

BEVERLY FARM

REPORT AND COMBINED  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2016 AND 2015

BEVERLY FARM

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Beverly Farm  
6301 Humbert Road  
Godfrey, Illinois 62035

We have audited the accompanying combined financial statements of Beverly Farm (Beverly Farm Foundation, Beverly Farm Association, Beverly Farm Living Options, and Beverly Farm Endowment Fund, Inc., nonprofit organizations), which comprise the combined statements of financial position as of June 30, 2016 and 2015, and the related combined statements of activities, cash flows, and functional expenses for the years then ended and the related notes to the combined financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these combined 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 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

## Opinion

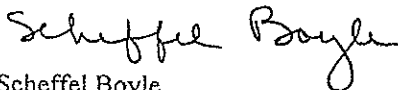
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Beverly Farm as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining schedules on pages 20 through 25 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined 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 September 19, 2016, on our consideration of Beverly Farm'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 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 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 Beverly Farm's internal control over financial reporting and compliance.



Scheffel Boyle  
Jerseyville, Illinois

September 19, 2016

BEVERLY FARM  
COMBINED STATEMENTS OF FINANCIAL POSITION

ASSETS

	JUNE 30,	
	2016	2015
Cash and Cash Equivalents	\$ 5,215,625	\$ 6,022,274
Investments	10,489,653	10,121,007
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$94,594 and \$140,093	3,068,764	3,227,660
Contributions Receivable, Net of Allowance for Uncollectible Contributions of \$0 and \$838		7,537
Inventory	110,171	106,626
Prepaid Expenses	536,151	551,364
Investments Held by Bond Trustee	626,311	724,500
Land, Buildings and Equipment, at Cost, Net of Accumulated Depreciation	10,122,867	10,469,197
Deferred Costs, Net	94,446	100,317
	\$ 30,263,988	\$ 31,330,482

TOTAL ASSETS

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts Payable	\$ 566,032	\$ 907,982
Accrued Payroll	846,926	787,508
Other Liabilities	714,317	739,188
Long-Term Debt	8,306,103	8,658,853
Total Liabilities	\$ 10,433,378	\$ 11,093,531

NET ASSETS:

Unrestricted		
Foundation - Available for General Use (Deficit)	\$ (21,687,808)	\$ (19,388,662)
Building Fund	27,483,653	26,393,589
CILA Fund	(85,604)	(114,081)
Association	2,162,682	2,260,230
Endowment Fund, Inc.	8,861,488	8,414,779
Total Unrestricted	\$ 16,734,411	\$ 17,565,855
Temporarily Restricted by Donors	3,096,199	2,671,096
Total Net Assets	\$ 19,830,610	\$ 20,236,951
	\$ 30,263,988	\$ 31,330,482

TOTAL LIABILITIES AND NET ASSETS

The accompanying notes are an integral part of the combined financial statements.

BEVERLY FARM  
COMBINED STATEMENTS OF ACTIVITIES

	YEAR ENDED JUNE 30, 2016			YEAR ENDED JUNE 30, 2015		
	UNRESTRICTED	TEMPORARILY RESTRICTED		UNRESTRICTED	TEMPORARILY RESTRICTED	
		TOTAL			TOTAL	
<b>SUPPORT AND REVENUE:</b>						
Tuition, Fees and Incidentals	\$ 21,673,617		\$ 21,673,617	\$ 21,319,772		\$ 21,319,772
Contributions and Pledges	1,362,019	\$ 1,014,489	2,376,508	2,039,701	\$ 747,744	2,787,445
Investment Income	453,255	(65,292)	387,963	270,139	(32,024)	238,115
Other Revenue	137,828		137,828	115,519		115,519
Net Assets Released from Donor Restrictions	524,094	(524,094)		1,126,285	(1,126,285)	
Total Support and Revenue	\$ 24,150,813	\$ 425,103	\$ 24,575,916	\$ 24,871,416	\$ (410,565)	\$ 24,460,851
<b>EXPENSES:</b>						
Program Services:						
Residential Care	\$ 17,389,375		\$ 17,389,375	\$ 17,124,317		\$ 17,124,317
Developmental Training	3,841,110		3,841,110	3,676,374		3,676,374
Total Program Services	\$ 21,230,485		\$ 21,230,485	\$ 20,800,691		\$ 20,800,691
Administrative and General	3,240,652		3,240,652	3,023,224		3,023,224
Fundraising	287,649		287,649	244,322		244,322
Bad Debt	207,036		207,036	236,836		236,836
Total Expenses	\$ 24,965,822	\$ 0	\$ 24,965,822	\$ 24,305,073	\$ 0	\$ 24,305,073
CHANGE IN NET ASSETS	\$ (815,009)	\$ 425,103	\$ (389,906)	\$ 566,343	\$ (410,565)	\$ 155,778
<b>OTHER CHANGES IN NET ASSETS</b>						
Loss on Disposal of Fixed Assets	\$ (16,435)		\$ (16,435)	\$ (10,661)		\$ (10,661)
Total Other Changes in Net Assets	\$ (16,435)	\$ 0	\$ (16,435)	\$ (10,661)	\$ 0	\$ (10,661)
TOTAL INCREASE (DECREASE) IN NET ASSETS	\$ (831,444)	\$ 425,103	\$ (406,341)	\$ 555,682	\$ (410,565)	\$ 145,117
NET ASSETS, BEGINNING OF YEAR	17,565,855	2,671,096	20,236,951	17,010,173	3,081,661	20,091,834
NET ASSETS, END OF YEAR	\$ 16,734,411	\$ 3,096,199	\$ 19,830,610	\$ 17,565,855	\$ 2,671,096	\$ 20,236,951

The accompanying notes are an integral part of the combined financial statements.

BEVERLY FARM  
COMBINED STATEMENTS OF CASH FLOWS

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Receipts from:		
Tuition, Fees and Incidentals	\$ 21,625,477	\$ 22,620,763
Contributions and Pledges	2,252,528	2,557,118
Interest and Dividends	285,919	258,828
Other Income	137,828	115,519
Cash Payments to:		
Suppliers and Employees	(23,292,592)	(22,302,322)
Interest Expense	(426,291)	(422,137)
Net Cash Flows from Operating Activities	<u>\$ 582,869</u>	<u>\$ 2,827,769</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Land, Buildings and Equipment	\$ (999,872)	\$ (1,403,510)
Purchases of Investments and Interest & Dividend Earnings Retained	(6,051,164)	(2,891,419)
Sales of Investments	5,495,018	3,521,976
Transfers from (to) Bond Escrow and Interest Earnings Retained	98,189	(145,977)
Net Cash Flows from Investing Activities	<u>\$ (1,457,829)</u>	<u>\$ (918,930)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments of Debt	\$ (352,750)	\$ (338,368)
Net Cash Flows from Financing Activities	<u>\$ (352,750)</u>	<u>\$ (338,368)</u>
Net Change in Cash and Cash Equivalents	\$ (1,227,710)	\$ 1,570,471
Cash and Cash Equivalents, Beginning of Year	7,200,260	5,629,789
Cash and Cash Equivalents, End of Year	<u>\$ 5,972,550</u>	<u>\$ 7,200,260</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO</b>		
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (406,341)	\$ 145,117
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation Expense	1,329,767	1,324,921
Amortization Expense	5,871	5,871
Bad Debt Expense	207,036	236,836
(Gain) Loss on Disposal of Fixed Assets	16,435	10,661
(Gain) Loss from Sale of Investments	270,631	(24,518)
Non Cash Donations	(131,517)	(230,327)
Unrealized (Gain) Loss on Investments	(372,675)	45,231
(Increase) Decrease in Accounts Receivable, Net	(48,140)	1,300,991
(Increase) Decrease in Contributions Receivable, Net	7,537	
(Increase) Decrease in Inventory	(3,545)	6,892
(Increase) Decrease in Prepaid Expenses	15,213	185,490
Increase (Decrease) in Accounts Payable	(341,950)	(389,268)
Increase (Decrease) in Accrued Payroll	59,418	(9,858)
Increase (Decrease) in Other Liabilities	(24,871)	219,730
Net Cash Flows from Operating Activities	<u>\$ 582,869</u>	<u>\$ 2,827,769</u>
Cash and Cash Equivalents consist of the following:		
Cash and Cash Equivalents	\$ 5,215,625	\$ 6,022,274
Money Market Accounts Presented as Investments	756,925	1,177,986
Total Cash and Cash Equivalents	<u>\$ 5,972,550</u>	<u>\$ 7,200,260</u>

The accompanying notes are an integral part of the combined financial statements.

BEVERLY FARM  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2016

	<u>TOTAL</u>	<u>RESIDENTIAL CARE</u>	<u>DEVELOPMENTAL TRAINING</u>	<u>ADMINISTRATIVE AND GENERAL</u>	<u>FUNDRAISING</u>
Allocated Expenses					
Salaries	\$ 11,747,735	\$ 8,151,959	\$ 2,241,674	\$ 1,225,744	\$ 128,358
Payroll Taxes	988,531	684,040	191,357	102,177	10,957
Accounting and Auditing	50,000			50,000	
Legal Fees	95,641			95,641	
Supplies	733,021	306,890	134,944	263,843	27,344
Telephone	146,324	7,956	8,582	129,786	
Postage and Shipping	10,911			10,911	
Occupancy	498,200	162,297	70,315	256,281	9,307
Equipment Rent and Maintenance	211,465	90,070	10,748	110,647	
Travel	377,926	619	317,834	59,473	
Conferences and Meetings	14,538			14,538	
Interest	426,291	362,392	38,365	25,534	
Depreciation	1,329,767	1,164,679	107,734	44,673	12,681
Insurance	910,285	737,604	126,348	33,134	13,199
Food and Dietary Supplies	2,697,397	2,697,397			
Outside Professional Services	1,327,377	1,042,719	56,931	222,551	5,176
Other	419,886	60,636		309,300	49,950
Employee Benefits	2,767,620	1,915,127	535,749	286,067	30,677
Bond Costs	5,871	4,990	529	352	
Total	<u>\$ 24,758,786</u>	<u>\$ 17,389,375</u>	<u>\$ 3,841,110</u>	<u>\$ 3,240,652</u>	<u>\$ 287,649</u>
Non-Allocated Expenses					
Bad Debt Expense	207,036				
	<u>\$ 24,965,822</u>				

The accompanying notes are an integral part of the combined financial statements.



BEVERLY FARM  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2015

	<u>TOTAL</u>	<u>RESIDENTIAL CARE</u>	<u>DEVELOPMENTAL TRAINING</u>	<u>ADMINISTRATIVE AND GENERAL</u>	<u>FUNDRAISING</u>
Allocated Expenses					
Salaries	\$ 12,030,270	\$ 8,438,594	\$ 2,312,607	\$ 1,160,110	\$ 118,959
Payroll Taxes	1,034,157	724,332	199,936	99,604	10,285
Accounting and Auditing	40,000			40,000	
Legal Fees	157,958			157,958	
Supplies	651,726	316,525	106,065	208,950	20,186
Telephone	118,014	7,587	8,295	102,132	
Postage and Shipping	9,402			9,402	
Occupancy	534,165	180,178	70,243	275,258	8,486
Equipment Rent and Maintenance	193,105	69,585	12,122	111,398	
Travel	390,481	230	310,482	79,769	
Conferences and Meetings	11,988			11,988	
Interest	422,137			25,290	
Depreciation	1,324,921		37,992	47,405	12,681
Insurance	949,784		109,817	34,572	13,772
Food and Dietary Supplies	3,013,541	3,013,541	131,830		
Outside Professional Services	1,146,901	875,681	58,675	207,463	5,082
Other	390,112	58,327		293,261	38,524
Employee Benefits	1,643,704	1,151,264	317,781	158,312	16,347
Bond Costs	5,871	4,990	529	352	
Total	<u>\$ 24,068,237</u>	<u>\$ 17,124,317</u>	<u>\$ 3,676,374</u>	<u>\$ 3,023,224</u>	<u>\$ 244,322</u>
Non-Allocated Expenses					
Bad Debt Expense	236,836				
	<u>\$ 24,305,073</u>				

The accompanying notes are an integral part of the combined financial statements.

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1. NATURE OF OPERATIONS

Beverly Farm (the "Organization") is an Illinois not-for-profit corporation formed in 1957 which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization owns and operates a 396-licensed bed intermediate care facility for the developmentally disabled aged 18 years of age and older known as "Beverly Farm" (the "Facility"). The Facility is located in the Village of Godfrey, Madison County, Illinois. Beverly Farm was originally formed in 1897 as a privately operated home for nervous and backward children at the site of the present main campus of the Organization.

The Organization's original purpose was to provide facilities for the maintenance, care, education, training, support and general welfare of exceptional children and persons of all ages who were retarded, nervous, backward or otherwise neurologically disabled. In 1980, the Organization began taking Medicaid clients and focusing on developmentally disabled adults, rather than on children.

The Facility consists of a main campus, a developmental training center, and a senior center located at separate sites in the Village of Godfrey, Illinois. These facilities can be generally described as follows:

- a) Main Campus. The main campus of the Organization consists of 47.25 acres located at 6301 Humbert Road, Godfrey, Illinois, the original site of operations of Beverly Farm since 1897. This site includes the residential cottages and group homes for the clients as well as recreational, dietary, nursing, maintenance and related facilities and administrative offices.
1. Residential Units. The Organization's main campus includes residential care provided within the frame-work of separated cottages ranging in size from 26-43 beds.
  2. Group Homes. The main campus also includes six group homes, each of which contains sixteen (16) licensed beds which were constructed in 1991-92. All six homes are separately licensed and Medicaid certified by the State of Illinois.
  3. Support and Related Facilities. The facilities that provide support and are related to the residential care are on the main campus. These include buildings and other facilities in the nature of recreation, dietary, nursing, maintenance, and administrative offices.
  4. Facilities Adjacent to the Main Campus. There are facilities and operations adjacent to the Organization's main campus which also serve and enhance the Organization's operations and have historically been operated by the Organization as part of its overall mission. These operations include a riding arena, gift shop, greenhouse, resale shop and their related facilities. Also adjacent to the main campus are the Hardin Apartments which consist of apartments for disabled adults who are able to live on their own.
- b) Developmental Training Center. The Organization's Training Center was completed in 1989. It is located approximately 1 1/2 miles from the Organization's main campus. The Training Center provides continued training and education to developmentally disabled adults. The goals of the Training Center's developmental training programs, which are individually designed for each client, are to promote independence, to develop individual potential, and to teach skills necessary for employment. The Training Center produces articles for sale in the Gift Shop and in other stores, and performs contract work for outside businesses.

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1. NATURE OF OPERATIONS (Continued)

- c) Judah Community Senior Center. The Organization's Senior Center provides a home-like environment for individuals whose age or medical condition dictates a more leisurely structured program. The goal of the Senior Center is to enhance the quality of life for participating individuals by providing the proper health services, functional activities, and specialized services. The Senior Center also allows the participants to be part of the community through integrated opportunities.

In addition to the locations at the Facility, the Organization has purchased a Community Integrated Living Arrangement (CILA) facility located in the Village of Godfrey, Illinois which began operations in fiscal year ended June 30, 2015. Construction on a second facility began in fiscal year ended June 30, 2016 and is expected to be completed in the following fiscal year. These facilities can be generally described as follows:

A CILA is a living arrangement for adults (18 years or older) in a family home or apartment where eight or fewer unrelated adults with developmental disabilities live under the direction of a community support team. These residents receive complete and individualized residential habilitation and personal support services. Each facility is separately licensed. The long range plan is to own and operate ten of these homes.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the combined financial statements to the reader.

Combined Statements

The combined statements of Beverly Farm include the accounts of four legal entities - Beverly Farm Foundation (Foundation), Beverly Farm Association (Association), Beverly Farm Living Options (Community Integrated Living Arrangement, or CILA), and Beverly Farm Endowment Fund, Inc. (previously named Beverly Farm Institute) which are under common management and have related operations.

All material intercompany accounts and transactions have been eliminated in the combined financial statements.

Net Assets

Beverly Farm reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets are available for use by the appropriate entity for the operation of that fund.

Temporarily restricted net assets include gifts for which donor imposed restrictions have not been met (primarily future capital projects) and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently restricted net assets include gifts and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Method of Accounting

The combined financial statements of Beverly Farm are prepared utilizing the accrual basis of accounting.

Where appropriate, prior year's financial information has been reclassified to conform to current year presentation.

Buildings, Equipment, and Depreciation

Additions to buildings and equipment are being depreciated using the straight-line method on estimated useful lives of 40 years for buildings and 5-30 years for equipment and other depreciable improvements. Uses of operating funds for acquisitions of equipment or buildings are accounted for as transfers to the building fund. Proceeds from the sale of assets, if unrestricted, are transferred to operating unrestricted net assets, or if restricted, to restricted net assets. Assets having an estimated useful life of more than one year are capitalized for financial reporting purposes.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid deposits which are readily convertible to cash. Residents' savings balances are not available for current operations. Money market accounts in the Endowment Fund are considered cash and cash equivalents on the combined statements of cash flows, however, they are reported as investments on the combined statements of financial position as they are considered part of the investment portfolio.

Inventory

Inventory is stated at the lower of cost or market on the first-in, first-out basis.

Income Taxes

Beverly Farm is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Beverly Farm expenses advertising costs as they are incurred. The total advertising expense for the years ended June 30, 2016 and 2015 was \$70,125 and \$87,575, respectively.

Concentration of Accounts Receivable

In several of the past years, a significant portion of accounts receivable was due from the Illinois Department of Healthcare and Family Services (IDHFS). As of June 30, 2016 and 2015, IDHFS accounted for 82.9% and 91.1% of accounts receivable, respectively.

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Compensated Absences

Compensated absences for the years ended June 30, 2016 and 2015, totaled \$270,045 and \$253,170, respectively, and are included in other liabilities on the combined statements of financial position.

NOTE 3. INVENTORY

At June 30, 2016 and 2015, inventory consisted of the following classes:

	<u>2016</u>	<u>2015</u>
Food	\$ 23,867	\$ 23,466
Personal Items	26,713	26,180
Cleaning Supplies	12,691	13,621
Linens, Bedding, and Miscellaneous	20,178	20,470
Medical Supplies	14,048	9,375
Office Supplies	10,268	10,036
Gift Shop and Coffee Shop Items	<u>2,406</u>	<u>3,478</u>
Total	<u>\$ 110,171</u>	<u>\$ 106,626</u>

NOTE 4. CASH AND CASH EQUIVALENTS

Residents' savings amounted to \$194,425 and \$165,982 at June 30, 2016 and 2015, respectively. Money market balances in the Endowment Fund amounted to \$756,926 and \$1,177,986 at June 30, 2016 and 2015, respectively.

NOTE 5. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consist of the following:

	June 30,	
	<u>2016</u>	<u>2015</u>
Land and Improvements	\$ 2,838,830	\$ 2,706,546
Buildings and Improvements	20,744,304	20,308,495
Equipment and Fixtures	<u>8,744,246</u>	<u>8,915,351</u>
	\$ 32,327,380	\$ 31,930,392
Less, Accumulated Depreciation	<u>(22,204,513)</u>	<u>(21,461,195)</u>
	<u>\$ 10,122,867</u>	<u>\$ 10,469,197</u>

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 6. NOTES PAYABLE - LINE OF CREDIT

Beverly Farm has a \$1,050,000 line of credit with a bank, secured by real estate and bearing interest at the Wall Street Journal Prime Rate not to go below 5%. At June 30, 2016 and 2015, this line of credit was not being used. Beverly Farm has an additional \$2,000,000 line commitment at the same bank with the same interest rate, secured by accounts receivable. At June 30, 2016 and 2015, this line commitment was not utilized. Both the line of credit and the line commitment expire on April 21, 2017. Interest expense on these notes amounted to \$10,000 and \$10,000 for the years ended June 30, 2016 and 2015, respectively.

NOTE 7. LONG-TERM DEBT

On September 19, 2013, the Organization refinanced the Series 1996A (\$8,830,000) and 1996B (\$2,935,000) - Illinois Health Facilities Authority Revenue Refunding Bonds. The new debt is secured with a mortgage in favor of Gershman Investment Corporation. The mortgage loan is secured by assets of the Organization and a non-recourse mortgage from the Organization to the Lender which constitutes a first priority mortgage on the Organization's real estate.

The mortgage loan is payable in 226 equal monthly installments of principal and interest at 4.17% from the date of commencement of amortization, corresponding to the terms of the mortgage loan. Interest in the amount of \$354,383 and \$368,766 was expensed for the years ended June 30, 2016 and 2015, respectively.

Future principal and interest payments under this debt are as follows:

Year Ending June 30,	Interest	Principal	Total
2017	\$ 339,389	\$ 367,745	\$ 707,134
2018	324,758	382,376	707,134
2019	306,461	400,673	707,134
2020	290,474	416,660	707,134
2021	272,762	434,372	707,134
2022	254,299	452,835	707,134
2023	235,051	472,083	707,134
2024	214,984	492,150	707,134
2025	194,065	513,069	707,134
2026	172,256	534,878	707,134
2027	149,520	557,614	707,134
2028	125,818	581,316	707,134
2029	101,109	606,025	707,134
2030	75,348	631,786	707,134
2031	48,494	658,640	707,134
2032	20,498	686,636	707,134
2033	611	117,245	117,856
Total	<u>\$ 3,125,897</u>	<u>\$ 8,306,103</u>	<u>\$ 11,432,000</u>

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 8. DEFERRED COSTS

Deferred costs consist of expenditures related to the September 2013 mortgage refinance of the 1996 Illinois Health Facilities Authority Revenue Bond issue. These costs are being amortized over the life of the bonds.

NOTE 9. RETIREMENT PLAN

Beverly Farm has an employee profit sharing plan covering all eligible employees. Contributions are made at the discretion of Beverly Farm's board of directors. The board has not decided what amount, if any, will be contributed for the plan's calendar year 2016. Accordingly, no accrual for retirement plan expense has been made for the period January 1, to June 30, 2016. The combined financial statements include retirement plan expense of \$96,000 for each of the years ended June 30, 2016 and 2015.

Effective January 1, 1998, Beverly Farm added a 401(k) option to the existing Profit Sharing Plan. This option allows employees to make voluntary pre-tax contributions to the pension plan. Beverly Farm has the option of making discretionary contributions for the employees. For the plan's calendar years 2015 and 2014, Beverly Farm made a discretionary matching contribution of \$24,000 each.

NOTE 10. CONTINGENT LIABILITIES

Beverly Farm receives cost reimbursements (revenues) from various public agencies. These funds are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time. Disallowance of expenditures could result in Beverly Farm receiving reduced reimbursement rates or being required to repay excess reimbursements.

NOTE 11. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises are included in the combined financial statements as contributions receivable and revenue of the appropriate net asset category. Contributions are recorded after discounting for expected uncollectible amounts.

	June 30,	
	2016	2015
Unconditional Promises To Give	\$ 0	\$ 8,375
Less: Allowance For		
Uncollectible Contributions		(838)
Total	\$ 0	\$ 7,537

NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 12. CONCENTRATION OF CREDIT RISK

Beverly Farm maintains several accounts at commercial banks and brokerage firms. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at June 30, 2016 and 2015. Beverly Farm has deposits insured as follows:

	As of June 30,	
	2016	2015
FDIC Covered	\$ 1,596,561	\$ 1,769,836
Fully Collateralized	4,432,386	4,214,647
Uncollateralized		
Total Deposits	\$ 6,028,947	\$ 5,984,483

Investments are insured by the Securities Insurance Protection Corporation (SIPC) up to \$500,000, with a cash limit of \$250,000.

	2016	2015
SIPC Covered - Cash	\$ 355,352	\$ 538,282
SIPC Covered - Investments	750,000	500,000
Uncollateralized	9,316,394	9,013,687
Total Deposits	\$ 10,421,746	\$ 10,051,969

NOTE 13. INVESTMENT SECURITIES

Investments are stated at fair value and consist of the following:

	June 30, 2016		
	Cost	Fair Value	Unrealized Gain/(Loss)
Money Markets	\$ 756,925	\$ 756,925	
Common Stocks	3,115,990	4,457,135	\$ 1,341,145
Mutual Funds and ETF's	4,608,018	4,640,702	32,684
US Treasury, Municipal, and Corporate Bonds	614,288	634,891	20,603
	\$ 9,095,221	\$ 10,489,653	\$ 1,394,432
	June 30, 2015		
	Cost	Fair Value	Unrealized Gain/(Loss)
Money Markets	\$ 1,177,986	\$ 1,177,986	
Common Stocks	4,133,548	5,284,394	\$ 1,150,846
Mutual Funds and ETF's	2,936,627	2,889,105	(47,522)
US Treasury, Municipal, and Corporate Bonds	772,582	769,522	(3,060)
	\$ 9,020,743	\$ 10,121,007	\$ 1,100,264



NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 13. INVESTMENT SECURITIES (Continued)

	Year Ended June 30,	
	2016	2015
Interest and Dividend Income	\$ 285,919	\$ 258,828
Gains (Losses) on Sales	(270,631)	24,518
Unrealized Gains (Losses)	372,675	(45,231)
Total Investment Income	<u>\$ 387,963</u>	<u>\$ 238,115</u>

Information pertaining to securities with gross unrealized losses at June 30, 2016 and 2015, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less than 12 Months		12 Months or Greater		Total	
	Gross		Gross		Gross	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
June 30, 2016:						
Common Stocks	\$ 33,337	\$ (4,492)	\$ 9,819	\$ (4,100)	\$ 43,156	\$ (8,592)
Mutual Funds and ETF's	1,664,487	(86,672)	643,436	(41,352)	2,307,923	(128,024)
US Treasury, Municipal, and Corporate Bonds	25,309	(20)			25,309	(20)
Total	<u>\$ 1,723,133</u>	<u>\$ (91,184)</u>	<u>\$ 653,255</u>	<u>\$ (45,452)</u>	<u>\$ 2,376,388</u>	<u>\$ (136,636)</u>
June 30, 2015:						
Common Stocks	\$ 318,091	\$ (23,081)	\$ 421,641	\$ (22,401)	\$ 739,732	\$ (45,482)
Mutual Funds and ETF's	2,611,820	(69,757)	1,184,459	(68,288)	3,796,279	(138,045)
US Treasury, Municipal, and Corporate Bonds	174,983	(2,652)	24,733	(463)	199,716	(3,115)
Total	<u>\$ 3,104,894</u>	<u>\$ (95,490)</u>	<u>\$ 1,630,833</u>	<u>\$ (91,152)</u>	<u>\$ 4,735,727</u>	<u>\$ (186,642)</u>

Management evaluates securities for other-than-temporary impairment at least quarterly, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of Beverly Farm to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Since Beverly Farm has the intent and the ability to hold all investments until the fair value can be recovered, no declines are deemed to be other-than-temporary.

NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 14. ENDOWMENT FUND

Beverly Farm's Endowment Fund is organized and operated exclusively for educational and charitable purposes designed to promote the welfare of Beverly Farm. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Return Objectives and Risk Parameters

The Endowment Fund's primary investment objective is long-term moderate growth of capital and the secondary investment objective is the preservation of capital. In order to satisfy its objectives, Beverly Farm relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

In establishing the risk tolerance of the Endowment Fund, the ability to withstand short-and intermediate-term volatility was considered. The Endowment Fund's prospects for the future, it's current financial condition, and several other factors suggest collectively that interim fluctuations in market value and rates of return may be tolerated in order to achieve long-term objectives.

Spending Policy

The Endowment Fund has a policy of appropriating distributions exclusively for the educational and charitable purposes designed to promote the welfare of Beverly Farm as approved by the Endowment Fund board. Currently no predetermined annual distribution amount has been established.

Changes in Endowment Net Assets for the years ended June 30, 2016 and 2015:

	Unrestricted		Temporarily Restricted		Total	
	2016	2015	2016	2015	2016	2015
Endowment Net Assets, Beginning of Year	\$ 8,414,779	\$ 8,157,572	\$ 1,600,028	\$ 1,657,640	\$ 10,014,807	\$ 9,815,212
Investment Return:						
Interest & Dividend Income	227,591	215,478	33,894	33,743	261,485	249,221
Net Appreciation, (Realized & Unrealized)	199,162	44,579	(99,186)	(65,767)	99,976	(21,188)
Total Investment Return	\$ 426,753	\$ 260,057	\$ (65,292)	\$ (32,024)	\$ 361,461	\$ 228,033
Contributions	93,723	76,118			93,723	76,118
Appropriation of Endowment Asset for Expenditure	(73,767)	(78,968)	(18,515)	(25,588)	(92,282)	(104,556)
Endowment Net Assets, End of Year	<u>\$ 8,861,488</u>	<u>\$ 8,414,779</u>	<u>\$ 1,516,221</u>	<u>\$ 1,600,028</u>	<u>\$ 10,377,709</u>	<u>\$ 10,014,807</u>

NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 15. LEASE

Beverly Farm entered into an operating lease agreement on February 25, 2011 for copiers used by its various departments. The final lease payment was made in the current fiscal year for this lease. On February 18, 2016, Beverly Farm entered into a lease for copiers used by its various departments. The total term of the lease is 60 months, with 53 months remaining as of the end of the current fiscal year. The minimum payment per month is \$862. Total rent expense for the years ended June 30, 2016 and 2015 was \$14,983 and \$18,300, respectively.

The future minimum lease obligations due, including maintenance agreement, are as follows:

Year Ending June 30,	Minimum Lease Payment
2017	\$ 10,338
2018	10,338
2019	10,338
2020	10,338
2021	6,030
Total	<u>\$ 47,382</u>

NOTE 16. INCOME TAX POSITIONS

Accounting Standards Codification Topic 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Topic 740 developed a two-step process to evaluate a tax position and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization has not recorded a reserve for any tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Organization files tax returns in all appropriate jurisdictions. The open tax years are those years ended June 30, 2013 through June 30, 2016. The tax return for the year ended June 30, 2016 has not been filed as of the date of this report. As of June 30, 2016 and 2015, the Organization has no recorded liability for unrecognized tax benefits.

The Organization recognizes interest and penalties related to uncertain tax positions as interest expense and penalties as incurred. No such expense was recognized for the years ended June 30, 2016 and 2015.

NOTE 17. FAIR VALUE MEASUREMENT

The Organization applies accounting principles generally accepted in the United States of America for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. Accounting principles generally accepted in the United States of America establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 17. FAIR VALUE MEASUREMENT (Continued)

Level 1 inputs – unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2016 and 2015:

	June 30, 2016		Fair Value Measurements at Reporting Date Using		
	\$		Level 1	Level 2	Level 3
Money Markets	\$	756,925	\$	756,925	
Common Stocks					
Consumer Discretionary	\$	544,416	\$	544,416	
Consumer Staples		755,379		755,379	
Energy		177,885		177,885	
Financials		378,504		378,504	
Health Care		514,627		514,627	
Industrials		536,938		536,938	
Information Technology		820,116		820,116	
Materials		38,010		38,010	
Telecommunication Services		131,624		131,624	
Unclassified		296,333		296,333	
Utilities		263,303		263,303	
Total Common Stocks	\$	4,457,135	\$	4,457,135	
Mutual Funds and ETF's					
Short Term Bonds	\$	1,090,769	\$	1,090,769	
Short Term Government		295,561		295,561	
Real Estate		175,167		175,167	
Commodities		250,154		250,154	
Metals		161,831		161,831	
U.S. Equity		808,691		808,691	
Emerging Foreign		179,831		179,831	
Developed Foreign		528,152		528,152	
Hedged Equity		50,102		50,102	
Investment Grade		151,881		151,881	
High Yield		40,510		40,510	
Inflation Protected Securities		47,136		47,136	
Long Government		301,583		301,583	
Unclassified		559,334		559,334	
Total Mutual Funds	\$	4,640,702	\$	4,640,702	

NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 17. FAIR VALUE MEASUREMENT (Continued)

Bonds				
Fixed Income	\$ 634,891	\$ 634,891		
Total	<u>\$ 10,489,653</u>	<u>\$ 10,489,653</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fair Value Measurements at Reporting Date Using				
	<u>June 30, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Markets	<u>\$ 1,177,986</u>	<u>\$ 1,177,986</u>		
Common Stocks				
Consumer Discretionary	\$ 742,411	\$ 742,411		
Consumer Staples	689,474	689,474		
Energy	297,942	297,942		
Financials	541,695	541,695		
Health Care	639,248	639,248		
Industrials	748,093	748,093		
Information Technology	983,983	983,983		
Materials	261,042	261,042		
Media	18,658	18,658		
Telecommunication Services	108,553	108,553		
Utilities	253,295	253,295		
Total Common Stocks	<u>\$ 5,284,394</u>	<u>\$ 5,284,394</u>		
Mutual Funds and ETF's				
Multisector Bonds	\$ 281,287	\$ 281,287		
Nontraditional Bonds	278,330	278,330		
Preferred Stock	865,134	865,134		
Short Term Bonds	280,952	280,952		
Real Estate	247,804	247,804		
Commodities	111,883	111,883		
U.S. Equity	199,313	199,313		
Emerging Foreign	183,711	183,711		
Developed Foreign	440,691	440,691		
Total Mutual Funds	<u>\$ 2,889,105</u>	<u>\$ 2,889,105</u>		
Bonds				
Fixed Income	\$ 769,522	\$ 769,522		
Total	<u>\$ 10,121,007</u>	<u>\$ 10,121,007</u>	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 18. SUBSEQUENT EVENTS

The effect of subsequent events on the financial statements has been evaluated through the report date, which is the date the combined financial statements were available to be issued.

BEVERLY FARM  
COMBINING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016

ASSETS	FOUNDATION		CILA FUND	ASSOCIATION	TOTAL	ENDOWMENT FUND, INC.	ELIMINATIONS	COMBINED
	OPERATING FUND	BUILDING FUND						
Cash and Cash Equivalents	\$ (469,497)	\$ 4,592,663	\$ 1,086,924	\$ 5,535	\$ 5,215,625	\$	\$	\$ 5,215,625
Investments	111,944				111,944	\$ 10,377,709		10,489,653
Accounts Receivable, Net								
of Allowance for Doubtful								
Accounts of \$94,594								
Inventory	3,058,551		10,213		3,068,764			3,068,764
Prepaid Expenses	110,171				110,171			110,171
Investments Held by Bond Trustee	536,151				536,151			536,151
Investment in CILA Fund		626,311			626,311			626,311
Land, Buildings and Equipment,	1,204,987				1,204,987		\$ (1,204,987)	
At Cost, Net of								
Accumulated Depreciation		8,696,775	179,383	1,246,709	10,122,867			10,122,867
Deferred Costs, Net		94,446			94,446			94,446
Due from Related Entities		2,689,593		910,438	3,600,031		(3,600,031)	
<b>TOTAL ASSETS</b>	<b>\$ 4,552,307</b>	<b>\$ 16,699,788</b>	<b>\$ 1,276,520</b>	<b>\$ 2,162,682</b>	<b>\$ 24,691,297</b>	<b>\$ 10,377,709</b>	<b>\$ (4,805,018)</b>	<b>\$ 30,263,988</b>

BEVERLY FARM  
COMBINING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016

LIABILITIES AND NET ASSETS	FOUNDATION		CILA FUND	ASSOCIATION	TOTAL	ENDOWMENT FUND, INC.	ELIMINATIONS	COMBINED
	OPERATING FUND	BUILDING FUND						
LIABILITIES:								
Accounts Payable	\$ 566,032				\$ 566,032			\$ 566,032
Accrued Payroll	846,926				846,926			846,926
Other Liabilities	700,083	\$ 14,234			714,317			714,317
Long-Term Debt		8,306,103			8,306,103			8,306,103
Interfund (Receivable) Payable	19,104,202	(19,104,202)	\$ 157,137		157,137	\$ (157,137)		
Due to Related Entities	3,442,894				3,442,894	(3,442,894)		
Total Liabilities	\$ 24,660,137	\$(10,783,865)	\$ 157,137	\$ 0	\$ 14,033,409	\$ 0	\$ (3,600,031)	\$ 10,433,378
NET ASSETS:								
Unrestricted -								
Foundation - Available for General								
Use (Deficit)	\$ (21,687,808)				\$ (21,687,808)			\$ (21,687,808)
Association				\$ 2,162,682	2,162,682			2,162,682
Endowment Fund						\$ 8,861,488		8,861,488
Building Fund		\$ 27,483,653			27,483,653			27,483,653
CILA Fund			\$ 1,119,383		1,119,383		\$ (1,204,987)	(85,604)
Total Unrestricted Net Assets	\$ (21,687,808)	\$ 27,483,653	\$ 1,119,383	\$ 2,162,682	\$ 9,077,910	\$ 8,861,488	\$ (1,204,987)	\$ 16,734,411
(Deficit)								
Temporarily Restricted	1,579,978				1,579,978			3,096,199
Total Net Assets (Deficit)	\$ (20,107,830)	\$ 27,483,653	\$ 1,119,383	\$ 2,162,682	\$ 10,657,888	\$ 10,377,709	\$ (1,204,987)	\$ 19,830,610
TOTAL LIABILITIES AND NET ASSETS	\$ 4,552,307	\$ 16,699,788	\$ 1,276,520	\$ 2,162,682	\$ 24,691,297	\$ 10,377,709	\$ (4,805,018)	\$ 30,263,988

BEVERLY FARM  
COMBINING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015

ASSETS	FOUNDATION			CILAFUND	ASSOCIATION	TOTAL	ENDOWMENT FUND, INC.	ELIMINATIONS	COMBINED
	OPERATING FUND	BUILDING FUND							
Cash and Cash Equivalents	\$ 19,562	\$ 4,923,574	\$ 1,073,617	\$ 5,521	\$ 6,022,274				\$ 6,022,274
Investments	106,200				106,200		\$ 10,014,807		10,121,007
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$140,093	3,199,539		28,121		3,227,660				3,227,660
Contributions Receivable, Net of Allowance for Uncollectible Contributions of \$838	7,537				7,537				7,537
Inventory	106,626				106,626				106,626
Prepaid Expenses	551,364				551,364				551,364
Investments Held by Bond Trustee		724,500			724,500				724,500
Investment in CILAFund	1,204,987				1,204,987			\$ (1,204,987)	
Land, Buildings and Equipment, At Cost, Net of Accumulated Depreciation		8,997,198	127,742	1,344,257	10,469,197				10,469,197
Deferred Costs, Net		100,317			100,317				100,317
Due from Related Entities		2,689,593		910,452	3,600,045			(3,600,045)	
<b>TOTAL ASSETS</b>	<b>\$ 5,195,815</b>	<b>\$ 17,435,182</b>	<b>\$ 1,229,480</b>	<b>\$ 2,260,230</b>	<b>\$ 26,120,707</b>		<b>\$ 10,014,807</b>	<b>\$ (4,805,032)</b>	<b>\$ 31,330,482</b>



BEVERLY FARM  
COMBINING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015

<u>LIABILITIES AND NET ASSETS</u>	<u>FOUNDATION</u>			<u>CILA FUND</u>	<u>ASSOCIATION</u>	<u>TOTAL</u>	<u>ENDOWMENT FUND, INC.</u>	<u>ELIMINATIONS</u>	<u>COMBINED</u>
	<u>OPERATING FUND</u>	<u>BUILDING FUND</u>		<u>FUND</u>					
<b>LIABILITIES:</b>									
Accounts Payable	\$ 907,982					\$ 907,982			\$ 907,982
Accrued Payroll	787,508					787,508			787,508
Other Liabilities	724,349	\$ 14,839				739,188			739,188
Long-Term Debt		8,658,853				8,658,853			8,658,853
Interfund (Receivable) Payable	17,493,525	(17,632,099)		\$ 138,574					
Due to Related Entities	3,600,045					3,600,045		\$ (3,600,045)	
Total Liabilities	<u>\$ 23,513,409</u>	<u>\$ (8,958,407)</u>		<u>\$ 138,574</u>	<u>\$ 0</u>	<u>\$ 14,693,576</u>	<u>\$ 0</u>	<u>\$ (3,600,045)</u>	<u>\$ 11,093,531</u>
<b>NET ASSETS:</b>									
Unrestricted -									
Foundation - Available for General									
Use (Deficit)	\$(19,388,662)					\$(19,388,662)			\$ (19,388,662)
Association					\$ 2,260,230	2,260,230			2,260,230
Endowment Fund							\$ 8,414,779		8,414,779
Building Fund		\$ 26,393,589				26,393,589			26,393,589
CILA Fund				\$ 1,090,906		1,090,906		\$ (1,204,987)	(114,081)
Total Unrestricted Net Assets (Deficit)	<u>\$(19,388,662)</u>	<u>\$ 26,393,589</u>		<u>\$ 1,090,906</u>	<u>\$ 2,260,230</u>	<u>\$ 10,356,063</u>	<u>\$ 8,414,779</u>	<u>\$ (1,204,987)</u>	<u>\$ 17,565,855</u>
Temporarily Restricted						1,071,068			2,671,096
Total Net Assets (Deficit)	<u>\$(18,317,594)</u>	<u>\$ 26,393,589</u>		<u>\$ 1,090,906</u>	<u>\$ 2,260,230</u>	<u>\$ 11,427,131</u>	<u>\$ 10,014,807</u>	<u>\$ (1,204,987)</u>	<u>\$ 20,236,951</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,195,815</u>	<u>\$ 17,435,182</u>		<u>\$ 1,229,480</u>	<u>\$ 2,260,230</u>	<u>\$ 26,120,707</u>	<u>\$ 10,014,807</u>	<u>\$ (4,805,032)</u>	<u>\$ 31,330,482</u>

BEVERLY FARM  
COMBINING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

	<u>FOUNDATION</u>		<u>CILA</u>	<u>ASSOCIATION</u>	<u>TOTAL</u>	<u>ENDOWMENT</u>	<u>ELIMINATIONS</u>	<u>COMBINED</u>
	<u>OPERATING</u>	<u>BUILDING</u>	<u>FUND</u>			<u>FUND, INC.</u>		
	<u>FUND</u>	<u>FUND</u>						
<b>SUPPORT AND REVENUE:</b>								
Tuition, Fees, and Incidentals	\$ 21,479,770		\$ 193,847		\$ 21,673,617			\$ 21,673,617
Contributions and Pledges	2,264,470		18,315		2,282,785	\$ 93,723		2,376,508
Investment Income	25,392	\$ 604	506		26,502	361,461		387,963
Facilities Charge		1,800,000			1,800,000		\$(1,800,000)	
Other Revenue	130,423		7,405		137,828			137,828
Total Support and Revenue	\$ 23,900,055	\$ 1,800,604	\$ 220,073	\$ 0	\$ 25,920,732	\$ 455,184	\$(1,800,000)	\$ 24,575,916
<b>EXPENSES:</b>								
Program Services -								
Residential Care	\$ 17,155,170	\$ 1,459,116	\$ 186,031	\$ 47,058	\$ 18,847,375		\$(1,458,000)	\$ 17,389,375
Developmental Training	3,948,463	106,360		38,287	4,093,110		(252,000)	3,841,110
Total Program Services	\$ 21,103,633	\$ 1,565,476	\$ 186,031	\$ 85,345	\$ 22,940,485	\$ 0	\$(1,710,000)	\$ 21,230,485
Administrative and General	3,136,525	69,280	5,565		3,211,370	92,282	(63,000)	3,240,652
Fundraising	301,968	478		12,203	314,649		(27,000)	287,649
Bad Debt	207,036				207,036			207,036
Total Expenses	\$ 24,749,162	\$ 1,635,234	\$ 191,596	\$ 97,548	\$ 26,573,540	\$ 92,282	\$(1,800,000)	\$ 24,965,822
<b>CHANGE IN NET ASSETS</b>	\$ (849,107)	\$ 165,370	\$ 28,477	\$ (97,548)	\$ (752,808)	\$ 362,902	\$ 0	\$ (389,906)
<b>OTHER CHANGES IN NET ASSETS:</b>								
Loss on Disposal of Fixed Assets		\$ (16,435)			\$ (16,435)			\$ (16,435)
Transfers In (Out) of Property Acquisitions	\$ (941,129)	941,129						
Total Other Changes in Net Assets	\$ (941,129)	\$ 924,694	\$ 0	\$ 0	\$ (16,435)	\$ 0	\$ 0	\$ (16,435)
<b>TOTAL INCREASE</b>								
(DECREASE) IN NET ASSETS	\$ (1,790,236)	\$ 1,090,064	\$ 28,477	\$ (97,548)	\$ (769,243)	\$ 362,902	\$ 0	\$ (406,341)
<b>NET ASSETS (DEFICIT),</b>								
<b>BEGINNING OF YEAR</b>	(18,317,594)	26,393,589	1,090,906	2,260,230	11,427,131	10,014,807	(1,204,987)	20,236,951
<b>NET ASSETS (DEFICIT),</b>								
<b>END OF YEAR</b>	\$ (20,107,830)	\$ 27,483,653	\$ 1,119,383	\$ 2,162,682	\$ 10,657,888	\$ 10,377,709	\$(1,204,987)	\$ 19,830,610

BEVERLY FARM  
COMBINING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

	FOUNDATION			CILIA FUND	ASSOCIATION	TOTAL	ENDOWMENT FUND, INC.	ELIMINATIONS	COMBINED
	OPERATING FUND	BUILDING FUND							
<b>SUPPORT AND REVENUE:</b>									
Tuition, Fees, and Incidentals	\$ 21,274,362		45,410		\$ 21,319,772				\$ 21,319,772
Contributions and Pledges	2,711,327				2,711,327	\$ 76,118			2,787,445
Investment Income	9,229	\$ 853			10,082	228,033			238,115
Facilities Charge		1,800,000			1,800,000			\$ (1,800,000)	
Other Revenue	110,519		5,000		115,519				115,519
Total Support and Revenue	\$ 24,105,437	\$ 1,800,853	\$ 50,410	\$ 0	\$ 25,956,700	\$ 304,151		\$ (1,800,000)	\$ 24,460,851
<b>EXPENSES:</b>									
Program Services -									
Residential Care	\$ 17,005,261	\$ 1,444,457	\$ 76,938	\$ 55,661	\$ 18,582,317			\$ (1,458,000)	\$ 17,124,317
Developmental Training	3,781,787	106,883		39,704	3,928,374			(252,000)	3,676,374
Total Program Services	\$ 20,787,048	\$ 1,551,340	\$ 76,938	\$ 95,365	\$ 22,510,691	\$ 0		\$ (1,710,000)	\$ 20,800,691
Administrative and General	2,901,405	71,918	8,345		2,981,668	104,556		(63,000)	3,023,224
Fundraising	258,641	479		12,202	271,322			(27,000)	244,322
Bad Debt Expense	236,836				236,836				236,836
Total Expenses	\$ 24,183,930	\$ 1,623,737	\$ 85,283	\$ 107,567	\$ 26,000,517	\$ 104,556		\$ (1,800,000)	\$ 24,305,073
CHANGE IN NET ASSETS	\$ (78,493)	\$ 177,116	\$ (34,873)	\$ (107,567)	\$ (43,817)	\$ 199,595		\$ 0	\$ 155,778
<b>OTHER CHANGES IN NET ASSETS:</b>									
Loss on Disposal of Fixed Assets		\$ (10,661)			\$ (10,661)				\$ (10,661)
Transfers In (Out) of Property Acquisitions	\$ (1,403,509)	1,403,509							
Total Other Changes in Net Assets	\$ (1,403,509)	\$ 1,392,848	\$ 0	\$ 0	\$ (10,661)	\$ 0		\$ 0	\$ (10,661)
TOTAL INCREASE (DECREASE) IN NET ASSETS	\$ (1,482,002)	\$ 1,569,964	\$ (34,873)	\$ (107,567)	\$ (54,478)	\$ 199,595		\$ 0	\$ 145,117
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(16,835,592)	24,823,625	1,125,779	2,367,797	11,481,609	9,815,212		(1,204,987)	20,091,834
NET ASSETS (DEFICIT), END OF YEAR	\$ (18,317,594)	\$ 26,393,589	\$ 1,090,906	\$ 2,260,230	\$ 11,427,131	\$ 10,014,807		\$ (1,204,987)	\$ 20,236,951

# IRS e-file Signature Authorization for an Exempt Organization

For calendar year 2015, or fiscal year beginning JUL 1, 2015, and ending JUN 30, 2016

# 2015

Department of the Treasury  
Internal Revenue Service

▶ Do not send to the IRS. Keep for your records.

▶ Information about Form 8879-EO and its instructions is at [www.irs.gov/form8879eo](http://www.irs.gov/form8879eo).

Name of exempt organization

Employer identification number

**BEVERLY FARM ASSOCIATION**

**37-1237369**

Name and title of officer

**MARTHA WARFORD  
EXECUTIVE DIREC**

### Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a, below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

1a Form 990 check here	▶ <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b	<u>0.</u>
2a Form 990-EZ check here	▶ <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b	
3a Form 1120-POL check here	▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b	
4a Form 990-PF check here	▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a Form 8868 check here	▶ <input type="checkbox"/>	b Balance Due (Form 8868, Part I, line 3c or Part II, line 8c)	5b	

### Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2015 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize SCHEFFEL BOYLE to enter my PIN 11515  
ERO firm name Enter five numbers, but do not enter all zeros

as my signature on the organization's tax year 2015 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2015 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_

### Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

**37026609184**

do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2015 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ *Kathleen M. Fitzgerald* Date ▶ 10/21/16

**ERO Must Retain This Form - See Instructions  
Do Not Submit This Form To the IRS Unless Requested To Do So**