginning of Year	3,878,532	108,201	3,986,733	1,382,715	4,350,362	5,733,077	-	9,719,810
Net Assets, End of Year	$ 4,198,246	$ 40,004	$ 4,238,250	$ 1,424,748	$ 4,453,897	$ 5,878,645	$ -	$ 10,116,895

	Woodbourne Center			Woodbourne Trust				
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total	Elimination	Consolidated
Revenue and Support								
Contract revenue	$ 13,414,892	$ -	$ 13,414,892	$ -	$ -	$ -	$ -	$ 13,414,892
School revenue	2,646,724	-	2,646,724	-	-	-	-	2,646,724
School food revenue	90,332	-	90,332	-	-	-	-	90,332
Other	76,603	-	76,603	-	-	-	-	76,603
Grants and contributions	2,592,687	194,331	2,787,018	-	244,819	244,819	(244,819)	2,787,018
Net investment loss	2,459	-	2,459	(14,250)		(14,250)	-	(11,791)
Change in value and distributions from beneficial interests in assets held by others	(81,931)	-	(81,931)	-	(837,921)	(837,921)	-	(919,852)
Net assets released from restrictions	162,059	(162,059)	-	244,819	(244,819)	-	-	-
Total revenue, support, and gains	18,903,825	32,272	18,936,097	230,569	(837,921)	(607,352)	(244,819)	18,083,926
Expenses								
Program services expense	12,305,304	-	12,305,304	244,819	-	244,819	(244,819)	12,305,304
Supporting services expense								
Management and general	4,770,222	-	4,770,222	3,004	-	3,004	-	4,773,226
Fundraising	182,771	-	182,771	-	-	-	-	182,771
Total expenses	17,258,297	-	17,258,297	247,823	-	247,823	(244,819)	17,261,301
Change in Net Assets	1,645,528	32,272	1,677,800	(17,254)	(837,921)	(855,175)	-	822,625
Net Assets, Beginning of Year	2,233,004	75,929	2,308,933	1,399,969	5,188,283	6,588,252	-	8,897,185
Net Assets, End of Year	$ 3,878,532	$ 108,201	$ 3,986,733	$ 1,382,715	$ 4,350,362	$ 5,733,077	$ -	$ 9,719,810

	Treatment Foster Care	Adolescent Diagnostic Treatment Center	DETP	Residential Treatment Center Education	Other	Total
Revenue and Other Support						
Private grants and contributions	$ -	$ -	$ -	$ -	$ 826,984	$ 826,984
Governmental agencies	1,859,207	9,824,988	4,334,891	3,305,046	-	19,324,132
Interest and investment income	-	-	-	-	32,267	32,267
Other income	-	53,655	5,171	875	53,179	112,880
Total revenues and other support	1,859,207	9,878,643	4,340,062	3,305,921	912,430	20,296,263
Expenses						
Salaries and wages	425,074	2,972,482	2,031,700	1,655,190	2,795,089	9,879,535
Employee benefits and payroll taxes	94,574	776,702	505,775	404,651	541,772	2,323,474
Professional fees and contract labor	12,357	169,854	255,784	375,803	1,527,544	2,341,342
Direct child care and educational expenses	790,955	232,893	63,070	20,961	659,196	1,767,075
Office support and publications	9,626	9,618	4,293	20,350	144,623	188,510
Occupancy	40,207	-	75,715	74,122	209,421	399,465
Equipment rental and maintenance	-	241,050	5,699	10,059	221,306	478,114
Travel, conferences, and vehicle expense	13,792	30,316	10,113	1,023	114,925	170,169
Foundation allocation	23,375	93,499	5,194	23,375	46,750	192,193
Miscellaneous	8,490	71,729	44,491	64,162	961,040	1,149,912
Depreciation	9,275	3,380	523	4,901	431,886	449,965
Interest expense	-	-	-	-	5,426	5,426
Total program services	1,427,725	4,601,523	3,002,357	2,654,597	7,658,978	19,345,180
General and administrative	446,308	5,350,221	1,703,899	743,856	(7,544,718)	699,566
Total expenses	1,874,033	9,951,744	4,706,256	3,398,453	114,260	20,044,746
Operating change in net assets	$ (14,826)	$ (73,101)	$ (366,194)	$ (92,532)	$ 798,170	$ 251,517

	Treatment Foster Care	Adolescent Diagnostic Treatment Center	DETP	Residential Treatment Center Education	Management and General	Total
Department of Human Services (DHS)	$ 1,859,296	$ -	$ 4,334,891	$ -	$ -	$ 6,194,187
Department of Juvenile Services (DJS)	-	236,319	-	882,812	-	1,119,131
Various County Schools (DSS)	-	-	-	2,194,273	-	2,194,273
Medical Assistance (MA)	-	8,812,995	-	-	-	8,812,995
Commercial Insurance	-	260,840	-	-	-	260,840
Out-of-State Revenue	-	556,271	-	165,512	-	721,783
One on One Advocacy	-	10,360	-	62,449	-	72,809
Donations and Contributions	-	1,858	-	875	242,437	245,170
Grant Revenue	-	-	5,099	-	584,458	589,557
Interest and Investment Income	-	-	-	-	32,267	32,267
Other Income	-	-	72	-	53,179	53,251
Total revenue and other support	$ 1,859,296	$ 9,878,643	$ 4,340,062	$ 3,305,921	$ 912,341	$ 20,296,263
Billable Days by All Sources (Unaudited)	13,059	13,023	1,802	8,065		

	Treatment Foster Care (TFC)	TFC IRC Budget (unaudited)
Salaries	$ 572,323	$ 1,482,778
Contract Labor	38,009	113,910
Payroll Taxes	41,208	103,979
Fringe Benefits	90,961	393,930
Staff Development	1,418	18,411
Contracted Services	-	172
Foster Parents	796,856	1,422,290
Publicity	-	39,720
Food	6,864	17,476
Clothing	1,577	-
Recreation	20,764	-
Personal Needs	-	-
Rent	11,773	-
Utilities	19,432	15,491
Repair and Maintenance	28,669	6,536
Insurance and Taxes	5,675	6,012
Supplies	3,538	5,825
Depreciation	35,365	23,987
Equipment Rental	3,422	172
Print and Copy	642	3,393
Telephone	5,066	13,571
Postage	312	399
Dues and Fees	4,257	6,853
Conferences	-	11,535
Travel	19,520	20,059
Other	166,382	157,951
Total IRC allowable expenses	1,874,033	3,864,450
IRC Disallowed Program Expenses	-	-
IRC Disallowed General and Administrative Expenses	-	-
Total expenses	$ 1,874,033	$ 3,864,450
Average Budgeted Census	$ -	$ 33
Average Actual Census - DHR (Unaudited)	36	-
Average Actual Census - BMHS (Unaudited)	-	-
Average Actual Census - DJS (Unaudited)	-	-

Revenue on Accrual Basis of Accounting	$ 1,859,207
Adjustments to Reconcile Accrual Basis Revenue to Funds Received	
Receivables, beginning balance	218,428
Receivables, ending balance	192,549
Changes in Accounts Receivable	25,879
Revenue	1,885,086
Expenditures	
Salaries and other employee related expenses	425,073
Employee benefits and payroll taxes	94,574
Direct child care and educational expenses	814,330
Professional fees and contract labor	12,357
Office support and publications	9,626
Occupancy	40,207
Travel, conferences, and vehicle expense	13,792
Miscelleneous	8,490
Depreciation	9,275
General and administrative expenses	446,309
Total Expenditures	1,874,033
Excess of Revenue over Expenditures	$ 11,053

	Direct Service	General and Admin	Actual	Budget (Unaudited)	Variance
Revenue (Accrual Basis)	$ 1,859,207	$ -	$ 1,859,207	$ 3,864,450	$ (2,005,243)
Salaries and Other Employee Related Expenses	425,073	151,191	576,264	1,482,778	(906,514)
Employee Benefits and Payroll Taxes	94,574	35,545	130,119	497,909	(367,790)
Direct Child Care and Educational Expenses	814,330	7,689	822,019	1,439,766	(617,747)
Professional Fees and Contract Labor	12,357	50,572	62,929	113,910	(50,981)
Office Support and Publications	9,626	2,822	12,448	67,725	(55,277)
Occupancy	40,207	19,757	59,964	41,782	18,182
Equipment Rental and Maintenance	-	28,669	28,669	172	28,497
Travel Conferences, and Vehicle Expense	13,792	9,112	22,904	20,059	2,845
Miscelleneous	8,490	140,826	149,316	176,362	(27,046)
Depreciation	9,275	126	9,401	23,987	(14,586)
Total expenditures	1,427,724	446,309	1,874,033	3,864,450	(1,990,417)
Excess of Revenue Over Expenditures	$ 431,483	$ (446,309)	$ (14,826)	$ -	$ (14,826)