Harper, Rains, Knight & Company

CONSOLIDATED FINANCIAL REPORT

MISSISSIPPI CHILDREN'S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

JACKSON, MISSISSIPPI

DECEMBER 31, 2022

Presented by: Harper, Rains, Knight & Company, P.A.
1052 Highland Colony Parkway, Suite 100
Ridgeland, Mississippi 39157
601-605-0722
www.hrkcpa.com

TABLE OF CONTENTS

Harper, Rains, Knight & Company

Board of Directors
Mississippi Children's Home Services, Inc.
and Affiliates
d/b/a Canopy Children's Solutions
Jackson, Mississippi

Independent Auditors' Report

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mississippi Children's Home Services, Inc. and Affiliates d/b/a Canopy Children's Solutions (the "Organization") which comprise the consolidated statements of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Consolidated Financial Statements Audited by a Predecessor Auditor

The consolidated financial statements of the Organization for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on May 20, 2022.

Certified Public Accountants · Consultants · hrkcpa.com

1052 Highland Colony Parkway, Suite 100
Ridgeland, MS 39157
p: 601-605-0722 · f: 601-605-0733

1425 K Street NW, Suite 1120
Washington, DC 20005
p: 202-558-5162 · f: 601-605-0733

Board of Directors
Mississippi Children's Home Services, Inc. and Affiliates
d/b/a Canopy Children's Solutions (continued)

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 fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern 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 GAAS and *Government 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Mississippi Children's Home Services, Inc. and Affiliates
d/b/a Canopy Children's Solutions (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 accompanying supplementary information, including the consolidating statements and the consolidated schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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 schedule of expenditures of federal awards 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 May 15, 2023, on our consideration of the Organization's 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 the Organization's 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 the Organization's internal control over financial reporting and compliance.

Harper, Rains, Knight & Company, P.A.

May 15, 2023
Ridgeland, Mississippi

MISSISSIPPI CHILDREN'S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS

	2022	2021
Cash and cash equivalents	$ 2,914,106	$ 5,803,721
Restricted cash	1,573,694	1,349,531
Accounts receivable, net of allowance for doubtful accounts of $150,000 in 2022 and $143,116 in 2021	5,502,260	4,360,805
Employee retention tax credit receivable	2,188,353	-
Pledges receivable, net present value	623,131	92,301
Prepaid expenses and other assets	547,615	305,402
Inventory	9,682	-
Investments, fair value	1,347,140	1,587,653
Operating lease right of use	1,936,615	-
Finance lease right of use	46,787	-
Assets held for sale	763,513	804,398
Property, plant and equipment, net	16,282,516	15,364,419
Total assets	$ 33,735,412	$ 29,668,230

LIABILITIES AND NET ASSETS

	2022	2021
Accounts payable and accrued expenses	$ 3,364,988	$ 2,406,512
Operating lease liabilities	1,941,027	-
Finance lease liabilities	47,171	-
Notes payable	7,621,192	8,458,382
Total liabilities	12,974,378	10,864,894
Net assets		
Without donor restrictions	17,303,616	15,088,387
With donor restrictions	3,457,418	3,714,949
Total net assets	20,761,034	18,803,336
Total liabilities and net assets	$ 33,735,412	$ 29,668,230

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

MISSISSIPPI CHILDREN'S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022	2021
Net assets without donor restrictions:		
Support and revenue:		
Government agency contracts	$ 18,997,071	$ 19,711,850
Program fees	1,868,915	1,749,265
Special events	52,200	69,913
Federal grants	11,042,489	8,450,202
State and private grants	512,723	523,778
Tuition and fees, net	378,342	-
Contributions	8,609,785	3,367,964
Interest and dividends	43,528	36,348
Rental income	270,367	262,271
Net assets released from restrictions	102,265	14,164
Net realized and unrealized gains (losses) on investments	(2,169)	2,633
Other	103,400	103,007
Total support and revenue without donor restrictions	41,978,916	34,291,395
Expenses		
Program services:		
Residential solutions	8,809,132	8,188,178
Education solutions	5,329,661	4,216,816
Autism solutions	1,738,003	1,351,959
Family permanency solutions	5,725,686	5,877,555
Intensive in-home solutions	3,898,116	4,405,094
Crisis centers	1,789,473	1,823,168
Outpatient solutions	2,426,426	2,324,969
Family dynamic solutions	4,167,112	1,247,742
Total program services	33,883,609	29,435,481

	2022	2021
Expenses:		
Support services:		
Canopy administrative	$ 3,799,612	$ 3,209,083
Advancement/fundraising	1,295,985	1,046,632
Canopy property expense	784,481	1,037,804
Total support services	5,880,078	5,293,519
Total expenses	39,763,687	34,729,000
Other non-operating changes in net assets:		
Impairment of asset held for sale	-	(1,767,297)
Gain from forgiveness of debt	-	3,868,744
Total other non-operating changes in net assets	-	2,101,447
Change in net assets without donor restrictions	2,215,229	1,663,842
Net assets with donor restrictions:		
Contributions and special events	129,300	102,877
Net assets released from restrictions	(102,265)	(14,164)
Interest and dividends	1,545	434
Net realized and unrealized gains (losses) on investments	(279,200)	30,444
General and administrative and other (expenses)	(6,911)	(4,104)
Change in net assets with donor restrictions	(257,531)	115,487
Change in net assets	1,957,698	1,779,329
Net assets at beginning of year	18,803,336	17,024,007
Net assets at end of year	$ 20,761,034	$ 18,803,336

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

MISSISSIPPI CHILDREN'S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Program Services								Support Services				
	Residential Solutions	Education Solutions	Autism Solutions	Family Permanency Solutions	Intensive In-home Solutions	Crisis Centers	Outpatient Solutions	Family Dynamic Solutions	Canopy Administrative	Canopy Property Expense	Advancement/ Fundraising	MSO Management & Administrative	Total
Operating fund:													
Salaries	$ 5,208,976	$ 3,079,199	$ 995,503	$ 3,352,879	$ 2,626,699	$ 1,088,726	$ 1,514,822	$ 2,312,216	$ 409,082	$ -	$ 519,473	$ 3,735,324	$ 24,842,899
Employee benefits	757,831	532,453	180,316	719,974	403,481	208,801	246,162	468,221	(186,135)	-	74,710	510,064	3,915,878
Professional fees	850,673	303,818	108,589	255,672	151,411	113,752	215,207	194,742	966,216	-	64,596	188,655	3,413,331
Supplies and program	287,119	341,628	20,389	64,789	21,486	57,591	21,862	146,938	83,525	-	339,564	51,437	1,436,328
Telephone	20,301	15,490	9,907	116,255	78,833	16,761	22,991	90,835	56,117	-	5,032	67,022	499,544
Postage	4,183	4,121	318	979	622	536	316	3,551	3,142	-	2,207	3,367	23,342
Occupancy	358,927	394,814	43,176	153,718	73,488	70,918	83,257	95,882	(20,279)	-	6,121	85,906	1,345,928
Equipment rental/maintenance	27,382	11,967	3,057	3,573	951	2,703	1,493	2,245	320,640	-	20	14,424	388,455
Depreciation and amortization	390,928	156,297	53,045	22,255	16,897	35,932	54,591	44,136	-	501,425	6,157	-	1,281,663
Printing, advertising and publications	1,876	5,905	747	2,086	1,160	2,412	1,989	8,792	3,391	-	15,856	1,537	45,751
Travel	23,658	13,220	4,244	539,930	209,220	11,306	15,189	453,293	44,820	-	20,875	92,899	1,428,654
Conferences and meetings	6,595	5,711	1,683	5,552	2,966	4,630	2,702	5,629	16,653	-	9,576	13,222	74,919
Specific assistance individuals	252	360	-	20,245	112	419	-	13,297	-	-	-	-	34,685
Membership dues	16,348	10,510	2,988	11,687	7,434	5,663	4,134	4,752	1,097	-	4,550	6,859	76,022
Bad debts	21,430	-	144,949	-	2,423	-	11,911	-	-	-	-	-	180,713
Capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	84,719	28,240	28,003	-	-	-	28,003	-	-	156,543	-	-	325,508
Loss on disposal	-	-	-	-	-	-	-	-	-	(16,625)	-	-	(16,625)
Insurance	135,897	58,607	21,102	38,629	25,924	34,195	16,055	34,454	-	63,191	4,054	34,584	466,692
Total operating fund expenses before allocation	8,197,095	4,962,340	1,618,016	5,308,223	3,623,107	1,654,345	2,240,684	3,878,983	1,698,269	704,534	1,072,791	4,805,300	39,763,687
General and administrative expense allocation	612,037	367,321	119,987	417,463	275,009	135,128	185,742	288,129	2,101,343	79,947	223,194	(4,805,300)	-
Total	$ 8,809,132	$ 5,329,661	$ 1,738,003	$ 5,725,686	$ 3,898,116	$ 1,789,473	$ 2,426,426	$ 4,167,112	$ 3,799,612	$ 784,481	$ 1,295,985	$ -	$ 39,763,687

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

MISSISSIPPI CHILDREN'S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Services								Support Services				
	Residential Solutions	Education Solutions	Autism Solutions	Family Permanency Solutions	Intensive In-home Solutions	Crisis Centers	Outpatient Solutions	Family Dynamic Solutions	Canopy Administrative	Canopy Property Expense	Advancement/ Fundraising	MSO Management & Administrative	Total
Operating fund:													
Salaries	$ 4,598,908	$ 2,465,373	$ 739,199	$ 3,353,437	$ 2,827,869	$ 1,064,753	$ 1,401,487	$ 655,748	$ 140,853	$ 31,282	$ 452,521	$ 3,812,796	$ 21,544,226
Employee benefits	666,372	446,815	129,681	717,472	502,659	215,760	225,549	112,826	160,818	-	69,785	461,812	3,709,549
Professional fees	887,294	154,336	104,980	375,972	157,804	122,485	189,480	76,110	577,646	-	71,278	185,276	2,902,661
Supplies and program	274,752	269,075	17,618	71,563	30,960	90,437	31,157	63,999	59,892	-	222,222	64,673	1,196,348
Telephone	16,726	17,454	8,411	129,916	95,458	28,174	27,779	53,150	65,380	-	6,237	59,657	508,342
Postage	553	741	181	613	927	355	388	219	3,230	-	3,696	3,051	13,954
Occupancy	364,274	291,393	30,567	192,480	125,436	62,414	75,900	44,712	-	216,176	9,608	86,444	1,499,404
Equipment rental/maintenance	23,982	16,687	6,382	9,848	7,928	10,539	4,017	1,343	42,054	-	(719)	12,991	135,052
Depreciation and amortization	384,746	83,706	65,367	984	21,507	33,657	83,179	25,565	-	478,973	5,838	-	1,183,522
Printing, advertising and publications	-	-	-	-	-	695	90	4,276	900	-	8,405	50	14,416
Travel	36,272	7,436	904	459,099	184,338	9,721	7,620	100,406	8,544	-	9	65,264	879,613
Conferences and meetings	2,386	1,169	433	484	1,714	12,159	1,232	682	5,480	-	3,212	12,195	41,146
Specific assistance individuals	290	-	-	22,677	1,199	222	-	2,105	-	-	-	-	26,493
Membership dues	17,349	7,597	2,436	11,245	8,122	6,588	4,248	1,216	2,293	-	6,061	6,337	73,492
Bad debts	-	8,463	83,243	1,226	20,938	-	24,856	-	-	-	-	-	138,726
Capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	103,377	34,494	31,299	-	-	-	31,255	-	-	181,151	-	-	381,576
Loss on disposal	-	-	-	-	-	1,256	-	-	7,133	-	-	-	8,389
Insurance	168,107	57,015	24,037	48,035	32,817	32,924	16,515	14,634	-	38,045	4,859	35,103	472,091
Total operating fund expenses before allocation	7,545,388	3,861,754	1,244,738	5,395,051	4,019,676	1,692,139	2,124,752	1,156,991	1,074,223	945,627	863,012	4,805,649	34,729,000
General and administrative expense allocation	642,790	355,062	107,221	482,504	385,418	131,029	200,217	90,751	2,134,860	92,177	183,620	(4,805,649)	-
Total	$ 8,188,178	$ 4,216,816	$ 1,351,959	$ 5,877,555	$ 4,405,094	$ 1,823,168	$ 2,324,969	$ 1,247,742	$ 3,209,083	$ 1,037,804	$ 1,046,632	$ -	$ 34,729,000

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

MISSISSIPPI CHILDREN'S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 1,957,698	$ 1,779,329
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation and amortization	1,244,646	1,183,522
Impairment loss on property	-	1,767,297
Donation of stock	(74,357)	(26,386)
Bad debts	180,713	138,726
Net realized and unrealized losses (gains) on investments	281,369	(33,077)
Gain on sale of assets held for sale	(16,625)	-
Reduction in carrying amount of right of use assets	391,933	-
Upfront costs paid at inception of operating leases	(27,492)	-
Changes in assets and liabilities		
Receivables	(1,322,168)	(660,502)
Employee retention tax credit receivable	(2,188,353)	-
Unconditional promises to give	(530,830)	13,553
Prepaid and other assets	(251,895)	(185,041)
Accounts payable and accrued expenses	958,476	(131,508)
Lease liabilities	(323,410)	-
Net change in cash from operating activities	279,705	3,845,913
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(2,158,813)	(317,875)
Purchase of investments	(186,153)	(92,982)
Proceeds from sale of investments	219,654	105,165
Proceeds from sale of assets held for sale	57,510	-
Net cash used in investing activities	(2,067,802)	(305,692)
Cash flows from financing activities:		
Payments on notes payable	(841,120)	(782,162)
Forgiveness of Paycheck Protection Program (PPP) notes payable	-	(3,868,744)
Financing cash flows from finance leases (i.e., principal portion)	(36,235)	-
Net cash used in financing activities	(877,355)	(4,650,906)
Change in cash, cash equivalents and restricted cash	(2,665,452)	(1,110,685)
Cash, cash equivalents and restricted cash, beginning of year	7,153,252	8,263,937
Cash, cash equivalents and restricted cash, end of year	$ 4,487,800	$ 7,153,252

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

MISSISSIPPI CHILDREN'S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

STATEMENTS OF CASH FLOWS (continued)
Years Ended December 30, 2022 and 2021

	2022	2021
Supplemental cash flow information:		
Cash paid for interest	$ 325,508	$ 381,576
Operating lease liabilities exchanged for right of use assets	$ 2,264,437	$ -
Financing lease liabilities exchanged for right of use assets	$ 83,406	$ -
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 2,914,106	$ 5,803,721
Restricted cash	1,573,694	1,349,531
Total cash, cash equivalents and restricted cash	$ 4,487,800	$ 7,153,252

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

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Mississippi Children's Home Services, Inc. d/b/a Canopy Children's Solutions, organized under the laws of Mississippi in January 2003, is a nonprofit management service corporation, created to serve as the parent company of the Mississippi Children's Home Society and CARES Center, Inc. (the "Corporations"). The articles of incorporation of the Corporations were amended to declare Mississippi Children's Home Services, Inc. as their sole member. The purpose of the restructuring was to segregate management services from program services.

Mississippi Children's Home Society d/b/a Canopy Children's Solutions, organized under the laws of Mississippi in 1912, is a nonprofit comprehensive multi-service child and family service agency committed to developing, implementing and evaluating programs that respond to actual needs in the community throughout Mississippi.

CARES Center, Inc. d/b/a Canopy Children's Solutions, organized under the laws of Mississippi in February 1993, is a nonprofit corporation which operates a facility in Mississippi to provide healthcare and educational services. Its purpose is to develop mental health and rehabilitation services for children, youth and families. These services include providing psychiatric residential treatment services, therapeutic family foster care service, day treatment services and clinical counseling/diagnostic services.

The Organization opened its newest educational and social service solution, The Canopy School, for the 2022-2023 school year on September 6, 2022. The Canopy School is a nonprofit, accredited and individualized academic environment for children with an array of learning differences.

Principles of Consolidation and Basis of Presentation

The consolidated financial statements of Mississippi Children's Home Services, Inc. include the consolidated financial statements of Mississippi Children's Home Services, Inc., Mississippi Children's Home Society and CARES Center, Inc., (collectively, the "Organization") and have been prepared on the accrual basis of accounting. All material intercompany balances and transactions have been eliminated upon consolidation. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of Accounting Standard

Effective January 1, 2022, The Organization elected to adopt Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases ("Topic 842"), which replaced existing lease accounting guidance. The new standard is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use ("ROU") assets and corresponding lease liabilities on the Statement of Financial Position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. The new guidance requires the Organization to continue to classify leases as either an operating or finance lease, with classification affecting the pattern of expense recognition in the income statement. In addition, the new standard requires enhanced disclosure surrounding the amount, timing and uncertainty of cash flows arising from leasing agreements.

In July 2018, the FASB issued ASU No. 2018-11, which provided entities with an additional transition method. Under the new transition method, an entity initially applies the new standard at the adoption date, versus at the beginning of the earliest period presented, and recognizes a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Organization elected this transition method and adopted Topic 842 using a modified retrospective approach with the cumulative effect of initially applying the new standard recognized in retained earnings at January 1, 2022. Comparative prior period information has not been adjusted and continues to be reported in accordance with previous lease accounting guidance in Accounting Standards Codification ("ASC") Topic 840 - Leases.

Upon adoption, the Organization elected the package of transition practical expedients which allowed the Organization to carry forward prior conclusions related to: (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases and (iii) initial direct costs for existing leases. Additionally, the Organization elected the practical expedient to not separate lease components from nonlease components for all real estate leases within the portfolio. The Organization made an accounting policy election to not record leases with an initial term of 12 months or less on the Consolidated Statement of Financial Position, unless the Organization’s extended the lease beyond 12 months from the initial lease term. The Organization made an accounting election to use the practical expedient of using the Risk-Free Discount Rate expedient for all leases.

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of Accounting Standard (continued)

The adoption of Topic 842 resulted in a $13,024 decrease to total net assets as of January 1, 2022. Upon adoption, the Organization recognized $607,750 of total lease liabilities and $594,726 of lease ROU assets as of January 1, 2022. Several other asset and liability line items in the Organization's Consolidated Statement of Financial Position were also impacted by immaterial amounts. The adoption of the standard did not have a material impact on the Consolidated Statements of Financial Position and the Consolidated Statements of Cash Flows.

Net Assets

In accordance with ASU 2016-14, net assets are reported in two categories as follows:

Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered "restricted" under GAAP, though for internal reporting the Organization tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board, if any, are reported as net assets without donor restrictions, Board designated.

With Donor Restrictions - Net assets subject to donor-imposed stipulations that are more restrictive than the Organization's mission and purpose. 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. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract Assets and Liabilities

Contract assets represent amounts related to services provided that have not been billed and that do not meet the conditions of unconditional rights to payment. The Organization does not report any contracts assets in the accompanying consolidated statements of financial position as December 31, 2022 and 2021. Contract liabilities represent revenue collected in advance of the contract period or amounts billed in excess of revenue recognized. The Organization reports such contract liabilities as deferred revenue in the accompanying consolidated statements of financial position.

Revenue Recognition

The Organization recognizes contributions when it receives cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return or release - are not recognized until the conditions on which they depend have been met. The Organization has elected to report donor-restricted support for which restrictions are met in the same reporting period as net assets without donor restrictions.

A significant portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, the receipt of which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized as receivable when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

The Organization records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place.

Contributed Services

Contributed services and materials are recognized as in-kind revenue on the consolidated statements of activities when they are received or unconditionally pledged. Contributions of assets and services are measured at their fair value when received and are reported as an increase in net assets. Total contributed services and materials for 2022 and 2021, were $60,000 and $52,500, respectively.

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Organization includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less, as cash and cash equivalents on the accompanying consolidated statements of financial position.

Cash and cash equivalents received with donor-imposed restrictions that limit their use to long-term purposes and cash and cash equivalents restricted for the Organization's group health plan are classified as restricted and are not included with cash and cash equivalents that are available for current use.

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits of $250,000. At December 31, 2022 and 2021, amounts in excess of FDIC insured limits were $3,434,998 and $6,091,807, respectively. The banks have a right of offset of all cash deposits against the outstanding lines of credit and notes payable totaling $7,621,192 and $8,458,382 at December 31, 2022 and 2021, respectively. The Organization manages this risk by maintaining its deposit accounts with well-established, highly rated financial institutions.

Accounts Receivable

The Organization reports receivables at estimated net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account or against revenues. Receivables from contracts with customers are reported as accounts receivable, net in the accompanying consolidated statements of financial position.

Investments

Investments in all debt and equity securities with readily determined fair values are recorded at fair value. Fair values are determined based on quoted market prices. Realized and unrealized gains and losses are included in the change in net assets. Investment income is recorded in the statement of activities based on the classification of the investment from which it is derived. Investment-related expenses are offset against investment earnings. For purposes of determining realized gains and losses, the cost of securities sold is based on specific identification.

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

Property, plant and equipment purchases are stated at cost, while assets donated are stated at fair value at the time of acquisition. Maintenance and repairs are expensed as incurred. Upon the retirement of property sold or otherwise disposed of, its cost and related accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in the income of the current period. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years for buildings and improvements, 4 to 8 years for vehicles and 2 to 25 for furniture, fixtures and equipment.

Interest cost on borrowed funds during periods of construction of capital assets is capitalized as a component cost of acquiring these assets. There was no capitalized interest for the years ended December 31, 2022 and 2021.

Properties purchased with resources from grants are capitalized and depreciated even though the grant may specify that title remains with or reverts to the grantor. In practice, these properties are not normally reclaimed, the provision for reversion being primarily a device for insuring compliance.

Asset Impairments

In accordance with Accounting Standards Codification ("ASC") Topic 360, *Property, Plant and Equipment,* the Organization evaluates whether current facts or circumstances indicate that the carrying value of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset or the appropriate grouping of assets, is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value.

An estimate of the asset's fair value is based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including a discounted value of estimated future cash flows. The Organization reports an asset to be disposed of at the lower of its carrying value or its estimated net realizable value. There were no asset impairments recorded for the year ended December 31, 2022. An impairment loss of $1,767,297 was recognized in 2021 to write-down the carrying value of a property in Saucier, Mississippi, to its fair value, which was determined from its book value, less the cost to sell. See Note 4 for details.

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the consolidated statement of activities. Certain costs are allocated among the programs proportional to salary expenses for each program.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is required to file Form 990, Return of Organization Exempt from Income Tax, annually with the Internal Revenue Service. As of December 31, 2022, filings of such form for fiscal years 2019 and later are open to examination by taxing authorities.

Fair Value Measurements

As defined in ASC Topic 820, *Fair Value Measurements*, 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. ASC Topic 820 requires that the quality and reliability of the information used to determine fair value be ranked via a three-level hierarchy (Level 1 - the highest, Level 2, Level 3 - the lowest).

The ordering of the priority reflects the degree to which objective prices in external active markets are available to measure fair value.

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments or derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimates.

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

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

All of the Organization's assets that are measured at fair value (principally, investments) are valued based on inputs which are valued using quoted active market prices (Level 1).

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

Leases

The Organization recognizes and measures its leases in accordance with FASB 842 Leases. The Organization is a lessee in several noncancelable finance and operating leases, for office space, vehicles and other office equipment. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract when the terms of an existing contract are changed. The Organization recognizes a lease liability and right of use ("ROU") asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The Organization adopted the practical expedient to use the risk-free rate on all leases. The risk-free rate was determined by using the Treasury bill rates using comparable terms. The Operating ROU assets are subsequently amortized throughout the lease term at the amount of the remeasured lease liability, plus unamortized indirect costs, (if any), plus/minus any prepaid/accrued lease payments (if any), less the unamortized balance of lease incentives received (if any), and any impairment recognized (if any). Lease cost for operating leases payments is recognized on a straight-line basis over the lease term and lease expense is included in the Consolidated Statements of Financial Position. Finance ROU assets are amortized over a straight-line basis and amortization expense is recorded on the Consolidated Statements of Financial Position. Finance lease liability payments are amortized based on present value calculation of the lease liability and will include a component of interest expense on the consolidated Statements of Activities.

NOTE 2 • CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of the following at December 31, 2022 and 2021:

	2022	2021
Due within one year	$ 200,000	$ 53,000
Due within five years	460,000	40,000
Less:	660,000	93,000
Allowance for uncollectible contributions	-	-
Unamortized discount	36,869	699
Total	$ 623,131	$ 92,301

Discount rates ranged from 3.99 percent to 4.41 percent.

NOTE 3 • INVESTMENTS

Investments consisted of the following at December 31, 2022:

	Cost	Market	Unrealized Appreciation	Unrealized (Depreciation)
Fixed income mutual funds	$ 1,140,279	$ 1,010,161	$ -	$ (130,118)
Stock - common and prefered	119,663	173,307	63,290	(9,646)
Equity mutual funds	154,237	163,672	21,406	(11,971)
Total	$ 1,414,179	$ 1,347,140	$ 84,696	$ (151,735)

Investment return for the year ended December 31, 2022, is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income from marketable securities, cash and cash equivalents	$ 43,528	$ 1,545	$ 45,073
Realized and unrealized gains (losses) from marketable securities, cash and cash equivalents, net of expenses	(2,169)	(279,200)	(281,369)
Total investment income	$ 41,359	$ (277,655)	$ (236,296)

NOTE 3 • INVESTMENTS (continued)

Investments consisted of the following at December 31, 2021:

	Cost	Market	Unrealized Appreciation	Unrealized (Depreciation)
Fixed income mutual funds	$ 1,048,809	$ 1,092,686	$ 45,745	$ (1,868)
Stock - common and prefered	148,447	261,636	114,782	(1,593)
Equity mutual funds	169,657	233,331	63,674	-
Total	$ 1,366,913	$ 1,587,653	$ 224,201	$ (3,461)

Investment return for December 31, 2021, is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income from marketable securities, cash and cash equivalents	$ 36,348	$ 434	$ 36,782
Realized and unrealized gains (losses) from marketable securities, cash and cash equivalents, net of expenses	2,633	30,444	33,077
Total investment income	$ 38,981	$ 30,878	$ 69,859

NOTE 4 • ASSET HELD FOR SALE

In February 2021, management executed a sales agreement committing to sell a property located in Saucier, Mississippi. As the sale is expected to be completed within one year, the asset is classified as held for sale. An impairment loss of $1,767,297 was recorded during 2021 to write-down the property in Saucier, Mississippi, to its fair value less the cost to sell. The fair value was determined based on an appraisal of the property dated April 2021.

NOTE 5 • PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarized below:

	2022	2021
Land	$ 3,197,422	$ 3,197,422
Building and improvements	21,375,178	20,338,473
Automobiles	265,630	326,407
Furniture, fixtures and equipment	7,266,491	6,685,250
Construction in progress	272,441	-
	32,377,162	30,547,552
Less accumulated depreciation	(16,094,646)	(15,183,133)
Total	$ 16,282,516	$ 15,364,419

Depreciation expenses were $1,240,716 and $1,179,592 for the years ended December 31, 2022 and 2021, respectively.

NOTE 6 • RETIREMENT PLAN

In 2009, the Organization adopted a 403(b) Thrift Plan. Under the plan, all employees are eligible to make salary reduction contributions within guidelines permitted by the Internal Revenue Code. Employees who meet certain eligibility requirements may contribute up to 3 percent of their salary and receive an employer matching contribution of the same amount.

The Plan also allows for a discretionary contribution for all eligible employees. As of December 31, 2022, the Organization accrued a $165,000 discretionary contribution for 2022 to be paid in 2023. As of December 31, 2021, the Organization accrued a $100,000 discretionary contribution for 2021 which was paid in 2022.

The total employer contribution, including the employer match and discretionary contributions, was $487,069 and $379,058 for the years ended December 31, 2022 and 2021, respectively.

NOTE 7 • NOTES PAYABLE AND LINES OF CREDIT

Following is a summary of notes payable at December 31, 2022 and 2021:

	2022	2021
Note payable to bank at 4.95 percent, payable in monthly installments of $4,348 until February 2025, when unpaid balance and accrued interest shall be due, collateralized by real estate	$ 109,663	$ 155,141
Note payable to bank at $19,369 per month, including interest at 3.85 percent for 2022 and 4.10 percent for 2021, due December 2029, collateralized by building	1,435,603	1,608,125
Note payable to bank at $19,506 per month, including interest at 3.85 percent for 2022 and 4.25 percent for 2021, due September 2028, collateralized by building	2,722,257	2,842,032
Note payable to bank at $40,792 per month, including interest at 3.85 percent for 2022 and 4.25 percent for 2021, due January 2029, collateralized by real estate	2,649,306	3,023,498
Note payable to bank at $13,014 per month, including interest at 3.85 percent for 2022 and 4.25 percent for 2021, due September 2027, collateralized by building	716,720	845,873
Total notes payable	7,633,549	8,474,669
Less deferred financing costs, Net of accumulated amortization	12,357	16,287
	$ 7,621,192	$ 8,458,382

Maturities of notes payable are as follows:

Year	Amount
2023	$ 891,962
2024	927,465
2025	922,935
2026	947,225
2027	944,097
Thereafter	2,999,865
Total	$ 7,633,549

NOTE 7 • NOTES PAYABLE AND LINES OF CREDIT (continued)

Interest expense related to notes payable was $325,508 and $381,576 for the years ended December 31, 2022 and 2021, respectively. Amortization expense for deferred financing costs was $3,930 for both years ended December 31, 2022 and 2021.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act was signed into law. In April 2020, the Organization received 3 loans - one in the name of Mississippi Children's Home Services, Inc., one in the name of Mississippi Children's Home Society and one in the name of CARES Center, Inc. - pursuant to the Paycheck Protection Program ("PPP"), a provision of the CARES Act of 2020. The aggregate amount of these loans was $3,868,744. Under the CARES Act of 2020, PPP loan proceeds that are used for certain qualifying expenditures during a specific covered period are eligible to be forgiven. The Organization received notification that all three loans totaling $3,868,744 had been forgiven by the Small Business Administration and were recognized as gain from forgiveness of debt in the 2021 consolidated statement of activities.

The Organization has an available line of credit with a bank totaling $850,000, at a variable interest rate equal to the Prime rate, which was 4.75 percent at December 31, 2022. The line of credit was renewed on August 29, 2022, and will mature on August 21, 2023. On December 31, 2022 and 2021, there were no borrowings against the line of credit.

The Organization has an available line of credit with a bank totaling $600,000 at a variable interest rate equal to the Prime rate plus 0.25 percent, which was 7.5 percent at December 31, 2022. This line of credit matured and was renewed on January 15, 2022, with a maturity date of January 13, 2023. At December 31, 2022 and 2021, there were no borrowings on the line of credit.

The Organization has an available line of credit renewed with a bank totaling $250,000 at a variable interest rate equal to the Prime rate plus 1.25 percent which was 3.25 percent at December 31, 2022, with a minimum interest rate of 4.5 percent. This line of credit matures on August 7, 2023. At December 31, 2022 and 2021, there were no borrowings on the line of credit.

NOTE 8 • LIQUIDITY AND AVAILABILITY OF RESOURCES

The table that follows presents the Organization's financial assets at December 31, 2022 and 2021, which are available to meet obligations for general expenditure that may arise within one year of the balance sheet date.

As discussed more fully in Note 9, the Organization's endowment funds are donor-restricted; however, the income derived from these endowment funds is not donor-restricted and may be used to cover general expenditures.

NOTE 8 • LIQUIDITY AND AVAILABILITY OF RESOURCES

	2022	2021
Cash and cash equivalents	$ 2,914,106	$ 5,803,721
Accounts receivable, net	5,502,260	4,360,805
Pledge receivables, due within one year, net	200,000	53,000
Total	$ 8,616,366	$ 10,217,526

In addition to the assets shown above, at December 31, 2022 and 2021, the Organization had approximately $887,000 and $593,000 of cash that is restricted as to its use. These funds may not be used to cover general expenditures of the Organization; however, the Organization may use these funds to cover expenditures that arise in the 12 months following the balance sheet date, provided that the nature of these expenditures is consistent with the restrictions placed upon these funds.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's working capital and cash flows vary throughout the year due to the timing of receipt of grant funds, collection of program fees and contributions from donors. To assist in managing liquidity, the Organization maintains lines of credit (see Note 7) with commercial banks with borrowing limits of $1.7 million in the aggregate that can be drawn upon as needed to manage cash flow.

NOTE 9 • NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2022 and 2021:

	2022	2021
Subject to expenditure for specific purpose:		
The Canopy School Scholarship Fund	$ 75,206	$ -
Center for Excellence Renovation	18,864	-
Behavioral School Curriculum Project	20,842	25,000
Canopy University	15,000	15,000
Online Educational Software	-	56,490
Equipment for Center for Excellence	-	6,387
	129,912	102,877
Not subject to appropriation or expenditure:		
Endowment assets for which only income may be expended	3,327,506	3,612,072
Total net assets with donor restrictions	$ 3,457,418	$ 3,714,949

NOTE 9 • NET ASSETS WITH DONOR RESTRICTIONS

The paragraphs that follow provide a description of the programs shown in the table above.

Donations were received to fund online curriculum and educational software and the implementation of the AIM curriculum for CARES Schools in Jackson, Mississippi, and Hattiesburg, Mississippi. Donations were also received to fund Canopy University's Life Space Crisis Intervention Training and Certification Program and to fund digital engagement therapy equipment for Canopy's early intervention autism clinic. These donations are reported as net assets with donor restrictions as of December 31, 2022. These restrictions will be released in 2023 as they are used for these purposes.

Certain other donor restricted net assets consist of cash and investments, including land, and are held by the endowment fund. These assets are invested in perpetuity and the interest and dividends generated by the investments are considered unrestricted as to use and are paid directly into the net assets without donor restrictions. Expenses related to administration of the endowment fund may be paid from endowment fund assets. Investment income in the amount of expenses paid out is retained in the endowment fund to offset the expense.

The Organization also obtained a legal opinion to enable them to lend up to a $1,000,000 of endowment assets to other internal funds as a line of credit. Such funds shall not exceed 90 percent of each internal agency's receivable balance.

The investments are managed to provide a reasonable rate of return that will offset the expenses related to the administration of the endowment and to provide a modest return to contribute to unrestricted expenses. The composition of investments can include notes receivable from internal agencies. These notes receivable are stated at a reasonable rate of return that approximates the current market rate of return. The Organization interprets the current state law regarding the treatment of endowed funds as the preservation of corpus and appropriate expenditure of the appreciation of the restricted net asset.

The following table presents the activity in the endowment funds, which are a component of net assets with donor restrictions.

NOTE 9 • NET ASSETS WITH DONOR RESTRICTIONS (continued)

Endowment net assets as of December 31, 2020	$ 3,585,298
Investment return:	
Interest and dividends	434
Net realized and unrealized gains (losses) on investments	30,444
Total investment return	30,878
General and administrative and other expenses	(4,104)
Endowment net assets as of December 31, 2021	3,612,072
Investment return:	
Interest and dividends	1,545
Net realized and unrealized gains (losses) on investments	(279,200)
Total investment return	(277,655)
General and administrative and other expenses	(6,911)
Endowment net assets as of December 31, 2022	$ 3,327,506

Endowed net assets consists of restricted cash, investments, real property and receivables.

NOTE 10 • REVENUE FROM CONTRACTS WITH CUSTOMERS

The Organization's contract revenue, which is accounted for pursuant to ASC Topic 606, is primarily generated from services related to providing psychiatric residential treatment services, therapeutic family foster care service, day treatment services and clinical counseling/diagnostic services. Each of these revenue streams have unique performance obligations; however, no individual revenue stream contains more than one performance obligation. Revenue is recognized upon a point in time when the service performance obligations are completed. The Organization has analyzed factors regarding the types of customers and contracts and determined there is minimal impact to the amount, timing and certainty of contract revenue. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue and, therefore, only changes to revenue classifications were required on a retrospective basis. The timing of revenue recognition is not materially impacted by the new standard.

The following is a summary of contracts with customers classified by those recognized at a point in time and over a period of time is as follows:

NOTE 10 • REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

	2022	2021
Services transferred at a point in time:		
Payment for performance of services	$ 21,334,644	$ 21,959,873
Special event direct benefit	52,200	69,913
Total services transferred at a point in time	$ 21,386,844	$ 22,029,786
Receivables from contracts with customers:		
Beginning of year	$ 1,899,375	$ 2,088,770
End of year	$ 3,293,770	$ 1,899,375

The majority of CARES Center, Inc.'s contract revenue is derived from services to Medicaid program beneficiaries. The psychiatric residential treatment facility services are reimbursed based upon a cost reimbursement methodology (per diem). CARES Center, Inc. is reimbursed at a prospective rate, which is adjusted annually based on annual cost reports submitted to and audited by the Medicaid intermediary. Revenue is reported in net of the estimated discounts applicable to this cost reporting process.

Mississippi Children's Home Society also provides services to Medicaid program beneficiaries through its MYPAC program, Mississippi Youth Programs Around the Clock. MYPAC is an innovative home and community-based alternative to psychiatric residential services for youth with serious emotional disturbances. It is funded through a program under a defined per diem arrangement for the array of clinical, case management and wrap around services to children and families.

The Organization received 35 percent and 45 percent of its total support and revenue from Medicaid for 2022 and 2021, respectively. Total support received for 2022 and 2021 from Medicaid was $14,539,678 and $15,578,237, respectively, which is included in Support and Revenue under the caption Government Agency Contracts in the consolidated statements of activities.

NOTE 11 • GRANT REIMBURSEMENTS RECEIVABLE AND FUTURE COMMITMENTS

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the consolidated financial statements of the Organization are prepared on an accrual basis, all earned portions of the grants not yet received as of December 31 have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2022 and 2021.

NOTE 11 • GRANT REIMBURSEMENTS RECEIVABLE AND FUTURE COMMITMENTS (continued)

Grants	Terms	Grant Amounts	Earned Through December 31, 2022	Funding Available
Federal, State and Local Government Grant	Various Terms from July 1, 2022 through June 30, 2024	$ 16,799,675	$ 3,506,428	$ 13,293,247

Grants	Terms	Grant Amounts	Earned Through December 31, 2021	Funding Available
Federal, State and Local Government Grant	Various Terms from July 1, 2021 through June 30, 2024	$ 18,255,053	$ 4,131,679	$ 14,123,374

NOTE 12 • OPERATING AND FINANCE LEASES

The following schedule illustrates the lease costs associated with recording operating and financing lease costs for the year ended December 31, 2022:

	Year Ending December 31, 2022
Lease expense	
Finance lease expense	
Amortization of right of use ("ROU") assets	$ 37,017
Interest on lease liabilities	804
Operating lease expense	365,337
Total	$ 403,158

The following schedule illustrates the weighted average remaining lease term and discount rate, separately for finance and operating leases for the year ended December 31, 2022:

	Finance	Operating
Weighted-average term in years	2.42	4.3
Weighted-average discount rate	1.97%	3.73%

NOTE 12 • OPERATING LEASES (continued)

The following table displays the undiscounted cash flow due related to operating and finance leases as of December 31, 2022, along with a reconciliation of the discounted amount recorded on the statement of consolidated financial position as of December 31, 2022.

Maturity Analysis	Finance	Operating
2023	$ 25,769	$ 591,322
2024	10,915	444,077
2025	8,349	392,714
2026	3,479	388,698
2027	-	289,853
Thereafter	-	-
Total undiscounted cash flows	48,512	2,106,664
Less: present value discount	(1,341)	(165,637)
Total lease liabilities	$ 47,171	$ 1,941,027

The following displays other information regarding the measurement of lease liabilities:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases (i.e. interest)	$	773
Financing cash flows from finance leases (i.e. principal portion)	$	36,235
Operating cash flows from operating expenses	$	346,877
Additonal information:		
ROU assets obtained in exchange for new finance lease liabilities	$	30,978
ROU assets obtained in exchange for new operating lease liabilities	$	1,709,115

NOTE 13 • SELF-INSURANCE PROGRAM

The Organization's group health plan is partially self-insured, up to certain limits, for employee claims. The Organization has purchased stop-loss insurance, which will reimburse the Organization for claims in excess of $40,000 per covered individual and also reimburse the Organization in the event of an aggregate claim not to exceed $1,000,000 per policy contract year. Operations are charged with the cost of claims reported and an estimate of claims incurred but not reported. A liability for unpaid claims and the associated claim expenses, including incurred but not reported losses, is estimated based on known costs and historical lag times of payment and

NOTE 13 • SELF-INSURANCE PROGRAM (continued)

reflected on the consolidated statement of financial position as an accrued liability. This liability totaled $150,000 at December 31, 2022 and 2021. Total expense under the program was approximately $1,312,380 and $1,532,856 in 2022 and 2021, respectively.

NOTE 14 • SIGNIFICANT ESTIMATES AND CONCENTRATIONS

GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Accounts Receivable

Two payors accounted for approximately 82 percent and 63 percent of the accounts receivable balance as of December 31, 2022 and 2021, respectively.

Litigation

The Organization is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, changes in net assets and cash flows of the Organization.

NOTE 15 • SUBSEQUENT EVENTS

The Organization has evaluated, for consideration of recognition or disclosure, subsequent events through May 15, 2023, the date that the consolidated financial statements were available to be issued.

On April 21, 2023, the Organization entered into a purchase agreement to acquire property in Hattiesburg, Mississippi, to house those solutions located in the Hattiesburg area.

MISSISSIPPI CHILDREN'S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Direct Programs:			
U.S. Department of Health and Human Services:			
Basic Center Grant - Warren County Children's Shelter	93.623		$ 64,304
Basic Center Grant - Warren County Children's Shelter	93.623		52,521
Total U.S. Department of Health and Human Services			116,825
COVID-19 Provider Relief Fund	93.498		158,443
Total U.S. Department of Health and Human Services			275,268
Pass through from State of Mississippi:			
Department of Education			
Governor's Emergency Education Relief Fund	84.425C	GEER-Z005-0275R	184,319
Total Department of Education			184,319
Pass-through Programs:			
U.S. Department of Justice:			
Mississippi State Department of Health:			
Crime Victim Assistance - Warren County Children's Shelter	16.575	SG-1253-R3	96,901
Crime Victim Assistance - Canopy Children's Solutions	16.575	SG-1253-R4	124,281
Crime Victim Assistance - Child Abuse Prevention Center	16.575	SG-1253-R3	259,708
The Children's Advocacy Center of Mississippi:			
Crime Victim Assistance - MDT Enhancement Grant	16.575	CACM-22-MEP-01	51,684
Total Crime Victim Assistance			532,574
National Children Alliance:			
Provision of Core Direct CAC Services	16.758	GULF-MS-CORE22	50,000
Total U.S. Department of Justice			582,574
U.S. Department of Agriculture:			
Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	225MS326N1099	46,180
National School lunch Program	10.553	225MS326N1099	98,588
Total U.S. Department of Agriculture			144,768
U.S. Department of Health and Human Services:			
Mississippi Department of Human Services:			
Temporary Assistance for Needy Families (TANF) 2020 Family Dynamics	93.558	6021764/6021765	3,404,342
Temporary Assistance for Needy Families (TANF) 2021 Family Dynamics	93.558	6026163-6026165	669,772
Total Temporary Assistance for Needy Families (TANF) Program			4,074,114
Mississippi Department of Child Protection Services:			
Stephanie Tubb Jones Child Welfare Services Program	93.645	6020877	4,452,173
Stephanie Tubb Jones Child Welfare Services Program	93.645	6023328	1,320,329
Total Stephanie Tubb Jones Child Welfare Services Program			5,772,502
Total U.S. Department of Health and Human Services			9,846,616
			$ 11,033,545

NOTE 1 <u>BASIS OF PRESENTATION</u>

The accompanying consolidated schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the 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"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 <u>INDIRECT COST RATE</u>

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 <u>PASS-THROUGH ENTITIES</u>

There were no funds passed through to subrecipients for the year ended December 31, 2022.

Harper, Rains, Knight & Company

Board of Directors
Mississippi Children's Home Services, Inc.
and Affiliates
d/b/a Canopy Children's Solutions
Jackson, Mississippi

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, 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, the consolidated financial statements of Mississippi Children's Home Services, Inc. and Affiliates d/b/a Canopy Children's Solutions (the "Organization") as of and for the year ended December 31, 2022, and the related notes to the consolidated financial statements, which collectively comprise the Organization's basic consolidated financial statements and have issued our report thereon dated May 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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

Report on Internal Control Over Financial Reporting (continued)

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

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.

Harper, Rains, Knight & Company, P.A.

May 15, 2023
Ridgeland, Mississippi

Harper, Rains, Knight & Company

Board of Directors
Mississippi Children's Home Services, Inc.
and Affiliates
d/b/a Canopy Children's Solutions
Jackson, Mississippi

Independent Auditors' Report on Compliance for each Major Federal Program and Internal Control over Compliance in accordance with the *Uniform Guidance*

Report on Compliance for the Major Federal Programs

Opinion on Compliance for Each Major Federal Program

We have audited Mississippi Children's Home Services, Inc. and Affiliates d/b/a Canopy Children's Solutions' (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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

Certified Public Accountants · Consultants · hrkcpa.com
1052 Highland Colony Parkway, Suite 100
Ridgeland, MS 39157
p: 601-605-0722 · f: 601-605-0733
1425 K Street NW, Suite 1120
Washington, DC 20005
p: 202-558-5162 · f: 601-605-0733

Basis for Opinion on Each Major Federal Program (continued)

on compliance for each major federal program. Our audit does not provide a legal determination of the Organization'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 the Organization's federal programs.

Auditors' 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 the Organization'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* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, 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 the Organization'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 Organization'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, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

Board of Directors
Mississippi Children's Home Services, Inc. and Affiliates
d/b/a Canopy Children's Solutions (continued)

Auditors' Responsibilities for the Audit of Compliance (continued)

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

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 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 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 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.

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. Accordingly, this report is not suitable for any other purpose.

Harper, Rains, Knight & Company, P.A.

May 15, 2023
Ridgeland, Mississippi

MISSISSIPPI CHILDREN'S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified
2. Internal control over financial reporting:	
Material weakness(es) identified	No
Significant deficiencies identified	None
3. Noncompliance material to consolidated financial statements which would be required to be reported in accordance with *Government Auditing Standards*	No

Federal Awards

4. Internal control over major programs:	
Material weakness(es) identified	No
Significant deficiencies identified	None
5. Type of auditors' report issued on compliance for major programs:	Unmodified
6. Audit findings as required by 2 CFR section 200.516(a)	No

7. The programs tested as major programs were:

CFDA Number	Name of Federal Program
93.645	Stephanie Tubb Jones Child Welfare Services Program

8. Dollar threshold used to distinguish between	
Type A and Type B programs:	$750,000
9. Auditee qualified as low-risk auditee	Yes

Section II: Financial Statement Findings

No matters are reportable.

Section III: Federal Award Findings and Questioned Costs

No matters are reportable.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 30, 2022

No matters were reported for the year ended December 31, 2021.

MISSISSIPPI CHILDREN’S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2022

	Mississippi Children's Home Society Operating Fund	Endowment Fund	CARES Center, Inc.	Mississippi Children's Home Services, Inc.	Subtotal	Eliminating Entries	Total Consolidated
ASSETS							
Cash and cash equivalents	$ 2,229,832	$ -	$ 247,130	$ 437,144	$ 2,914,106	$ -	$ 2,914,106
Restricted cash	887,038	686,656	-	-	1,573,694	-	1,573,694
Accounts receivable, net of allowance of $150,000 in 2022	5,251,740	1,375	2,768,551	527,507	8,549,173	(3,046,913)	5,502,260
Employee retention tax credit receivable	816,873	-	1,116,149	255,331	2,188,353	-	2,188,353
Pledge receivable, net present value	38,380	-	584,751	-	623,131	-	623,131
Prepaid expenses and other assets	439,963	-	107,652	-	547,615	-	547,615
Inventory	9,682	-	-	-	9,682	-	9,682
Investments, at fair value	3,267	1,343,873	-	-	1,347,140	-	1,347,140
Operating lease right of use	215,587	-	1,721,028	-	1,936,615	-	1,936,615
Finance lease right of use	46,787	-	-	-	46,787	-	46,787
Assets held for sale	763,513	-	-	-	763,513	-	763,513
Property, plant and equipment, net	12,825,243	1,298,420	2,158,853	-	16,282,516	-	16,282,516
Total assets	$ 23,527,905	$ 3,330,324	$ 8,704,114	$ 1,219,982	$ 36,782,325	$ (3,046,913)	$ 33,735,412
LIABILITIES AND NET ASSETS							
Accounts payable and accrued expenses	$ 2,053,084	$ 2,818	1,477,681	$ 473,765	$ 4,007,348	$ (642,360)	$ 3,364,988
Operating lease liabilities	222,638	-	1,718,389	-	1,941,027	-	1,941,027
Finance lease liabilities	47,171	-	-	-	47,171	-	47,171
Notes payable	7,621,192	-	2,404,553	-	10,025,745	(2,404,553)	7,621,192
Total liabilities	9,944,085	2,818	5,600,623	473,765	16,021,291	(3,046,913)	12,974,378
Net assets (deficit):							
Without donor restrictions	13,568,820	-	2,988,579	746,217	17,303,616	-	17,303,616
With donor restrictions	15,000	3,327,506	114,912	-	3,457,418	-	3,457,418
Total net assets (deficit)	13,583,820	3,327,506	3,103,491	746,217	20,761,034	-	20,761,034
Total liabilities and net assets (deficit)	$ 23,527,905	$ 3,330,324	$ 8,704,114	$ 1,219,982	$ 36,782,325	$ (3,046,913)	$ 33,735,412

See Independent Auditors' Report.

MISSISSIPPI CHILDREN’S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

	Mississippi Children’s Home Society			CARES Center, Inc.					
	Operating Without Donor Restrictions	Operating With Donor Restrictions	Endowment With Donor Restrictions	Operating Without Donor Restrictions	Operating With Donor Restrictions	Mississippi Children’s Home Services, Inc.	Subtotal	Eliminating Entries	Total Consolidated
Net assets without donor restrictions:									
Support and revenue:									
Government agency contracts	$ 5,161,214	$ -	$ -	$ 13,835,857	$ -	$ -	$ 18,997,071	$ -	$ 18,997,071
Program fees	803,710	-	-	1,065,205	-	-	1,868,915	-	1,868,915
Special events	47,700	-	-	4,500	-	-	52,200	-	52,200
Federal grants	10,713,402	-	-	329,087	-	-	11,042,489	-	11,042,489
State and private grants	383,892	-	-	128,831	-	-	512,723	-	512,723
Tuition and fees, net	-			378,342	-	-	378,342	-	378,342
Contributions	4,091,120	-	-	4,262,333	-	255,332	8,609,785	-	8,609,785
Interest and dividends	43,165	-	-	363	-	-	43,528	-	43,528
Rental income	1,501,061	-	-	-	-	-	1,501,061	(1,230,694)	270,367
Net assets released from restrictions	12,000	-	-	91,265	-	-	102,265	-	102,265
Net realized and unrealized gains (losses) on investments	(2,169)	-	-	-	-	-	(2,169)	-	(2,169)
Other	103,257	-	-	143	-	-	103,400	-	103,400
Total support and revenue without donor restrictions	22,858,352	-	-	20,095,926	-	255,332	43,209,610	(1,230,694)	41,978,916
Expenses:									
Program services:									
Residential solutions	-	-	-	9,363,610	-	-	9,363,610	(554,478)	8,809,132
Education solutions	-	-	-	5,586,135	-	-	5,586,135	(256,474)	5,329,661
Autism solutions	-	-	-	1,810,418	-	-	1,810,418	(72,415)	1,738,003
Family permanency solutions	5,773,940	-	-	-	-	-	5,773,940	(48,254)	5,725,686
Intensive in-home solutions	3,934,702	-	-	-	-	-	3,934,702	(36,586)	3,898,116
Crisis centers	1,799,738	-	-	-	-	-	1,799,738	(10,265)	1,789,473
Outpatient solutions	2,493,230	-	-	-	-	-	2,493,230	(66,804)	2,426,426
Family dynamic solutions	4,207,424	-	-	-	-	-	4,207,424	(40,312)	4,167,112
Total program services	18,209,034	-	-	16,760,163	-	-	34,969,197	(1,085,588)	33,883,609
Support services:									
Canopy administrative	3,930,666	-	-	-	-	-	3,930,666	(131,054)	3,799,612
Advancement/fundraising	1,310,037	-	-	-	-	-	1,310,037	(14,052)	1,295,985
Canopy property expense	784,481	-	-	-	-	-	784,481	-	784,481
Total support services	6,025,184	-	-	-	-	-	6,025,184	(145,106)	5,880,078
Total expenses	24,234,218	-	-	16,760,163	-	-	40,994,381	(1,230,694)	39,763,687
Transfers	466,285	-	-	(466,285)	-	-	-	-	-

See Independent Auditors' Report.

MISSISSIPPI CHILDREN'S HOME SERVICES, INC.
AND AFFILIATES
D/B/A CANOPY CHILDREN'S SOLUTIONS

CONSOLIDATING STATEMENT OF ACTIVITIES (continued)
Year Ended December 31, 2022

	Mississippi Children's Home Society			CARES Center, Inc.					
	Operating Without Donor Restrictions	Operating With Donor Restrictions	Endowment With Donor Restrictions	Operating Without Donor Restrictions	Operating With Donor Restrictions	Mississippi Children's Home Services, Inc.	Subtotal	Eliminating Entries	Total Consolidated
Other changes in net assets without donor restrictions:									
Impairment of asset held for sale	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gain from forgiveness of debt	-	-	-	-	-	-	-	-	-
Total non-operating changes in net assets	-	-	-	-	-	-	-	-	-
Change in net assets without donor restrictions	(909,581)	-	-	2,869,478	-	255,332	2,215,229	-	2,215,229
Net Assets with donor restrictions:									
Contributions and special events	-	12,000	-	-	117,300	-	129,300	-	129,300
Net assets released from restrictions	-	(12,000)	-	-	(90,265)	-	(102,265)	-	(102,265)
Interest and dividends	-	-	1,545	-	-	-	1,545	-	1,545
Net realized and unrealized gains (losses)	-	-	-	-	-	-	-	-	-
on investments	-	-	(279,200)	-	-	-	(279,200)	-	(279,200)
General and administrative and other (expenses)	-	-	(6,911)	-	-	-	(6,911)	-	(6,911)
Change in net assets with donor restrictions	-	-	(284,566)	-	27,035	-	(257,531)	-	(257,531)
Change in net assets	(909,581)	-	(284,566)	2,869,478	27,035	255,332	1,957,698	-	1,957,698
Net assets at beginning of year	14,478,401	15,000	3,612,072	119,101	87,877	490,885	18,803,336	-	18,803,336
Net assets at end of year	$ 13,568,820	$ 15,000	$ 3,327,506	$ 2,988,579	$ 114,912	$ 746,217	$ 20,761,034	$ -	$ 20,761,034

See Independent Auditors' Report.