

AWS Foundation, Inc. and Affiliates

Consolidated Financial Statements
and Other Financial Information

Years ended June 30, 2020 and 2019

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HAINES, ISENBARGER & SKIBA, LLC

Independent Auditor's Report

Board of Directors
AWS Foundation, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AWS Foundation, Inc. and its affiliates, Anthony Wayne Rehabilitation Center for Handicapped and Blind, Inc. and A.W. Holdings, LLC and subsidiaries (collectively referred to herein as AWS; also known as Benchmark Human Services) which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AWS as of June 30, 2020 and 2019, and the results of their activities, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters—Other Financial Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020, on our consideration of AWS' 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 AWS' 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 AWS' internal control over financial reporting and compliance.

Haines, Asenbarger & Skiba, LLC

December 14, 2020

AWS Foundation, Inc. and Affiliates

Consolidated Statements of Financial Position

	June 30	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,639,967	\$ 11,012,574
Restricted cash	106,983	105,318
Total cash, cash equivalents, and restricted cash	<u>14,746,950</u>	<u>11,117,892</u>
Accounts receivable, net of allowance of \$670,874 in 2020 and \$806,598 in 2019	23,935,283	24,292,255
Inventories	506,294	485,367
Prepaid expenses and other current assets	1,458,899	936,616
Total current assets	<u>40,647,426</u>	<u>36,832,130</u>
Investments, at fair value	62,363,350	66,176,854
Property and equipment, net	31,796,808	29,574,086
Other assets:		
Notes receivable	684,578	582,000
Accrued interest receivable	42,182	427,235
Goodwill	750,000	750,000
Beneficial interest in funds held at Community Foundation of Greater Fort Wayne Inc.	9,366	9,662
Other	7,497	7,913
Total other assets	<u>1,493,623</u>	<u>1,776,810</u>
Total assets	<u>\$ 136,301,207</u>	<u>\$ 134,359,880</u>

See accompanying notes to consolidated financial statements.

	June 30	
	2020	2019
Liabilities, net assets, and noncontrolling interest		
Current liabilities:		
Line of credit	\$ -	\$ 2,273,426
Accounts payable	3,639,859	3,088,803
Accrued salaries and related benefits	13,801,942	11,129,792
Accrued expenses and other liabilities	1,996,151	1,572,731
Grants payable, current portion	558,587	1,331,249
Deferred revenue	712,745	747,309
Customer deposits	238,384	245,545
Total current liabilities	<u>20,947,668</u>	<u>20,388,855</u>
Noncurrent liabilities:		
Deferred compensation	1,164,208	1,078,984
Grants payable, less current portion	228,666	365,960
Deferred grant revenue	240,000	432,000
Other liabilities	3,035,029	2,748,476
Total noncurrent liabilities	<u>4,667,903</u>	<u>4,625,420</u>
Total liabilities	<u>25,615,571</u>	<u>25,014,275</u>
AWS net assets:		
Without donor restrictions	107,665,239	106,397,812
With donor restrictions	15,602	15,602
Total AWS net assets	<u>107,680,841</u>	<u>106,413,414</u>
Noncontrolling interest	3,004,795	2,932,191
Total net assets and noncontrolling interest	<u>110,685,636</u>	<u>109,345,605</u>
Total liabilities, net assets, and noncontrolling interest	<u>\$ 136,301,207</u>	<u>\$ 134,359,880</u>

AWS Foundation, Inc. and Affiliates

Consolidated Statements of Activities and Changes in Net Assets

	Year ended June 30	
	2020	2019
Revenue		
Mail service and production workshop income	\$ 42,712,638	\$ 45,044,927
Medicaid	99,326,837	91,207,234
Fees and other service income	44,550,042	45,381,046
Contributions	28,861	49,655
Grants	208,255	420
Net investment return	(1,265,580)	1,928,139
Rental income	1,136,934	904,702
Miscellaneous	2,475,171	1,331,397
Total revenue	<u>189,173,158</u>	<u>185,847,520</u>
Expenses		
Salaries and wages	101,803,803	94,483,722
Employee benefits	19,183,907	17,676,705
Production materials	25,877,445	26,351,104
Travel	4,169,004	4,611,009
Occupancy	7,761,338	6,803,680
Depreciation	2,912,218	2,477,332
Supplies	3,584,641	3,288,032
Program expenses	7,795,044	8,330,861
Equipment	1,348,055	1,388,044
Marketing	222,723	271,485
Staff training	418,008	479,587
Publications	14,935	18,322
Interest expense	15,748	15,117
Contracted services	2,714,788	2,618,693
Grants awarded	3,804,130	4,418,357
Other expenses	2,272,901	3,169,000
Total expenses	<u>183,898,688</u>	<u>176,401,050</u>
Excess of revenue over expenses	5,274,470	9,446,470

See accompanying notes to consolidated financial statements.

AWS Foundation, Inc. and Affiliates

Consolidated Statements of Activities and Changes in Net Assets (continued)

	Year ended June 30	
	2020	2019
Excess of revenue over expenses	\$ 5,274,470	\$ 9,446,470
Excess of revenue over expense attributable to noncontrolling interest in A.W. Holdings, LLC	<u>4,007,043</u>	<u>3,665,762</u>
Excess of revenue over expenses attributable to AWS and increase in AWS net assets without donor restrictions	1,267,427	5,780,708
Net assets with donor restrictions		
Contributions and increase in net assets with donor restrictions	<u>-</u>	<u>-</u>
Increase in AWS net assets	1,267,427	5,780,708
Total AWS net assets at beginning of year	106,413,414	100,632,706
Total AWS net assets at end of year	107,680,841	106,413,414
Excess of revenue over expense attributable to noncontrolling interest in A.W. Holdings, LLC	4,007,043	3,665,762
Distributions to noncontrolling interest	<u>(3,934,439)</u>	<u>(3,189,965)</u>
Increase in noncontrolling interest in A.W. Holdings, LLC	72,604	475,797
Total noncontrolling interest in A.W. Holdings, LLC at beginning of year	2,932,191	2,456,394
Total noncontrolling interest in A.W. Holdings, LLC at end of year	3,004,795	2,932,191
Total net assets and noncontrolling interest	\$ 110,685,636	\$ 109,345,605

See accompanying notes to consolidated financial statements.

AWS Foundation, Inc. and Affiliates
Consolidated Statement of Functional Expenses
Year ended June 30, 2020

	Program Services					Management and General	Eliminations	Total AWS Consolidated
	Residential Services	Children's Services	Vocational Services	Other Community Services	Total			
Expenses								
Salaries and wages	\$ 55,576,720	\$ 7,132,451	\$ 10,478,735	\$ 23,392,811	\$ 96,580,717	\$ 5,223,086	\$ -	\$101,803,803
Employee benefits	9,343,152	1,581,863	2,146,684	4,878,260	17,949,959	1,233,948	-	19,183,907
Production materials	881	8	25,821,375	54,932	25,877,196	249	-	25,877,445
Travel	2,355,827	159,316	644,274	837,739	3,997,156	171,848	-	4,169,004
Occupancy	5,490,891	456,619	2,203,804	1,154,088	9,305,402	401,434	(1,945,498)	7,761,338
Depreciation	1,350,686	42,835	566,217	753,959	2,713,697	198,521	-	2,912,218
Supplies	2,262,244	122,502	380,386	511,981	3,277,113	307,528	-	3,584,641
Program expenses	664,207	1,558,294	4,460,743	1,059,222	7,742,466	52,578	-	7,795,044
Equipment	285,095	38,632	715,037	129,118	1,167,882	180,173	-	1,348,055
Marketing	6,598	497	6,350	130,108	143,553	79,170	-	222,723
Staff training	150,308	7,813	22,216	108,880	289,217	128,791	-	418,008
Publications	793	-	-	201	994	13,941	-	14,935
Interest expense	-	-	-	-	-	15,748	-	15,748
Contracted services	468,784	42,544	269,620	394,539	1,175,487	1,539,301	-	2,714,788
Grants awarded	-	-	-	3,974,565	3,974,565	-	(170,435)	3,804,130
Management fees	-	-	-	60,000	60,000	2,288,203	(2,348,203)	-
Other expenses	2,213,629	78,898	(438,489)	211,518	2,065,556	207,345	-	2,272,901
Total expenses	\$ 80,169,815	\$ 11,222,272	\$ 47,276,952	\$ 37,651,921	\$ 176,320,960	\$ 12,041,864	\$(4,464,136)	\$183,898,688

See accompanying notes to consolidated financial statements.

AWS Foundation, Inc. and Affiliates

Consolidated Statement of Functional Expenses (continued)

Year ended June 30, 2019

	Program Services					Management and General	Eliminations	Total AWS Consolidated
	Residential Services	Children's Services	Vocational Services	Other Community Services	Total			
Expenses								
Salaries and wages	\$ 49,870,265	\$ 5,751,448	\$ 10,423,487	\$ 23,777,752	\$ 89,822,952	\$ 4,660,770	\$ -	\$ 94,483,722
Employee benefits	8,463,156	1,208,341	2,090,704	4,789,851	16,552,052	1,124,653	-	17,676,705
Production materials	889	11	26,299,466	50,541	26,350,907	197	-	26,351,104
Travel	2,419,322	200,023	631,054	1,173,238	4,423,637	187,372	-	4,611,009
Occupancy	4,843,114	392,919	2,115,568	1,188,010	8,539,611	312,010	(2,047,941)	6,803,680
Depreciation	1,419,380	22,145	519,251	234,998	2,195,774	281,558	-	2,477,332
Supplies	2,063,241	104,496	383,704	496,804	3,048,245	239,787	-	3,288,032
Program expenses	636,117	1,832,299	4,800,456	979,268	8,248,140	82,721	-	8,330,861
Equipment	268,144	61,319	669,472	219,826	1,218,761	169,283	-	1,388,044
Marketing	9,162	1,420	11,202	214,825	236,609	34,876	-	271,485
Staff training	134,206	2,907	29,896	149,049	316,058	163,529	-	479,587
Publications	1,014	-	-	-	1,014	17,308	-	18,322
Interest expense	3,521	-	-	1,127	4,648	10,469	-	15,117
Contracted services	411,751	43,516	274,480	330,315	1,060,062	1,558,631	-	2,618,693
Grants awarded	-	-	-	4,586,365	4,586,365	-	(168,008)	4,418,357
Management fees	1,475	-	-	60,000	61,475	2,288,203	(2,349,678)	-
Other expenses	1,958,907	105,604	273,942	257,947	2,596,400	572,600	-	3,169,000
Total expenses	<u>\$ 72,503,664</u>	<u>\$ 9,726,448</u>	<u>\$ 48,522,682</u>	<u>\$ 38,509,916</u>	<u>\$ 169,262,710</u>	<u>\$ 11,703,967</u>	<u>\$(4,565,627)</u>	<u>\$ 176,401,050</u>

See accompanying notes to consolidated financial statements.

AWS Foundation, Inc. and Affiliates
Consolidated Statements of Cash Flows

	Year ended June 30	
	2020	2019
Operating activities		
Excess of revenue over expenses	\$ 5,274,470	\$ 9,446,470
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:		
Depreciation	2,912,218	2,477,332
Gain on sale or disposal of property and equipment, net	(58,474)	(1,303,938)
Realized and unrealized loss on investments, net	3,390,732	139,252
Provision for doubtful accounts	93,372	719,002
Present value discount on notes receivable	155,422	-
Other	416	416
Changes in operating assets and liabilities:		
Accounts receivable	263,600	(2,530,019)
Inventories	(20,927)	95,390
Prepaid expenses and other current assets	(522,283)	(228,741)
Accrued interest receivable	385,053	-
Accounts payable	558,306	(1,531,678)
Accrued salaries and related benefits	2,672,150	818,658
Accrued expenses and other liabilities	423,420	(292,236)
Grants payable	(917,206)	575,866
Deferred revenue	(226,564)	415,669
Customer deposits	(7,161)	(13,056)
Deferred compensation	85,224	64,472
Net cash provided by operating activities	14,461,768	8,852,859
Investing activities		
Purchases of property and equipment	(5,015,691)	(4,017,349)
Proceeds from sale of property and equipment	225,778	3,366,468
Proceeds from sales and maturities of investments	5,169,682	2,270,984
Purchases of investments	(4,746,910)	(7,010,685)
Repayments of notes receivable	342,000	-
Advances on notes receivable	(600,000)	-
Change in beneficial interest in funds held at Community Foundation of Greater Fort Wayne Inc.	296	6,071
Net cash used in investing activities	(4,624,845)	(5,384,511)
Financing activities		
Borrowings on line of credit	25,902,658	10,073,635
Repayments of line of credit	(28,176,084)	(7,800,209)
Repayments of long-term debt	-	(1,647,745)
Distributions to noncontrolling interest	(3,934,439)	(3,189,965)
Net cash used in financing activities	(6,207,865)	(2,564,284)
Net increase in cash, cash equivalents, and restricted cash	3,629,058	904,064
Cash, cash equivalents, and restricted cash at beginning of year	11,117,892	10,213,828
Cash, cash equivalents, and restricted cash at end of year	\$ 14,746,950	\$ 11,117,892

See accompanying notes to consolidated financial statements.

AWS Foundation, Inc. and Affiliates
Notes to Consolidated Financial Statements

June 30, 2020

1. Organization

Principles of Consolidation and Noncontrolling Interest

The consolidated financial statements of AWS Foundation, Inc. and affiliates (collectively referred to herein as AWS; also known as Benchmark Human Services) include the following organizations:

AWS Foundation, Inc. and Affiliates:

Anthony Wayne Rehabilitation Center for Handicapped & Blind, Inc. [*doing business as AWRC, Benchmark Human Services, Camp Red Cedar, and multiple divisions: AWRC Industries, Highway Safety Specialists, Post Masters, Blue Octopus Printing Company, and DOMA Document Solutions of Indiana*]

A.W. Holdings, LLC and its wholly-owned subsidiaries (*doing business as Benchmark Human Services, HomePointe HealthCare, Infant and Toddler Services, and Benchmark Public Solutions*). Wholly-owned or controlled subsidiaries include:

- AWS Advent, Inc.
- A.W. Holdings of Iowa, LLC
- A.W. Holdings of Kentucky, LLC
- A.W. Holdings of Maryland, Inc.
- A.W. Holdings of Mississippi, LLC
- A.W. Holdings of Nebraska, LLC
- A.W. Holdings of New Mexico, LLC
- A.W. Holdings of Virginia, LLC
- Benchmark Human Services of DC, LLC
- Benchmark Human Services of Georgia, LLC
- Benchmark Human Services of Louisiana, LLC
- Benchmark Human Services of Texas, LLC
- HomePointe HealthCare of Indiana, LLC
- HomePointe HealthCare of Missouri, LLC
- HomePointe Senior Care, LLC

AWS Foundation, Inc. (Foundation) holds a 60 percent interest in A.W. Holdings, LLC and is the sole corporate member of Anthony Wayne Rehabilitation Center for Handicapped and Blind, Inc. (AWRC).

Significant interorganization accounts and transactions have been eliminated in consolidation.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

AWS' development began in 1957 when a community volunteer committee launched a study about providing work-related services for individuals with disabilities. From that study, an organization was founded in 1960 that would later become known as Anthony Wayne Services.

Headquartered in Fort Wayne, Indiana, AWS serves individuals through the life cycle, from infancy to elder years. Programs support people at work, at home, and in the community through residential, employment, social, therapeutic, in-home, crisis response, and day services. AWS specializes in serving people with intense medical needs and high behaviors. AWS extends this expertise as a consultant for state governments and private organizations in evaluating facilities, systems development, staff training, and numerous other areas. AWS employees serve more than 10,000 children and adults with disabilities and/or mental illness throughout the United States.

AWS offers cost-effective solutions to support individuals with intellectual and developmental disabilities and those with mental illness and serious emotional disorders in community-based settings through the following programs:

Mobile Crisis Services

AWS has developed and implemented three major statewide crisis response programs that serve individuals with intellectual disabilities including those with co-occurring mental illness or severe and persistent mental illness that live in the community and are experiencing a behavioral health crisis.

These services, which include time-based protocols for in-home responses and options for acute placement, are proven to reduce critical incidents, failed placements, and re-admission to psychiatric facilities for community-based clients.

Since 2007, AWS has developed and implemented three large-scale crisis intervention services in two states. Services are generally modular and can be customized to meet a number of variables from geographic area and consumer characteristics to budgets. The desired outcome of stabilization within the individual's residential/community setting often diverts incarcerations and stays in hospitals and other institutions. Services can be scaled from comprehensive statewide systems to specialized projects focused on a single region or metropolitan area.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

Outreach Services

For three years, AWS operated Outreach Services of Indiana, a collaborative program with the State of Indiana to provide technical assistance to the Intellectual and Developmental Disabilities (IDD) provider community. AWS worked collaboratively with consumers, advocates, providers, and state agencies to grow the capacity of the community by providing training, technical assistance, consultation, and service provision to improve the quality of life and support of individuals with disabilities, their families, service providers, and case managers. AWS provided training to over 4,000 individuals per year, in addition to providing nearly 2,000 individual consumer assessments and clinical consultations (Occupational Therapy, Physical Therapy, Dietary, Psychiatric, and Behavioral) per year.

Behavior Support Services

AWS uses positive behavior support principles to support individuals with intensive behavioral challenges. These services are designed to enable individuals to exercise more control and make better decisions, while eliminating the occurrences of maladaptive behaviors. AWS utilizes a highly person-centered behavior support strategy that focuses on active, community-based lifestyles. AWS employs individuals who are certified by the Board of Behavior Analysts and/or licensed to practice psychology attesting to AWS' commitment to deliver behavior supports with the highest level of professionalism, and with a focus on effective interventions to improve outcomes for the individuals receiving behavior support services.

Case Management

AWS offers case management services for individuals with Intellectual Disabilities/Developmental Disabilities (ID/DD) and their families/guardians. AWS' wide range of experience includes providing case management to children, adults in waiver services, individuals seeking employment, and intensive case management to those experiencing an acute behavioral episode. As case managers, providers get to know what is important to and for the person as they assist with the selection of services, as well as help the person understand what is available to them based on their funding.

Interim Management of At-Risk Service Providers

States utilize AWS to provide short-term or permanent management of providers who are no longer able to meet regulatory or contractual requirements. AWS provides expert management teams to assume financial and programmatic operations of agencies the State has determined can no longer meet the needs of individuals served.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

Residential Services

AWS' programs support over 1,500 individuals living on their own or with family. As an industry leader, AWS has been at the forefront of developing residential options for individuals with disabilities, including transitioning individuals from state-run facilities and nursing homes to community settings.

Whether someone is in an AWS-owned group home or receiving Medicaid Waiver-funded services in the community, AWS believes there is nothing more important than the opportunity to live a full life, and that starts at home.

AWS' broad spectrum of residential care ranges from "24/7" to several hours a week, serving individuals with a wide range of abilities, including those with extensive medical and behavioral needs and forensic backgrounds. AWS has adopted a holistic approach addresses the individual's overall well-being matched with customized personal attention and support. For some, this means a little help, such as meal preparation, shopping, or social outings, while others require total care, including assistance with feeding and bathing. In all situations, abiding standards of health, safety, and respect in assisting individuals to become more independent and to reach their full potential are applied.

Day Services

AWS Day Services supports nearly 1,000 individuals by promoting social and educational opportunities, skill building, and community participation—including volunteering and "giving back." Day Services is designed for individuals of all abilities, including those with extensive medical and behavioral needs.

Day Services participants explore their communities by visiting and volunteering at venues such as parks, zoos, and museums. Though most services are community-based, many programs have a "home base" where individuals learn life skills that may include cooking and money management. Individuals can also participate in sports, arts, and personal hobbies including music and recreational therapies.

In addition to giving each person a more meaningful, well-rounded day, participants often:

- Improve physical abilities, including fine motor skills
- Develop social skills
- Build healthy relationships with peers and community members
- Increase independence
- Enhance self-esteem

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

Vocational Services

AWS assists individuals with disabilities to find meaningful employment. This was one of the original goals of AWS and remains a critical part of what it does today. AWS has expanded services to include numerous projects enabling disabled veterans to find gainful employment.

Early Intervention

Early intervention services assist infants and toddlers with disabilities or developmental delays in learning new skills that typically develop during the first three years of life including physical, cognitive, social/emotional, and communication skills.

Pediatric Home Health Services

For individuals living with intense medical needs, a chronic condition, or recovering from illness or surgery, there's no substitute for the comfort and privacy of home. A primarily pediatric-based homecare company, HomePointe HealthCare, a division of AWS, cares for medically fragile children in the comfort of their homes.

HomePointe's mission and passion is to help clients reach their full potential and maintain optimal health at home by providing skilled, competent, and compassionate care.

Consultation Services

AWS offers consulting services to state governments and private entities. Contracts have drawn upon AWS's long-standing commitment to and competency in defining, measuring, and analyzing services for individuals with intellectual disabilities and mental illness, with an emphasis on individuals with intense behavioral and medical challenges and persons with forensic backgrounds.

AWRC Industries

AWRC Industries works with manufacturing companies to provide a wide variety of services including: light assembly, manufacturing, inspection and testing, shipping, waste recycling, warehousing, and a variety of light duty work. AWRC Industries has a proven record of quality service, outstanding customer care, and on-time product delivery. AWRC Industries is an ISO-9001 certified facility, which means operating in a continual improvement environment and adhering to the highest quality standards in manufacturing.

AWRC Industries is a true order fulfillment facility from dock to door. AWRC has a large amount of warehouse space, enabling it to store materials for your business and to ship products directly to customers in a timely manner. The warehouse space is environmentally controlled to protect products, and inventory management software makes tracking products easy.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

AWRC Industries (continued)

AWRC Industries has a GPS managed fleet of vehicles available to provide local delivery and pick up. or if a customer prefers, AWRC Industries can manage third-party shipping.

Highway Safety Specialists

Through its Highway Safety Specialists division, AWRC Industries manufactures and distributes a full line of highway safety products that help make highways safer to travel and help protect the motorists traveling on them.

Post Masters

Founded in 1996, Post Masters offers print (transactional and full-color), mail, and fulfillment services to customers throughout the United States.

Using state-of-the-art technology and quality-driven processes Post Masters offers a variety of services including outsourcing of mailroom and copy center functions, warehousing, fulfillment, metering, first class pre-sort, intelligent inserting, transactional printing, commercial printing (through affiliate company, Blue Octopus Printing Company), direct mail marketing solutions, and document conversion (through a third in-house company, DOMA Document Solutions of Indiana). Together, these services ensure customers enjoy fast, efficient, accurate, and cost-effective print and mail solutions.

Post Masters operates in multiple locations, including Indianapolis and Fort Wayne, Indiana; Whiteman Air Force Base, Missouri; Wright-Patterson Air Force Base, Ohio; and Kennedy Space Center, Florida.

Blue Octopus Printing Company

Established in 2010, Blue Octopus Printing Company is a full-service commercial printing company located in Indianapolis, Indiana that offers six-color and photo quality printing, bindery services, large format printing, banners, prepress, and other services.

DOMA Document Solutions of Indiana

DOMA Document Solutions of Indiana provides full-service document solutions including document storage, document warehousing, document conversion, document administrative services, inventory tracking, and document conservation services. DOMA Document Solutions of Indiana partners with another organization to utilize their cloud-based system for document conversion, storage, and retrieval.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

Camp Red Cedar

Camp Red Cedar's 57 acres of meadows, woods, trails, and lake side property located in Fort Wayne, Indiana serves hundreds of individuals each year. Camp Red Cedar offers summer camps for children and adults with disabilities and year-round therapeutic and conventional horseback riding.

Camp Red Cedar hosts more than 800 adults and children in its summer camps each year and is the only integrated camp in northeast Indiana that services both children with and without disabilities. All campers participate in karate, arts and crafts; swimming, and boating in the 10-acre lake, with some using adaptive equipment, and other out-door activities and games.

AWS Foundation, Inc. (Foundation) is a not-for-profit corporation organized pursuant to the laws of Indiana. The mission and vision of the Foundation is as follows:

Our mission is to help children and adults with enduring intellectual, developmental, and physical disabilities live as independently as possible, be included in the community and function at their highest potential.

We envision a community in which people with enduring intellectual, developmental, and physical disabilities are engaged fully and meaningfully in all aspects of community life.

A.W. Holdings, LLC (LLC) is a for-profit limited liability company organized pursuant to the laws of Indiana. The LLC was formed to serve as the primary employer and to provide day-to-day management over the aforementioned operations.

AWRC is a not-for-profit corporation organized pursuant to the laws of Indiana. The mission of AWRC and its many divisions is as follows:

To provide high quality services with exceptional customer care, while also providing job opportunities of people with disabilities, including service disabled veterans.

AWRC and the LLC have entered into an employee leasing agreement whereby the LLC provides management and administration of the human resources and employer risk of AWRC. AWRC pays the LLC a leasing fee equal to any and all employee related costs. The term of the employee leasing agreement began on June 30, 2007 for a period of one year and is automatically renewed for successive one year periods until terminated pursuant to the terms in the agreement.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

A Management Agreement was established between the LLC and AWRC whereby the LLC is engaged to operate and manage the programs and facilities of AWRC. A monthly management fee based on a percentage of revenue, as defined, is charged by the LLC to AWRC for such services. The term of the Management Agreement was the earlier of five years ending November 30, 2017 or the date the LLC ceases to furnish management services to AWRC. Effective July 1, 2018, a new Master Services Agreement was established between the LLC and AWRC which superseded the aforementioned Management Agreement whereby the LLC continues to operate and manage the programs and facilities of AWRC. The monthly master services fee is based on the results of a study performed by a third-party consultant.

The members of the LLC entered into a Unit Holders Agreement whereby the members cannot sell, transfer, dispose of, or encumber for value or otherwise any of the outstanding ownership interests designated as Class A and Class B units of the LLC without the consent of all of the unit holders subject to the Unit Holders Agreement. The Unit Holders Agreement also provides for the purchase of units upon the occurrence of certain events. The Class A units are held by the Foundation. The Class B units, the noncontrolling interest in the LLC, are held by a company whose members are affiliated with AWS.

The Foundation and AWRC are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contributions deduction. The Foundation and AWRC have been classified as organizations that are not private foundations under the provisions of Section 509(a)(1) of the Internal Revenue Code. The Foundation and AWRC are also exempt from state income taxes.

The Foundation and AWRC provide liabilities for uncertain income tax positions when a liability is probable and estimable. Management believes that it has appropriate support for any tax positions taken or expects to be taken and as such, does not have any uncertain tax positions that should be recognized, measured or disclosed in the consolidated financial statements. Management also believes the Foundation and AWRC are no longer subject to examination by tax authorities for years ending prior to June 30, 2017.

The aforementioned LLCs are limited liability companies and, as such, are treated as pass-through entities for income tax purposes. No provisions have been made for income taxes as the income tax liability, if any, resides with the member or members. Their net income or loss is allocated among the member or members in accordance with the Operating Agreements. Currently, approximately 90 percent of A.W. Holdings, LLC's adjusted net income is distributed to the members on a periodic (i.e. quarterly) basis. At June 30, 2020 and 2019, distributions

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

payable by A.W. Holdings, LLC to the Class B Unit Holders were \$1,684,337 and \$468,875, respectively. This amount is reflected in accounts payable in the consolidated statements of financial position.

A.W. Holdings of Maryland, Inc. is a Maryland Corporation and AWS Advent, Inc. is an Indiana Corporation for income tax purposes.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Certain AWS cash accounts are restricted for collateral related purposes. At June 30, 2020, cash equivalents include \$660,009 in a money market account at a regional community bank. From time to time during the year, AWS' cash accounts exceeded federally insured limits.

Cash equivalents held for investment purposes are classified as investments in the consolidated statements of financial position.

Fair Value of Financial Instruments

Financial instruments consist of cash equivalents, accounts and notes receivable, investments, accounts payable, accrued salaries and expenses, and long-term debt. The carrying amounts reported in the consolidated balance sheets for cash equivalents, accounts and notes receivable, accounts payable, accrued salaries and expenses, and long-term debt approximate fair value. Management's estimates of the fair value of other financial instruments are described elsewhere in the notes to the consolidated financial statements.

Investments and Investment Income

Investment purchases are recorded at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investments consist of mutual funds, exchange traded funds, money market funds, common stock and other equity securities, and

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investments and Investment Income (continued)

alternative investments. Alternative investments consist of pooled investment hedge funds and private equity funds. Fair value is 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. See *Note 6* for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Realized and unrealized investment gains or losses are determined by comparison of asset cost, using the specific identification method, to net proceeds received at the time of sale and changes in the difference between market values and cost, respectively. These amounts are reported in the consolidated statements of activities and changes in net assets as investment income.

AWS maintains a significant and diverse investment portfolio, without concentration of risk by type, industry, or geographic area, which is managed by professional investment managers in compliance with the investment policy established by the Board of Directors. Investments are exposed to various risks, such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments may occur in the near term and that such changes could materially affect account balances.

Revenue and Accounts Receivable

AWS recognizes revenue upon delivery of services. Accounts receivable are stated at the amount billed to customers. AWS provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Inventories

Inventories consist primarily of postage and are priced at the lower of cost or market using the first-in, first-out (FIFO) method.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost or if donated, at fair market value at date of donation, except for building and equipment that has been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired assets as of June 30, 2020 and 2019. Property and equipment with a cost of \$500 or more for group home items and \$2,500 (\$5,000 for the Foundation) or more for other items and a useful life of one year or more are capitalized. Depreciation is computed by the straight-line method over the following estimated useful lives:

Land improvements	1 - 40 years
Buildings and improvements	1 - 40 years
Machinery and equipment	3 - 10 years
Computer software	5 years
Vehicles	2 - 7 years

Expenditures for normal repairs and maintenance are expensed when incurred.

Goodwill

Goodwill represents the excess of cost over fair value of identifiable net assets of businesses acquired. Goodwill is tested for impairment annually or more frequently as impairment indicators arise. The test for impairment involves the use of estimates related to the fair values of AWS' reporting units based on projected discounted cash flows. If the fair value is calculated to be less than the carrying amount, an impairment charge is recorded in the period identified.

Net Assets

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

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

Net Assets With Donor Restrictions—Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Net Assets (continued)

restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. AWS reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributions and Pledges Receivable

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions of assets other than cash are recorded at their fair market value.

AWS provides an allowance for doubtful accounts, which is based on historical collection experience and management's estimate of the losses that will be incurred in the collection of all pledges receivables.

Contributions of services are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation.

Government Grants

A portion of AWS' revenue is derived from cost-reimbursable federal and state contracts and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when AWS has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Grant payments and expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Functional Expenses

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other expenses, which are allocated on the basis of estimates of time and effort.

Reclassifications

Certain 2019 amounts have been reclassified to conform with the 2020 presentation.

Use of Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Consumers*, to clarify the principles for recognizing revenue and to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. The core principle of the new guidance is that any entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2019. AWS is evaluating the guidance of ASU 2014-09 and the impact that the adoption of this update will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), to require a lessee to recognize a right-of-use asset and a lease liability for both operating and finance leases, whereas previous U.S. GAAP requires the asset and liability be recognized only for capital leases. The

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements (continued)

amendment also required qualitative and specific quantitative disclosures. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years, with early adoption permitted. AWS is evaluating the guidance of ASU 2016-02 and the impact that the adoption of this update will have on its consolidated financial statements.

Newly Adopted Accounting Principle

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to address questions stemming from FASB ASU No. 2014-09, *Revenue from Contracts with Customers*, regarding its implications on the grants and contracts of not-for-profit organizations. The guidance clarifies how entities determine whether to account for a transfer of assets (or a reduction, settlement or cancellation of a liability) as an exchange transaction or a contribution. The new guidance also clarifies that a contribution is conditional if the agreement includes both a barrier (or barriers) that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. ASU 2018-08 applies to resource providers and resource recipients. AWS adopted the new standard effective July 1, 2019 with no impact on the financial statements.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

3. Liquidity and Availability

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

	AWS Foundation, Inc.	Anthony Wayne Rehabilitation Center for Handicapped and Blind, Inc.	A.W. Holdings, LLC and Subsidiaries	Total
Cash and cash equivalents	\$ 1,167,829	\$ 6,905,658	\$ 6,566,480	\$ 14,639,967
Accounts receivable	18,345	5,421,034	18,495,904	23,935,283
Investments	53,927,656	8,435,694	-	62,363,350
Less alternative investments with redemption restrictions	(1,222,327)	-	-	(1,222,327)
	<u>\$ 53,891,503</u>	<u>\$ 20,762,386</u>	<u>\$ 25,062,384</u>	<u>\$ 99,716,273</u>

	AWS Foundation, Inc.	Anthony Wayne Rehabilitation Center for Handicapped and Blind, Inc.	A.W. Holdings, LLC and Subsidiaries	Total
Cash and cash equivalents	\$ 1,099,880	\$ 5,978,486	\$ 3,934,208	\$ 11,012,574
Accounts receivable	1,947	5,760,081	18,530,227	24,292,255
Investments	59,882,932	6,293,922	-	66,176,854
Less alternative investments with redemption restrictions	(1,706,045)	-	-	(1,706,045)
	<u>\$ 59,278,714</u>	<u>\$ 18,032,489</u>	<u>\$ 22,464,435</u>	<u>\$ 99,775,638</u>

AWS manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

3. Liquidity and Availability (continued)

that obligations will be discharged. As part of liquidity management plan of AWS, excess cash is invested in money market mutual funds. The financial assets of the Foundation are generally not available for general expenditure by the LLC or AWRC. Likewise, the financial assets of the LLC are generally not available for general expenditure by the Foundation or AWRC, and the financial assets of AWRC are generally not available for general expenditure by the Foundation or the LLC. It is the LLC's practice to distribute 80 percent of its excess of revenue over expenses to its members annually.

The Foundation's investment (marketable securities) portfolio of \$52,705,329 as of June 30, 2020 and \$58,176,887 as of June 30, 2019 is subject to an annual spending rate calculation. The spending rate is applied to a 20-quarter moving average of the portfolio's marketable securities value, as calculated as of June 30 of each fiscal year.

Additionally, the LLC maintains a \$8,000,000 line of credit and the Foundation maintains a \$1,000,000 line of credit, as discussed in more detail in *Note 10*. As of June 30, 2020 and 2019, \$9,000,000 and \$7,230,000 remained available in the LLC's and Foundation's lines of credit.

4. Revenue from Medicaid Program

Approximately 53 percent and 49 percent of consolidated revenue was received from Medicaid for the years ended June 30, 2020 and 2019, respectively. Revenue received from Medicaid is generally recognized in the period services are rendered. AWS believes that it is in substantial compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of wrongdoing. While no such regulatory inquiries have been made, compliance with laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusions from the Medicaid program. Laws and regulations governing the Medicaid program are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimated settlements could change. It is also reasonably possible that recorded settlements could change by a material amount in the near term.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

5. Concentration of Credit Risk

The mix of receivables from customers and third-party payers is:

	June 30	
	2020	2019
Medicaid	36 %	40 %
State governmental programs	38	35
Other payers	26	25
	100 %	100 %

6. Fair Value Measurements

FASB Accounting Standards Codification (ASC) Topic 820 (ASC 820), *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that AWS has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Money market funds: Valued at quoted market prices in an exchange and active market, which represent the net asset values of shares held by AWS at year-end.

Mutual funds and exchange traded funds: Valued at the net asset value (NAV) of shares held by AWS at year-end. The NAV is based on the value of the underlying assets owned by the fund, less liabilities, divided by the number of shares outstanding. Mutual funds and exchange traded funds that are publicly traded on major exchanges are valued at the closing price reported on the major market on which the individual securities are traded.

Common stock and other equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Alternative investments: Certain alternative investments in hedge funds and private equity funds are valued at estimated fair value based on the periodic financial information received from the investment advisor and/or managing member and AWS' percentage ownership in the alternative investment entity whose underlying assets are valued using prices and other relevant information generated by market transactions involving identical or comparable assets, appraised values, or other valuation methodology. These investments carry certain redemption restrictions and notice periods ranging from 30 to 110 days.

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

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, AWS' assets at fair value as of June 30, 2020 and 2019:

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 909,969	\$ -	\$ -	\$ 909,969
Mutual and exchange traded funds				
Equity funds:				
Large blend	1,293,473	-	-	1,293,473
Large growth	6,591,811	-	-	6,591,811
Large value	13,599,641	-	-	13,599,641
Mid cap	1,207,197	-	-	1,207,197
Small cap	8,847,145	-	-	8,847,145
Real estate	2,810,287	-	-	2,810,287
Natural resources	746,422	-	-	746,422
International:				
Foreign—large cap	6,578,739	-	-	6,578,739
Global real estate	944,154	-	-	944,154
Foreign—small/mid blend	2,345,094	-	-	2,345,094
Fixed income funds:				
Short-term bond	4,430,763	-	-	4,430,763
Intermediate-term bond	3,916,158	-	-	3,916,158
Inflation-protected bond	2,249,583	-	-	2,249,583
World allocation—large blend	2,872,635	-	-	2,872,635
	58,433,102	-	-	58,433,102
Common stock	1,797,952	-	-	1,797,952
Alternative investments				
Diversified hedge funds	-	-	1,066,103	1,066,103
Private equity funds	-	-	156,224	156,224
	-	-	1,222,327	1,222,327
Total investments and assets at fair value	\$ 61,141,023	\$ -	\$ 1,222,327	\$ 62,363,350

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 893,561	\$ -	\$ -	\$ 893,561
Mutual and exchange traded funds				
Equity funds:				
Large blend	1,028,574	-	-	1,028,574
Large growth	6,926,686	-	-	6,926,686
Large value	13,696,364	-	-	13,696,364
Mid cap	1,166,753	-	-	1,166,753
Small cap	8,955,039	-	-	8,955,039
Real estate	2,980,412	-	-	2,980,412
Natural resources	930,195	-	-	930,195
International:				
Foreign—large cap	6,309,792	-	-	6,309,792
Global real estate	1,158,738	-	-	1,158,738
Foreign—small/mid blend	2,405,926	-	-	2,405,926
Fixed income funds:				
Short-term bond	8,644,981	-	-	8,644,981
Intermediate-term bond	3,240,154	-	-	3,240,154
Inflation-protected bond	2,081,217	-	-	2,081,217
World allocation—large blend	2,801,078	-	-	2,801,078
	62,325,909	-	-	62,325,909
Common stock	1,251,339	-	-	1,251,339
Alternative investments				
Diversified hedge funds	-	-	1,491,944	1,491,944
Private equity funds	-	-	214,101	214,101
	-	-	1,706,045	1,706,045
Total investments and assets at fair value	\$ 64,470,809	\$ -	\$ 1,706,045	\$ 66,176,854

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of AWS' Level 3 assets:

	<u>Alternative Investments</u>	
	<u>Year ended June 30</u>	
	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 1,706,045	\$ 1,625,674
Purchases	3,463	154,040
Sales and redemptions	(377,040)	(185,124)
Change in unrealized gains relating to instruments still held at the reporting date	(110,141)	111,455
Balance at end of year	<u>\$ 1,222,327</u>	<u>\$ 1,706,045</u>

7. Notes Receivable and Deferred Grant Revenue

Notes receivable consist of the following:

	<u>June 30</u>	
	<u>2020</u>	<u>2019</u>
Notes receivable from Newburyport L.P., unsecured, payable in full plus accrued interest at a rate of 1%	\$ 240,000	\$ 240,000
Note receivable from local non-profit organization, unsecured, payable in full June 2024, interest at 0%	600,000	-
Notes receivable from North Shapleigh L.P., unsecured, repaid in full in 2020	-	342,000
	<u>840,000</u>	<u>582,000</u>
Less present value discount	155,422	-
	<u>\$ 684,578</u>	<u>\$ 582,000</u>

AWS received two grants which were for construction of two apartment complexes. AWS loaned these grant funds, and additional funds, to two related-party partnerships to help fund these projects, which are the purposes of these notes receivable. Pursuant to the grant agreements, AWS utilized these funds for capital costs. If AWS terminates the capital project before the investment tax credit period is over, AWS will be required to pay back all or a portion of the grant amounts.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

7. Notes Receivable and Deferred Grant Revenue (continued)

Management completed the settlement of one of the apartment complexes during the year ended June 30, 2020; as a result, the note and related interest receivable and deferred revenue were released. AWS recognized a gain on the settlement of approximately \$700,000. Management is currently negotiating a buy-out or settlement pursuant to its involvement in the remaining limited partnership. Therefore, AWS has deferred grant income in the amount of \$240,000 and \$432,000 at June 30, 2020 and 2019, respectively.

On July 1, 2019, AWS entered into a Promissory Note Agreement with a local non-profit organization for \$600,000. The Note is a zero percent note with no amounts payable until maturity on June 30, 2024. The Note is recorded at cost less the unamortized present value discount, which approximates fair value.

8. Property and Equipment

Property and equipment consists of the following:

	June 30	
	2020	2019
Land and land improvements	\$ 9,842,829	\$ 8,622,820
Buildings and improvements	32,508,387	29,608,651
Machinery and equipment	9,740,697	9,376,535
Computer software	2,366,602	1,735,389
Vehicles	3,406,438	3,506,641
Construction in progress	1,154,775	1,903,027
	59,019,728	54,753,063
Less accumulated depreciation and amortization	27,222,920	25,178,977
	\$ 31,796,808	\$ 29,574,086

9. Grants Payable

At June 30, 2020, unconditional grants awarded and communicated, but not yet paid, are expected to be paid as follows:

<u>Year ending June 30</u>	
2021	\$ 558,587
2022	228,666
	\$ 787,253

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

10. Debt and Other Arrangements

Pursuant to a revolving line of credit arrangement with a bank, the LLC may borrow up to \$8,000,000 subject to certain terms and conditions. The line of credit arrangement bears interest at monthly LIBOR plus 1.65 percent (1.81 percent at June 30, 2020), which is due and payable monthly. There were no borrowings pursuant to the line of credit arrangement at June 30, 2020 and 2019.

Pursuant to a revolving line of credit arrangement with a bank, the Foundation may borrow up to \$1,000,000. The line of credit arrangement expires on December 31, 2020 and bears interest at daily adjusting LIBOR plus 1.50 percent (1.69 percent at June 30, 2020). There were no borrowings pursuant to the line of credit arrangement at June 30, 2020 and 2019.

The debt agreements with a bank pursuant to the line of credit arrangement contain customary representations, warranties, covenants, and other terms and conditions. The line of credit arrangement is secured by substantially all of the assets of the LLC. As of June 30, 2020, the Foundation has guaranteed up to \$2,000,000 of any borrowings pursuant to the line of credit arrangement.

Interest paid was \$15,748 and \$15,116 for the years ended June 30, 2020 and 2019, respectively.

In accordance with the terms of various Funding Agreements for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities (Agreements), the Foundation entered into promissory mortgage notes with the State of New Jersey, Department of Human Services (Department), Division of Developmental Disabilities for the purpose of owning and operating community residences for the developmentally disabled in New Jersey. The Foundation became owner of the six properties in New Jersey via these mortgages which require no interest or principal payments.

Should the Foundation default on any of the terms, provisions, or requirements of each Agreement, including operating a community residence for the developmentally disabled, or no-fault termination of each Agreement, the entire amount of the mortgage shall, at the option of the Department, become due and payable. Alternatively, the Department may exercise other options provided in the Agreement. These other options include a) transferring the title to the Department or entity designated by the Department; b) the Department may pay the Foundation for its interest in the facility; or c) require the Foundation to satisfy the mortgage. The Agreements are for a period of 20 years and expire in 2034 and 2035. The Department and the Foundation have the right during the Agreement term, to terminate the Agreement upon six months' notice to the other.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

10. Debt and Other Arrangements (continued)

AWRC received grants of \$409,500 in the year ended June 30, 2016 from the Board of Public Works of the State of Maryland for the purpose of designing, constructing, renovating, and equipping community residences for the developmentally disabled in Maryland. Pursuant to the Right of Recovery Agreements in effect through January 6, 2046 related to the grants, the State of Maryland has the right to recover, under certain circumstances (e.g. sale or transfer of the property), certain sums, in accordance with the laws of Maryland. AWRC received an additional grant of \$268,603 in the year ended June 30, 2020.

The liabilities related to the aforementioned development of community residences consist of the following:

	June 30	
	2020	2019
State of New Jersey	\$ 2,356,926	\$ 2,338,976
State of Maryland	678,103	409,500
Total other noncurrent liabilities	<u>\$ 3,035,029</u>	<u>\$ 2,748,476</u>

11. Net Assets With Donor Restrictions

Net assets with donor restrictions were \$15,602 at June 30, 2020 and 2019.

12. Lease Arrangements

Certain office space, vehicles, and other equipment is leased using noncancelable operating lease arrangements. The leases expire in various years through 2027. Future minimum lease payments required under noncancelable operating leases with initial terms of one year or more consisted of the following at June 30, 2020:

<u>Year ending June 30</u>	
2021	\$ 2,080,405
2022	1,229,985
2023	894,607
2024	702,757
2025	372,350
Thereafter	809,836
	<u>\$ 6,089,940</u>

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

12. Lease Arrangements (continued)

Rental expense was \$3,624,605 and \$2,746,954 for the years ended June 30, 2020 and 2019, respectively.

The LLC and Foundation entered into a leasing arrangement whereby the Foundation leased the corporate office and certain supported living sites and group homes to the LLC at a monthly rate of \$152,961. The term of this lease between affiliates commenced on July 1, 2017 and continued through January 2019 when the Foundation sold the corporate office to a third-party. Beginning in February 2019, the monthly rate for the supported living sites and group homes was \$134,622. AWRC and the Foundation entered into a leasing arrangement whereby the Foundation leases certain facilities to AWRC at a monthly rate of \$13,212. The term of this lease between affiliates commenced on July 1, 2017 and continues thereafter for three years unless terminated sooner pursuant to the terms in the lease agreements. This lease contains two one-year extensions, the first of which was executed on July 1, 2020.

Effective February 1, 2019, the LLC entered in to a leasing arrangement with a third-party for the lease of the corporate office facility through June 2027 at a monthly rate of \$18,339.

13. Employee Benefit Plans

The AWS 401(k) Profit Sharing Plan (401(k) Plan) is a defined contribution retirement and salary reduction plan that covers eligible full-time employees of the LLC who have completed one year of service, as defined, and have attained the age of 18. The LLC may make a discretionary matching contribution equal to a uniform percentage of the amount of salary reduction each participant elects to defer, which percentage will be determined by the LLC each year. For the years ended June 30, 2020 and 2019, the LLC generally made a matching contribution to the 401(k) Plan of 50 percent of the first 6 percent of compensation contributed by each participant. The LLC may also make an additional discretionary profit sharing contribution. Participants must complete a year of service and be employed at the end of the year to share in the discretionary profit sharing contribution.

Effective January 1, 2008, the LLC established a salary reduction plan for a select group of management or highly compensated employees who are ineligible to participate in the 401(k) Plan. The salary reduction plan permits the LLC to make matching and non-matching contributions.

Expense for the aforementioned plans was \$1,278,309 and \$1,195,637 for the years ended June 30, 2020 and 2019, respectively.

AWS Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

14. Deferred Compensation Arrangement

AWS has a deferred compensation arrangement (Plan) for a select group of management or highly compensated employees of the LLC. Participants are 100 percent vested in their deferred compensation account in the event of disability, death, attainment of normal retirement, or termination of employment without cause. A participant is not entitled to any deferred compensation amounts in the event their employment is terminated by the LLC for cause or in the event a participant voluntarily terminates their employment prior to attaining normal retirement. Any deferred compensation amounts owed to a participant are paid in three annual installments commencing on January 15th following the calendar year in which the event occurred. The amount contributed to the Plan was \$65,311 and \$70,000 during the years ended June 30, 2020 and 2019, respectively.

15. AWS Development Corp.

On April 22, 1998, AWS Development Corp. (Corporation) was formed to invest in real estate for client housing and is wholly-owned by AWRC. At June 30, 2020 and 2019, the Corporation is a general partner (.1 percent interest) in the Newburyport apartment complex. At June 30, 2019 the Corporation was a general partner (.01 percent interest) in the North Shapleigh apartment complex. On September 26, 2019 the Corporation sold its interest in North Shapleigh. The Corporation is a secondary guarantor on loans for the North Shapleigh and Newburyport apartment complexes, which have combined loan balances as of June 30, 2020 and 2019, of \$523,110 and \$2,211,220, respectively.

There were no significant transactions within the Corporation during the years ended June 30, 2020 and 2019 for Newburyport.

16. Contingencies

AWS is party to legal proceedings and claims which arise during the ordinary course of its activities. In the opinion of management, the ultimate resolution of the litigation and claims will not have a material adverse effect on the financial position, results of activities, or liquidity of AWS.

17. Subsequent Events

Management has evaluated subsequent events through December 14, 2020, the date on which the consolidated financial statements were available to be issued.

Other Financial Information

AWS Foundation, Inc. and Affiliates

Details of Consolidated Statement of Financial Position

June 30, 2020

	AWS Foundation, Inc.	Anthony Wayne Rehabilitation Center for Handicapped and Blind, Inc.	A.W. Holdings, LLC and Subsidiaries	Eliminations	Total AWS Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,167,829	\$ 6,905,658	\$ 6,566,480	\$ -	\$ 14,639,967
Restricted cash	106,983	-	-	-	106,983
Accounts receivable, net	18,345	5,421,034	18,495,904	-	23,935,283
Accounts receivable from affiliates	2,529,034	12,528	1,034,257	(3,575,819)	-
Inventories	-	506,294	-	-	506,294
Prepaid expenses and other current assets	8,123	264,114	1,186,662	-	1,458,899
Total current assets	3,830,314	13,109,628	27,283,303	(3,575,819)	40,647,426
Investments, at fair value	53,927,656	8,435,694	-	-	62,363,350
Investment in A.W. Holdings, LLC	4,507,222	-	-	(4,507,222)	-
Property and equipment, net	18,768,686	10,331,786	2,696,336	-	31,796,808
Other assets:					
Notes receivable	444,578	240,000	-	-	684,578
Notes receivable, related party	1,353,608	-	-	(1,353,608)	-
Accrued interest receivable	-	42,182	-	-	42,182
Goodwill	-	-	750,000	-	750,000
Beneficial interest in funds held at Community Foundation of Greater Fort Wayne Inc.	9,366	-	-	-	9,366
Other	-	7,497	-	-	7,497
Total other assets	1,807,552	289,679	750,000	(1,353,608)	1,493,623
Total assets	\$82,841,430	\$ 32,166,787	\$30,729,639	\$ (9,436,649)	\$ 136,301,207

	AWS Foundation, Inc.	Anthony Wayne Rehabilitation Center for Handicapped and Blind, Inc.	A.W. Holdings, LLC and Subsidiaries	Eliminations	Total AWS Consolidated
Liabilities, net assets, and members' equity and noncontrolling interest					
Current liabilities:					
Accounts payable	\$ 88,690	\$ 736,931	\$ 2,814,238	\$ -	\$ 3,639,859
Accounts payable to affiliates	7,513	765,756	2,802,550	(3,575,819)	-
Accrued salaries and related benefits	57,825	5,797	13,738,320	-	13,801,942
Accrued expenses and other liabilities	-	-	1,996,151	-	1,996,151
Grants payable, current portion	558,587	-	-	-	558,587
Deferred revenue	10,545	45	702,155	-	712,745
Customer deposits	-	238,384	-	-	238,384
Total current liabilities	723,160	1,746,913	22,053,414	(3,575,819)	20,947,668
Noncurrent liabilities:					
Deferred compensation	-	-	1,164,208	-	1,164,208
Grants payable, less current portion	228,666	-	-	-	228,666
Deferred grant revenue	-	240,000	-	-	240,000
Notes payable, related party	-	1,353,608	-	(1,353,608)	-
Other liabilities	2,356,926	678,103	-	-	3,035,029
Total noncurrent liabilities	2,585,592	2,271,711	1,164,208	(1,353,608)	4,667,903
Total liabilities	3,308,752	4,018,624	23,217,622	(4,929,427)	25,615,571
Net assets and members' equity:					
AWS net assets:					
Without donor restrictions	79,528,228	28,137,011	-	-	107,665,239
With donor restrictions	4,450	11,152	-	-	15,602
Total AWS net assets	79,532,678	28,148,163	-	-	107,680,841
Members' equity:					
Class A	-	-	4,507,222	(4,507,222)	-
Class B—noncontrolling interest	-	-	3,004,795	-	3,004,795
Total members' equity/noncontrolling interest	-	-	7,512,017	(4,507,222)	3,004,795
Total net assets and noncontrolling interest	79,532,678	28,148,163	7,512,017	(4,507,222)	110,685,636
Total liabilities, net assets, and noncontrolling interest	\$82,841,430	\$ 32,166,787	\$30,729,639	\$ (9,436,649)	\$ 136,301,207

AWS Foundation, Inc. and Affiliates

Details of Consolidated Statement of Financial Position

June 30, 2019

	AWS Foundation, Inc.	Anthony Wayne Rehabilitation Center for Handicapped and Blind, Inc.	A.W. Holdings, LLC and Subsidiaries	Eliminations	Total AWS Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,099,880	\$ 5,978,486	\$ 3,934,208	\$ -	\$ 11,012,574
Restricted cash	105,318	-	-	-	105,318
Accounts receivable, net	1,947	5,760,081	18,530,227	-	24,292,255
Accounts receivable from affiliates	705,275	13,201	809,442	(1,527,918)	-
Inventories	-	485,367	-	-	485,367
Prepaid expenses and other current assets	-	207,217	729,399	-	936,616
Total current assets	1,912,420	12,444,352	24,003,276	(1,527,918)	36,832,130
Investments, at fair value	59,882,932	6,293,922	-	-	66,176,854
Investment in A.W. Holdings, LLC	4,398,315	-	-	(4,398,315)	-
Property and equipment, net	18,306,678	8,733,214	2,534,194	-	29,574,086
Other assets:					
Notes receivable	-	582,000	-	-	582,000
Accrued interest receivable	-	427,235	-	-	427,235
Goodwill	-	-	750,000	-	750,000
Beneficial interest in funds held at Community Foundation of Greater Fort Wayne Inc.	9,662	-	-	-	9,662
Other	-	7,913	-	-	7,913
Total other assets	9,662	1,017,148	750,000	-	1,776,810
Total assets	<u>\$ 84,510,007</u>	<u>\$ 28,488,636</u>	<u>\$ 27,287,470</u>	<u>\$ (5,926,233)</u>	<u>\$ 134,359,880</u>

	AWS Foundation, Inc.	Anthony Wayne Rehabilitation Center for Handicapped and Blind, Inc.	A.W. Holdings, LLC and Subsidiaries	Eliminations	Total AWS Consolidated
Liabilities, net assets, and members' equity and noncontrolling interest					
Current liabilities:					
Line of credit	\$ -	\$ -	\$ 2,273,426	\$ -	\$ 2,273,426
Accounts payable	557,067	559,319	1,972,417	-	3,088,803
Accounts payable to affiliates	12,869	287,629	1,227,420	(1,527,918)	-
Accrued salaries and related benefits	33,878	6,772	11,089,142	-	11,129,792
Accrued expenses and other liabilities	-	-	1,572,731	-	1,572,731
Grants payable, current portion	1,331,249	-	-	-	1,331,249
Deferred revenue	-	4,465	742,844	-	747,309
Customer deposits	1,045	244,500	-	-	245,545
Total current liabilities	1,936,108	1,102,685	18,877,980	(1,527,918)	20,388,855
Noncurrent liabilities:					
Deferred compensation	-	-	1,078,984	-	1,078,984
Grants payable, less current portion	365,960	-	-	-	365,960
Deferred grant revenue	-	432,000	-	-	432,000
Other liabilities	2,338,976	409,500	-	-	2,748,476
Total noncurrent liabilities	2,704,936	841,500	1,078,984	-	4,625,420
Total liabilities	4,641,044	1,944,185	19,956,964	(1,527,918)	25,014,275
Net assets and members' equity:					
AWS net assets:					
Without donor restrictions	79,864,513	26,533,299	-	-	106,397,812
With donor restrictions	4,450	11,152	-	-	15,602
Total AWS net assets	79,868,963	26,544,451	-	-	106,413,414
Members' equity:					
Class A	-	-	4,398,315	(4,398,315)	-
Class B—noncontrolling interest	-	-	2,932,191	-	2,932,191
Total members' equity/noncontrolling interest	-	-	7,330,506	(4,398,315)	2,932,191
Total net assets and noncontrolling interest	79,868,963	26,544,451	7,330,506	(4,398,315)	109,345,605
Total liabilities, net assets, and noncontrolling interest	\$84,510,007	\$ 28,488,636	\$27,287,470	\$(5,926,233)	\$134,359,880

AWS Foundation, Inc. and Affiliates

Details of Consolidated Statement of Activities and Changes in Net Assets

Year ended June 30, 2020

	AWS Foundation, Inc.	Anthony Wayne Rehabilitation Center for Handicapped and Blind, Inc.	A.W. Holdings, LLC and Subsidiaries	Eliminations	Total AWS Consolidated
Revenue					
Mail service and production workshop income	\$ -	\$ 42,712,638	\$ -	\$ -	\$ 42,712,638
Medicaid	-	2,229,866	97,096,971	-	99,326,837
Fees and other service income	-	139,939	44,410,103	-	44,550,042
Contributions	37,282	96,391	65,623	(170,435)	28,861
Grants	-	207,500	755	-	208,255
Net investment return	(1,457,714)	191,554	580	-	(1,265,580)
Equity in net income of A.W. Holdings, LLC	6,010,565	-	-	(6,010,565)	-
Rental income	1,970,962	326,639	784,831	(1,945,498)	1,136,934
Management fees	-	-	2,348,203	(2,348,203)	-
Personnel management and administration	-	2,250,825	13,120,857	(15,371,682)	-
Miscellaneous	(87,018)	856,039	1,706,150	-	2,475,171
Total revenue	6,474,077	49,011,391	159,534,073	(25,846,383)	189,173,158
Expenses					
Salaries and wages	789,418	687,144	100,327,241	-	101,803,803
Employee benefits	142,795	19,932	19,021,180	-	19,183,907
Production materials	-	26,044,875	(167,430)	-	25,877,445
Travel	14,246	131,156	4,023,602	-	4,169,004
Occupancy	115,673	1,288,560	8,302,603	(1,945,498)	7,761,338
Depreciation	1,256,382	830,297	825,539	-	2,912,218
Supplies	44,211	187,728	3,352,702	-	3,584,641
Program expenses	43,686	4,410,230	3,341,128	-	7,795,044
Equipment	19,871	693,609	634,575	-	1,348,055
Marketing	91,949	8,180	122,594	-	222,723
Staff training	21,784	8,574	387,650	-	418,008
Publications	141	-	14,794	-	14,935
Interest expense	-	-	15,748	-	15,748
Contracted services	139,932	272,059	2,302,797	-	2,714,788
Grants awarded	3,974,565	-	-	(170,435)	3,804,130
Management fees	60,000	2,288,203	-	(2,348,203)	-
Personnel management and administration	56,876	10,669,563	4,645,243	(15,371,682)	-
Other expenses	38,833	(132,431)	2,366,499	-	2,272,901
Total expenses	6,810,362	47,407,679	149,516,465	(19,835,818)	183,898,688
Excess of revenue over expenses	(336,285)	1,603,712	10,017,608	(6,010,565)	5,274,470
Excess of revenue over expenses attributable to noncontrolling interest in A.W. Holdings, LLC	-	-	4,007,043	-	4,007,043
Excess of revenue over expenses attributable to AWS	(336,285)	1,603,712	6,010,565	(6,010,565)	1,267,427
Distributions to AWS Foundation, Inc.	-	-	(5,901,658)	5,901,658	-
Increase in AWS net assets without donor restrictions	(336,285)	1,603,712	108,907	(108,907)	1,267,427
Contributions and increase in net assets with donor restrictions	-	-	-	-	-
Increase in AWS net assets	(336,285)	1,603,712	108,907	(108,907)	1,267,427
Total AWS net assets at beginning of year	79,868,963	26,544,451	4,398,315	(4,398,315)	106,413,414
Total AWS net assets at end of year	79,532,678	28,148,163	4,507,222	(4,507,222)	107,680,841
Excess of revenue over expenses attributable to noncontrolling interest in A.W. Holdings, LLC	-	-	4,007,043	-	4,007,043
Distributions to noncontrolling interest	-	-	(3,934,439)	-	(3,934,439)
Increase in noncontrolling interest in A.W. Holdings, LLC	-	-	72,604	-	72,604
Total noncontrolling interest in A.W. Holdings, LLC at beginning of year	-	-	2,932,191	-	2,932,191
Total noncontrolling interest in A.W. Holdings, LLC at end of year	-	-	3,004,795	-	3,004,795
Total net assets and noncontrolling interest	\$79,532,678	\$ 28,148,163	\$ 7,512,017	\$(4,507,222)	\$ 110,685,636

AWS Foundation, Inc. and Affiliates

Details of Consolidated Statement of Activities and Changes in Net Assets

Year ended June 30, 2019

	AWS Foundation, Inc.	Anthony Wayne Rehabilitation Center for Handicapped and Blind, Inc.	A.W. Holdings, LLC and Subsidiaries	Eliminations	Total AWS Consolidated
Revenue					
Mail service and production workshop income	\$ -	\$ 45,044,927	\$ -	\$ -	\$ 45,044,927
Medicaid	-	2,841,507	88,365,727	-	91,207,234
Fees and other service income	-	305,260	45,075,786	-	45,381,046
Contributions	32,915	23,425	60,788	(67,473)	49,655
Grants	-	100,955	-	(100,535)	420
Net investment return	1,552,961	374,990	188	-	1,928,139
Equity in net income of A.W. Holdings, LLC	5,498,643	-	-	(5,498,643)	-
Rental income	2,093,151	328,481	531,011	(2,047,941)	904,702
Management fees	1,475	-	2,348,203	(2,349,678)	-
Personnel management and administration	-	2,484,884	13,520,634	(16,005,518)	-
Miscellaneous	1,011,461	257,873	62,063	-	1,331,397
Total revenue	10,190,606	51,762,302	149,964,400	(26,069,788)	185,847,520
Expenses					
Salaries and wages	696,226	712,107	93,075,389	-	94,483,722
Employee benefits	122,257	26,153	17,528,295	-	17,676,705
Production materials	-	26,497,010	(145,906)	-	26,351,104
Travel	18,366	143,309	4,449,334	-	4,611,009
Occupancy	156,079	1,232,111	7,463,431	(2,047,941)	6,803,680
Depreciation	1,098,898	773,078	605,356	-	2,477,332
Supplies	25,137	183,550	3,079,345	-	3,288,032
Program expenses	21,635	4,728,595	3,580,631	-	8,330,861
Equipment	24,270	660,282	703,492	-	1,388,044
Marketing	160,869	16,842	93,774	-	271,485
Staff training	23,855	13,513	442,219	-	479,587
Publications	-	-	18,322	-	18,322
Interest expense	14,085	-	1,032	-	15,117
Contracted services	82,181	261,453	2,275,059	-	2,618,693
Grants awarded	4,586,365	-	-	(168,008)	4,418,357
Management fees	60,000	2,289,678	-	(2,349,678)	-
Personnel management and administration	82,377	10,805,660	5,117,481	(16,005,518)	-
Other expenses	167,787	488,472	2,512,741	-	3,169,000
Total expenses	7,340,387	48,831,813	140,799,995	(20,571,145)	176,401,050
Excess of revenue over expenses	2,850,219	2,930,489	9,164,405	(5,498,643)	9,446,470
Excess of revenue over expenses attributable to noncontrolling interest in A.W. Holdings, LLC	-	-	3,665,762	-	3,665,762
Excess of revenue over expenses attributable to AWS	2,850,219	2,930,489	5,498,643	(5,498,643)	5,780,708
Distributions to AWS Foundation, Inc.	-	-	(4,784,947)	4,784,947	-
Increase in AWS net assets without donor restrictions	2,850,219	2,930,489	713,696	(713,696)	5,780,708
Contributions and increase in net assets with donor restrictions	-	-	-	-	-
Increase in AWS net assets	2,850,219	2,930,489	713,696	(713,696)	5,780,708
Total AWS net assets at beginning of year	77,018,744	23,613,962	3,684,619	(3,684,619)	100,632,706
Total AWS net assets at end of year	79,868,963	26,544,451	4,398,315	(4,398,315)	106,413,414
Excess of revenue over expenses attributable to noncontrolling interest in A.W. Holdings, LLC	-	-	3,665,762	-	3,665,762
Distributions to noncontrolling interest	-	-	(3,189,965)	-	(3,189,965)
Increase in noncontrolling interest in A.W. Holdings, LLC	-	-	475,797	-	475,797
Total noncontrolling interest in A.W. Holdings, LLC at beginning of year	-	-	2,456,394	-	2,456,394
Total noncontrolling interest in A.W. Holdings, LLC at end of year	-	-	2,932,191	-	2,932,191
Total net assets and noncontrolling interest	\$ 79,868,963	\$ 26,544,451	\$ 7,330,506	\$ (4,398,315)	\$ 109,345,605