



**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services**

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022



	Page
REPORT	
Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	7
Consolidated Statements of Cash Flows	9
Notes to Financial Statements	11
Supplementary Information	
Consolidating Statements of Financial Position	26
Consolidating Statements of Activities	28



REPORT





Carr, Riggs & Ingram, LLC
4004 Summit Boulevard NE
Suite 800
Atlanta, GA 30319

770.394.8000
770.451.2873 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The United Methodist Children's Home of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services

Opinion

We have audited the accompanying consolidated financial statements of The United Methodist Children's Home of the North Georgia Conference, Inc. d/b/a Wellroot Family Services (the Organization) (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The United Methodist Children's Home of the North Georgia Conference, Inc. d/b/a Wellroot Family Services as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, during the year ended June 30, 2023, the Organization adopted FASB ASC 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
December 14, 2023



FINANCIAL STATEMENTS



**The United Methodist Children’s Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidated Statements of Financial Position**

<i>June 30,</i>	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 425,145	\$ 775,442
Grants and other receivables, net	495,878	467,208
Prepaid expenses and other assets	363,492	336,107
Note receivable, current portion	6,143	6,412
Total current assets	1,290,658	1,585,169
Non-current assets		
Cash restricted for long term purposes	34,099	34,099
Note receivable, less current portion	133,457	142,788
Investments in marketable securities	82,827,172	81,710,041
Operating lease right-of-use assets, net	1,746,078	-
Property and equipment, net	3,967,008	3,405,255
Total non-current assets	88,707,814	85,292,183
Total assets	\$ 89,998,472	\$ 86,877,352

(Continued)

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

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidated Statements of Financial Position (Continued)**

<i>June 30,</i>	2023	2022
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 198,262	\$ 198,816
Accrued payroll and pension payable	147,570	208,096
Current portion of operating lease liabilities	1,008,642	-
Security deposit	-	9,030
Performance obligation liabilities	50,000	200,000
Total current liabilities	1,404,474	615,942
Long-term liabilities		
Deferred rent liability	-	177,997
Operating lease liabilities, less current portion	879,930	-
Total long-term liabilities	879,930	177,997
Total liabilities	2,284,404	793,939
Net assets		
Without donor restrictions	72,721,155	70,894,194
With donor restrictions	14,992,913	15,189,219
Total net assets	87,714,068	86,083,413
Total liabilities and net assets	\$ 89,998,472	\$ 86,877,352

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

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidated Statements of Activities**

<i>For the year ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Government fees and grants	\$ 3,412,203	\$ -	\$ 3,412,203
Contributions	1,763,459	-	1,763,459
Contributions of non-financial assets	23,887	-	23,887
Loss on disposal of assets	(4,664)	-	(4,664)
Contributions from estates and trusts	792,888	-	792,888
Other income	44,906	-	44,906
Net assets released from restrictions	576,796	(576,796)	-
Total revenue and support before appropriation	6,609,475	(576,796)	6,032,679
Appropriation of endowment earnings	4,550,898	-	4,550,898
Non-Operating Revenue and Support			
Investment income	5,401,619	380,490	5,782,109
Appropriation of endowment earnings	(4,550,898)	-	(4,550,898)
Total non-operating revenue and support	850,721	380,490	1,231,211
Total revenue and support	12,011,094	(196,306)	11,814,788
Expenses			
<i>Program services</i>			
Youth Services	1,851,827	-	1,851,827
Family housing and preservation services	2,176,503	-	2,176,503
Family foster care	3,998,496	-	3,998,496
Total program services	8,026,826	-	8,026,826
<i>Supporting services</i>			
Management and general	1,466,383	-	1,466,383
Fundraising	690,924	-	690,924
Total supporting services	2,157,307	-	2,157,307
Total expenses	10,184,133	-	10,184,133
Change in net assets	1,826,961	(196,306)	1,630,655
Net assets at beginning of year	70,894,194	15,189,219	86,083,413
Net assets at end of year	\$ 72,721,155	\$ 14,992,913	\$ 87,714,068

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

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidated Statements of Activities (Continued)**

<i>For the year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Government fees and grants	\$ 3,454,940	\$ -	\$ 3,454,940
Contributions	1,581,920	81,177	1,663,097
Contributions of non-financial assets	13,633	-	13,633
Gain on disposal of assets	16,386	-	16,386
Contributions from estates and trusts	4,769,126	-	4,769,126
Net assets released from restrictions	196,979	(196,979)	-
Total revenue and support before appropriation	10,032,984	(115,802)	9,917,182
Appropriation of endowment earnings	3,560,198	-	3,560,198
Non-Operating Revenue and Support			
Investment loss, net	(8,565,652)	(413,972)	(8,979,624)
Appropriation of endowment earnings	(3,560,198)	-	(3,560,198)
Total non-operating revenue and support	(12,125,850)	(413,972)	(12,539,822)
Total revenue and support	1,467,332	(529,774)	937,558
Expenses			
<i>Program services</i>			
Youth Services	1,738,703	-	1,738,703
Family housing and preservation services	1,360,544	-	1,360,544
Family foster care	4,285,820	-	4,285,820
Total program services	7,385,067	-	7,385,067
<i>Supporting services</i>			
Management and general	1,253,902	-	1,253,902
Fundraising	613,952	-	613,952
Total supporting services	1,867,854	-	1,867,854
Total expenses	9,252,921	-	9,252,921
Change in net assets	(7,785,589)	(529,774)	(8,315,363)
Net assets at beginning of year	78,679,783	15,718,993	94,398,776
Net assets at end of year	\$ 70,894,194	\$ 15,189,219	\$ 86,083,413

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

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidated Statements of Functional Expenses**

For the year ended June 30, 2023

	Program Services				Supporting Services			
	Youth Services	Family Housing and Preservation Services	Family Foster Care	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Compensation	\$ 728,227	\$ 1,177,808	\$ 1,504,333	\$ 3,410,368	\$ 481,755	\$ 326,401	\$ 808,156	\$ 4,218,524
Employee benefits	233,744	378,049	482,856	1,094,649	154,632	104,767	259,399	1,354,048
Training	3,854	80,106	16,970	100,930	1,814	805	2,619	103,549
Occupancy costs	377,790	261,018	342,180	980,988	506,184	-	506,184	1,487,172
Office supplies and expenses	29,269	77,856	102,366	209,491	71,784	35,268	107,052	316,543
Insurance	16,667	18,645	36,785	72,097	56,166	-	56,166	128,263
Outside services	86,342	104,618	132,164	323,124	172,353	104,504	276,857	599,981
Program support, materials and supplies	56,820	11,635	1,248,011	1,316,466	335	791	1,126	1,317,592
Educational scholarships	169,204	-	-	169,204	-	-	-	169,204
Bad debt expense	-	-	4,863	4,863	-	-	-	4,863
Transportation and vehicles	30,035	62,577	81,726	174,338	16,184	8,549	24,733	199,071
Fundraising and promotion	2,058	3,655	44,979	50,692	3,232	109,839	113,071	163,763
Depreciation	117,817	536	1,263	119,616	1,944	-	1,944	121,560
Total	\$ 1,851,827	\$ 2,176,503	\$ 3,998,496	\$ 8,026,826	\$ 1,466,383	\$ 690,924	\$ 2,157,307	\$ 10,184,133

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

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidated Statements of Functional Expenses (Continued)**

For the year ended June 30, 2022

	Program Services				Supporting Services			
	Youth Services	Family Housing and Preservation Services	Family Foster Care	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Compensation	\$ 775,041	\$ 740,179	\$ 1,625,142	\$ 3,140,362	\$ 503,370	\$ 284,960	\$ 788,329	\$ 3,928,691
Employee benefits	237,059	226,395	497,075	960,529	153,964	87,159	241,123	1,201,652
Training	5,802	76,542	10,163	92,507	-	1,082	1,082	93,589
Occupancy costs	364,261	202,805	372,050	939,115	385,028	-	385,028	1,324,143
Office supplies and expenses	33,763	38,608	106,768	179,139	89,578	33,724	123,302	302,441
Insurance	10,012	7,773	24,981	42,766	34,745	-	34,745	77,510
Outside services	23,162	32,851	67,259	123,272	76,545	51,734	128,279	251,550
Program support, materials supplies	52,064	3,882	1,466,512	1,522,457	475	27	502	1,522,959
Educational scholarships	196,000	-	-	196,000	-	-	-	196,000
Financial assistance	-	800	-	800	-	-	-	800
Bad debt expense	-	2,500	57,472	59,972	-	-	-	59,972
Transportation and vehicles	23,858	21,938	57,284	103,080	9,472	1,540	11,011	114,091
Fundraising and promotion	45	6,144	713	6,902	158	153,728	153,885	160,787
Depreciation	17,635	127	404	18,166	569	-	569	18,735
Total	\$ 1,738,703	\$ 1,360,544	\$ 4,285,820	\$ 7,385,067	\$ 1,253,902	\$ 613,952	\$ 1,867,854	\$ 9,252,921

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

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidated Statements of Cash Flows**

<i>For the years ended June 30,</i>	2023	2022
Operating Activities		
Change in net assets	\$ 1,630,655	\$ (8,315,363)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	121,560	18,735
(Gain) loss on disposal of assets	4,664	(16,386)
Unrealized and realized loss (gain) on investments	(3,412,593)	13,972,536
Contributions restricted for perpetually restricted endowment	-	(6,176)
Changes in operating assets and liabilities		
Grants and other receivables, net	(28,670)	16,234
Prepaid expenses and other assets	(27,385)	(24,821)
Accounts payable and accrued expenses	(554)	(7,978)
Accrued payroll and pension payable	(60,526)	42,656
Performance obligation liabilities	(150,000)	200,000
Deferred rent liability	(177,997)	(117,762)
Operating lease liabilities	142,494	-
Security deposit	(9,030)	9,030
Net cash provided by (used in) operating activities	(1,967,382)	5,770,705
Investing Activities		
Payments received on note receivable	9,600	9,600
Purchase of investments	(73,166,561)	(24,900,578)
Proceeds from sale of investments	75,462,023	22,665,390
Purchase of property and equipment	(687,977)	(3,405,501)
Proceeds from disposal of property and equipment	-	28,544
Net cash provided by (used in) investing activities	1,617,085	(5,602,545)
Financing Activities		
Contributions restricted for perpetually restricted endowment	-	6,176
Net cash provided by (used in) financing activities	-	6,176
Net change in cash, cash equivalents and restricted cash	(350,297)	174,336
Cash, cash equivalents and restricted cash, at beginning of year	809,541	635,205
Cash, cash equivalents and restricted cash, at end of year	\$ 459,244	\$ 809,541

(Continued)

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

**The United Methodist Children’s Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidated Statements of Cash Flows (Continued)**

<i>For the years ended June 30,</i>	2023	2022
Presented on Consolidated Statement of Financial Position as:		
Cash and cash equivalents	\$ 425,145	\$ 775,442
Cash restricted for long term purposes	34,099	34,099
Total	\$ 459,244	\$ 809,541

Schedule of Noncash Transactions

Lease liabilities arising from obtaining right-of-use assets		
Operating leases	\$ 2,873,742	\$ -

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

**The United Methodist Children’s Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 1: DESCRIPTION OF THE ORGANIZATION

The United Methodist Children’s Home of the North Georgia Conference, Inc., d/b/a Wellroot Family Services (UMCH or the Organization) was established in 1871 in Norcross, Georgia to care for children orphaned during the Civil War and has evolved to serve children and families in a “continuum of care” model. UMCH envisions a world where “all children are raised in a loving, compassionate and nurturing home.” The Organization works every day toward its mission “to restore children and families from trauma through Jesus Christ.” Since 1973, UMCH has cared for over 6,000 children in safe and loving foster care homes; it provides safe housing for at-risk young adults and prepares them to make positive life decisions and become productive, independent, citizens; and it strengthens and preserves at-risk families through safe housing and support services. Today, UMCH serves over 240 children and adults a day in 40 counties across North Georgia, and it delivered over 55,000 days of care in 2022. Financial resources are generated from state partnerships, private philanthropy and earned income. For more information visit www.wellroot.org.

In 2019, UMCH introduces a new name that reflects both its tremendous growth and unlimited potential, while preserving its deep foundations in The United Methodist Church. The Organization is doing business as Wellroot Family Services. This new name is borne out of the same steadfast focus of the Organization’s mission and is the result of an intense process of research and planning. The Organization believes to be well-rooted is to be firmly planted, to feel stable, and to feel taken care of and secure as well as to have the support and love to become the person God intended. As Wellroot Family Services, the Organization will continue to grow with a name that embodies its commitment to the children, young adults and families it serves together with the North Georgia Conference of the United Methodist Church.

The Organization formed 750 East Lake LLC (the LLC) in May 2022. UMCH is the sole member of the LLC. The LLC was formed to purchase and hold a residential building for the Organization’s clients in the Youth Services and Family Housing Services programs to reside.

The Organization formed Wellroot Family Services Foundation, Inc. (the Foundation) in April 2022. The Foundation was formed to hold the investments of the Organization. For the year ended June 30, 2022, there was no activity incurred for the Foundation.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of consolidated U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to depreciation of property and equipment, investment valuation, amortization of right-of-use asset, determination of discount rate for lease liability, fair value of underlying asset and allocating certain expenses to program and supporting services.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of United Methodist Children's Home of the North Georgia Conference, Inc., d/b/a Wellroot Family Services, Wellroot Family Services Foundation, Inc. and 750 East Lake, LLC as of June 30, 2023 and 2022 and for the years then ended. All significant intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Restricted Cash

Amounts included in restricted cash represent those required to be set aside by donors for specific purposes. Restricted cash included in other long-term assets on the consolidated statement of financial position represents amounts held for endowments in perpetuity.

Grants Receivable

Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on other receivables using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible other receivable when management determines the receivable will not be collected.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of \$3,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Leases

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities the consolidated statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the consolidated statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for programs, general and administrative and other designations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Revenue Recognition

A significant portion of the Organization's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from nonexchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provided services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to compensation and employee benefits are allocated based on actual percentages of time spent in each functional area. The expenses that are allocated include training, occupancy costs, office supplies, insurance, outside services, program support, materials and supplies, transportation and vehicles, fundraising and promotion and depreciation which are allocated based on estimates of how the expenses support the programs and supporting services, as well as compensation and employee benefits which are allocated based on estimates of time and effort.

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. The Organization had no no unrelated business income for the years ended June 30, 2023 and 2022.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023 and 2022, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 14, 2023, and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 a lease liability of \$2,799,794, which represents the present value of the remaining operating lease payments of \$2,914,671, discounted using a risk free rate of 2.85%, and a right-of-use asset of \$2,621,797.

**The United Methodist Children’s Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)

The standard had a material impact on the Organization’s consolidated statement of financial position, but did not have an impact on the consolidated statement of activities, nor consolidated statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization’s expenditures come due. The following reflects the Organization’s financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2023	2022
Total assets at year end	\$ 89,998,472	\$ 86,877,352
Less non-financial assets		
Prepaid expenses and other assets	(363,492)	(336,107)
Operating lease right-of-use assets, net	(1,746,078)	-
Property and equipment, net	(3,967,008)	(3,405,255)
Financial assets at year-end	83,921,894	83,135,990
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Note receivable, less current portion	(133,457)	(142,788)
Donor purpose restrictions	(4,853,920)	(5,050,226)
Donor perpetual restriction for endowment	(10,138,993)	(10,138,993)
Financial assets available to meet cash needs for general expenditures within one year	\$ 68,795,524	\$ 67,803,983

The Organization is principally supported by contributions, government grants and investment income.

Note 4: NOTE RECEIVABLE

During 2018, the Organization sold property for \$190,000. Under this agreement, the note is noninterest bearing for the first five years at which time the note will bear interest at a rate equal to the prime rate less 5%. The interest rate will be recalculated every 5 years. Monthly principal payments will be received during the first five years, then monthly principal and interest payments through the maturity date of January 2038. The outstanding balance of the note receivable as of June 30, 2023 and 2022 totaled \$139,600 and \$149,200, respectively.

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 4: NOTE RECEIVABLE (Continued)

Maturities of long-term promissory note receivable subsequent to June 30, 2023, consists of the following:

For the years ending June 30,

2024	\$	6,143
2025		6,298
2026		6,458
2027		6,621
2028		6,788
Thereafter		107,292
Total	\$	139,600

Note 5: INVESTMENTS

Investments in marketable securities consist of the following:

<i>June 30, 2023</i>	Cost	Market Value
Money market	\$ 1,157,876	\$ 1,157,876
Fixed income securities	23,723,860	22,269,740
Equities	38,955,610	43,985,533
Mutual funds	157,689	152,724
Hedge funds and alternative funds	9,585,551	15,261,299
Total investments in marketable securities	\$ 73,580,586	\$ 82,827,172

<i>June 30, 2022</i>	Cost	Market Value
Money market	\$ 2,703,505	\$ 2,703,505
Fixed income securities	22,707,235	20,415,261
Equities	38,400,097	38,904,444
Mutual funds	5,138,980	4,453,038
Hedge funds and alternative funds	9,437,416	15,233,793
Total investments in marketable securities	\$ 78,387,233	\$ 81,710,041

**The United Methodist Children’s Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2023 and 2022:

	Estimated Useful Lives (in years)	2023	2022
Building and related improvements	39	\$ 3,507,395	\$ 2,824,082
Vehicles	5	105,324	105,324
Total depreciable property and equipment		3,612,719	2,929,406
Less accumulated depreciation		(155,041)	(33,481)
Total depreciable property and equipment, net		3,457,678	2,895,925
Land		509,330	509,330
Total property and equipment, net		\$ 3,967,008	\$ 3,405,255

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$121,560 and \$18,735, respectively.

Note 7: LEASES

The Organization has operating leases for office space and equipment.

The components of lease expense consist of the following:

<i>For the year ended June 30,</i>	2023
Operating lease cost	\$ 1,047,310
Short-term lease cost	\$ 167,238

Weighted average remaining lease term and discount rates consist of the following:

<i>For the year ended June 30,</i>	2023
Weighted average remaining lease term	
Operating leases	1.91 years
Weighted average discount rate	
Operating leases	2.86%

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 7: LEASES (Continued)

Future minimum lease payments under non-cancellable leases as of June 30, 2023, were as follows:

For the years ending June 30,

2024	\$ 1,008,642
2025	930,003
2026	2,946
2027	1,198
2028	499

Total future minimum lease payments	1,943,288
Less imputed interest	(54,716)

Present value of lease liabilities	\$ 1,888,572
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Reported as of June 30, 2023

Current portion of operating lease liabilities	\$ 1,008,642
Operating lease liabilities	879,930

Total	\$ 1,888,572
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Minimum lease payments under the operating leases as of June 30, 2022 for future years are as follows:

For the years ending June 30,

2023	\$ 956,084
2024	982,349
2025	924,592

Total future minimum lease payments	\$ 2,863,025
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Note 8: NET ASSETS

A summary of net assets without donor restrictions consists of the following:

<i>June 30,</i>	2023	2022
Undesignated	\$ 3,209,651	\$ 2,248,151
Board designated Endowments	69,511,504	68,646,043
Total net assets without donor restrictions	\$ 72,721,155	\$ 70,894,194

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 8: NET ASSETS (Continued)

A summary of net assets with donor restrictions consists of the following:

<i>June 30,</i>	2023	2022
Purpose restricted		
Scholarships	\$ 3,995,808	\$ 3,917,029
Program specific	689,560	995,636
Capital improvements	159,972	128,981
District offices	8,580	8,580
Endowments - perpetual in nature	10,138,993	10,138,993
Total net assets with donor restrictions	\$ 14,992,913	\$ 15,189,219

A summary of the release of donor restrictions consists of the following:

<i>For the years ended June 30,</i>	2023	2022
Purpose restrictions		
Program specific	\$ 377,796	\$ -
Scholarships	199,000	196,979
Total net assets released from donor restrictions	\$ 576,796	\$ 196,979

Note 9: ENDOWMENTS

The Organization's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Trustees of the Organization has interpreted the State of Georgia's Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

**The United Methodist Children’s Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 9: ENDOWMENTS (Continued)

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

The Organization’s endowment funds are managed by several financial institutions with established investment policies and goals.

Spending Policy. The endowment spending policy has been set not to exceed 5% of market value (without prior board approval) of the endowment per year using a three-year rolling average of market values. A three-year rolling average is used to smooth out fluctuations in the market value and decrease volatility in the budget process. In addition, the Board may appropriate additional funds from its board designated endowment and the related accumulated earnings at its discretion. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. For endowment funds outside of this policy, the Organization approves distributions from the endowment on a case by case basis, considering factors such as donor restrictions, the accumulated earnings in the fund, and the needs of the Organization.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). There were no such deficiencies at June 30, 2023 and 2022, respectively.

Endowment net asset composition by type of fund consists of the following:

<i>June 30,</i>	2023	2022
Endowment funds with donor restrictions	\$ 14,721,545	\$ 14,692,849
Board-designated endowment funds without donor restrictions	69,511,504	68,646,043
Total endowment funds	\$ 84,233,049	\$ 83,338,892

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 9: ENDOWMENTS (Continued)

Changes in endowment net assets consists of the following for the years ended June 30, 2023 and 2022:

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - July 1,	\$ 68,646,043	\$ 14,692,849	\$ 83,338,892
Contributions	15,675	-	15,675
Investment income	2,131,833	237,705	2,369,538
Net appreciation (depreciation)	3,268,851	142,787	3,411,638
Amounts appropriated for expenditure	(4,550,898)	(351,796)	(4,902,694)
Endowment net assets - June 30,	\$ 69,511,504	\$ 14,721,545	\$ 84,233,049

June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - July 1,	\$ 77,236,092	\$ 15,297,623	\$ 92,533,715
Contributions	3,535,801	6,177	3,541,978
Investment income	4,668,584	529,649	5,198,233
Net appreciation (depreciation)	(13,234,236)	(943,621)	(14,177,857)
Amounts appropriated for expenditure	(3,560,198)	(196,979)	(3,757,177)
Endowment net assets - June 30,	\$ 68,646,043	\$ 14,692,849	\$ 83,338,892

Note 10: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**The United Methodist Children’s Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 10: FAIR VALUE MEASUREMENTS (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income securities: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Money market funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Hedge funds and alternative funds: Fair value are measured by the net assets per share method as of June 30, 2023 and 2022.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets measured at fair value on a recurring basis consists of the following as of June 30, 2023:

June 30, 2023	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ 22,269,740	\$ -	\$ -	\$ 22,269,740
Equities	43,985,533	-	-	43,985,533
Mutual funds	152,724	-	-	152,724
Money market funds	1,157,876	-	-	1,157,876
Total	67,565,873	-	-	67,565,873
Hedge funds and alternative funds ^(A)				15,261,299
Total investments at fair value	\$ 67,565,873	\$ -	\$ -	\$ 82,827,172

**The United Methodist Children’s Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 10: FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis consists of the following as of June 30, 2022:

<i>June 30, 2022</i>	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ 20,415,261	\$ -	\$ -	\$ 20,415,261
Equities	38,904,444	-	-	38,904,444
Mutual funds	4,453,038	-	-	4,453,038
Money market funds	2,703,505	-	-	2,703,505
Total	66,476,248	-	-	66,476,248
Hedge funds and alternative funds ^(A)				15,233,793
Total investments at fair value	\$ 66,476,248	\$ -	\$ -	\$ 81,710,041

(A) Investments that are measured at fair value using the net asset value per share have been excluded from the fair value hierarchy leveling.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2023 and 2022, there were no significant transfers in or out of Levels 1, 2 or 3.

Fair Value of Investments that Calculate Net Asset Value

The following tables summarizes information related to the hedge funds and alternative funds. This asset is measured at fair value based on NAV per share. The investments are maintained by one of the Organization’s investment institutions that holds investments in accordance with a stated set of fund objectives.

	Fair Value	Unfunded Commitments	Redemption Frequency (if eligible)	Redemption Notice Period
<i>June 30, 2023</i>	\$ 15,261,299	NA	Daily	Daily
<i>June 30, 2022</i>	\$ 15,233,793	NA	Daily	Daily

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Notes to Consolidated Financial Statements**

Note 11: CONCENTRATIONS

The Organization maintains cash deposits with financial institutions at June 30, 2023 and 2022 in excess of federally insured limits of \$279,680 and \$697,710, respectively.

For the years ended at June 30, 2023 and 2022, government grants and fees from one grantor accounted for 46% and 33%, respectively, of total revenue and support before appropriation and investment income.

Note 12: RETIREMENT PLAN

UMCH sponsors a defined contribution retirement plan (the Plan) covering all eligible employees who meet the requirements set forth in the plan. All eligible employees receive a one hundred percent (100%) match of the employee's contribution up to six percent (6%) of the participating employee's salary. The Organization also may provide a discretionary contribution to the plan, which is determined by applying a Board approved percentage to participant annual compensation. Total expense for the years ended June 30, 2023 and 2022 was \$179,518 and \$170,145, respectively.



SUPPLEMENTARY INFORMATION



**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidating Statements of Financial Position**

June 30, 2023	UMCH	Foundation	Eliminations	Consolidated Total
Assets				
Current assets				
Cash and cash equivalents	\$ 425,145	\$ -	\$ -	\$ 425,145
Grants and other receivables, net	495,878	-	-	495,878
Prepaid expenses and other assets	363,492	-	-	363,492
Note receivable, current portion	6,143	-	-	6,143
Total current assets	1,290,658	-	-	1,290,658
Non-current assets				
Cash restricted for long term purposes	34,099	-	-	34,099
Note receivable, less current portion	133,457	-	-	133,457
Investments in marketable securities	1,461,458	81,365,714	-	82,827,172
Operating lease right-of-use assets, net	1,746,078	-	-	1,746,078
Property and equipment, net	3,967,008	-	-	3,967,008
Total non-current assets	7,342,100	81,365,714	-	88,707,814
Total assets	\$ 8,632,758	\$ 81,365,714	\$ -	\$ 89,998,472
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 198,262	\$ -	\$ -	\$ 198,262
Accrued payroll and pension payable	147,570	-	-	147,570
Current portion of operating lease liabilities	1,008,642	-	-	1,008,642
Performance obligation liabilities	50,000	-	-	50,000
Total current liabilities	1,404,474	-	-	1,404,474
Long-term liabilities				
Operating lease liabilities, less current portion	879,930	-	-	879,930
Total long-term liabilities	879,930	-	-	879,930
Total liabilities	2,284,404	-	-	2,284,404
Net assets				
Without donor restrictions	5,940,941	66,780,214	-	72,721,155
With donor restrictions	407,413	14,585,500	-	14,992,913
Total net assets	6,348,354	81,365,714	-	87,714,068
Total liabilities and net assets	\$ 8,632,758	\$ 81,365,714	\$ -	\$ 89,998,472

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidating Statements of Financial Position (Continued)**

<i>June 30, 2022</i>	UMCH	Foundation	Eliminations	Consolidated Total
Assets				
Current assets				
Cash and cash equivalents	\$ 775,442	\$ -	\$ -	\$ 775,442
Grants and other receivables, net	467,208	-	-	467,208
Prepaid expenses and other assets	336,107	-	-	336,107
Note receivable, current portion	6,412	-	-	6,412
Total current assets	1,585,169	-	-	1,585,169
Non-current assets				
Cash restricted for long term purposes	34,099	-	-	34,099
Note receivable, less current portion	142,788	-	-	142,788
Investments in marketable securities	81,710,041	-	-	81,710,041
Property and equipment, net	3,405,255	-	-	3,405,255
Total non-current assets	85,292,183	-	-	85,292,183
Total assets	\$ 86,877,352	\$ -	\$ -	\$ 86,877,352
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 198,816	\$ -	\$ -	\$ 198,816
Accrued payroll and pension payable	208,096	-	-	208,096
Performance obligation liabilities	200,000	-	-	200,000
Total current liabilities	606,912	-	-	606,912
Long-term liabilities				
Deferred rent liability	177,997	-	-	177,997
Security deposit	9,030	-	-	9,030
Total long-term liabilities	187,027	-	-	187,027
Total liabilities	793,939	-	-	793,939
Net assets				
Without donor restrictions	70,894,194	-	-	70,894,194
With donor restrictions	15,189,219	-	-	15,189,219
Total net assets	86,083,413	-	-	86,083,413
Total liabilities and net assets	\$ 86,877,352	\$ -	\$ -	\$ 86,877,352

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidating Statements of Activities**

<i>For the year ended June 30, 2023</i>	UMCH		Foundation		Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
Operating Revenue and Support						
Government fees and grants	\$ 3,412,203	\$ -	\$ -	\$ -	\$ -	\$ 3,412,203
Contributions	1,763,459	-	-	-	-	1,763,459
Non-financial contribution	23,887	-	-	-	-	23,887
Gain on disposal of assets	(4,664)	-	-	-	-	(4,664)
Income from estates and trusts	792,888	-	-	-	-	792,888
Other income	44,906	-	-	-	-	44,906
Net assets released from restrictions	576,796	(576,796)	-	-	-	-
Total revenue and support before appropriation	6,609,475	(576,796)	-	-	-	6,032,679
Appropriation of endowment earnings	4,550,898	-	-	-	-	4,550,898
Non-Operating Revenue and Support						
Investment income, net	4,019,933	269,933	1,381,686	110,557	-	5,782,109
Appropriation of endowment earnings	(4,550,898)	-	-	-	-	(4,550,898)
Total non-operating revenue and support	(530,965)	269,933	1,381,686	110,557	-	1,231,211
Total revenue and support	10,629,408	(306,863)	1,381,686	110,557	-	11,814,788
Expenses						
<i>Program services</i>						
Youth Services	1,851,827	-	-	-	-	1,851,827
Family housing and preservation services	2,176,503	-	-	-	-	2,176,503
Family foster care	3,998,496	-	-	-	-	3,998,496
Total program services	8,026,826	-	-	-	-	8,026,826
<i>Supporting services</i>						
Management and general	1,466,383	-	-	-	-	1,466,383
Fundraising	690,924	-	-	-	-	690,924
Total supporting services	2,157,307	-	-	-	-	2,157,307
Total expenses	10,184,133	-	-	-	-	10,184,133
Change in net assets	445,275	(306,863)	1,381,686	110,557	-	1,630,655
Transfer of net assets to/from affiliate	(65,398,528)	(14,474,943)	65,398,528	14,474,943	-	-
Net assets at beginning of year	70,894,194	15,189,219	-	-	-	86,083,413
Net assets at end of year	\$ 5,940,941	\$ 407,413	\$ 66,780,214	\$ 14,585,500	\$ -	\$ 87,714,068

**The United Methodist Children's Home
of the North Georgia Conference, Inc.
d/b/a Wellroot Family Services
Consolidating Statements of Activities (Continued)**

<i>For the year ended June 30, 2022</i>	UMCH		Foundation		Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		
Operating Revenue and Support						
Government fees and grants	\$ 3,454,940	\$ -		\$ -	\$ -	\$ 3,454,940
Contributions	1,581,920	81,177	-	-	-	1,663,097
Non-financial contribution	13,633	-	-	-	-	13,633
Gain on disposal of assets	16,386	-	-	-	-	16,386
Income from estates and trusts	4,769,126	-	-	-	-	4,769,126
Net assets released from restrictions	196,979	(196,979)	-	-	-	-
Total revenue and support before appropriation	10,032,984	(115,802)	-	-	-	9,917,182
Appropriation of endowment earnings	3,560,198	-	-	-	-	3,560,198
Non-Operating Revenue and Support						
Investment income, net	(8,565,652)	(413,972)	-	-	-	(8,979,624)
Appropriation of endowment earnings	(3,560,198)	-	-	-	-	(3,560,198)
Total non-operating revenue and support	(12,125,850)	(413,972)	-	-	-	(12,539,822)
Total revenue and support	1,467,332	(529,774)	-	-	-	937,558
Expenses						
<i>Program services</i>						
Youth Services	1,738,703	-	-	-	-	1,738,703
Family housing and preservation services	1,360,544	-	-	-	-	1,360,544
Family foster care	4,285,820	-	-	-	-	4,285,820
Total program services	7,385,067	-	-	-	-	7,385,067
<i>Supporting services</i>						
Management and general	1,253,902	-	-	-	-	1,253,902
Fundraising	613,952	-	-	-	-	613,952
Total supporting services	1,867,854	-	-	-	-	1,867,854
Total expenses	9,252,921	-	-	-	-	9,252,921
Change in net assets	(7,785,589)	(529,774)	-	-	-	(8,315,363)
Net assets at beginning of year	78,679,783	15,718,993	-	-	-	94,398,776
Net assets at end of year	\$ 70,894,194	\$ 15,189,219	\$ -	\$ -	\$ -	\$ 86,083,413