

# **Arrow Child & Family Ministries**

Consolidated Financial Report

June 30, 2024

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## **Independent Auditors' Report**

To the Board of Directors of  
Arrow Child & Family Ministries

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Arrow Child & Family Ministries, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arrow Child & Family Ministries as of June 30, 2024 and 2023, and the changes in its consolidated 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 Arrow Child & Family Ministries, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Consolidated 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Arrow Child & Family Ministries' 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 Arrow Child & Family Ministries' 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards are presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the Texas Grant Management Standards, which include the State of Texas Single Audit Circular (TxGMS), and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024 on our consideration of Arrow Child & Family Ministries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Arrow Child & Family Ministries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arrow Child & Family Ministries' internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
November 19, 2024

# Arrow Child & Family Ministries

## Consolidated Statements of Financial Position

### June 30, 2024 and 2023

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash	\$ 3,555,822	\$ 7,177,913
Cash equivalents	-	1,002,219
Investments	1,120,808	-
Program service receivables, net	11,424,079	4,850,671
Contributions and grants receivables	314,159	266,952
Other receivables	68,595	677,290
Prepaid expenses	422,275	557,480
Lease right of use assets, net		
Operating	9,244,047	4,546,632
Finance	2,384,529	1,294,710
Property, net		
Held for sale	4,164,095	4,164,095
In-service	4,853,502	2,627,992
<b>TOTAL ASSETS</b>	<b>\$ 37,551,911</b>	<b>\$ 27,165,954</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Foster parent and provider payables	\$ 3,378,012	\$ 946,303
Accounts payable	2,237,788	1,347,938
Accrued salaries and related expenses	2,582,857	2,072,568
Lease liabilities		
Operating	9,529,741	4,546,632
Finance	2,441,444	1,294,710
Other liabilities	23,481	-
Notes payable, net	4,397,788	4,629,114
Refundable advances	611,752	1,104,407
Total liabilities	25,202,863	15,941,672
<b>NET ASSETS</b>		
Without donor restrictions	12,194,336	11,068,396
With donor restrictions	154,712	155,886
Total net assets	12,349,048	11,224,282
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 37,551,911</b>	<b>\$ 27,165,954</b>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

# Arrow Child & Family Ministries

## Consolidated Statement of Activities

### For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Program service revenue	\$ 69,215,484	\$ -	\$ 69,215,484
Contributions and grants			
Government grants	-	5,170,875	5,170,875
Other financial assets	1,110,263	156,072	1,266,335
Nonfinancial assets	157,608	-	157,608
Other	339,783	-	339,783
Net assets released from restrictions			
Program expenditures	5,328,121	(5,328,121)	-
Total revenues	76,151,259	(1,174)	76,150,085
<b>EXPENSES</b>			
Program services			
Child and family	48,070,677	-	48,070,677
Specialized education	16,194,987	-	16,194,987
Residential	3,178,880	-	3,178,880
Total program services	67,444,544	-	67,444,544
Supporting services			
Management and general	6,774,293	-	6,774,293
Fundraising	810,940	-	810,940
Total supporting services	7,585,233	-	7,585,233
Total expenses	75,029,777	-	75,029,777
<b>OTHER CHANGES IN NET ASSETS</b>			
Loss on disposal of assets	(107,167)	-	(107,167)
Investment income	49,032	-	49,032
Unrealized gain on investments	62,593	-	62,593
Change in net assets	1,125,940	(1,174)	1,124,766
<b>NET ASSETS, beginning of year</b>	11,068,396	155,886	11,224,282
<b>NET ASSETS, end of year</b>	\$ 12,194,336	\$ 154,712	\$ 12,349,048

The Notes to the Consolidated Financial Statements are an integral part of this statement.



# Arrow Child & Family Ministries

## Consolidated Statement of Activities

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Program service revenue	\$ 48,917,133	\$ -	\$ 48,917,133
Contributions and grants			
Government grants	-	3,279,794	3,279,794
Other financial assets	694,133	216,679	910,812
Nonfinancial assets	237,689	-	237,689
Other	94,846	-	94,846
Net assets released from restrictions			
Program expenditures	3,567,881	(3,567,881)	-
Total	53,511,682	(71,408)	53,440,274
<b>EXPENSES</b>			
Program services			
Child and family	27,550,867	-	27,550,867
Specialized education	13,796,335	-	13,796,335
Residential	6,127,734	-	6,127,734
Total program services	47,474,936	-	47,474,936
Supporting services			
Management and general	5,402,370	-	5,402,370
Fundraising	646,628	-	646,628
Total expenses	53,523,934	-	53,523,934
<b>OTHER CHANGES IN NET ASSETS</b>			
Gain on disposal of assets	1,134,851	-	1,134,851
Change in net assets	1,122,599	(71,408)	1,051,191
<b>NET ASSETS, beginning of year</b>	9,945,797	227,294	10,173,091
<b>NET ASSETS, end of year</b>	\$ 11,068,396	\$ 155,886	\$ 11,224,282

The Notes to the Consolidated Financial Statements are an integral part of this statement.

# Arrow Child & Family Ministries

## Consolidated Statement of Functional Expenses

### For the Year Ended June 30, 2024

	Program Services				Supporting Services			
	Child and Family	Specialized Education	Residential	Total	Management and General	Fundraising	Total	Total
Salaries and benefits	\$ 17,321,462	\$ 11,463,334	\$ 1,873,317	\$ 30,658,113	\$ 4,130,821	\$ 584,475	\$ 4,715,296	\$ 35,373,409
Pass-thru reimbursements	22,787,144	7,420	1,020	22,795,584	-	248	248	22,795,832
Facilities maintenance and operations	1,797,057	2,018,875	668,928	4,484,860	687,635	4	687,639	5,172,499
Contract labor	680,098	716,713	190,523	1,587,334	649,131	144,000	793,131	2,380,465
Supplies	1,541,866	199,067	44,831	1,785,764	26,144	1,084	27,228	1,812,992
Meetings, trainings, and travel	1,527,245	288,944	48,334	1,864,523	118,723	2,667	121,390	1,985,913
Insurance	371,979	264,883	124,181	761,043	152,101	-	152,101	913,144
Depreciation and amortization	59,810	29,428	-	89,238	149,547	-	149,547	238,785
Information technology	1,111,515	419,807	17,320	1,548,642	-	6,150	6,150	1,554,792
Food services	7	391,541	41,895	433,443	-	-	-	433,443
Interest	10,307	4,523	-	14,830	437,571	-	437,571	452,401
Professional services and fees	392,691	151,893	104,247	648,831	32,671	-	32,671	681,502
Children's clothing and personal needs	214,731	141,563	45,085	401,379	-	-	-	401,379
Marketing and communications	81,058	37,338	3,443	121,839	450	2,316	2,766	124,605
Other	173,707	59,658	15,756	249,121	389,499	69,996	459,495	708,616
<b>TOTAL EXPENSES</b>	<b>\$ 48,070,677</b>	<b>\$ 16,194,987</b>	<b>\$ 3,178,880</b>	<b>\$ 67,444,544</b>	<b>\$ 6,774,293</b>	<b>\$ 810,940</b>	<b>\$ 7,585,233</b>	<b>\$ 75,029,777</b>

The Notes to the Consolidated Financial Statements are an integral part of this statement.

# Arrow Child & Family Ministries

## Consolidated Statement of Functional Expenses

### For the Year Ended June 30, 2023

	Program Services				Supporting Services			
	Child and Family	Specialized Education	Residential	Total	Management and General	Fundraising	Total	Total
Salaries and benefits	\$ 10,849,698	\$ 9,593,229	\$ 3,816,410	\$ 24,259,337	\$ 3,232,121	\$ 446,442	\$ 3,678,563	\$ 27,937,900
Pass-thru reimbursements	10,740,404	-	-	10,740,404	-	-	-	10,740,404
Facilities maintenance and operations	1,308,533	1,349,663	600,164	3,258,360	373,184	1,240	374,424	3,632,784
Contract labor	334,283	763,152	352,298	1,449,733	559,942	93,000	652,942	2,102,675
Supplies	1,287,267	158,460	43,805	1,489,532	48,283	-	48,283	1,537,815
Meetings, trainings, and travel	926,434	266,319	108,469	1,301,222	70,758	931	71,689	1,372,911
Insurance	206,921	368,957	176,733	752,611	144,809	370	145,179	897,790
Depreciation	104,575	88,916	62,775	256,266	403,308	-	403,308	659,574
Information technology	418,047	299,775	132,478	850,300	19,320	8,075	27,395	877,695
Food services	-	313,593	416,855	730,448	-	-	-	730,448
Interest	114,156	146,924	77,105	338,185	463,345	-	463,345	801,530
Professional services and fees	352,995	233,829	218,422	805,246	69,130	-	69,130	874,376
Children's clothing and personal needs	743,097	139,782	100,167	983,046	-	-	-	983,046
Marketing and communications	83,274	35,120	12,019	130,413	-	99	99	130,512
Other	81,183	38,616	10,034	129,833	18,170	96,471	114,641	244,474
<b>TOTAL EXPENSES</b>	<u>\$ 27,550,867</u>	<u>\$ 13,796,335</u>	<u>\$ 6,127,734</u>	<u>\$ 47,474,936</u>	<u>\$ 5,402,370</u>	<u>\$ 646,628</u>	<u>\$ 6,048,998</u>	<u>\$ 53,523,934</u>

The Notes to the Consolidated Financial Statements are an integral part of this statement.

# Arrow Child & Family Ministries

## Consolidated Statements of Cash Flows

### For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 1,124,766	\$ 1,051,191
Adjustments to reconcile net assets to net cash provided by (used in) operating activities		
Depreciation	238,785	659,574
Amortization of debt issuance costs	16,958	19,943
Operating lease asset amortization	1,297,103	1,509,978
Financing lease asset amortization	597,779	528,722
Unrealized gain on investments	(62,593)	-
(Gain) loss on disposal of property	107,167	(1,134,851)
Changes in operating assets and liabilities		
Program service receivables	(6,573,408)	858,132
Contributions and grants receivable	(47,207)	382,046
Other receivable	608,695	(667,654)
Prepaid expenses	135,205	(149,485)
Foster parent and provider payables	2,431,709	(17,116)
Accounts payable	889,850	(21,603)
Accrued salaries and related expenses	510,289	443,957
Other liabilities	23,481	
Refundable advances	(492,655)	1,104,407
Operating lease liability	(1,011,409)	(1,645,974)
Net cash provided by (used in) operating activities	(205,485)	2,921,267
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of property	-	2,814,532
Purchases of investments	(1,058,215)	-
Purchases of property	(2,566,396)	(33,259)
Net cash provided by (used in) investing activities	(3,624,611)	2,781,273
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on finance leases payable	(545,930)	(563,822)
Principal payments on notes payable	(248,284)	(249,023)
Net cash used in financing activities	(794,214)	(812,845)
Net change in cash and cash equivalents	(4,624,310)	4,889,695
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	8,180,132	3,290,437
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 3,555,822</u>	<u>\$ 8,180,132</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
Cash	\$ 3,555,822	\$ 7,177,913
Cash equivalents	-	1,002,219
Total cash and cash equivalents	<u>\$ 3,555,822</u>	<u>\$ 8,180,132</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 452,401</u>	<u>\$ 801,530</u>
Note payable paid off by sale of property	<u>\$ -</u>	<u>\$ 1,065,766</u>
Lease right of use assets financed by new lease liabilities		
Operating	<u>\$ 5,994,518</u>	<u>\$ 2,650,060</u>
Finance	<u>\$ 1,692,664</u>	<u>\$ 602,126</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

# **Arrow Child & Family Ministries**

## Notes to the Consolidated Financial Statements

### **Note 1. Organization and Summary of Significant Accounting Policies**

#### **Nature of Activities**

Arrow Child & Family Ministries provides services that advance the well-being of children and families by promoting safety and stability through building trust-based relationships.

The following program services were provided by Arrow Child & Family Ministries during years ended June 30, 2024 and 2023:

- Child and Family Services
  - Community-Based Care in the Piney Woods area
  - Foster Care
  - Public Adoption
  - Community-Based Services
  - Durable Medical Equipment and Supplies
- Specialized, Non-Public Education Services
  - Arrow Center for Education – Riverside School – K through 12<sup>th</sup> Grade and STRIVE
  - Arrow Center for Education – Tangram School – K through 12<sup>th</sup> Grade and Students up to age 21
  - Arrow Center for Education – Cromwell Bridge School – 3<sup>rd</sup> through 12<sup>th</sup> Grade
  - Arrow Center for Education – Ascension Place School – 7<sup>th</sup> through 12<sup>th</sup> Grade (2023)
  - Arrow Center for Education – Hunt Valley School – 3<sup>rd</sup> through 12<sup>th</sup> Grade (2024)
- Residential Programs
  - Freedom Place – Recovery from Child Sex Trafficking (2023)
  - Crossroads Transitional Living – Independence living for older female youth
  - Ascension Place – High intensity group home treating children ages 12 through 17. (2023)

#### **Basis of Accounting**

The consolidated financial statements of Arrow Child & Family Ministries have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Consolidation**

The consolidated financial statements include the assets, liabilities, net assets and activities of the following entities: Arrow Child & Family Ministries (Arrow), Arrow Child & Family Ministries of Texas (Arrow Texas), Arrow Child & Family Ministries of Maryland, Inc. (Arrow Maryland), 4Kids4Families (4Kids4Families) and Arrow Health Solutions, LLC (AHS). These affiliated entities are consolidated as required by Accounting Standards Codification (ASC) 958-810, Not-for-Profit Entities - Consolidation, due to the existence of common control and shared economic interest and are referred to collectively as Arrow Child & Family Ministries.

# **Arrow Child & Family Ministries**

## Notes to the Consolidated Financial Statements

### **Financial Statement Presentation**

Arrow Child & Family Ministries is required to report information regarding its financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, other support, expenses, gains and losses are classified based on the existence or absence of donor-imposed stipulations.

Accordingly, Arrow Child & Family Ministries' net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Represent resources that are available for the support of operations.

Net assets with donor restrictions – Include grants, contributions and other program income expendable only for purposes specified or approved by the grantor or donor. Amount also includes amounts to be invested or held in perpetuity. As of June 30, 2024 and 2023, Arrow Child & Family Ministries had no amounts in net assets with donor restrictions that are held in perpetuity.

### **Income Taxes**

Arrow, Arrow Texas, 4Kids4Families and Arrow Maryland are exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code and are classified as public charities under §509(a)(2) and §170(b)(1)(A). AHS is a disregarded entity for federal income tax purposes as a single-member limited liability company.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of demand deposits held with several financial institutions, and money market accounts. The carrying value of cash and cash equivalents approximate fair value. At times, balances exceed the federally insured limit per depositor per institution.

### **Investment Securities**

Investment securities are stated at fair value (see Note 3). Net gains and losses, which consist of realized and unrealized gains and losses, are reflected in the consolidated statement of activities. Dividend and interest income are accrued when earned.

### **Program Service Receivables and Revenue**

Program service revenue and receivables arise from contracts with government child welfare and Medicaid agencies in the States of Texas and Maryland for Arrow Child & Family Ministries to provide support and services for children in protective custody.

# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

During year ended June 30, 2024 and 2023, program service revenue consisted of foster care contract revenue, adoption revenue, school and school related services revenue, residential revenue, and Medicaid reimbursement revenue, net of adjustments for uncollectible revenue and revenue adjustments. During the year ended June 30, 2024, Arrow Child & Family Ministries also recognized program service fee revenue related to their contract with the Texas Department of Family and Protective Services for community-based care, including blended rate revenue, exceptional rate revenue, purchased family services revenue, network support revenue and resource transfer revenue. For blended rate revenue and exceptional rate revenue, revenue is recognized by service date of foster care. For purchased family services revenue, revenue is recognized as costs are incurred. Network support revenue and resource transfer revenue is recognized each month as performance barriers are met.

Program service fee revenue is recognized in the month support and services are provided in an amount that reflects the consideration Arrow Child & Family Ministries expects to be entitled to receive based on level of care, placement authorization, etc. There are no significant financing components or variable considerations that exist. Performance obligations are satisfied at point-in-time when services are performed. Subsequent changes to estimated revenue are recorded to program service revenue when they are identified. Management does not believe the effect of unidentified adjustments would be material to revenue recognized.

Arrow Child & Family Ministries recognizes an allowance for losses on program service receivables in an amount equal to the current expected loss. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectations of future conditions, as well as an assessment of specifically identifiable accounts considered at risk or uncollectible. Management evaluates the adequacy of the allowance for credit losses and collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific balances no longer share those risk characteristics and are considered at risk or uncollectible.

The allowance for credit losses related to receivables and changes therein were as follows as of June 30, 2024:

Balance at beginning of year	\$ 660,306
Provision for credit losses	216,803
Revenue adjustments	(640,624)
Other adjustments	<u>(19,682)</u>
Balance at end of year	<u><u>\$ 216,803</u></u>

Program service receivables reflect the amounts Arrow Child & Family Ministries expects to receive for support and services already provided. Amounts are generally collected one to two months after support and services are provided. Receivables are due from state agencies in Texas and Maryland and from Medicaid. Management believes balances will be fully collected and no allowance has been provided.

# **Arrow Child & Family Ministries**

## **Notes to the Consolidated Financial Statements**

### **Contributions and Grants Revenue and Receivables**

Contributions and grants revenue and receivable – Nonreciprocal promises to transfer cash or other assets are recognized as contributions and grants revenue at fair value when an unconditional commitment is received from the donor. Conditional contributions and grants are subject to one or more barriers that must be overcome before Arrow Child & Family Ministries is entitled to receive or retain funding. Conditional contributions and grants are recognized when the conditions are met. Funding received before conditions are met is reported as refundable advances. Refundable advances of \$611,752 and \$1,104,407 are recorded as of June 30, 2024 and 2023.

Contributions and grants receivable are unconditional commitments expected to be collected in future years. Amounts expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to the present value of their future cash flows. Management believes balances will be fully collected and no allowance has been provided. Contributions and grants receivable at June 30, 2024 and 2023 are due within one year.

### **Prepaid Expenses**

Prepaid expenses consist of payments made in advance for expenses related to future periods.

### **Property and Equipment**

Property held and used is reported at cost, if purchased, or at fair value at the date of gift, if donated. Arrow Child & Family Ministries capitalizes property additions with a cost or fair value of \$10,000 or greater and an estimated useful life of more than one year. Arrow Child & Family Ministries provides for depreciation using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years for furniture, equipment, and vehicles, and 15 to 39 years for buildings and improvements.

Property held for sale consists of two properties actively being marketed and is reported at cost net of accumulated depreciation which is less than estimated sales price.

### **Contributions of Nonfinancial Assets**

Contributions of services are recognized at fair value when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recognized in the consolidated financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

### **Expense Allocations**

Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include solicitation of contributions of money, securities, materials, facilities, other assets, and volunteer time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted using an appropriate methodology based on activity, square footage of facilities used, or time and effort based on salary or on full-time equivalent counts. Allocations are reviewed annually as part of the annual budget cycle and adjusted as needed during the year for major changes in activities.



# **Arrow Child & Family Ministries**

## **Notes to the Consolidated Financial Statements**

### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Concentrations**

During year ended June 30, 2024, contributions from two donors made up 48% of contributions of financial assets. During the year ended June 30, 2023, contributions from two donors made up 66% of financial assets.

### **Recent Adopted Accounting Pronouncements**

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change.

Arrow Child & Family Ministries adopted ASU 2016-13 as of July 1, 2023 using the modified retrospective method, and the adoption did not have a material impact on its financial statements.

### **Subsequent Events**

Management has evaluated subsequent events through November 19, 2024, which is the date that the consolidated financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

## **Note 2. Liquidity and Availability of Resources**

Arrow Child & Family Ministries regularly monitors liquidity required to meet its operating needs and other contractual commitments. Arrow Child & Family Ministries has various sources of liquidity at its disposal, including cash and credit facilities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Arrow Child & Family Ministries considers all expenditures related to its ongoing program activities of child and family service, residential programs, and specialized education programs, as well as the activities undertaken to support those programs, to be general expenditures.

## Arrow Child & Family Ministries

### Notes to the Consolidated Financial Statements

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30 comprise the following:

	2024	2023
Financial assets		
Cash	\$ 3,555,822	\$ 7,177,913
Cash equivalents	-	1,002,219
Investments	1,120,808	-
Program service receivables	11,424,079	4,850,671
Contributions and grants receivable	314,159	266,952
Other receivables	68,595	677,290
	<hr/>	<hr/>
Total financial assets	16,483,463	13,975,045
	<hr/>	<hr/>
Less net assets with donor restrictions	(154,712)	(155,886)
	<hr/>	<hr/>
Financial assets available for general expenditure within one year	<u><u>\$ 16,328,751</u></u>	<u><u>\$ 13,819,159</u></u>

### Note 3. Investment Securities

Investment securities consist of the following at June 30, 2024:

	2024	
	Fair Value	Cost
	<hr/>	<hr/>
Domestic corporate obligations	\$ 513,307	\$ 493,651
Short-term money market		
fund investments	277,041	277,041
Common stock	330,460	283,748
	<hr/>	<hr/>
	<u><u>\$ 1,120,808</u></u>	<u><u>\$ 1,054,440</u></u>

Arrow Child & Family Ministries had no investment securities at June 30, 2023.

# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

### Note 4. Fair Value Measurements

Arrow Child & Family Ministries records its investments in investment securities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instrument or market and the instrument's complexity.

Generally accepted accounting principles (GAAP) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted, quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy are described below:

Level 1 inputs	Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2 inputs	Inputs (other than quoted market prices included within Level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date. Inputs may include quoted prices for the identified instrument in an inactive market; prices for similar instruments; interest rates, credit risk, and similar data.
Level 3 inputs	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Fair value for these investments are determined using valuation methodologies that consider a range of factors including but not limited to the nature of the investment, market conditions, current and projected operating performance and changes in operating characteristics of the investment.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Short-term money market fund investments and common stock are valued at the last sales prices on the largest securities exchange in which such securities have been traded on the valuation date.

Domestic corporate obligations are valued using information from the custodian, which is based on quoted prices available from well-known brokers.

Arrow Child & Family Ministries may have risk associated with its concentration of investments, and there were no changes to valuation methods in regards to investments during year ended June 30, 2024.

## Arrow Child & Family Ministries

### Notes to the Consolidated Financial Statements

The following summarizes Arrow Child & Family Ministries' investment securities using the fair value hierarchy by type of investment and industry representing identified risks to the portfolio at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Type of investment				
Domestic corporate obligations	\$ -	\$ 513,307	\$ -	\$ 513,307
Short-term money market fund investments	277,041	-	-	277,041
Common stock	330,460	-	-	330,460
	<u>\$ 607,501</u>	<u>\$ 513,307</u>	<u>\$ -</u>	<u>\$ 1,120,808</u>
	Level 1	Level 2	Level 3	Total
Industry				
Cash equivalents	\$ 277,041	\$ -	\$ -	\$ 277,041
Consumer discretionary	32,677	187,247	-	219,924
Energy	36,552	-	-	36,552
Financials	52,586	78,432	-	131,018
Health care	49,816	60,153	-	109,969
Industrials	11,545	51,453	-	62,998
Information technology	61,604	26,724	-	88,328
Materials	-	84,064	-	84,064
Real estate	32,782	25,234	-	58,016
Retail services	25,123	-	-	25,123
Transportation	17,887	-	-	17,887
Other	9,888	-	-	9,888
Total	<u>\$ 607,501</u>	<u>\$ 513,307</u>	<u>\$ -</u>	<u>\$ 1,120,808</u>

Arrow Child & Family Ministries had no investments subject to the fair value hierarchy at June 30, 2023.

### Note 5. Program Service Revenue and Receivables

Program service receivables at June 30 were due as follows:

	2024	2023	2022
State of Maryland child welfare and education agencies	\$ 2,229,412	\$ 1,972,704	\$ 3,138,230
State of Texas child welfare agencies	8,377,882	2,495,449	2,368,570
Medicaid	816,785	382,518	202,003
Total program service receivables	<u>\$ 11,424,079</u>	<u>\$ 4,850,671</u>	<u>\$ 5,708,803</u>

## Arrow Child & Family Ministries

### Notes to the Consolidated Financial Statements

Program service revenue was recognized as follows during the year ended June 30, 2024:

	Arrow Texas	Arrow Maryland	AHS	4Kids4Families	Total
Child and family	\$ 22,129,206	\$ 2,714,237	\$ -	\$ 20,519,798	\$ 45,363,241
Specialized education	-	15,424,561	-	-	15,424,561
Residential	-	3,201,621	-	-	3,201,621
Medicaid	1,103,768	2,172,286	1,950,007	-	5,226,061
Total program service revenue	<u>\$ 23,232,974</u>	<u>\$ 23,512,705</u>	<u>\$ 1,950,007</u>	<u>\$ 20,519,798</u>	<u>\$ 69,215,484</u>

Program service revenue was recognized as follows during the year ended June 30, 2023:

	Arrow Texas	Arrow Maryland	AHS	Total
Child and family	\$ 20,172,528	\$ 2,648,387	\$ -	\$ 22,820,915
Specialized education	-	13,994,219	-	13,994,219
Residential	-	7,750,444	-	7,750,444
Medicaid	1,210,174	1,379,957	1,761,424	4,351,555
Total program service revenue	<u>\$ 21,382,702</u>	<u>\$ 25,773,007</u>	<u>\$ 1,761,424</u>	<u>\$ 48,917,133</u>

#### Note 6. Leases

Arrow Child & Family Ministries leases office space and equipment under long-term non-cancellable lease agreements. Arrow Child & Family Ministries determines if an arrangement is a lease at inception. Operating leases are included in operating leases right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. Financing leases are included in operating leases ROU assets and financing lease liabilities on the consolidated statement 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. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The ROU assets also include any lease pre-payments made and exclude lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

## Arrow Child & Family Ministries

### Notes to the Consolidated Financial Statements

In evaluating contracts to determine if they qualify as a lease, Arrow Child & Family Ministries considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment. None of Arrow Child & Family Ministries' lease agreements contain contingent rental payments, material residual value guarantees or material restrictive covenants. The depreciable lives of related leasehold improvements is based on the shorter of the useful life or the lease term. Arrow Child & Family Ministries has no sublease agreements and performs interim reviews of its long-lived assets for impairment when evidence exists that the carrying value of an asset group, including a lease asset, may not be recoverable. Arrow Child & Family Ministries did not recognize an impairment expense associated with operating or financing lease assets during 2024 or 2023. Arrow Child & Family Ministries' lease payments may include rental payments adjusted for inflation or market rates, and lease terms with options to renew the lease when it is reasonably certain Arrow Child & Family Ministries will exercise such an option. The exercise of lease renewal options is generally at Arrow Child & Family Ministries' discretion. Payments based on a change in an index or market rate are not considered in the determination of lease payments for purposes of measuring the related lease liabilities.

The following accounting policies are in place related to leases:

- *Short-term leases* – Leases with an initial term of 12 months or less are recognized as expense on a straight-line basis over the lease term.
- *Discount rates* – Arrow Child & Family Ministries uses its incremental borrowing rate as the discount rate when the rate implicit in a lease is not readily determinable.
- *Lease and non-lease components* – Arrow Child & Family Ministries utilizes the practical expedient to choose whether to separate non-lease components from lease components by class of underlying assets or account for them as a single lease component. Arrow Child & Family Ministries does not separate lease and non-lease components for copier leases but does separate lease and non-lease components for other leases.

At June 30, 2024 and 2023, operating lease right-of-use assets and lease liabilities included real estate leases for office and program space in Texas and Maryland. Finance lease right-of-use assets and lease liabilities included computer and copier equipment, furnishings, and vehicles. Right-of-use assets are recognized at the present value of the lease payments at the inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. Finance lease right-of-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease term.

The components of lease costs for the year ended June 30, 2024 and 2023 are as follows:

	2024	2023
Amortization of right of use assets	\$ 597,779	\$ 442,948
Interest on lease liabilities	41,779	54,172
Operating lease costs	1,594,974	1,509,978
Short-term lease costs	639,463	32,582
Total lease costs	<u>\$ 2,873,995</u>	<u>\$ 2,039,680</u>

# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

Cash paid for amounts included in the measurement of lease liabilities during the year ended June 30:

	2024	2023
Operating leases asset - amortization	\$ 1,297,103	\$ 1,509,978
Operating leases liability - operating cash outflows	1,011,409	1,645,974
Finance leases		
Operating cash outflows	\$ 597,779	\$ 528,722
Financing cash outflows	545,930	563,822

The weighted-average term and discount rates for both operating and finance leases outstanding as of June 30, 2024:

	Operating	Finance
Weighted - average remaining lease term	65 months	43 months
Weighted - average discount rate	3.81%	5.40%

The weighted-average term and discount rates for both operating and finance leases outstanding as of June 30, 2023:

	Operating	Finance
Weighted - average remaining lease term	46 months	37 months
Weighted - average discount rate	3.81%	5.40%

Undiscounted cash flows related to operating and finance lease liabilities at June 30, 2024 are as follows:

	Operating	Finance
2025	\$ 1,468,055	\$ 812,171
2026	1,441,360	717,844
2027	1,370,093	585,583
2028	1,203,455	336,661
2029	1,067,776	40,085
Thereafter	3,186,483	-
Total undiscounted cash flows	9,737,222	2,492,344
Less discount to present value	(207,481)	(50,900)
Discount present value of lease liabilities	<u>\$ 9,529,741</u>	<u>\$ 2,441,444</u>

## Arrow Child & Family Ministries

### Notes to the Consolidated Financial Statements

Undiscounted cash flows related to operating and finance lease liabilities at June 30, 2023 are as follows:

	Operating	Finance
	<u>                    </u>	<u>                    </u>
2024	\$ 1,276,251	\$ 517,115
2025	949,155	479,698
2026	759,287	318,357
2027	725,982	163,834
2028	611,916	854
Thereafter	<u>942,168</u>	<u>-</u>
Total undiscounted cash flows	5,264,759	1,479,858
Less discount to present value	<u>(718,127)</u>	<u>(185,148)</u>
Discount present value of lease liabilities	<u><u>\$ 4,546,632</u></u>	<u><u>\$ 1,294,710</u></u>

#### Note 7. Property

Property held and used consists of the following:

	2024	2023
	<u>                    </u>	<u>                    </u>
Land	\$ 679,638	\$ 679,638
Buildings and improvement	3,886,807	3,513,387
Furnitures, equipment, and vehicles	1,523,836	1,790,652
Construction in progress	<u>1,728,830</u>	<u>-</u>
Total property held and used	7,819,111	5,983,677
Accumulated depreciation	<u>(2,965,609)</u>	<u>(3,355,685)</u>
Property held and used, net	<u><u>\$ 4,853,502</u></u>	<u><u>\$ 2,627,992</u></u>

Total depreciation expense for years ended June 30, 2024 and 2023 were \$238,785 and \$659,574 respectively.

Property held for sale at June 30 consists of the following:

	2024	2023
	<u>                    </u>	<u>                    </u>
Land	\$ 321,177	\$ 321,177
Buildings and improvement	7,340,646	7,340,646
Furnitures, equipment, and vehicles	<u>220,596</u>	<u>220,596</u>
Total property held for sale	7,882,419	7,882,419
Accumulated depreciation	<u>(3,718,324)</u>	<u>(3,718,324)</u>
Property held for sale, net	<u><u>\$ 4,164,095</u></u>	<u><u>\$ 4,164,095</u></u>



# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

### Note 8. Line of Credit and Notes Payable

Arrow Child & Family Ministries maintains a revolving line of credit with a bank to access up to \$3.5 million of short-term liquidity as needed. Outstanding balances bore interest at Ameribor Term-30, and matured December 31, 2022. On May 1, 2023, this was amended to increase the borrowing base to \$6.5 million with a maturity date of March 31, 2024 and a comparable interest rate. In 2024, this was amended to increase the borrowing base to \$10 million with a maturity date in 2025. There was no outstanding balance at June 30, 2023 or June 30, 2024. Notes payable of Arrow Child & Family Ministries as of June 30 is noted as follows:

	<u>2024</u>	<u>2023</u>
Note payable to a bank bearing variable interest, which is adjusted monthly (7.63% at June 30, 2024). Principal and interest due monthly through maturity in May 2028.	\$ 2,396,068	\$ 2,510,173
Note payable to a bank bearing variable interest, which is adjusted monthly (7.63% at June 30, 2024). Principal and interest due monthly through maturity in November 2027, net of unamortized debt issuance costs of \$29,583 at June 30, 2024 and \$38,242 at June 30, 2023.	2,063,808	2,173,163
Various vehicle, furniture, and equipment notes bearing interest from 2.19% to 6.70%. Principal and interest due monthly through June 2024. Retired.	<u>-</u>	<u>24,823</u>
Notes payable	4,459,876	4,708,159
Less unamortized debt issuance costs	<u>(62,088)</u>	<u>(79,045)</u>
Notes payable, net of unamortized debt issuance costs	<u>\$ 4,397,788</u>	<u>\$ 4,629,114</u>

Substantially all of Arrow Child & Family Ministries' property is pledged as collateral for notes payable to a financial institution, and the debt is subject to financial covenants. The debt service requirements at June 30, 2024 are as follows:

2025	\$ 233,006
2026	244,933
2027	257,475
2028	<u>3,724,462</u>
Total notes payable	<u>\$ 4,459,876</u>

# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

### Note 9. Contributed Nonfinancial Assets

Arrow Child & Family Ministries recognized contributed nonfinancial assets for the year ended June 30 as follows:

	2024	2023
Personal items	\$ 157,608	\$ 224,475
Consulting and testing services	-	13,214
Total contributed nonfinancial assets	<u>\$ 157,608</u>	<u>\$ 237,689</u>

Arrow Child & Family Ministries receives clothing, school supplies, blankets, bicycles, and other personal items for distribution to participants in residential and foster care programs. Personal items are recognized as contributions based on their estimated cost and are recognized as expenses when distributed to participants. Consulting and testing services are valued at the cost to purchase those services and are used in administration. All values are based on comparable costs to purchase those items in the Houston, Texas market. No donor restrictions existed related to contributed nonfinancial assets.

### Note 10. Net Assets

Net assets with donor restrictions include those assets whose use has been restricted by the donor for a specified purpose.

Net assets with donor restrictions of \$154,712 and \$155,886 are restricted for program use as of June 30, 2024 and 2023.

Releases from restriction were as follows for year ended June 30:

	2024	2023
Program purposes - grants	\$ 5,170,875	\$ 3,279,794
Program purposes - other	157,246	288,087
Total release from restriction	<u>\$ 5,328,121</u>	<u>\$ 3,567,881</u>

### Note 11. Grants

Grants include revenue from cost-reimbursable federal and state grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures are incurred in compliance with specific contract or grant provisions.

# **Arrow Child & Family Ministries**

## Notes to the Consolidated Financial Statements

### **Note 12. Commitments and Contingencies**

Arrow Child & Family Ministries is party to vendor contracts and other agreements with federal, state and local governmental agencies and with private agencies which require fulfillment of certain provisions and are subject to review and audit by those agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds in the event of noncompliance by Arrow Child & Family Ministries. Management believes such disallowances, if any, would not be material to Arrow Child & Family Ministries' financial position or changes in net assets.

### **Note 13. Employee Benefit Plans**

*Retirement benefits* – Arrow Child & Family Ministries maintains a tax-deferred retirement plan (the Plan) qualified under §403(b) of the Internal Revenue Code. The Plan covers full-time and part-time employees of Arrow Child & Family Ministries. Employees, at their sole discretion, may make contributions to the Plan up to the maximum amount allowed by the Internal Revenue Service. Arrow Child & Family Ministries may make discretionary contributions to the Plan. Currently, Arrow Child & Family Ministries matches 50% of employee contributions to the Plan up to 3%. New hires are automatically enrolled at a 1% contribution rate. Arrow Child & Family Ministries contributed \$282,243 to the Plan in 2024 and \$144,460 in 2023.

*Health benefits* – Arrow Child & Family Ministries has a self-funded health benefit plan, which is administered by a third party. Through April 30, 2023, Arrow Child & Family Ministries was primarily self-insured up to \$75,000 per employee for health benefits with additional third-party coverage provided by an aggregate stop-loss policy, which limits the maximum individual and aggregate losses. Effective May 1, 2023, Arrow Child & Family Ministries was primarily self-insured up to \$100,000 per employee for health benefits with additional third-party coverage provided by an aggregate stop-loss policy, which limits the maximum individual and aggregate losses. Self-insurance costs are accrued based upon the aggregate of the liability for reported claims and an estimated liability for claims incurred but not yet reported and are reported on an undiscounted basis.

## **Other Supplementary Information**

**Arrow Child & Family Ministries**  
Maryland Programs – Alternative Schedule of  
Functional Revenues and Expenses  
For Accounting in Compliance with Purchase of Care Contracts  
(Basis for All Supplementary Schedules and Rate Calculations)  
For the Year Ended June 30, 2024

					Supporting Services	Unallowable	
	Foster Care	Transitional Living	Community Services	School	Management and General	Fundraising and Development	Total
<b>REVENUES</b>							
Foster care payments	\$ 2,700,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,700,809
Transitional living	-	3,160,396	-	-	-	-	3,160,396
School revenue	-	-	-	12,374,136	-	-	12,374,136
Relate services income	-	-	-	3,050,425	-	-	3,050,425
Medicaid billing	-	-	-	2,292,697	-	-	2,292,697
Other income/ prior year adjustments	(16,160)	9,708	53,152	(60,623)	-	-	(13,923)
Contributions and grants	81,899	23,730	263,361	33,428	-	-	402,418
Total revenues	2,766,548	3,193,834	316,513	17,690,063	-	-	23,966,958
<b>EXPENSES</b>							
Salaries and wages/contract labor	1,067,075	1,766,988	444,264	10,071,109	-	-	13,349,436
Payroll taxes	70,926	119,593	24,499	911,787	-	-	1,126,805
Fringe benefits	119,780	223,476	35,171	1,226,761	-	-	1,605,188
Staff development costs	21,155	20,188	3,000	-	-	-	44,343
Contracted services	72,459	70,215	42,588	520,795	-	-	706,057
Publicity	14,740	3,450	9,307	-	-	-	27,497
Food and food preparation	-	43,516	-	-	-	-	43,516
Foster care payments	961,349	-	-	-	-	-	961,349
Clothing	-	9,162	-	-	-	-	9,162
Recreation/special events	8,730	21,454	6,421	-	-	-	36,605
Personal needs and allowances	873	13,561	34	-	-	-	14,468
Travel and transportation	44,538	31,467	16,206	126,617	-	-	218,828
Occupancy	17,468	153,055	64	1,984,841	-	-	2,155,428
Utilities	1,282	30,305	-	-	-	-	31,587
Repairs and maintenance	4,872	50,021	2,633	-	-	-	57,526
Insurance and taxes	17,499	44,593	7,726	-	-	-	69,818
Supplies	8,808	44,615	5,468	636,795	-	-	695,686
Equipment rental and repair	21,810	56,702	867	239,020	-	-	318,399
Printing and advertising	-	-	-	130,427	-	-	130,427
Telephone	21,664	47,081	5,165	212,894	-	-	286,804
Postage and shipping	1,715	1,817	379	12,888	-	-	16,799
Conference and conventions	6,277	8,392	1,963	-	-	-	16,632
Membership and subscriptions	7,004	4,319	1,312	39,234	-	-	51,869
Educational experience	-	-	-	223,354	-	-	223,354
Total expenses	2,490,024	2,763,970	607,067	16,336,522	-	-	22,197,583
Excess (shortage) of revenues over expenses	276,524	429,864	(290,554)	1,353,541	-	-	1,769,375
<b>TOTAL DIRECT EXPENSES</b>	2,490,024	2,763,970	607,067	16,336,522	-	-	22,197,583
Allocation of management and general expenses	193,704	170,359	49,705	1,219,455	(1,633,223)	-	-
<b>TOTAL ALLOWABLE EXPENSES ALLOCATED TO PROGRAMS</b>	2,683,728	2,934,329	656,772	17,555,977	(1,633,223)	-	22,197,583
Allocation of net unallowable and functional expenses	(131)	14,040	(3,641)	26,694	-	(36,962)	-
<b>TOTAL NET EXPENSES ALLOCATED TO PROGRAMS</b>	2,683,597	2,948,369	653,131	17,582,671	(1,633,223)	(36,962)	22,197,583
<b>EXCESS OF REVENUES OVER ALLOCATED EXPENSES</b>	\$ 82,951	\$ 245,465	\$ (336,618)	\$ 107,392	\$ -	\$ -	\$ 99,190

## Arrow Child & Family Ministries

### Maryland Programs – Comparison of Budgeted Expenses to Actual Expenses – Foster Care For the Year Ended June 30, 2024

EXPENSES	Budget	Actual	Variance
Salaries and wages/contract labor	\$ 1,586,898	\$ 1,067,075	\$ 519,823
Payroll taxes	122,588	70,926	51,662
Fringe benefits	241,950	119,780	122,170
Staff development costs	48,893	21,155	27,738
Contracted services	67,906	72,459	(4,553)
Publicity	28,048	14,740	13,308
Foster care payments	1,631,111	961,349	669,762
Clothing, food and other personal needs	-	873	(873)
Recreation/ special events	-	8,730	(8,730)
Occupancy	61,452	17,468	43,984
Utilities	31,164	1,282	29,882
Repairs and maintenance	46,748	4,872	41,876
Insurance and taxes	32,722	17,499	15,223
Supplies	46,748	8,808	37,940
Equipment rental and repair	42,073	21,810	20,263
Printing and copying	7,791	-	7,791
Telephone	49,864	21,664	28,200
Postage and shipping	5,454	1,715	3,739
Membership and subscriptions	5,844	7,004	(1,160)
Conference and conventions	24,931	6,277	18,654
Travel and transportation	73,501	44,538	28,963
 Total expenses	 4,155,686	 2,490,024	 1,665,662
 Allocation of management and general expenses	 599,497	 193,704	 405,793
 Total allowable expenses	 4,755,183	 2,683,728	 2,071,455
 Allocation of net unallowable expenses	 -	 (131)	 131
 <b>TOTAL EXPENSES ALLOCATED TO PROGRAM</b>	 <b>\$ 4,755,183</b>	 <b>\$ 2,683,597</b>	 <b>\$ 2,071,586</b>

## Arrow Child & Family Ministries

### Maryland Programs – Comparison of Budgeted Expenses to Actual Expenses – Transitional Living For the Year Ended June 30, 2024

EXPENSES	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Salaries and wages/contract labor	\$ 2,199,296	\$ 1,766,988	\$ 432,308
Payroll taxes	159,450	119,593	39,857
Fringe benefits	312,302	223,476	88,826
Staff development costs	35,738	20,188	15,550
Contracted services	45,137	70,215	(25,078)
Publicity	1,318	3,450	(2,132)
Food and Food Preparation	62,049	43,516	18,533
Clothing	28,097	9,162	18,935
Recreation/special events	11,590	21,454	(9,864)
Personal needs	24,351	13,561	10,790
Occupancy	182,360	153,055	29,305
Utilities	29,446	30,305	(859)
Repairs and maintenance	32,635	50,021	(17,386)
Insurance and taxes	33,959	44,593	(10,634)
Supplies	27,082	44,615	(17,533)
Equipment rental and repair	29,349	56,702	(27,353)
Printing and copying	-	-	-
Telephone	37,338	47,081	(9,743)
Postage and shipping	3,559	1,817	1,742
Membership and subscriptions	4,300	4,319	(19)
Conference and conventions	2,135	8,392	(6,257)
Travel and transportation	59,446	31,467	27,979
	<hr/>	<hr/>	<hr/>
Total expenses	3,320,937	2,763,970	556,967
	<hr/>	<hr/>	<hr/>
Allocation of management and general expenses	312,458	170,359	142,099
	<hr/>	<hr/>	<hr/>
Total allowable expenses	3,633,395	2,934,329	699,066
	<hr/>	<hr/>	<hr/>
Allocation of net unallowable expenses	-	14,040	(14,040)
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES ALLOCATED TO PROGRAM</b>	<u><u>\$ 3,633,395</u></u>	<u><u>\$ 2,948,369</u></u>	<u><u>\$ 685,026</u></u>

## Arrow Child & Family Ministries

### Maryland Programs – Comparison of Budgeted Expenses to Actual Expenses – School Total For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENSES</b>			
Salaries and wages/contract labor	\$ 10,334,848	\$ 10,071,109	\$ 263,739
Fringe benefits	1,231,609	1,226,761	4,848
Payroll taxes	923,706	911,787	11,919
Professional/contract fees	763,279	520,795	242,484
Supplies and non-capital equipment	622,422	636,795	(14,373)
Phone/fax/internet	124,170	212,894	(88,724)
Postage and shipping	10,965	12,888	(1,923)
Occupancy	1,528,087	1,984,841	(456,754)
Rental/maintenance of equipment	74,327	239,020	(164,693)
Printing and advertising	31,485	130,427	(98,942)
Publications	13,681	-	13,681
Transportation	143,172	126,617	16,555
Educational experience	70,554	223,354	(152,800)
Dues	42,615	39,234	3,381
	<hr/>	<hr/>	<hr/>
Total expenses	15,914,920	16,336,522	(421,602)
	<hr/>	<hr/>	<hr/>
Allocation of management and general expenses	1,132,224	1,219,455	(87,231)
	<hr/>	<hr/>	<hr/>
Total allowable expenses	17,047,144	17,555,977	(508,833)
	<hr/>	<hr/>	<hr/>
Allocation of net unallowable expenses	-	26,694	(26,694)
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES ALLOCATED TO PROGRAMS</b>	<u><u>\$ 17,047,144</u></u>	<u><u>\$ 17,582,671</u></u>	<u><u>\$ (535,527)</u></u>



## Arrow Child & Family Ministries

Maryland Programs – Comparison of Budgeted Expenses to  
Actual Expenses – School  
Cromwell Bridge Location  
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENSES</b>			
Salaries and wages	\$ 1,692,063	\$ 2,123,982	\$ (431,919)
Fringe benefits	201,372	223,402	(22,030)
Payroll taxes	151,029	196,285	(45,256)
Professional/contract fees	87,056	118,678	(31,622)
Supplies and non-capital equipment	161,889	259,568	(97,679)
Phone/fax/internet	23,000	43,130	(20,130)
Postage and shipping	2,860	3,463	(603)
Occupancy	176,881	620,174	(443,293)
Rental/maintenance of equipment	11,394	73,553	(62,159)
Printing and advertising	2,400	39,860	(37,460)
Travel and transportation	37,080	50,243	(13,163)
Educational experience	19,930	40,689	(20,759)
Dues	13,570	8,526	5,044
	<hr/>	<hr/>	<hr/>
Total expenses	2,580,524	3,801,553	(1,221,029)
	<hr/>	<hr/>	<hr/>
Allocation of management and general expenses	184,808	250,681	(65,873)
	<hr/>	<hr/>	<hr/>
Total allowable expenses	2,765,332	4,052,234	(1,286,902)
	<hr/>	<hr/>	<hr/>
Allocation of net unallowable expenses	-	3,847	(3,847)
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES ALLOCATED TO PROGRAMS</b>	<u><u>\$ 2,765,332</u></u>	<u><u>\$ 4,056,081</u></u>	<u><u>\$ (1,290,749)</u></u>

**Arrow Child & Family Ministries**  
Maryland Programs – Comparison of Budgeted Expenses to  
Actual Expenses – School  
Riverside Location  
For the Year Ended June 30, 2024

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENSES</b>			
Salaries and wages/ contract labor	\$ 4,024,450	\$ 3,517,656	\$ 506,794
Fringe benefits	479,842	436,211	43,631
Payroll taxes	359,881	311,019	48,862
Professional/contract fees	460,718	189,334	271,384
Supplies and non-capital equipment	308,237	218,026	90,211
Phone/fax/internet	65,920	75,039	(9,119)
Postage and shipping	3,605	4,423	(818)
Occupancy	899,613	731,280	168,333
Rental/maintenance of equipment	42,933	70,942	(28,009)
Printing and advertising	10,815	52,052	(41,237)
Publications	13,681	-	13,681
Travel and transportation	66,692	47,101	19,591
Educational experience	32,914	104,250	(71,336)
Dues	22,025	14,486	7,539
Total expenses	6,791,326	5,771,819	1,019,507
Allocation of management and general expenses	556,033	456,685	99,348
Total allowable expenses	7,347,359	6,228,504	1,118,855
Allocation of net unallowable expenses	-	10,821	(10,821)
<b>TOTAL EXPENSES ALLOCATED TO PROGRAMS</b>	<b>\$ 7,347,359</b>	<b>\$ 6,239,325</b>	<b>\$ 1,108,034</b>

**Arrow Child & Family Ministries**  
Maryland Programs – Comparison of Budgeted Expenses to  
Actual Expenses – School  
Tangram Location  
For the Year Ended June 30, 2024

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENSES</b>			
Salaries and wages/contract labor	\$ 4,618,335	\$ 4,429,471	\$ 188,864
Fringe benefits	550,395	567,148	(16,753)
Payroll taxes	412,796	404,483	8,313
Professional/contract fees	215,505	212,783	2,722
Supplies and non-capital equipment	152,296	159,201	(6,905)
Phone/fax/internet	35,250	94,725	(59,475)
Postage and shipping	4,500	5,002	(502)
Occupancy	451,593	633,387	(181,794)
Rental/maintenance of equipment	20,000	94,525	(74,525)
Printing and advertising	18,270	38,515	(20,245)
Travel and transportation	39,400	29,273	10,127
Educational experience	17,710	78,415	(60,705)
Dues	7,020	16,222	(9,202)
Total expenses	6,543,070	6,763,150	(220,080)
Allocation of management and general expenses	391,383	512,089	(120,706)
Total allowable expenses	6,934,453	7,275,239	(340,786)
Allocation of net unallowable expenses	-	12,026	(12,026)
<b>TOTAL EXPENSES ALLOCATED TO PROGRAMS</b>	<b>\$ 6,934,453</b>	<b>\$ 7,287,265</b>	<b>\$ (352,812)</b>

# Arrow Child & Family Ministries

## Maryland Programs – Schedule of Funding Sources

### For the Year Ended June 30, 2024

Maryland Department of Human Services - Foster Care	\$ 2,700,809
Maryland Department of Human Services - Transitional Living	3,160,396
Maryland State Department of Education - Cromwell Bridge	2,808,980
Maryland State Department of Education - Riverside	4,786,014
Maryland State Department of Education - Tangram	<u>4,779,142</u>
Subtotal Contract Revenue	18,235,341
Maryland Department of Mental Health - Cromwell Bridge	319,181
Maryland Department of Mental Health - Riverside	491,782
Maryland Department of Mental Health - Tangram	<u>1,481,734</u>
Subtotal Medicaid Reimbursement	2,292,697
<i>(adjusted for MSDE 20% allowed retainage; Cromwell Bridge \$31,315; Riverside \$98,582; Ascension Place \$810; Tangram \$146,997)*</i>	
Maryland State Department of Education - Cromwell Bridge	399,232
Maryland State Department of Education - Riverside	750,920
Maryland State Department of Education - Tangram	<u>1,900,273</u>
Subtotal Related Services Revenue	3,050,425
Treatment Foster Care	(16,160)
Transitional Living	9,708
Arrow Center for Education - Cromwell Bridge	15,403
Arrow Center for Education - Riverside	3,678
Arrow Center for Education - Tangram	(79,704)
Community Services (PRP)*	<u>53,152</u>
Subtotal Other Income	(13,923)
Treatment Foster Care	81,899
Transitional Living	23,730
Arrow Center for Education - Cromwell Bridge	21,839
Arrow Center for Education - Riverside	10,946
Arrow Center for Education - Tangram	643
Community Services (PRP)	<u>263,361</u>
Subtotal Donations*	<u>402,418</u>
Total Funding, all sources	\$ 23,966,958
Less: Revenue not subject to IRC overpayment calculations*	<u>(914,110)</u>
Total Funding, subject to IRC Overpayment Calculations	<u><u>\$ 23,052,848</u></u>

## Arrow Child & Family Ministries

### Maryland Programs – Reconciliation of Revenue and Cash Receipts For the Year Ended June 30, 2024

	receivable, ending June 30, 2023	Accrual Basis Revenue	Cash Receipts & Other Adjs.	receivable, ending June 30, 2024
Maryland Department of Human Services - Foster Care	\$ 289,782	\$ 2,700,809	\$ 2,656,260	\$ 334,331
Child Specific - Foster Care	6,489	-	4,635	1,854
Maryland Department of Human Services - Transitional Living	224,692	3,160,396	3,084,158	300,930
Maryland Department of Human Services - Ascension Place	273,282	-	273,282	-
Maryland Department of Human Services - Diagnostic Center	38,182	-	38,182	-
Maryland Department of Human Services - Diagnostic Type III School	(9,775)	-	(9,775)	-
Maryland State Department of Education - School (including related services)	1,213,923	15,424,561	14,804,771	1,833,713
	<u>\$ 2,036,575</u>	<u>\$ 21,285,766</u>	<u>\$ 20,851,513</u>	<u>\$ 2,470,828</u>
Subtotal contract revenue				

## Arrow Child & Family Ministries

### Maryland Programs – Computation of Rate Determination for the Actual Cost of Care For the Year Ended June 30, 2024

	Days	Payment Rate / Day	Daily Rate Payments	Days	Payment Rate / Day	Daily Rate Payments	Total Payments	Other, Medicaid & Other Related Services	Total Payments Received	Total Allowable Costs	Estimated Over/ (Under) Payments to Actual Costs
<b>FOSTER CARE</b>											
Department of Human Services Service Days/ Approved Rate	14,918	\$ 181	\$ 2,700,809	\$ -	\$ -	\$ -	\$ 2,700,809	\$ (16,160)	\$ 2,684,649	\$ 2,683,728	\$ 921
Department of Juvenile Services Service Days/Approved Rate	-	-	-	-	-	-	-	-	-	-	-
<b>TRANSITIONAL LIVING</b>											
Department of Human Services Service Days/ Approved Rate	6,684	473	3,160,396	-	-	-	3,160,396	9,708	3,170,104	2,934,329	235,775
Department of Juvenile Services Days Serviced/Allowed Per Diem	-	-	-	-	-	-	-	-	-	-	-
<b>SCHOOL</b>											
State Department of Education (Cromwell Bridge)	8,914	315	2,808,980	-	-	-	2,808,980	669,980	3,478,960	4,052,234	(573,274)
State Department of Education (Riverside)	6,461	453	3,807,040	1,947	503	978,974	4,786,014	1,148,024	5,934,038	6,228,504	(294,466)
State Department of Education (Tangram)	10,024	477	4,779,142	-	-	-	4,779,142	3,005,956	7,785,098	7,275,239	509,859
<b>TOTAL CONTRACT REVENUE</b>			<u>\$ 17,256,367</u>			<u>\$ 978,974</u>	<u>\$ 18,235,341</u>	<u>\$ 4,817,508</u>	<u>\$ 23,052,849</u>	<u>\$ 23,174,034</u>	<u>\$ (121,185)</u>

# Arrow Child & Family Ministries

## Maryland Programs – Calculation of Overpayment / Underpayment For the Year Ended June 30, 2024

	Total Net Actual Allowable Costs	Payment Received/Billed	Overpayment/ (Underpayment)	Maximum Amount up to 10% Excess Allowed to Retain	Actual Amounts Over 10% Subject to Repayment	2024 Increase/ (Decrease) Retained Earnings	2023 Increase (Decrease)	Planned Use of Retained Earnings
<b>FOSTER CARE</b>								
State Department of Human Services	\$ 2,683,728	\$ 2,684,649	\$ 921	\$ 268,465	\$ -	\$ 921	\$ 268,941	A
Department of Juvenile Services	-	-	-	-	-	-	-	N/A
Total Foster Care	2,683,728	2,684,649	921	268,465	-	921	268,941	
<b>TRANSITIONAL LIVING</b>								
State Department of Human Services	2,934,329	3,170,104	235,775	317,010	-	235,775	293,388	A
Department of Juvenile Services	-	-	-	-	-	-	-	N/A
Total Transitional Living	2,934,329	3,170,104	235,775	317,010	-	235,775	293,388	
<b>SCHOOL</b>								
State Department of Education (Cromwell Bridge)	4,052,234	3,478,960	(573,274)	347,896	-	(573,274)	20,629	N/A
State Department of Education (Riverside)	6,228,504	5,934,038	(294,466)	593,404	-	(294,466)	256,676	N/A
State Department of Education (Tangram)	7,275,239	7,785,098	509,859	778,510	-	509,859	46,044	A
Total School	17,555,977	17,198,096	(357,881)	1,719,810	-	(357,881)	323,349	
<b>TOTAL ALL PROGRAMS</b>	<u>\$ 23,174,034</u>	<u>\$ 23,052,849</u>	<u>\$ (121,185)</u>	<u>\$ 2,305,285</u>	<u>\$ -</u>	<u>\$ (121,185)</u>	<u>\$ 885,678</u>	

Planned Use of Retained Earnings:

- (A) To defray prior or future years' operating expenses
- (B) To expand services based on licensing requirements
- (C) To offset the per client cost rate increases in subsequent years
- (D) To expand services in response to users' group needs
- (E) Other, project specific purpose

# Arrow Child & Family Ministries

## Consolidating Statement of Financial Position

### June 30, 2024

	Arrow	Arrow Texas	Arrow Maryland	AHS	4Kids4Families	Total
<b>ASSETS</b>						
Cash	\$ 3,548,660	\$ 1,638	\$ 5,524	\$ -	\$ -	\$ 3,555,822
Investments	1,120,808	-	-	-	-	1,120,808
Program service receivables, net	-	2,427,727	2,565,274	300,856	6,130,222	11,424,079
Contributions and grants receivables	-	206,124	108,035	-	-	314,159
Intercompany receivables and payables	(7,281,306)	6,492,675	4,180,143	(2,628,312)	(763,200)	-
Other receivables	40,204	22,596	5,600	-	195	68,595
Prepaid expenses	241,665	47,580	65,223	49,093	18,714	422,275
Lease right of use assets, net						
Operating	-	2,996,990	6,134,521	112,536	-	9,244,047
Finance	2,384,529	-	-	-	-	2,384,529
Property, net						
Held for sale	3,993,477	170,618	-	-	-	4,164,095
In-service	2,121,916	-	2,600,976	130,610	-	4,853,502
<b>TOTAL ASSETS</b>	<b>\$ 6,169,953</b>	<b>\$ 12,365,948</b>	<b>\$ 15,665,296</b>	<b>\$ (2,035,217)</b>	<b>\$ 5,385,931</b>	<b>\$ 37,551,911</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES</b>						
Foster parent and provider payables	\$ -	\$ 834,950	\$ 145,447	\$ -	\$ 2,397,615	\$ 3,378,012
Accounts payable	1,910,104	-	-	327,684	-	2,237,788
Accrued salaries and related expenses	728,403	499,003	736,701	23,258	595,492	2,582,857
Lease liabilities						
Operating	-	3,004,328	6,396,000	129,413	-	9,529,741
Finance	2,441,444	-	-	-	-	2,441,444
Other liabilities	23,481	-	-	-	-	23,481
Notes payable, net	4,397,788	-	-	-	-	4,397,788
Refundable advances	-	124,081	-	-	487,671	611,752
Total liabilities	9,501,220	4,462,362	7,278,148	480,355	3,480,778	25,202,863
<b>NET ASSETS</b>						
Without donor restrictions	(3,470,979)	7,888,586	8,387,148	(2,515,572)	1,905,153	12,194,336
With donor restrictions	139,712	15,000	-	-	-	154,712
Total net assets	(3,331,267)	7,903,586	8,387,148	(2,515,572)	1,905,153	12,349,048
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,169,953</b>	<b>\$ 12,365,948</b>	<b>\$ 15,665,296</b>	<b>\$ (2,035,217)</b>	<b>\$ 5,385,931</b>	<b>\$ 37,551,911</b>



# Arrow Child & Family Ministries

## Consolidating Statement of Activities

### For the Year Ended June 30, 2024

	Arrow	Arrow Texas	Arrow Maryland	AHS	4Kids4Families	Eliminations	Total
<b>REVENUES</b>							
Program service revenue	\$ 24,240	\$ 23,232,974	\$ 23,488,465	\$ 1,950,007	\$ 22,215,608	\$ (1,695,810)	\$ 69,215,484
Contributions and grants							
Government grants	-	1,807,868	299,256	15,103	3,048,648	-	5,170,875
Other financial assets	854,978	-	45,000	-	366,357	-	1,266,335
Nonfinancial assets	157,458	150	-	-	-	-	157,608
Other	(62,430)	168,873	226,110	360	6,870	-	339,783
Total revenues	974,246	25,209,865	24,058,831	1,965,470	25,637,483	(1,695,810)	76,150,085
<b>EXPENSES</b>							
Salaries and benefits	4,715,294	9,980,288	14,915,578	438,410	5,323,839	-	35,373,409
Pass-thru reimbursements	248	10,185,970	989,527	591	13,315,306	(1,695,810)	22,795,832
Facilities maintenance and operations	740,617	1,471,147	2,491,144	96,899	372,692	-	5,172,499
Contract labor	793,131	310,310	1,134,514	204	142,306	-	2,380,465
Supplies	27,228	88,624	258,178	1,334,192	104,770	-	1,812,992
Meetings, trainings, and travel	121,390	987,788	429,428	20,181	427,126	-	1,985,913
Insurance	152,101	266,627	334,957	19,849	139,610	-	913,144
Depreciation and amortization	105,227	-	78,020	55,537	1	-	238,785
Information technology	6,150	447,846	502,564	77,925	520,307	-	1,554,792
Food services	-	-	433,442	-	1	-	433,443
Interest	437,570	2,618	4,401	160	7,652	-	452,401
Professional services and fees	34,412	257,733	218,501	11,126	159,730	-	681,502
Children's clothing and personal needs	-	190,256	203,455	44	7,624	-	401,379
Marketing and communications	2,766	37,424	47,231	4,376	32,808	-	124,605
Intercompany	(6,289,525)	1,576,161	1,647,788	173,230	2,892,346	-	-
Other	274,760	61,318	84,082	2,734	285,722	-	708,616
Total expenses	1,121,369	25,864,110	23,772,810	2,235,458	23,731,840	(1,695,810)	75,029,777
<b>OTHER CHANGES IN NET ASSETS</b>							
Loss on disposal of assets	-	-	(116,029)	8,862	-	-	(107,167)
Investment income	49,522	-	-	-	(490)	-	49,032
Unrealized gain on investments	62,593	-	-	-	-	-	62,593
Change in net assets	(35,008)	(654,245)	169,992	(261,126)	1,905,153	-	1,124,766
<b>NET ASSETS, beginning of year</b>	(3,296,259)	8,557,831	8,217,156	(2,254,446)	-	-	11,224,282
<b>NET ASSETS, end of year</b>	<u>\$ (3,331,267)</u>	<u>\$ 7,903,586</u>	<u>\$ 8,387,148</u>	<u>\$ (2,515,572)</u>	<u>\$ 1,905,153</u>	<u>\$ -</u>	<u>\$ 12,349,048</u>

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## **Federal and State Awards**

# Arrow Child & Family Ministries

## Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2024

FEDERAL GRANTOR/ PASSED THROUGH GRANTOR/ PROGRAM TITLE	Federal Assistance Listing Number	Contract Number	Federal Expenditures
<b>U.S. DEPARTMENT OF TREASURY</b>			
Passed through Texas Governor's Criminal Justice Division			
COVID-19:Coronavirus State and Local Fiscal Recovery Funds	21.027	4197902	\$ 229,146
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>			229,146
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed through Texas Governor's Criminal Justice Division			
Crime Victims Assistance - Statewide Foster Care & Therapeutic Services	16.575	4197901	835,286
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			835,286
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Texas Department of Family and Protective Services			
Guardianship Assistance	93.090	HHS001183200001	48
Marylee Allen Promoting Safe and Stable Families	93.556	HHS001183200001	306,866
Foster Care-Title IV-E	93.658	HHS001183200001	2,465,124
Adoption Assistance-Title IV-E	93.659	HHS001183200001	522
Social Services Block Grant	93.667	HHS001183200001	19,785
Temporary Assistance for Needy Families	93.558 <sup>(1)</sup>	HHS001183200001	3,787,171
Medical Assistance Program (Medicaid; Title XIX)	93.778 <sup>(2)</sup>	HHS001183200001	740
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			6,580,256
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 7,644,688</b>

<sup>1</sup> Reported as TANF Cluster, as required by Compliance Supplement May 2024

<sup>2</sup> Reported as Medicaid Cluster, as required by Compliance Supplement May 2024

# Arrow Child & Family Ministries

## Schedule of Expenditures of State Awards

### Year Ended June 30, 2024

STATE GRANTOR/ PASSED THROUGH GRANTOR/ PROGRAM TITLE	Contract Number	State Expenditures
<b>OFFICE OF THE GOVERNOR</b>		
<b>Office of the Governor, Public Safety Office Criminal Justice Division - Child Sex Trafficking Unit</b>		
Commercial Sexual Exploitation	CSEC 4811601	\$ 150,000
<b>TOTAL OFFICE OF THE GOVERNOR</b>		150,000
<b>TEXAS DEPARTMENT OF FAMILY &amp; PROTECTIVE SERVICES</b>		
Direct Funding		
Foster Care Capacity Expansion	7400023	438,253
State General Revenue - 4K4F	HHS001183200001	16,477,919
Total direct Funding		16,916,172
Passed through St. Francis Ministries		
Capacity Building in Region 1	N/A	8,881
Capacity Building in Region 1	N/A	52,000
Total passed through St. Francis Ministries		60,881
Passed through 2Ingage - Texas Family Initiative		
Capacity Building in Region 2	N/A	24,000
Passed through Texas Alliance of Child and Family Services		
Capacity Building in Region 4	N/A	172,222
Passed through Pressley Ridge - Texas Family Care		
Capacity Building in Region 5	N/A	38,000
Passed through St. Jude's Ranch for Chikdren		
Capacity Building in Region 5	N/A	46,000
<b>TOTAL TEXAS DEPARTMENT OF FAMILY &amp; PROTECTIVE SERVICES</b>		17,257,275
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		\$ 17,407,275

The Notes to the Schedule of Expenditures of Federal and State Awards are an integral part of this statement.

# **Arrow Child & Family Ministries**

## **Notes to the Schedule of Expenditures of Federal and State Awards**

### **Note 1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards (the Schedules) include the federal and state grant activity of Arrow Child & Family Ministries (Arrow) under programs of the federal and state government for the year ended June 30, 2024. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The information in the Schedule of Expenditures of State Awards is presented in accordance with the requirements of the Texas Grant Management Standards (TxGMS). Because the Schedules present only a selected portion of the operations of Arrow Child & Family Ministries, they are not intended to and do not present the financial position, changes in net assets, or cash flows of Arrow.

The Schedules are presented using the accrual basis of accounting. The expenditures are reported based on Arrow's year-end. Expenditure reports to funding agencies are prepared based on award periods. See Note 1 of the Notes to the Consolidated Financial Statements for Arrow's significant accounting policies.

### **Note 2. Indirect Cost Rate**

Uniform Guidance allows non-federal entities, such as Arrow, to elect to charge a de minimis rate of ten percent of modified direct costs as its indirect cost rate that may be used indefinitely. Arrow chose to utilize the de minimis rate.

**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

To the Board of Directors of  
Arrow Child & Family Ministries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Arrow Child & Family Ministries (Arrow), which comprise the Statement of Financial Position as of June 30, 2024, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related Notes to the Consolidated Financial Statements, and have issued our report thereon dated November 19, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Arrow's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Arrow's internal control. Accordingly, we do not express an opinion on the effectiveness of Arrow's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Arrow's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Directors of  
Arrow Child & Family Ministries

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
November 19, 2024





**Independent Auditor's Report on Compliance for Each  
Major Federal and State Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance  
and Texas Grant Management Standards**

To the Board of Directors of  
Arrow Child & Family Ministries

**Report on Compliance for Each Major Federal and State Program**

**Opinion on Each Major Federal and State Program**

We have audited Arrow Child & Family Ministries' (Arrow) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the Texas Grant Management Standards that could have a direct and material effect on each of Arrow's major federal and state programs for the year ended June 30, 2024. Arrow's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Arrow complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal and State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the Texas Grant Management Standards (TxGMS). Our responsibilities under those standards, the Uniform Guidance and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Arrow and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Arrow's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Arrow's federal and state programs.

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### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Arrow's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Arrow's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Arrow's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Arrow's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of Arrow's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Board of Directors of  
Arrow Child & Family Ministries

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
November 19, 2024

**Arrow Child & Family Ministries**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

**Section I – Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? ☐ Yes ☒ No

Identification of major programs:

Federal Assistance Listing Number:

16.575	Federal Victim Services (Statewide Foster Care and Therapeutic Services
93.558	Temporary Assistance to Needy Families (TANF Cluster)
93.658	Foster Care – Title IV-E

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

## Arrow Child & Family Ministries

### Schedule of Findings and Questioned Costs – Continued Year Ended June 30, 2024

#### State Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with TxGMS? ☐ Yes ☒ No

Identification of major programs:

State General Revenue – 4K4F Start-up Funds

Dollar threshold used to distinguish between type A and type B programs? \$750,000

## **Arrow Child & Family Ministries**

### **Schedule of Findings and Questioned Costs – Continued Year Ended June 30, 2024**

#### **Section II – Financial Statement Findings**

None noted.

#### **Section III – Federal and State Award Findings and Questioned Costs**

None noted.

#### **Section IV – Summary Schedule of Prior Audit Findings**

None noted.