

BEVERLY FARM

REPORT AND COMBINED
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017

BEVERLY FARM

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSO

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, 2018 and 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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

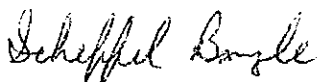
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Beverly Farm as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles 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 21, 2018, 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 21, 2018

BEVERLY FARM
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 3,399,826	\$ 5,063,813
Investments	12,007,120	11,213,024
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$359,492 and \$166,935	4,274,241	3,288,490
Contributions Receivable	5,589,801	
Inventory	121,440	117,694
Prepaid Expenses	480,575	442,642
Investments Held by Bond Trustee	449,643	703,825
Land, Buildings and Equipment, at Cost, Net of Accumulated Depreciation	<u>10,998,684</u>	<u>10,860,237</u>
TOTAL ASSETS	<u><u>\$ 37,321,330</u></u>	<u><u>\$ 31,689,725</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts Payable	\$ 734,106	\$ 785,594
Accrued Payroll	495,629	428,928
Other Liabilities	771,665	748,835
Line of Credit	1,050,000	1,050,000
Long-Term Debt, Net of Debt Issuance Costs of \$82,704 and \$88,575	<u>7,661,524</u>	<u>8,049,076</u>
Total Liabilities	<u><u>\$ 10,712,924</u></u>	<u><u>\$ 11,062,433</u></u>
NET ASSETS:		
Unrestricted		
Foundation - Available for General Use (Deficit)	\$ (25,484,071)	\$ (23,099,263)
Building Fund	30,671,683	28,995,102
CILA Fund	156,748	183,372
Association	2,001,337	2,079,402
Endowment Fund, Inc.	<u>15,652,285</u>	<u>9,400,422</u>
Total Unrestricted	<u><u>\$ 22,997,982</u></u>	<u><u>\$ 17,559,035</u></u>
Temporarily Restricted by Donors	<u>3,610,424</u>	<u>3,068,257</u>
Total Net Assets	<u><u>\$ 26,608,406</u></u>	<u><u>\$ 20,627,292</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 37,321,330</u></u>	<u><u>\$ 31,689,725</u></u>

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

BEVERLY FARM
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018		2017	
	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED
SUPPORT AND REVENUE:				
Tuition, Fees and Incidentals	\$ 22,854,467	\$ 22,854,467	\$ 22,174,471	\$ 22,174,471
Contributions and Pledges	6,781,452	7,472,294	2,130,324	2,639,168
Investment Income	794,429	936,949	594,849	788,600
Other Revenue	166,716	166,716	183,814	183,814
Net Assets Released from Donor Restrictions	291,195	(291,195)	730,537	(730,537)
Total Support and Revenue	\$ 30,888,259	\$ 542,167	\$ 25,813,995	\$ (27,942)
EXPENSES:				
Program Services:				
Residential Care	\$ 17,571,041	\$ 17,571,041	\$ 17,467,063	\$ 17,467,063
Developmental Training	3,721,240	3,721,240	3,641,745	3,641,745
Total Program Services	\$ 21,292,281	\$ 21,292,281	\$ 21,108,808	\$ 21,108,808
Administrative and General	3,674,042	3,674,042	3,445,320	3,445,320
Fundraising	268,599	268,599	294,074	294,074
Bad Debt	264,222	264,222	141,168	141,168
Total Expenses	\$ 25,499,144	\$ 0	\$ 24,989,370	\$ 24,989,370
CHANGE IN NET ASSETS	\$ 5,389,115	\$ 542,167	\$ 824,625	\$ (27,942)
OTHER CHANGES IN NET ASSETS				
Gain on Disposal of Fixed Assets	\$ 49,832	\$ 49,832	\$ 0	\$ 0
Total Other Changes in Net Assets	\$ 49,832	\$ 0	\$ 0	\$ 0
TOTAL INCREASE (DECREASE) IN NET ASSETS	\$ 5,438,947	\$ 542,167	\$ 824,625	\$ (27,942)
NET ASSETS, BEGINNING OF YEAR	17,559,035	3,068,257	16,734,410	3,096,199
NET ASSETS, END OF YEAR	\$ 22,997,982	\$ 3,610,424	\$ 17,559,035	\$ 3,068,257

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

BEVERLY FARM
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Receipts from:		
Tuition, Fees and Incidentals	\$ 21,604,494	\$ 21,813,577
Contributions and Pledges	1,595,166	1,861,327
Interest and Dividends	342,524	275,361
Other Income	166,716	183,814
Cash Payments to:		
Suppliers and Employees	(23,507,877)	(23,232,953)
Interest Paid	(444,142)	(424,786)
Net Cash Flows from Operating Activities	<u>\$ (243,119)</u>	<u>\$ 476,340</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Land, Buildings and Equipment	\$ (1,413,045)	\$ (1,999,895)
Purchases of Investments and Interest & Dividend Earnings Retained	(3,614,574)	(7,420,145)
Sales of Investments	3,024,006	8,170,457
Sale of Equipment	44,286	
Transfers from (to) Investments, Net	24,382	102,000
Transfers from (to) Bond Escrow and Interest Earnings Retained	254,182	(77,514)
Net Cash Flows from Investing Activities	<u>\$ (1,680,763)</u>	<u>\$ (1,225,097)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of Debt	\$ (393,423)	\$ (542,452)
Loan Proceeds		1,424,000
Net Cash Flows from Financing Activities	<u>\$ (393,423)</u>	<u>\$ 881,548</u>
Net Change in Cash and Cash Equivalents	\$ (2,317,305)	\$ 132,791
Cash and Cash Equivalents, Beginning of Year	6,105,341	5,972,550
Cash and Cash Equivalents, End of Year	<u>\$ 3,788,036</u>	<u>\$ 6,105,341</u>
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 5,981,114	\$ 796,683
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation Expense	1,280,668	1,262,524
Amortization Expense	5,871	5,871
Bad Debt Expense	264,222	141,168
(Gain) Loss on Disposal of Fixed Assets	(49,832)	
(Gain) Loss from Sale of Investments	(150,896)	119,518
Non Cash Donations	(287,327)	(777,841)
Unrealized (Gain) Loss on Investments	(443,529)	(632,757)
(Increase) Decrease in Contributions Receivable, Net	(5,589,801)	
(Increase) Decrease in Accounts Receivable, Net	(1,249,973)	(360,894)
(Increase) Decrease in Inventory	(3,746)	(7,523)
(Increase) Decrease in Prepaid Expenses	(37,933)	93,509
Increase (Decrease) in Accounts Payable	(51,488)	219,562
Increase (Decrease) in Accrued Payroll	66,701	(417,998)
Increase (Decrease) in Other Liabilities	22,830	34,518
Net Cash Flows from Operating Activities	<u>\$ (243,119)</u>	<u>\$ 476,340</u>
Cash and Cash Equivalents consist of the following:		
Cash and Cash Equivalents	\$ 3,399,826	\$ 5,063,813
Money Market Accounts Presented as Investments	388,210	1,041,528
Total Cash and Cash Equivalents	<u>\$ 3,788,036</u>	<u>\$ 6,105,341</u>

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

BEVERLY FARM
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	<u>TOTAL</u>	<u>RESIDENTIAL CARE</u>	<u>DEVELOPMENTAL TRAINING</u>	<u>ADMINISTRATIVE AND GENERAL</u>	<u>FUNDRAISING</u>
Allocated Expenses					
Salaries	\$ 12,182,050	\$ 8,357,986	\$ 2,199,165	\$ 1,502,721	\$ 122,178
Payroll Taxes	980,826	671,584	182,784	116,303	10,155
Accounting and Auditing	99,300			99,300	
Legal Fees	113,767			113,767	
Supplies	771,081	362,924	118,391	262,646	27,120
Telephone	130,761	7,296	22,063	101,402	
Postage and Shipping	7,316			7,316	
Occupancy	587,983	206,066	78,636	294,084	9,197
Equipment Rent and Maintenance	282,293	114,196	28,132	139,965	
Travel	370,658	1,377	306,487	62,794	
Conferences and Meetings	13,214			13,214	
Interest	450,013	384,100	39,632	26,281	
Depreciation	1,280,668	1,119,802	107,251	41,863	11,752
Insurance	1,022,930	828,476	141,913	37,716	14,825
Food and Dietary Supplies	2,639,718	2,639,718			
Outside Professional Services	1,534,071	1,242,071	67,369	219,243	5,388
Other	464,008	57,685		362,196	44,127
Employee Benefits	2,304,265	1,577,760	429,417	273,231	23,857
Total	<u>\$ 25,234,922</u>	<u>\$ 17,571,041</u>	<u>\$ 3,721,240</u>	<u>\$ 3,674,042</u>	<u>\$ 268,599</u>
Non-Allocated Expenses					
Bad Debt Expense	264,222				
	<u>\$ 25,499,144</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	430,657	367,134	38,161	25,362	
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
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				
Total	<u>\$ 24,989,370</u>				

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

BEVERLY FARM
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 AND 2017

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 and a third facility completed construction and began operations in the fiscal year ended June 30, 2018. 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, 2018 AND 2017

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 the 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, 2018 and 2017 was \$77,649 and \$75,198, respectively.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable.

BEVERLY FARM
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018 and 2017, IDHFS accounted for 90.5% and 86.2% of accounts receivable, respectively.

Contributions Receivable

Contributions receivable are recorded at fair value as of the balance sheet date.

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

Regular full-time employees hired on or after September 4, 2016 who have completed one year of service shall be entitled to paid vacation based on their number of completed years of service. Employees hired before September 4, 2016 shall be grandfathered to receive paid vacation based on the July 1, 2009-June 2013 agreement. Unused vacation time for both groups may not be carried over to the following anniversary year, in which case vacation time will be lost. However, unused vacation time will be paid out in the event of job separation, termination, or retirement. Regular part-time employees whose part time regular schedule includes a minimum of 720 hours in a year's period shall receive pro-rata vacation benefits based upon schedule hours worked in ratio to 1,800 hours.

A regular full-time employee, after completing their 120-day probationary period, shall thereafter be entitled to sick leave benefits. Effective each June 1, if an employee has accumulated 720 hours of sick leave benefits, they may move up to 48 hours of sick pay into a retirement bonus account and they will be allowed to accumulate up to 360 hours in said account. No sick leave payment will be made upon an employee's termination of employment other than what has been accumulated in their retirement bonus account.

Compensated absences for vacation totaled \$210,745 and \$199,049, and accrued retirement bonuses totaled \$55,348 and \$44,018 for the years ended June 30, 2018 and 2017, respectively, and are included in other liabilities on the combined statements of financial position.

NOTE 3. INVENTORY

At June 30, 2018 and 2017, inventory consisted of the following classes:

	<u>2018</u>	<u>2017</u>
Food	\$ 24,173	\$ 23,867
Personal Items	36,523	29,485
Cleaning Supplies	13,859	13,005
Linens, Bedding, and Miscellaneous	21,888	22,508
Medical Supplies	13,727	15,622
Office Supplies	9,390	11,327
Gift Shop and Coffee Shop Items	1,880	1,880
Total	<u>\$ 121,440</u>	<u>\$ 117,694</u>

BEVERLY FARM
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 4. CASH AND CASH EQUIVALENTS

Residents' savings amounted to \$204,586 and \$206,840 at June 30, 2018 and 2017, respectively. Money market balances in the Endowment Fund amounted to \$388,210 and \$1,041,528 at June 30, 2018 and 2017, respectively.

NOTE 5. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consist of the following:

	June 30,	
	2018	2017
Land and Improvements	\$ 2,989,215	\$ 2,861,798
Buildings and Improvements	23,222,534	22,371,905
Equipment and Fixtures	8,444,943	8,102,762
	\$ 34,656,692	\$ 33,336,465
Less, Accumulated Depreciation	(23,658,008)	(22,476,228)
	\$ 10,998,684	\$ 10,860,237

NOTE 6. LONG-TERM DEBT

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 original note was payable in monthly installments of \$4,457, including interest at 4.00%, beginning October 28, 2016, and maturing on March 8, 2022. The terms of the note were updated in April 2017 when the note had a balance of \$69,246. The updated note is payable in monthly installments of \$444, including interest at 4.00%, beginning May 8, 2017, with an estimated final payment of \$55,821 due 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 \$98,856 due on December 28, 2021.

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

Year Ending June 30,	Interest	Principal	Total
2019	\$ 7,609	\$ 9,551	\$ 17,160
2020	7,210	9,950	17,160
2021	6,793	10,367	17,160
2022	3,779	159,378	163,157
	\$ 25,391	\$ 189,246	\$ 214,637

BEVERLY FARM
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 6. LONG-TERM DEBT (Continued)

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 \$323,757 and \$339,389 was expensed for the years ended June 30, 2018 and 2017, respectively.

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

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 307,462	\$ 399,672	\$ 707,134
2020	290,473	416,661	707,134
2021	272,762	434,372	707,134
2022	254,299	452,835	707,134
2023	235,050	472,084	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	75,349	631,785	707,134
2031	48,494	658,640	707,134
2032	20,498	686,636	707,134
2033	611	117,245	117,856
	<u>\$ 2,462,750</u>	<u>\$ 7,554,982</u>	<u>\$ 10,017,732</u>
Less, Debt Issuance Costs		(82,704)	\$ (82,704)
	<u>\$ 2,462,750</u>	<u>\$ 7,472,278</u>	<u>\$ 9,935,028</u>

NOTE 7. 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, 2018 and 2017, the outstanding balance was \$1,050,000. 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, 2018 and 2017, this line commitment was not utilized. Both the line of credit and the line commitment expire on April 21, 2019. Interest expense on these notes amounted to \$53,442 and \$20,465 for the years ended June 30, 2018 and 2017, respectively.

BEVERLY FARM
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 8. 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 2018. Accordingly, no accrual for retirement plan expense has been made for the period January 1, to June 30, 2018. The combined financial statements include retirement plan expense of \$96,000 for each of the years ended June 30, 2018 and 2017.

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 each of the plan's calendar years 2018 and 2017, Beverly Farm made a discretionary matching contribution of \$24,000.

NOTE 9. 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 10. 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, 2018 and 2017, Beverly Farm has deposits insured as follows:

	<u>2018</u>	<u>2017</u>
FDIC Covered	\$ 602,068	\$ 744,518
Fully Collateralized	3,162,102	3,385,288
Total Deposits	<u>\$ 3,764,170</u>	<u>\$ 4,129,806</u>

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

	<u>2018</u>	<u>2017</u>
FDIC Covered	\$ 433,256	\$ 703,691
SIPC Covered - Cash	344,843	392,655
SIPC Covered - Investments	500,000	500,000
US Treasury and Agency Obligations	121,176	116,472
Uncollateralized	11,041,101	10,209,181
Total Deposits	<u>\$ 12,440,377</u>	<u>\$ 11,921,999</u>

BEVERLY FARM
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 11. INVESTMENT SECURITIES

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

	June 30, 2018		
	Cost	Fair Value	Unrealized Gain/(Loss)
Money Markets	\$ 388,210	\$ 388,210	
Common Stocks	4,717,746	5,992,280	\$ 1,274,534
Mutual Funds and ETF's	3,894,513	4,138,498	243,985
US Treasury, Municipal, and Corporate Bonds	1,257,178	1,239,202	(17,976)
Certificates of Deposit	248,963	248,930	(33)
	\$ 10,506,610	\$ 12,007,120	\$ 1,500,510

	June 30, 2017		
	Cost	Fair Value	Unrealized Gain/(Loss)
Money Markets	\$ 1,041,528	\$ 1,041,528	
Common Stocks	4,402,049	5,265,812	\$ 863,763
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	\$ 11,213,024	\$ 1,049,241

	Year Ended June 30,	
	2018	2017
Interest and Dividend Income	\$ 342,524	\$ 275,361
Gains (Losses) on Sales	150,896	(119,518)
Unrealized Gains (Losses)	443,529	632,757
Total Investment Income	\$ 936,949	\$ 788,600

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.

BEVERLY FARM
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 12. CONTRIBUTIONS RECEIVABLE

Contributions receivable includes estate gifts and totaled \$5,589,801 and \$0 for the years ended June 30, 2018 and 2017, respectively. As of June 30, 2018, all contributions receivable are expected to be collected within one year.

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, 2018 AND 2017

NOTE 13. ENDOWMENT FUND (Continued)

Changes in Endowment Net Assets for the years ended June 30, 2018 and 2017:

	Unrestricted		Temporarily Restricted		Total	
	2018	2017	2018	2017	2018	2017
Endowment Net Assets, Beginning of Year	\$ 9,400,422	\$ 8,861,487	\$ 1,696,130	\$ 1,516,221	\$ 11,096,552	\$ 10,377,708
Investment Return:						
Interest & Dividend Income	254,920	203,413	42,891	39,547	297,811	242,960
Net Appreciation, (Realized & Unrealized)	486,068	354,872	99,629	154,204	585,697	509,076
Total Investment Return	\$ 740,988	\$ 558,285	\$ 142,520	\$ 193,751	\$ 883,508	\$ 752,036
Contributions	5,610,222	174,000			5,610,222	174,000
Appropriation of Endowment Asset for Expenditure/Transfer Out	(99,347)	(193,350)	(15,190)	(13,842)	(114,537)	(207,192)
Endowment Net Assets, End of Year	\$ 15,652,285	\$ 9,400,422	\$ 1,823,460	\$ 1,696,130	\$ 17,475,745	\$ 11,096,552

BEVERLY FARM
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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 32 months remaining as of the end of the current fiscal year. The minimum payment per month is \$862. Total rent expense for each of the years ended June 30, 2018 and 2017 was \$10,338.

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

Year Ending June 30,	Minimum Lease Payment
2019	\$ 10,338
2020	10,338
2021	6,030
	\$ 26,706

NOTE 15. 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.

BEVERLY FARM
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 15. **FAIR VALUE MEASUREMENT** (Continued)

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2018 and 2017:

	Fair Value Measurements at Reporting Date Using				Leveling Not Required
	June 30, 2018	Level 1	Level 2	Level 3	
Money Markets	\$ 388,210	\$ 388,210			
Common Stocks					
Consumer Discretionary	\$ 651,156	\$ 651,156			
Consumer Staples	597,737	597,737			
Energy	325,195	325,195			
Financials	730,187	730,187			
Health Care	772,621	772,621			
Industrials	826,076	826,076			
Information Technology	1,374,258	1,374,258			
Materials	198,041	198,041			
Telecommunication Services	214,603	214,603			
Real Estate	162,276	162,276			
Utilities	140,130	140,130			
Total Common Stocks	<u>\$ 5,992,280</u>	<u>\$ 5,992,280</u>			
Mutual Funds and ETFs					
Short Term Bonds	\$ 804,060	\$ 804,060			
Real Estate	131,688	131,688			
Commodities	417,322	417,322			
Bank Loan ETF	937,728	937,728			
U.S. Equity	573,307	573,307			
Emerging Foreign	275,191	275,191			
Developed Foreign	501,958	501,958			
Unclassified	497,244	497,244			
Total Mutual Funds	<u>\$ 4,138,498</u>	<u>\$ 4,138,498</u>			
Fixed Income					
Bonds	\$ 1,488,132	\$ 937,484	\$ 301,718		
Certificates of Deposit					\$ 248,930
Total	<u>\$ 12,007,120</u>	<u>\$ 11,456,472</u>	<u>\$ 301,718</u>	<u>\$ 0</u>	<u>\$ 248,930</u>

BEVERLY FARM
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 15. FAIR VALUE MEASUREMENT (Continued)

	Fair Value Measurements at Reporting Date Using				Leveling Not Required
	June 30, 2017	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	1,145,978	1,145,978			
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	\$ 5,265,812	\$ 5,265,812			
Mutual Funds and ETF's					
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			
Total Mutual Funds	\$ 3,573,686	\$ 3,573,686			
Fixed Income					
Bonds	\$ 1,331,998	\$ 1,050,719	\$ 281,279		
Total	\$ 11,213,024	\$ 10,931,745	\$ 281,279	\$ 0	\$ 0

BEVERLY FARM
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 16. CHANGE IN ACCOUNTING PRINCIPLE

In 2018, the Organization retrospectively adopted the requirements to present debt issuance costs as a reduction of the carrying amount of its long-term debt. Accordingly, the Organization reclassified any unamortized debt issuance costs that were previously included as deferred assets. Amortization of the debt issuance costs is included in interest expense, which is allocated on a functional basis in the combined statements of functional expenses. This standard did not have a material impact on the Organization's combined balance sheets and had no impact on the statement of activities or cash flows provided by or used in operations for any period presented.

NOTE 17. 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, 2015 through June 30, 2018. The tax return for the year ended June 30, 2018 has not been filed as of the date of this report.

As of June 30, 2018 and 2017, 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, 2018 and 2017.

NOTE 18. SUBSEQUENT EVENTS

The effect of subsequent events on the financial statements has been evaluated by management 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, 2018

	FOUNDATION		CILA	ASSOCIATION	TOTAL	ENDOWMENT	ELIMINATIONS	COMBINED
ASSETS	OPERATING FUND	BUILDING FUND	FUND			FUND, INC.		
Cash and Cash Equivalents	\$ (1,879,051)	\$ 4,592,336	\$ 686,541		\$ 3,399,826	\$ 11,885,944		\$ 3,399,826
Investments	121,176				121,176			12,007,120
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$359,492	4,217,322		56,919		4,274,241			
Contributions Receivable								
Inventory	121,440				121,440	5,589,801		4,274,241
Prepaid Expenses	480,575				480,575			5,589,801
Investments Held by Bond Trustee		449,643			449,643			121,440
Investment in CILA Fund	1,204,987				1,204,987			480,575
Land, Buildings and Equipment, At Cost, Net of Accumulated Depreciation		9,039,484	873,836	\$ 1,085,364	10,998,684			10,998,684
Due from Related Entities		2,804,722		915,973	3,720,695			
	\$ 4,266,449	\$ 16,886,185	\$ 1,617,296	\$ 2,001,337	\$ 24,771,267	\$ 17,475,745	\$ (1,204,987)	\$ 37,321,330
TOTAL ASSETS								

BEVERLY FARM
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	FOUNDATION		CILA	ASSOCIATION	TOTAL	ENDOWMENT	ELIMINATIONS	COMBINED
	OPERATING	BUILDING	FUND			FUND, INC.		
	FUND	FUND						
LIABILITIES AND NET ASSETS								
LIABILITIES:								
Accounts Payable	\$ 734,106				\$ 734,106			\$ 734,106
Accrued Payroll	495,629				495,629			495,629
Other Liabilities	756,129	\$ 15,536			771,665			771,665
Line of Credit	1,050,000				1,050,000			1,050,000
Long-Term Debt, Net of								
Debt Issuance Costs of \$82,704		7,472,278	\$ 189,246		7,661,524			7,661,524
Interfund (Receivable) Payable	21,273,312	(21,273,312)						
Due to Related Entities	3,654,380		66,315		3,720,695		\$ (3,720,695)	
Total Liabilities	\$ 27,963,556	\$ (13,785,498)	\$ 255,561	\$ 0	\$ 14,433,619	\$ 0	\$ (3,720,695)	\$ 10,712,924
NET ASSETS:								
Unrestricted -								
Foundation - Available for General								
Use (Deficit)	\$ (25,484,071)				\$ (25,484,071)			\$ (25,484,071)
Building Fund		\$ 30,671,683			30,671,683			30,671,683
CILA Fund			\$ 1,361,735		1,361,735		\$ (1,204,987)	156,748
Association				\$ 2,001,337	2,001,337			2,001,337
Endowment Fund, Inc.						\$ 15,652,285		15,652,285
Total Unrestricted Net Assets (Deficit)	\$ (25,484,071)	\$ 30,671,683	\$ 1,361,735	\$ 2,001,337	\$ 8,550,684	\$ 15,652,285	\$ (1,204,987)	\$ 22,997,982
Temporarily Restricted by Donors								
Total Net Assets (Deficit)	1,786,964				1,786,964	1,823,460		3,610,424
	\$ (23,697,107)	\$ 30,671,683	\$ 1,361,735	\$ 2,001,337	\$ 10,337,648	\$ 17,475,745	\$ (1,204,987)	\$ 26,608,406
TOTAL LIABILITIES AND NET ASSETS	\$ 4,266,449	\$ 16,886,185	\$ 1,617,296	\$ 2,001,337	\$ 24,771,267	\$ 17,475,745	\$ (4,925,682)	\$ 37,321,330

BEVERLY FARM
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

<u>ASSETS</u>	<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>FUND</u>	<u>FUND</u>	<u>FUND</u>	<u>FUND, INC.</u>	<u></u>	<u></u>
Cash and Cash Equivalents	\$ (385,446)	\$ 4,656,631	\$ 792,628	\$ 5,063,813			\$ 5,063,813
Investments	116,472			116,472	\$ 11,096,552		11,213,024
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
Due from Related Entities	2,689,593		915,973	3,605,566		(3,605,566)	10,860,237
TOTAL ASSETS	<u>\$ 4,759,438</u>	<u>\$ 16,843,031</u>	<u>\$ 1,721,855</u>	<u>\$ 25,403,726</u>	<u>\$ 11,096,552</u>	<u>\$ (4,810,553)</u>	<u>\$ 31,689,725</u>

BEVERLY FARM
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

	FOUNDATION		CILA	ASSOCIATION	TOTAL	ENDOWMENT	ELIMINATIONS	COMBINED
	OPERATING	BUILDING	FUND			FUND, INC.		
	FUND	FUND	FUND					
LIABILITIES AND NET ASSETS								
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, Net of								
Debt Issuance Costs of \$88,575		7,849,783	\$ 199,293		8,049,076			8,049,076
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	\$ (12,152,071)	\$ 333,496	\$ 0	\$ 14,667,999	\$ 0	\$ (3,471,363)	\$ 11,062,433
NET ASSETS:								
Unrestricted -								
Foundation - Available for General								
Use (Deficit)	\$ (23,099,263)				\$ (23,099,263)			\$ (23,099,263)
Building Fund		\$ 28,995,102			28,995,102			28,995,102
CILA Fund			\$ 1,388,359		1,388,359			183,372
Association				\$ 2,079,402	2,079,402		\$ (1,204,987)	2,079,402
Endowment Fund, Inc.						\$ 9,400,422		9,400,422
Total Unrestricted Net Assets (Deficit)	\$ (23,099,263)	\$ 28,995,102	\$ 1,388,359	\$ 2,079,402	\$ 9,363,600	\$ 9,400,422	\$ (1,204,987)	\$ 17,559,035
Temporarily Restricted by Donors	1,372,127				1,372,127			3,068,257
Total Net Assets (Deficit)	\$ (21,727,136)	\$ 28,995,102	\$ 1,388,359	\$ 2,079,402	\$ 10,735,727	\$ 11,096,552	\$ (1,204,987)	\$ 20,627,292
TOTAL LIABILITIES AND NET ASSETS	\$ 4,759,438	\$ 16,843,031	\$ 1,721,855	\$ 2,079,402	\$ 25,403,726	\$ 11,096,552	\$ (4,810,553)	\$ 31,689,725

BEVERLY FARM
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	FOUNDATION		CILA FUND	ASSOCIATION	TOTAL	ENDOWMENT FUND, INC.	ELIMINATIONS	COMBINED
	OPERATING FUND	BUILDING FUND						
SUPPORT AND REVENUE:								
Tuition, Fees, and Incidentals	\$ 22,408,413		\$ 446,054		\$ 22,854,467	\$ 5,610,222		\$ 22,854,467
Contributions and Pledges	1,862,072		10,117		1,862,072	883,508		7,472,294
Investment Income	42,648	\$ 676			53,441			936,949
Facilities Charge		1,800,000			1,800,000			
Other Revenue	159,521		7,195		166,716			
Total Support and Revenue	\$ 24,472,654	\$ 1,800,676	\$ 463,366	\$ 0	\$ 26,736,696	\$ 6,493,730	\$ (1,800,000)	\$ 31,430,426
EXPENSES:								
Program Services -								
Residential Care	\$ 17,158,261	\$ 1,364,448	\$ 473,780	\$ 32,552	\$ 19,029,041		\$ (1,458,000)	\$ 17,571,041
Developmental Training	3,832,635	106,790		33,815	3,973,240		(252,000)	3,721,240
Total Program Services	\$ 20,990,896	\$ 1,471,238	\$ 473,780	\$ 66,367	\$ 23,002,281	\$ 0	\$ (1,710,000)	\$ 21,292,281
Administrative and General	3,542,197	64,098	16,210	11,698	3,622,505	114,537	(63,000)	3,674,042
Fundraising	283,847	54			295,599		(27,000)	268,599
Bad Debt	264,222				264,222			264,222
Total Expenses	\$ 25,081,162	\$ 1,535,390	\$ 489,990	\$ 78,065	\$ 27,184,607	\$ 114,537	\$ (1,800,000)	\$ 25,499,144
CHANGE IN NET ASSETS	\$ (608,508)	\$ 265,286	\$ (26,624)	\$ (78,065)	\$ (447,911)	\$ 6,379,193	\$ 0	\$ 5,931,282
OTHER CHANGES IN NET ASSETS:								
Gain on Disposal of Capital Assets	\$ 49,832				\$ 49,832			\$ 49,832
Transfers In (Out) of Property Acquisitions	(1,361,463)	1,361,463						
Total Other Changes in Net Assets	\$ (1,361,463)	\$ 1,411,295	\$ 0	\$ 0	\$ 49,832	\$ 0	\$ 0	\$ 49,832
TOTAL INCREASE (DECREASE) IN NET ASSETS	\$ (1,969,971)	\$ 1,676,581	\$ (26,624)	\$ (78,065)	\$ (398,079)	\$ 6,379,193	\$ 0	\$ 5,981,114
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(21,727,136)	28,995,102	1,388,359	2,079,402	10,735,727	11,096,552	(1,204,987)	20,627,292
NET ASSETS (DEFICIT), END OF YEAR	\$ (23,697,107)	\$ 30,671,683	\$ 1,361,735	\$ 2,001,337	\$ 10,337,648	\$ 17,475,745	\$ (1,204,987)	\$ 26,608,406

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

	FOUNDATION			CILIA FUND	ASSOCIATION	TOTAL	ENDOWMENT FUND, INC.	ELIMINATIONS	COMBINED
	OPERATING FUND	BUILDING FUND							
SUPPORT AND REVENUE:									
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	\$ 24,329,926	\$ 1,800,567	\$ 529,524	\$ 0	\$ 26,660,017	\$ 926,036		\$ (1,800,000)	\$ 25,786,053
EXPENSES:									
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	\$ 21,006,234	\$ 1,482,914	\$ 258,541	\$ 71,119	\$ 22,818,808	\$ 0		\$ (1,710,000)	\$ 21,108,808
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 Expense	141,168				141,168				141,168
Total Expenses	\$ 24,789,881	\$ 1,549,253	\$ 261,764	\$ 83,280	\$ 26,684,178	\$ 105,192		\$ (1,800,000)	\$ 24,989,370
CHANGE IN NET ASSETS	\$ (459,955)	\$ 251,314	\$ 267,760	\$ (83,280)	\$ (24,161)	\$ 820,844		\$ 0	\$ 796,683
OTHER CHANGES IN NET ASSETS:									
Transfers In (Out) of Property Acquisitions	\$ (1,159,351)	\$ 1,260,135	\$ 1,216		\$ 102,000	\$ (102,000)			\$ 0
Total Other Changes in Net Assets	\$ (1,159,351)	\$ 1,260,135	\$ 1,216	\$ 0	\$ 102,000	\$ (102,000)		\$ 0	\$ 0
TOTAL INCREASE (DECREASE) IN NET ASSETS	\$ (1,619,306)	\$ 1,511,449	\$ 268,976	\$ (83,280)	\$ 77,839	\$ 718,844		\$ 0	\$ 796,683
NET ASSETS (DEFICIT), BEGINNING OF YEAR		27,483,653	1,119,383	2,162,682	10,657,888	10,377,708		(1,204,987)	19,830,609
NET ASSETS (DEFICIT), END OF YEAR	\$ (21,727,136)	\$ 28,995,102	\$ 1,388,359	\$ 2,079,402	\$ 10,735,727	\$ 11,096,552		\$ (1,204,987)	\$ 20,627,292