

BEVERLY FARM

REPORT AND COMBINED  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2017 AND 2016

BEVERLY FARM

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND  
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

## 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, 2017 and 2016, 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

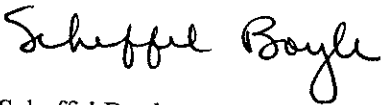
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Beverly Farm as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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 25, 2017, 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 25, 2017

BEVERLY FARM  
COMBINED STATEMENTS OF FINANCIAL POSITION

ASSETS

	JUNE 30,	
	2017	2016
Cash and Cash Equivalents	\$ 5,063,813	\$ 5,215,625
Investments	11,213,025	10,489,653
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$166,935 and \$94,594	3,288,490	3,068,764
Inventory	117,694	110,171
Prepaid Expenses	442,642	536,151
Investments Held by Bond Trustee	703,825	626,311
Land, Buildings and Equipment, at Cost, Net of Accumulated Depreciation	10,860,237	10,122,867
Deferred Costs, Net	88,575	94,446
TOTAL ASSETS	\$ 31,778,301	\$ 30,263,988

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts Payable	\$ 785,594	\$ 566,032
Accrued Payroll	428,928	846,926
Other Liabilities	748,835	714,317
Line of Credit	1,050,000	
Long-Term Debt	8,137,651	8,306,103
Total Liabilities	\$ 11,151,008	\$ 10,433,378
NET ASSETS:		
Unrestricted:		
Foundation - Available for General Use (Deficit)	\$ (23,099,263)	\$ (21,687,808)
Building Fund	28,995,102	27,483,653
CILA Fund	183,372	(85,604)
Association	2,079,402	2,162,682
Endowment Fund, Inc.	9,400,423	8,861,488
Total Unrestricted	\$ 17,559,036	\$ 16,734,411
Temporarily Restricted by Donors	3,068,257	3,096,199
Total Net Assets	\$ 20,627,293	\$ 19,830,610
TOTAL LIABILITIES AND NET ASSETS	\$ 31,778,301	\$ 30,263,988

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

BEVERLY FARM  
COMBINED STATEMENTS OF ACTIVITIES

	YEAR ENDED JUNE 30, 2017			YEAR ENDED JUNE 30, 2016		
	UNRESTRICTED	TEMPORARILY		UNRESTRICTED	TEMPORARILY	
		RESTRICTED	TOTAL		RESTRICTED	TOTAL
<b>SUPPORT AND REVENUE:</b>						
Tuition, Fees and Incidentals	\$ 22,174,471	\$ 880,046	\$ 22,174,471	\$ 21,673,617	\$ 21,673,617	\$ 21,673,617
Contributions and Pledges	1,759,122	193,751	2,639,168	1,362,019	\$ 1,014,489	2,376,508
Investment Income	594,849		788,600	453,255	(65,292)	387,963
Other Revenue	183,814		183,814	137,828		137,828
Net Assets Released from Donor Restrictions	1,101,739	(1,101,739)		524,094	(524,094)	
Total Support and Revenue	\$ 25,813,995	\$ (27,942)	\$ 25,786,053	\$ 24,150,813	\$ 425,103	\$ 24,575,916
<b>EXPENSES:</b>						
Program Services:						
Residential Care	\$ 17,467,063		\$ 17,467,063	\$ 17,389,375		\$ 17,389,375
Developmental Training	3,641,745		3,641,745	3,841,110		3,841,110
Total Program Services	\$ 21,108,808		\$ 21,108,808	\$ 21,230,485		\$ 21,230,485
Administrative and General	3,445,320		3,445,320	3,240,652		3,240,652
Fundraising	294,074		294,074	287,649		287,649
Bad Debt	141,168		141,168	207,036		207,036
Total Expenses	\$ 24,989,370	\$ 0	\$ 24,989,370	\$ 24,965,822	\$ 0	\$ 24,965,822
<b>CHANGE IN NET ASSETS</b>	\$ 824,625	\$ (27,942)	\$ 796,683	\$ (815,009)	\$ 425,103	\$ (389,906)
<b>OTHER CHANGES IN NET ASSETS</b>						
Loss on Disposal of Fixed Assets	\$ 0	\$ 0	\$ 0	\$ (16,435)	\$ (16,435)	\$ (16,435)
Total Other Changes in Net Assets	\$ 0	\$ 0	\$ 0	\$ (16,435)	\$ 0	\$ (16,435)
<b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>	\$ 824,625	\$ (27,942)	\$ 796,683	\$ (831,444)	\$ 425,103	\$ (406,341)
<b>NET ASSETS, BEGINNING OF YEAR</b>	16,734,411	3,096,199	19,830,610	17,565,855	2,671,096	20,236,951
<b>NET ASSETS, END OF YEAR</b>	\$ 17,559,036	\$ 3,068,257	\$ 20,627,293	\$ 16,734,411	\$ 3,096,199	\$ 19,830,610

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

BEVERLY FARM  
COMBINED STATEMENTS OF CASH FLOWS

EXHIBIT "C"

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Receipts from:		
Tuition, Fees and Incidentals	\$ 21,813,577	\$ 21,625,477
Contributions and Pledges	1,861,327	2,252,528
Interest and Dividends	275,361	285,919
Other Income	183,814	137,828
Cash Payments to:		
Suppliers and Employees	(23,232,953)	(23,292,592)
Interest Expense	(424,786)	(426,291)
Net Cash Flows from Operating Activities	<u>\$ 476,340</u>	<u>\$ 582,869</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Land, Buildings and Equipment	\$ (1,999,895)	\$ (999,872)
Purchases of Investments and Interest & Dividend Earnings Retained	(7,420,145)	(6,051,164)
Sales of Investments	8,170,457	5,495,018
Transfers from (to) Investments	102,000	
Transfers from (to) Bond Escrow and Interest Earnings Retained	(77,514)	98,189
Net Cash Flows from Investing Activities	<u>\$ (1,225,097)</u>	<u>\$ (1,457,829)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments of Debt	\$ (542,452)	\$ (352,750)
Loan Proceeds	1,424,000	
Net Cash Flows from Financing Activities	<u>\$ 881,548</u>	<u>\$ (352,750)</u>
Net Change in Cash and Cash Equivalents	\$ 132,791	\$ (1,227,710)
Cash and Cash Equivalents, Beginning of Year	<u>5,972,550</u>	<u>7,200,260</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,105,341</u>	<u>\$ 5,972,550</u>
<b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (Decrease) in Net Assets	\$ 796,683	\$ (406,341)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation Expense	1,262,524	1,329,767
Amortization Expense	5,871	5,871
Bad Debt Expense	141,168	207,036
(Gain) Loss on Disposal of Fixed Assets		16,435
(Gain) Loss from Sale of Investments	119,518	270,631
Non Cash Donations	(777,841)	(131,517)
Unrealized (Gain) Loss on Investments	(632,757)	(372,675)
(Increase) Decrease in Accounts Receivable, Net	(360,894)	(48,140)
(Increase) Decrease in Contributions Receivable, Net		7,537
(Increase) Decrease in Inventory	(7,523)	(3,545)
(Increase) Decrease in Prepaid Expenses	93,509	15,213
Increase (Decrease) in Accounts Payable	219,562	(341,950)
Increase (Decrease) in Accrued Payroll	(417,998)	59,418
Increase (Decrease) in Other Liabilities	34,518	(24,871)
Net Cash Flows from Operating Activities	<u>\$ 476,340</u>	<u>\$ 582,869</u>
Cash and Cash Equivalents consist of the following:		
Cash and Cash Equivalents	\$ 5,063,813	\$ 5,215,625
Money Market Accounts Presented as Investments	1,041,528	756,925
Total Cash and Cash Equivalents	<u>\$ 6,105,341</u>	<u>\$ 5,972,550</u>

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

BEVERLY FARM  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2017

	<u>TOTAL</u>	<u>RESIDENTIAL CARE</u>	<u>DEVELOPMENTAL TRAINING</u>	<u>ADMINISTRATIVE AND GENERAL</u>	<u>FUNDRAISING</u>
Allocated Expenses					
Salaries	\$ 11,618,609	\$ 8,024,400	\$ 2,120,928	\$ 1,347,214	\$ 126,067
Payroll Taxes	950,581	656,488	176,845	106,736	10,512
Accounting and Auditing	50,000			50,000	
Legal Fees	46,350			46,350	
Supplies	748,393	301,869	111,550	306,814	28,160
Telephone	113,709	7,987	9,234	96,488	
Postage and Shipping	9,493			9,493	
Occupancy	537,784	178,841	71,315	278,634	8,994
Equipment Rent and Maintenance	338,947	109,498	25,585	203,864	
Travel	381,597	(176)	321,217	60,556	
Conferences and Meetings	7,350			7,350	
Interest	424,786	362,143	37,633	25,010	
Depreciation	1,262,524	1,103,702	103,440	42,743	12,639
Insurance	868,060	702,984	120,417	32,079	12,580
Food and Dietary Supplies	2,665,665	2,665,665			
Outside Professional Services	1,805,461	1,503,697	60,485	235,937	5,342
Other	419,099	53,561		304,442	61,096
Employee Benefits	2,593,923	1,791,413	482,568	291,258	28,684
Bond Costs	5,871	4,991	528	352	
Total	<u>\$ 24,848,202</u>	<u>\$ 17,467,063</u>	<u>\$ 3,641,745</u>	<u>\$ 3,445,320</u>	<u>\$ 294,074</u>
Non-Allocated Expenses					
Bad Debt Expense	141,168				
	<u>\$ 24,989,370</u>				

Non-Allocated Expenses

Bad Debt Expense

141,168

\$ 24,989,370

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>FUNDRISING</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	<u>207,036</u>				
	<u>\$ 24,965,822</u>				

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

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2017 AND 2016

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, 2017 AND 2016

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 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. The second facility completed construction and began operations in the fiscal year ended June 30, 2017. A third facility was purchased in fiscal year ended June 30, 2017 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, 2017 AND 2016

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, 2017 and 2016 was \$75,198 and \$70,125, 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, 2017 and 2016, IDHFS accounted for 86.2% and 82.9% of accounts receivable, respectively.

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2017 AND 2016

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, 2017 and 2016, totaled \$243,067 and \$270,045, respectively, and are included in other liabilities on the combined statements of financial position.

NOTE 3. INVENTORY

At June 30, 2017 and 2016, inventory consisted of the following classes:

	<u>2017</u>	<u>2016</u>
Food	\$ 23,867	\$ 23,867
Personal Items	29,485	26,713
Cleaning Supplies	13,005	12,691
Linens, Bedding, and Miscellaneous	22,508	20,178
Medical Supplies	15,622	14,048
Office Supplies	11,327	10,268
Gift Shop and Coffee Shop Items	1,880	2,406
Total	<u>\$ 117,694</u>	<u>\$ 110,171</u>

NOTE 4. CASH AND CASH EQUIVALENTS

Residents' savings amounted to \$206,840 and \$194,425 at June 30, 2017 and 2016, respectively. Money market balances in the Endowment Fund amounted to \$1,041,528 and \$756,925 at June 30, 2017 and 2016, respectively.

NOTE 5. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consist of the following:

	June 30,	
	<u>2017</u>	<u>2016</u>
Land and Improvements	\$ 2,861,798	\$ 2,838,830
Buildings and Improvements	22,371,905	20,744,304
Equipment and Fixtures	8,102,762	8,744,246
	<u>\$ 33,336,465</u>	<u>\$ 32,327,380</u>
Less, Accumulated Depreciation	(22,476,228)	(22,204,513)
	<u>\$ 10,860,237</u>	<u>\$ 10,122,867</u>

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2017 AND 2016

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, 2017 and 2016, the outstanding balance was \$1,050,000 and \$0, respectively. 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, 2017 and 2016, this line commitment was not utilized. Both the line of credit and the line commitment expire on April 21, 2018. Interest expense on these notes amounted to \$20,465 and \$10,000 for the years ended June 30, 2017 and 2016, respectively.

NOTE 7. LONG-TERM DEBT

Bonds Payable

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 \$339,389 and \$354,383 was expensed for the years ended June 30, 2017 and 2016, respectively.

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

Year Ending June 30,	Interest	Principal	Total
2018	\$ 323,758	\$ 383,376	\$ 707,134
2019	307,462	399,672	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	610	117,246	117,856
Total	<u>\$ 2,786,508</u>	<u>\$ 7,938,358</u>	<u>\$ 10,724,866</u>

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 7. LONG-TERM DEBT (Continued)

Notes Payable

On September 8, 2016, the Organization entered into a \$242,000 loan agreement for the purchase and renovation of a CILA home known as Mandel. The note is payable in monthly installments of \$4,457, including interest at 4.00%, beginning October 28, 2016, and maturing on March 8, 2022.

On December 28, 2016, the Organization entered into a \$132,000 loan agreement for the purchase and renovation of a CILA home known as Rosebud. The note is payable in monthly installments of \$986, including interest at 4.15%, beginning January 28, 2017, with an estimated final payment of \$97,725 due on December 28, 2021.

The following schedule summarizes the future payment requirements of these notes:

Year Ending June 30,	Interest	Principal	Total
2018	\$ 7,103	\$ 58,220	\$ 65,323
2019	5,608	24,057	29,665
2020	4,722	7,114	11,836
2021	4,421	7,415	11,836
2022	2,094	102,487	104,581
Total	<u>\$ 23,948</u>	<u>\$ 199,293</u>	<u>\$ 223,241</u>

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 2017. Accordingly, no accrual for retirement plan expense has been made for the period January 1, to June 30, 2017. The combined financial statements include retirement plan expense of \$96,000 for each of the years ended June 30, 2017 and 2016.

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 2016 and 2015, Beverly Farm made a discretionary matching contribution of \$24,000 each.

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2017 AND 2016

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. 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, 2017 and 2016. Beverly Farm has deposits insured as follows:

	As of June 30,	
	2017	2016
FDIC Covered	\$ 1,564,681	\$ 1,596,561
Fully Collateralized	3,385,288	4,432,386
Uncollateralized		
Total Deposits	\$ 4,949,969	\$ 6,028,947

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

	2017	2016
SIPC Covered - Cash	\$ 392,655	\$ 355,352
SIPC Covered - Investments	500,000	750,000
Uncollateralized	10,209,181	9,316,394
Total Deposits	\$ 11,101,836	\$ 10,421,746

NOTE 12. INVESTMENT SECURITIES

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

	June 30, 2017		
	Cost	Fair Value	Unrealized Gain/(Loss)
Money Markets	\$ 1,041,528	\$ 1,041,528	
Common Stocks	4,402,049	5,265,813	\$ 863,764
Mutual Funds and ETF's	3,396,261	3,573,686	177,425
US Treasury, Municipal, and Corporate Bonds	1,323,945	1,331,998	8,053
	\$ 10,163,783	\$ 11,213,025	\$ 1,049,242
	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



BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 12. INVESTMENT SECURITIES (Continued)

	Year Ended June 30,	
	<u>2017</u>	<u>2016</u>
Interest and Dividend Income	\$ 275,361	\$ 285,919
Gains (Losses) on Sales	(119,518)	(270,631)
Unrealized Gains (Losses)	632,757	372,675
Total Investment Income	<u>\$ 788,600</u>	<u>\$ 387,963</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.

NOTE 13. 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, its 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.

**BEVERLY FARM**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 13. ENDOWMENT FUND (continued)**

Changes in Endowment Net Assets for the years ended June 30, 2017 and 2016:

	Unrestricted		Temporarily Restricted		Total	
	2017	2016	2017	2016	2017	2016
Endowment Net Assets, Beginning of Year	\$ 8,861,488	\$ 8,414,779	\$ 1,516,221	\$ 1,600,028	\$ 10,377,709	\$ 10,014,807
Investment Return:						
Interest & Dividend Income	203,413	227,591	39,547	33,894	242,960	261,485
Net Appreciation, (Realized & Unrealized)	354,872	199,162	154,204	(99,186)	509,076	99,976
Total Investment Return	\$ 558,285	\$ 426,753	\$ 193,751	\$ (65,292)	\$ 752,036	\$ 361,461
Contributions	174,000	93,723			174,000	93,723
Appropriation of Endowment Asset for Expenditure/Transfer Out	(193,350)	(73,767)	(13,842)	(18,515)	(207,192)	(92,282)
Endowment Net Assets, End of Year	<u>\$ 9,400,423</u>	<u>\$ 8,861,488</u>	<u>\$ 1,696,130</u>	<u>\$ 1,516,221</u>	<u>\$ 11,096,553</u>	<u>\$ 10,377,709</u>

**NOTE 14. 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 44 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, 2017 and 2016 was \$10,338 and \$14,983, respectively.

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

Year Ending June 30,	Minimum Lease Payment
2018	\$ 10,338
2019	10,338
2020	10,338
2021	6,030
Total	<u>\$ 37,044</u>

**NOTE 15. 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, 2014 through June 30, 2017. The tax return for the year ended June 30, 2017 has not been filed as of the date of this report.

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 15. INCOME TAX POSITIONS (continued)

As of June 30, 2017 and 2016, 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, 2017 and 2016.

NOTE 16. 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:

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, 2017 and 2016:

	June 30, 2017	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Money Markets	\$ 1,041,528	\$ 1,041,528		
Common Stocks				
Consumer Discretionary	\$ 501,151	\$ 501,151		
Consumer Staples	781,296	781,296		
Energy	407,790	407,790		
Financials	502,658	502,658		
Health Care	853,823	853,823		
Industrials	715,963	715,963		
Information Technology	1,145,979	1,145,979		
Materials	162,238	162,238		
Telecommunication Services	136,893	136,893		
Real Estate	18,401	18,401		
Utilities	39,621	39,621		
Total Common Stocks	\$ 5,265,813	\$ 5,265,813		

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 16. FAIR VALUE MEASUREMENT (Continued)

	<u>June 30, 2017</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Mutual Funds and ETF's</b>				
Short Term Bonds	\$ 1,175,512	\$ 1,175,512		
Real Estate	188,036	188,036		
Commodities	302,013	302,013		
Metals	346,898	346,898		
U.S. Equity	484,509	484,509		
Emerging Foreign	152,367	152,367		
Developed Foreign	421,294	421,294		
Unclassified	503,057	503,057		
<b>Total Mutual Funds</b>	<b>\$ 3,573,686</b>	<b>\$ 3,573,686</b>		
<b>Bonds</b>				
Fixed Income	\$ 1,331,998	\$ 1,050,719	\$ 281,279	
<b>Total</b>	<b>\$ 11,213,025</b>	<b>\$ 10,931,746</b>	<b>\$ 281,279</b>	<b>\$ 0</b>

	<u>June 30, 2016</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Markets	\$ 756,925	\$ 756,925		
<b>Common Stocks</b>				
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		
Unclassified	296,333	296,333		
Telecommunication Services	131,624	131,624		
Utilities	263,303	263,303		
<b>Total Common Stocks</b>	<b>\$ 4,457,135</b>	<b>\$ 4,457,135</b>		

BEVERLY FARM  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 16. FAIR VALUE MEASUREMENT (Continued)

	June 30, 2016	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
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	<u>\$ 4,640,702</u>	<u>\$ 4,640,702</u>		
Bonds				
Fixed Income	\$ 634,891	\$ 242,511	\$ 392,380	
Total	<u>\$ 10,489,653</u>	<u>\$ 10,097,273</u>	<u>\$ 392,380</u>	<u>\$ 0</u>

NOTE 17. COMMITMENTS

At June 30, 2017, the Organization has remaining contractual commitments of \$33,700 with Covene for the installation of the new phone system and \$5,000 with JUN Construction for services to be performed related to CILA #2. The Organization expects to receive all contracted services in fiscal year ended June 30, 2018.

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, 2017

ASSETS	FOUNDATION		CILA FUND	ASSOCIATION	TOTAL	ENDOWMENT FUND, INC.	ELIMINATIONS	COMBINED
	OPERATING FUND	BUILDING FUND						
Cash and Cash Equivalents	\$ (385,446)	\$ 4,656,631	\$ 792,628		\$ 5,063,813	\$ 5,063,813		\$ 5,063,813
Investments	116,472				116,472	\$ 11,096,553		11,213,025
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$166,935	3,263,089		25,401		3,288,490			3,288,490
Inventory	117,694				117,694			117,694
Prepaid Expenses	442,642				442,642			442,642
Investments Held by Bond Trustee		703,825			703,825			703,825
Investment in CILA Fund	1,204,987				1,204,987		\$ (1,204,987)	
Land, Buildings and Equipment, At Cost, Net of Accumulated Depreciation		8,792,982	903,826	\$ 1,163,429	10,860,237			10,860,237
Deferred Costs, Net		88,575			88,575			88,575
Due from Related Entities		2,689,593		915,973	3,605,566		(3,605,566)	
<b>TOTAL ASSETS</b>	<b>\$ 4,759,438</b>	<b>\$ 16,931,606</b>	<b>\$ 1,721,855</b>	<b>\$ 2,079,402</b>	<b>\$ 25,492,301</b>	<b>\$ 11,096,553</b>	<b>\$ (4,810,553)</b>	<b>\$ 31,778,301</b>

BEVERLY FARM  
COMBINING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2017

LIABILITIES AND NET ASSETS	FOUNDATION			CILAFUND	ASSOCIATION	TOTAL	ENDOWMENT FUND, INC.	ELIMINATIONS	COMBINED
	OPERATING FUND	BUILDING FUND	FUND						
LIABILITIES:									
Accounts Payable	\$ 785,594					\$ 785,594			\$ 785,594
Accrued Payroll	428,928					428,928			428,928
Other Liabilities	735,232	\$ 13,603				748,835			748,835
Line of Credit	1,050,000					1,050,000			1,050,000
Long-Term Debt		7,938,358	\$ 199,293			8,137,651			8,137,651
Interfund (Receivable) Payable	20,015,457	(20,015,457)	134,203			134,203			
Due to Related Entities	3,471,363					3,471,363		\$ (134,203)	
Total Liabilities	\$ 26,486,574	\$ (12,063,496)	\$ 333,496	\$ 0	\$ 0	\$ 14,756,574	\$ 0	\$ (3,471,363)	\$ 11,151,008
NET ASSETS:									
Unrestricted -									
Foundation - Available for General Use (Deficit)	\$ (23,099,263)				\$ 2,079,402	\$ (23,099,263)			\$ (23,099,263)
Association						2,079,402			2,079,402
Endowment Fund							\$ 9,400,423		9,400,423
Building Fund		\$ 28,995,102				28,995,102			28,995,102
CILAFund			\$ 1,388,359			1,388,359		\$ (1,204,987)	183,372
Total Unrestricted Net Assets (Deficit)	\$ (23,099,263)	\$ 28,995,102	\$ 1,388,359	\$ 2,079,402	\$ 2,079,402	\$ 9,363,600	\$ 9,400,423	\$ (1,204,987)	\$ 17,559,036
Temporarily Restricted									
Total Net Assets (Deficit)	1,372,127					1,372,127			3,068,257
	\$ (21,727,136)	\$ 28,995,102	\$ 1,388,359	\$ 2,079,402	\$ 2,079,402	\$ 10,735,727	\$ 11,096,553	\$ (1,204,987)	\$ 20,627,293
TOTAL LIABILITIES AND NET ASSETS	\$ 4,759,438	\$ 16,931,606	\$ 1,721,855	\$ 2,079,402	\$ 2,079,402	\$ 25,492,301	\$ 11,096,553	\$ (4,810,553)	\$ 31,778,301

BEVERLY FARM  
COMBINING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016

<u>ASSETS</u>	<u>FOUNDATION</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>CILA FUND</u>					
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	3,058,551		10,213		3,068,764			3,068,764
Inventory	110,171				110,171			110,171
Prepaid Expenses	536,151				536,151			536,151
Investments Held by Bond Trustee		626,311			626,311			626,311
Investment in CILA Fund	1,204,987				1,204,987		\$ (1,204,987)	
Land, Buildings and Equipment, 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)				\$ 2,162,682	\$ (21,687,808)			\$ (21,687,808)
Association						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 (Deficit)	\$ (21,687,808)	\$ 27,483,653	\$ 1,119,383	\$ 2,162,682	\$ 2,162,682	\$ 9,077,910	\$ 8,861,488	\$ (1,204,987)	\$ 16,734,411
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	\$ 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	\$ 2,162,682	\$ 24,691,297	\$ 10,377,709	\$ (4,805,018)	\$ 30,263,988

BEVERLY FARM  
COMBINING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017

	<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	\$ 21,909,456		\$ 265,015		\$ 22,174,471			\$ 22,174,471
Contributions and Pledges	2,215,168		250,000		2,465,168	\$ 174,000		2,639,168
Investment Income	31,488	\$ 567	4,509		36,564	752,036		788,600
Facilities Charge		1,800,000			1,800,000		\$(1,800,000)	
Other Revenue	173,814		10,000		183,814			183,814
Total Support and Revenue	<u>\$ 24,329,926</u>	<u>\$ 1,800,567</u>	<u>\$ 529,524</u>	<u>\$ 0</u>	<u>\$ 26,660,017</u>	<u>\$ 926,036</u>	<u>\$(1,800,000)</u>	<u>\$ 25,786,053</u>
<b>EXPENSES:</b>								
Program Services -								
Residential Care	\$ 17,250,611	\$ 1,378,814	\$ 258,541	\$ 37,097	\$ 18,925,063		\$(1,458,000)	\$ 17,467,063
Developmental Training	3,755,623	104,100		34,022	3,893,745		(252,000)	3,641,745
Total Program Services	<u>\$ 21,006,234</u>	<u>\$ 1,482,914</u>	<u>\$ 258,541</u>	<u>\$ 71,119</u>	<u>\$ 22,818,808</u>	<u>\$ 0</u>	<u>\$(1,710,000)</u>	<u>\$ 21,108,808</u>
Administrative and General	3,334,044	65,861	3,223		3,403,128	105,192	(63,000)	3,445,320
Fundraising	308,435	478		12,161	321,074		(27,000)	294,074
Bad Debt	141,168				141,168			141,168
Total Expenses	<u>\$ 24,789,881</u>	<u>\$ 1,549,253</u>	<u>\$ 261,764</u>	<u>\$ 83,280</u>	<u>\$ 26,684,178</u>	<u>\$ 105,192</u>	<u>\$(1,800,000)</u>	<u>\$ 24,989,370</u>
CHANGE IN NET ASSETS	<u>\$ (459,955)</u>	<u>\$ 251,314</u>	<u>\$ 267,760</u>	<u>\$ (83,280)</u>	<u>\$ (24,161)</u>	<u>\$ 820,844</u>	<u>\$ 0</u>	<u>\$ 796,683</u>
<b>OTHER CHANGES IN NET ASSETS:</b>								
Transfers In (Out) of Property Acquisitions	<u>\$ (1,159,351)</u>	<u>\$ 1,260,135</u>	<u>\$ 1,216</u>	<u>\$ 0</u>	<u>\$ 102,000</u>	<u>\$ (102,000)</u>		<u>\$ 0</u>
Total Other Changes in Net Assets	<u>\$ (1,159,351)</u>	<u>\$ 1,260,135</u>	<u>\$ 1,216</u>	<u>\$ 0</u>	<u>\$ 102,000</u>	<u>\$ (102,000)</u>		<u>\$ 0</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	<u>\$ (1,619,306)</u>	<u>\$ 1,511,449</u>	<u>\$ 268,976</u>	<u>\$ (83,280)</u>	<u>\$ 77,839</u>	<u>\$ 718,844</u>	<u>\$ 0</u>	<u>\$ 796,683</u>
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(20,107,830)</u>	<u>27,483,653</u>	<u>1,119,383</u>	<u>2,162,682</u>	<u>10,657,888</u>	<u>10,377,709</u>	<u>(1,204,987)</u>	<u>19,830,610</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (21,727,136)</u>	<u>\$ 28,995,102</u>	<u>\$ 1,388,359</u>	<u>\$ 2,079,402</u>	<u>\$ 10,735,727</u>	<u>\$ 11,096,553</u>	<u>\$(1,204,987)</u>	<u>\$ 20,627,293</u>

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

	FOUNDATION		CILA	ASSOCIATION	TOTAL	ENDOWMENT	ELIMINATIONS	COMBINED
	OPERATING	BUILDING	FUND			FUND, INC.		
	FUND	FUND	FUND					
<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 Expense	207,036				207,036			207,036
Total Expenses	\$ 24,749,162	\$ 1,635,234	\$ 191,596	\$ 97,548	\$ 26,673,540	\$ 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 (DECREASE) IN NET ASSETS</b>	\$ (1,790,236)	\$ 1,090,064	\$ 28,477	\$ (97,548)	\$ (769,243)	\$ 362,902	\$ 0	\$ (406,341)
<b>NET ASSETS (DEFICIT), 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), 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