

**Eliada Homes, Inc.
and Subsidiary**

Asheville, North Carolina

Consolidated Financial Statements
and Supplementary Information
Years Ended June 30, 2019 and 2018

and
Independent Auditors' Report



Eliada Homes, Inc. and Subsidiary
Asheville, North Carolina

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Independent Auditors' Report



To the Board of Trustees
Eliada Homes, Inc. and Subsidiary
Asheville, North Carolina

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Eliada Homes, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Eliada Homes, Inc. and Subsidiary as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As discussed in Note A to the consolidated financial statements, the Organization adopted Accounting Standards Update (“ASU”) 2016-14 *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Our opinion is not modified with respect to this matter

Other Matters

Other Matter – Prior Year

The consolidated financial statements for the year ended June 30, 2018 were audited by us in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We expressed an unmodified opinion on those consolidated financial statements.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedules of program expenses on pages 28–31 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole for the years ended June 30, 2019 and 2018.

Johnson Price Sprinkle PA

January 10, 2020

Eliada Homes, Inc. and Subsidiary

Consolidated Statements of Financial Position

June 30,	2019	2018
Assets		
Cash	\$ 127,941	\$ 59,090
Accounts receivable	431,923	482,231
Other receivables	24,800	21,566
Receivable – affiliate	-	9,714
Inventory	50,565	18,867
Prepaid expenses and other assets	76,251	84,419
Property and equipment, net	472,469	520,093
Property held for investment	61,554	154,656
Beneficial interest in perpetual trust	235,000	229,200
Total assets	\$ 1,480,503	\$ 1,579,836
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 315,609	\$ 136,344
Payroll liabilities	257,766	327,697
Other liabilities	-	23,263
Long-term debt	366,650	364,983
Payable – affiliate	606,640	425,926
Total liabilities	1,546,665	1,278,213
Net assets (deficit):		
Without donor restrictions	(648,808)	(366,123)
With donor restrictions	582,646	667,746
Total net assets (deficit)	(66,162)	301,623
Total liabilities and net assets	\$ 1,480,503	\$ 1,579,836

The accompanying notes are an integral part of these financial statements.

Eliada Homes, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and revenues:			
Program service revenue:			
Medicaid	\$ 4,951,466	\$ -	\$ 4,951,466
State	1,544,498	-	1,544,498
County	1,366,867	-	1,366,867
Private payments	665,080	-	665,080
Support:			
Private grants and contributions	614,920	211,795	826,715
Federal and state grants	212,091	-	212,091
Eliada Foundation, Inc. subsidies	178,100	-	178,100
Eliada Foundation, Inc. in-kind	212,700	-	212,700
Investment earnings	14,352	-	14,352
Change in value of beneficial interest in perpetual trust	-	5,800	5,800
Fundraising	289,422	-	289,422
Rents	11,062	-	11,062
Net assets released from restrictions	302,695	(302,695)	-
Total support and revenues	10,363,253	(85,100)	10,278,153
Expenses:			
Program services	9,403,697	-	9,403,697
Supporting services:			
Management and general	767,392	-	767,392
Resource development/fundraising	474,849	-	474,849
Total supporting services	1,242,241	-	1,242,241
Total expenses	10,645,938	-	10,645,938
Change in net assets	(282,685)	(85,100)	(367,785)
Net assets (deficit), beginning of year	(366,123)	667,746	301,623
Net assets (deficit), end of year	\$ (648,808)	\$ 582,646	\$ (66,162)

The accompanying notes are an integral part of these financial statements.

Eliada Homes, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and revenues:			
Program service revenue:			
Medicaid	\$ 5,062,045	\$ -	\$ 5,062,045
State	1,207,098	-	1,207,098
County	1,196,519	-	1,196,519
Private payments	724,356	-	724,356
Support:			
Private grants and contributions	417,792	411,081	828,873
Federal and state grants	520,175	-	520,175
Eliada Foundation, Inc. subsidies	235,000	-	235,000
Eliada Foundation, Inc. in-kind	212,700	-	212,700
Investment earnings	20,092	-	20,092
Change in value of beneficial interest in perpetual trust	-	(6,350)	(6,350)
Gain on disposal of property and equipment	627	-	627
Impairment loss on property held for investment	(35,200)	-	(35,200)
Fundraising	298,901	-	298,901
Rents	14,335	-	14,335
Miscellaneous income	9,958	-	9,958
Net assets released from restrictions	395,506	(395,506)	-
Total support and revenues	10,279,904	9,225	10,289,129
Expenses:			
Program services	9,202,350	-	9,202,350
Supporting services:			
Management and general	913,675	-	913,675
Resource development/fundraising	514,436	-	514,436
Total supporting services	1,428,111	-	1,428,111
Total expenses	10,630,461	-	10,630,461
Change in net assets	(350,557)	9,225	(341,332)
Net assets (deficit), beginning of year	(15,566)	658,521	642,955
Net assets (deficit), end of year	\$ (366,123)	\$ 667,746	\$ 301,623

The accompanying notes are an integral part of these financial statements.

Eliada Homes, Inc. and Subsidiary

Consolidated Statements of Cash Flows

Years Ended June 30,

2019

2018

Cash flows from operating activities:

Change in net assets	\$	(367,785)	\$	(341,332)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation		60,989		70,808
Amortization of discount on loans		3,128		2,979
Impairment loss on property held for investment		-		35,200
Gain on disposal of property and equipment		-		(627)
Change in value of beneficial interest in perpetual trust		(5,800)		6,350
(Increase) decrease in assets:				
Accounts receivable		50,308		(1,963)
Other receivables		(3,234)		607
Inventory		(31,698)		(1,789)
Prepaid expenses and other assets		8,168		3,685
Increase (decrease) in liabilities:				
Accounts payable		179,265		(52,516)
Payroll liabilities		(69,931)		5,788
Other liabilities		(23,263)		11,644
Net cash used in operating activities		(199,853)		(261,166)

Cash flows from investing activities:

Proceeds from the sale of property and equipment		-		627
Proceeds from the sale of property held for investment		93,102		95,144
Payments for the purchase of property and equipment		(13,365)		(195,790)
Net cash provided by (used in) investing activities		79,737		(100,019)

Cash flows from financing activities:

Advances – affiliate		190,428		331,157
Principal payments on long-term debt		(1,461)		(4,002)
Net cash provided by financing activities		188,967		327,155

Net increase (decrease) in cash 68,851 (34,030)

Cash, beginning of year 59,090 93,120

Cash, end of year \$ 127,941 \$ 59,090

Supplemental disclosures of cash flow information:

Cash payments for interest	\$	19,745	\$	12,652
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The accompanying notes are an integral part of these financial statements.

Eliada Homes, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services							Supporting Services			
	Residential Treatment	Educational and Day Treatment	Foster Care	Child Development Center	Community Based Services	Eliada Farms	Total Program Services	Management and General	Resource Development/ Fundraising	Total Supporting Services	
										Supporting Services	Total
Salaries	\$ 3,533,258	\$ 535,526	\$ 289,778	\$ 1,273,731	\$ 166,952	\$ -	\$ 5,799,245	\$ 506,849	\$ 227,946	\$ 734,795	\$ 6,534,040
Employee benefits	394,363	66,430	32,093	185,717	23,729	-	702,332	42,079	7,581	49,660	751,992
Pension cost	18,013	5,824	5,086	13,126	1,330	-	43,379	7,761	6,423	14,184	57,563
Payroll taxes	262,150	38,707	20,787	93,108	11,961	-	426,713	37,026	16,742	53,768	480,481
Supplies and equipment	80,731	17,614	7,884	68,934	5,514	-	180,677	13,203	11,346	24,549	205,226
Food	161,957	14,737	213	178,408	782	-	356,097	-	125	125	356,222
Computer technology	32,657	4,229	4,677	6,463	787	-	48,813	25,600	10,321	35,921	84,734
Clothing	1,180	193	-	634	202	-	2,209	-	-	-	2,209
Utilities	130,537	12,660	4,897	63,442	8,628	14,725	234,889	3,949	9,049	12,998	247,887
Insurance	46,777	5,568	14,301	31,777	4,799	-	103,222	2,302	3,473	5,775	108,997
Maintenance and repairs	114,767	14,404	7,669	168,008	10,811	2,103	317,762	6,679	9,761	16,440	334,202
Telephone	10,507	1,729	4,405	5,130	1,880	-	23,651	1,953	264	2,217	25,868
Postage	1,012	424	277	281	44	-	2,038	1,133	3,500	4,633	6,671
Travel	17,009	1,240	21,523	3,942	3,133	-	46,847	5,532	457	5,989	52,836
Dues and subscriptions	9,676	991	1,645	3,190	386	-	15,888	1,720	3,956	5,676	21,564
License and fees	17,373	1,823	1,324	3,735	902	-	25,157	400	1,525	1,925	27,082
Student related expense	15,738	275	2,002	4,580	791	-	23,386	-	-	-	23,386
Foster care payments	-	-	359,818	-	-	-	359,818	-	-	-	359,818
Rent	133,123	16,444	1,960	73,080	10,272	12,300	247,179	12,341	5,557	17,898	265,077
Professional fees	186,941	2,665	2,406	56	31,570	44,621	268,259	50,482	46,873	97,355	365,614
Conferences and meetings	31,818	4,745	2,653	10,724	1,584	-	51,524	6,603	1,135	7,738	59,262
Recreation activities	1,443	63	-	9,076	139	-	10,721	-	-	-	10,721
Promotions	3,539	155	2,179	1,128	508	-	7,509	111	106,930	107,041	114,550
Miscellaneous	6,323	457	424	1,751	812	1,129	10,896	18,036	1,528	19,564	30,460
Bad debts	13,086	7,643	-	11,531	3,334	-	35,594	-	-	-	35,594
Interest	12	2	-	4	1	-	19	22,874	-	22,874	22,893
Depreciation	19,683	1,834	710	35,643	2,003	-	59,873	759	357	1,116	60,989
	<u>\$ 5,243,673</u>	<u>\$ 756,382</u>	<u>\$ 788,711</u>	<u>\$ 2,247,199</u>	<u>\$ 292,854</u>	<u>\$ 74,878</u>	<u>\$ 9,403,697</u>	<u>\$ 767,392</u>	<u>\$ 474,849</u>	<u>\$ 1,242,241</u>	<u>\$ 10,645,938</u>

The accompanying notes are an integral part of these financial statements.

Eliada Homes, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services						Supporting Services			
	Residential Treatment	Educational and Day Treatment	Foster Care	Child Development Center	Community Based Services	Total Program Services	Management and General	Resource Development/Fundraising	Total Supporting Services	Total
Salaries	\$ 3,556,818	\$ 421,828	\$ 277,647	\$ 1,319,225	\$ 115,633	\$ 5,691,151	\$ 583,026	\$ 230,489	\$ 813,515	\$ 6,504,666
Employee benefits	426,300	56,793	35,736	182,144	21,111	722,084	53,310	12,576	65,886	787,970
Pension cost	18,427	6,765	4,817	10,777	1,499	42,285	10,368	5,355	15,723	58,008
Payroll taxes	275,727	31,400	20,844	100,305	8,208	436,484	42,972	17,121	60,093	496,577
Supplies and equipment	81,862	13,260	8,970	106,572	7,121	217,785	21,460	10,680	32,140	249,925
Food	140,096	13,031	263	203,381	2,248	359,019	117	402	519	359,538
Computer technology	12,041	1,104	2,981	416	732	17,274	53,907	10,512	64,419	81,693
Clothing	1,435	124	-	374	1,332	3,265	-	-	-	3,265
Utilities	119,387	10,422	5,477	57,136	5,782	198,204	6,001	6,445	12,446	210,650
Insurance	49,547	4,933	13,546	27,121	5,188	100,335	2,924	1,871	4,795	105,130
Maintenance and repairs	121,072	10,216	7,858	136,424	8,490	284,060	12,192	8,175	20,367	304,427
Telephone	14,328	1,802	4,511	6,391	1,248	28,280	4,614	1,091	5,705	33,985
Postage	986	61	95	222	63	1,427	1,555	3,983	5,538	6,965
Travel	15,061	1,033	15,898	4,366	2,096	38,454	2,976	1,145	4,121	42,575
Dues and subscriptions	2,424	340	450	809	73	4,096	2,567	4,594	7,161	11,257
License and fees	15,287	723	2,200	4,719	889	23,818	1,390	1,696	3,086	26,904
Student related expense	15,542	338	2,257	6,851	1,268	26,256	-	-	-	26,256
Foster care payments	156	-	412,062	-	-	412,218	-	-	-	412,218
Rent	136,560	13,893	1,679	75,258	10,906	238,296	13,738	5,364	19,102	257,398
Professional fees	163,910	1,482	596	30,824	14,105	210,917	60,543	69,999	130,542	341,459
Conferences and meetings	16,406	1,559	2,498	7,854	394	28,711	4,738	6,088	10,826	39,537
Recreation activities	963	122	-	33,509	360	34,954	-	-	-	34,954
Promotions	3,166	-	1,977	994	1,314	7,451	145	113,707	113,852	121,303
Miscellaneous	4,545	317	775	1,733	264	7,634	8,879	2,718	11,597	19,231
Bad debts	2,178	982	-	3,735	930	7,825	-	-	-	7,825
Interest	24	34	-	97	1	156	15,663	118	15,781	15,937
Depreciation	22,914	1,909	895	32,031	2,162	59,911	10,590	307	10,897	70,808
	<u>\$ 5,217,162</u>	<u>\$ 594,471</u>	<u>\$ 824,032</u>	<u>\$ 2,353,268</u>	<u>\$ 213,417</u>	<u>\$ 9,202,350</u>	<u>\$ 913,675</u>	<u>\$ 514,436</u>	<u>\$ 1,428,111</u>	<u>\$ 10,630,461</u>

The accompanying notes are an integral part of these financial statements.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

Note A – Organization and summary of significant accounting policies:

Organization

Eliada Homes, Inc. (the Organization) is a North Carolina not-for-profit corporation, located in Asheville, North Carolina. The purpose of the Organization is to provide a caring, positive environment for preschool and school age children; treatment services for abused, neglected and troubled adolescents; supportive services for families in crisis; and preventative services for children and families. Programs and services seek to meet the physical, emotional, social, educational and spiritual needs of the children within the context of their families or through placement in one of the service programs. The Organization serves children and families throughout North Carolina, with the primary service area being Western North Carolina. In June 2019, Compton Enterprises, Inc., (“Subsidiary”) was formed, and is a wholly-owned subsidiary of the Organization and the sole member of Eliada Farms, LLC which was also formed in June 2019. Eliada Farms, LLC engages in hemp and other agricultural production.

Principles of consolidation

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

Income taxes

The Organization has been classified as a publicly-supported charitable organization under the Internal Revenue Code Section 501(c)(3). As a publicly-supported charity, the Organization is exempt from federal and state income taxes and federal excise taxes under Section 509(a)(1) of the Internal Revenue Code. The Subsidiary is taxed as a U.S. C corporation.

It is the Organization’s policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a “more-likely-than-not” threshold to determine if the tax position is uncertain, and what, if any, effect the uncertain tax position may have on the consolidated financial statements. No material uncertain tax positions were identified for tax years 2018 and 2017. Currently, the statute of limitations remains open subsequent to and including tax year 2016; however, no examinations are in process or anticipated. Any changes in the amount of a tax position will be recognized in the period the change occurs.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note A – Organization and summary of significant accounting policies – continued:

Basis of accounting

The consolidated financial statements of the Organization are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of donor-imposed restrictions on net assets are reported as net assets released from restrictions on the consolidated statements of activities. Contributions are recognized as revenues in the period made.

Basis of presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions – net assets without donor restrictions include all resources which are not subject to donor restrictions and are available for use in the performance of the activities of the Organization. If the Board of Directors specifies a purpose where none has been stated by the original donor, such funds are classified as designated, net assets without donor restrictions.

Net assets with donor restrictions – net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other event specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

In-kind contributions

Volunteers have donated a significant amount of time to the Organization's operations and program services. Contributed services that create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills will be recognized as support. No amounts have been reflected in the accompanying consolidated financial statements for contributed services since the requirements for recognition under FASB ASC 958-605 were not met. Donated materials and use of facilities are reflected as contributions in the accompanying consolidated financial statements at their estimated fair market value at date of receipt.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note A – Organization and summary of significant accounting policies – continued:

Accounts receivable and credit policies

Accounts receivable consist primarily of amounts due from governmental units and other agencies for services performed by June 30, 2019 and 2018. Accounts receivable are uncollateralized and are generally due within 30 days from the invoice date. The Organization does not charge finance charges for late payment of invoices. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Trade accounts are stated at the amount management expects to collect from outstanding balances. Management individually reviews all accounts receivable balances that exceed 60 days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances which remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Investments

The Organization accounts for investment activity in accordance with the requirements of FASB ASC 958-320 which requires the Organization to report investments in equity securities that have readily determinable values and all investments in debt securities at fair market values. The Organization reports investment income, including realized and unrealized gains and losses on investments, as changes in net assets without donor restrictions, unless the donor places restrictions on income.

Fair value measurement

FASB ASC 820-10, *Fair Value Measurement and Disclosures*, applies to report balances that are required or permitted to be measured at fair value, defines fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements.

The fair value hierarchy prioritizes the input to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

Level 1 (the highest level) inputs are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. For example, securities traded in an active market, such as the New York Stock Exchange, are valued using Level 1 inputs.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note A – Organization and summary of significant accounting policies – continued:

Fair value measurement – continued

Level 2 inputs are observable inputs other than quoted prices, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term.

Level 3 inputs are unobservable inputs for the asset or liability, meaning the inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability, including inputs related to risk, which have been developed based on the best information available in the circumstances.

Inventory

Inventory consists of food products and supplies held for program use, and are valued at the lower of cost or market.

Property and equipment

Property and equipment purchased or constructed by the Organization is recorded at historical cost or estimated historical cost. Donations of property and equipment are recorded as support at the estimated fair market value on the date of donation. Generally, assets having a useful life of more than one year and costing over \$5,000 are capitalized. Depreciation is recorded on a straight-line basis over the estimated useful life of the underlying asset using the American Hospital Association estimate of useful lives of depreciable assets. The estimated useful lives of the various assets range from 3 – 25 years. When items are disposed of, the cost and accumulated depreciation are eliminated from the property and equipment records, and the resulting gain or loss is credited or charged to operations. Repairs and maintenance costs that do not enhance the useful lives of the assets are charged to expense as incurred.

Functional allocation of expenses

The cost of providing certain activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly. Other expenses that are common to several functions are allocated by statistical means.

The Organization's principal programs are as follows:

Residential Treatment – The Psychiatric Residential Treatment Facility ("PRTF") program provides non-acute in-patient facility care for adolescents who have a mental illness and need twenty-four hour supervision and specialized treatment interventions. The length of placement averages approximately four and one-half months. PRTF is licensed by the Division of Health Services Regulation. The Organization operates three adolescent PRTF cottages, one of which is an assessment center where the Organization evaluates the strengths and needs of youth with behavioral health needs while incorporating the family and community support system, all within thirty days. Two of the adolescent units are secured facilities. The Organization operates three Level III group homes.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note A – Organization and summary of significant accounting policies – continued:

Functional allocation of expenses – continued

Educational and Day Treatment – Day Treatment is a structured treatment service for children and adolescents. The program directly addresses the child’s diagnostic and clinical needs, and provides mental health interventions in the context of a therapeutic treatment milieu. The program serves students, ages six through seventeen, from the local community. It is licensed by the Division of Health Services Regulation and endorsed by Vaya Health, the public Managed Care Organization (MCO).

Foster Care – The Organization is a Licensed Child Placing Agency (LCPA) for family and therapeutic foster care services. The services are delivered by foster families recruited and trained by the Organization, and licensed by the North Carolina Division of Social Services under the Organization’s LCPA license. Therapeutic Foster Care provides a structured, supervised therapeutic milieu in a family environment with one or two foster parents. Family Foster Care provides services to children in the custody of a county department of social services.

Child Development Center – The child development program offers a variety of programs including infant care, a creative experiential preschool learning experience, preparation for kindergarten, an after-school recreational and character building program for school-age children, a well-rounded summer day camp, early intervention services for ages 0-2, and developmental day services for ages 3-5. All Child Development Programs are licensed by the Department of Health and Human Resources and hold five star licenses. In addition, the Organization runs a 21st Century Community Learning grant program in three Buncombe County elementary schools focused on science, technology, literacy and math skills.

Community Based Services – The Organization provides a minimal amount of community-based outpatient therapy for children receiving mental health services. These services include assessments, individual and family therapy, psychiatric evaluations and medication management. This also includes the program Eliada Students Training for Advancement (ESTA). The Organization’s ESTA program provides youth the opportunity to immerse in a diverse career-entry program and simultaneously develop work and career skills that sustain them into adulthood. By partnering with employers in the community, youth are taught specific skills relevant to different industries. Youth leave the program “go-ready” with entry level employment, post-secondary education or certification, 21st century workplace skills, and entry into a clear career pathway. The youth achieve their personal and professional goals during one year of intensive services and one year of continuous follow up.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note A – Organization and summary of significant accounting policies – continued:

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Reclassifications

Certain items in the June 30, 2018 consolidated financial statements have been reclassified to conform to the current year's classifications. These reclassifications had no effect on net assets.

New accounting pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its consolidated financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the Organization's consolidated financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The consolidated financial statements include statements of functional expenses which provide information about the Foundation's operating expenses by both nature and function.
- The consolidated financial statements include a new disclosure about liquidity and availability of resources (Note B)

Subsequent events

In the preparation of these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 10, 2020, the date the consolidated financial statements were available to be issued.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note B – Liquidity and availability of financial assets:

Financial assets available within one year of the consolidated statement of financial position date for general expenditure, that is without donor or other restrictions, are as follows:

	2019	2018
Cash	\$ 127,941	\$ 59,090
Accounts receivable	431,923	482,231
Other receivables	24,800	21,566
Total financial assets	\$ 584,664	\$ 562,887

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has planned for a balanced budget and anticipates covering its general expenditures by collecting revenues from its program and fundraising activities. Also, in the event of an unanticipated liquidity need, the Organization could obtain monies from its supporting organization, Eliada Foundation, Inc. (the Foundation). The Foundation has over \$2,750,000 in cash and investments that could be liquidated, if necessary, to assist the Organization in meeting general expenditures. See Note C for details of the Foundation assets.

Note C – Transactions with related organization:

During the year ended June 30, 2004, the Board of Trustees of Eliada Homes, Inc. determined that operational control of the Organization would be enhanced by the removal of certain activities from the responsibility and control of the Organization's board. A new entity, Eliada Foundation, Inc. (the Foundation) was formed, and funded by the Organization through the transfer of real estate and investment assets, with full variance power granted to the governing board of the Foundation. As the Organization has grown with the changing environment of its primary service area, the board of trustees has been able to remain focused on operations, making decisions that relate to the Organization's program services only. The board of directors for the Foundation is charged with the management of investment funds, securing funding for future capital needs, safeguarding existing assets, and granting support to the Organization.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note C – Transactions with related organization – continued:

The accompanying consolidated financial statements include the following transactions with the Foundation during the years ended June 30, 2019 and 2018:

The Foundation provides facilities to the Organization rent free, which represented an in-kind contribution of \$212,700 for the estimated fair rental value of the property for both years ended June 30, 2019 and 2018. The in-kind contribution and related rent expense have been recorded in the consolidated statement of activities for the years ended June 30, 2019 and 2018.

The Foundation grants operational support to the Organization on an on-going, as needed basis, providing resources to the Organization to respond to the changing needs of the service environment in the most timely and efficient manner. For the years ended June 30, 2019 and 2018, the Foundation provided advances on the operational grant for the year in direct response to the Organization's cash flow needs, under a grant/loan agreement between the Foundation and the Organization. The Organization pays interest to the Foundation at 2% on all advanced funds, from the date of the advance until the date the funds are repaid or approved as a grant. The Organization paid \$11,166 and \$6,067 interest to the Foundation under this arrangement during the years ended June 30, 2019 and 2018, respectively.

During the year ended June 30, 2019, Foundation also provided advances to help pay for leasehold improvements for a childcare facility. The Organization pays interest to the Foundation at 3.5% on all advanced funds, from the date of the advance until the date the funds are repaid or approved as a grant. The Organization paid \$711 and \$3,230 interest to the Foundation under this arrangement during the years ended June 30, 2019 and 2018, respectively.

The Foundation owes the Organization \$-0- and \$9,714 as of June 30, 2019 and 2018, respectively, for grants and donations due but not paid.

The Foundation provided operating subsidies to the Organization totaling \$178,100 and \$235,000 during the years ended June 30, 2019 and 2018, respectively. The Organization has recorded amounts payable to the Foundation totaling \$504,748 and \$425,926 as of June 30, 2019 and 2018, respectively.

Included in the \$606,640 shown as payable to affiliate on the consolidated statements of financial position as of June 30, 2019, is a payable from Compton Enterprises, Inc. to the Foundation of \$101,892. See Note L for more information.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note C – Transactions with related organization – continued:

Following is summarized financial information regarding Eliada Foundation, Inc. as of June 30:

	2019	2018
Assets		
Cash	\$ 35,240	\$ 87,949
Refundable advance – affiliate	504,748	425,926
Investments	2,754,125	3,030,141
Property and equipment, net of accumulated depreciation	8,053,182	8,282,877
Other receivables	102,450	603
Total assets	\$ 11,449,745	\$ 11,827,496
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ -	\$ 5,487
Payable to supported organization	-	9,714
Total liabilities	-	15,201
Net assets:		
With donor restrictions	9,446,497	9,593,734
Without donor restrictions	2,003,248	2,218,561
Total net assets	11,449,745	11,812,295
Total liabilities and net assets	\$ 11,449,745	\$ 11,827,496
Total support and revenues	\$ 387,729	\$ 625,382
Total expenses	\$ 750,279	\$ 773,910

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note D – Accounts receivable:

Accounts receivable is \$431,923 and \$482,231 as of June 30, 2019 and 2018, respectively. All amounts are considered collectible and, accordingly, no allowance for doubtful accounts has been deemed necessary.

Note E – Investments:

Beneficial interest in perpetual trust

The Organization is an irrevocable beneficiary in a perpetual trust held and administered by a outside party. By direction of the grantor of the trust, the principal of the trust is invested in perpetuity, and the Organization is entitled to a portion of the investment income in perpetuity. For the years ended June 30, 2019 and 2018, the Organization received income allocations from this trust in the amount of \$14,346 and \$20,071, respectively.

The beneficial interest in perpetual trust is recorded at fair value and has been determined to be a Level 3 financial asset. Fair value is based on the Organization's fractional interest in trust assets as a whole, as reported to the Organization by the relevant trustees.

As required by FASB ASC 820-10, the following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3):

	2019					
	Beginning Balance	Total Gains	Interest Credited	Purchases, Issuances, Settlements	Ending Balance	Unrealized Gains
Beneficial interest in perpetual trust	\$ 229,200	\$ 5,800	\$ 14,346	\$ (14,346)	\$ 235,000	\$ 5,800

	2018					
	Beginning Balance	Total Losses	Interest Credited	Purchases, Issuances, Settlements	Ending Balance	Unrealized Losses
Beneficial interest in perpetual trust	\$ 235,550	\$ (6,350)	\$ 20,071	\$ (20,071)	\$ 229,200	\$ (6,350)

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note E – Investments – continued:

Property held for investment

Property held for investment represents land donated to the Organization during the year ended June 30, 2012. This land was originally recorded at its estimated fair value on the date of donation and is evaluated annually for impairment. Carrying value is adjusted to estimated fair value when impairment is determined to have occurred. Impairment losses of \$-0- and \$35,200 were recorded as of June 30, 2019 and 2018, respectively. Estimated fair value measurements were calculated using Level 2 inputs.

Note F – Property and equipment, net:

Following is a summary of property and equipment as of June 30, 2019:

	Balance 6/30/18	Additions & Retirements	Balance 6/30/19
Buildings and improvements	\$ 203,172	\$ -	\$ 203,172
Leasehold improvements	252,693	-	252,693
Maintenance equipment	80,854	-	80,854
Office equipment	372,590	(800)	371,790
Other equipment	158,383	6,210	164,593
Furniture and fixtures	202,899	(36,330)	166,569
Vehicles	85,989	-	85,989
Land and land improvements	107,011	-	107,011
	1,463,591	(30,920)	1,432,671
Less accumulated depreciation	943,498	16,704	960,202
	\$ 520,093	\$ (47,624)	\$ 472,469

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note F – Property and equipment, net – continued:

Following is a summary of property and equipment as of June 30, 2018:

	Balance 6/30/17	Additions & Retirements	Balance 6/30/18
Buildings and improvements	\$ 203,172	\$ -	\$ 203,172
Leasehold improvements	79,235	173,458	252,693
Maintenance equipment	80,854	-	80,854
Office equipment	372,590	-	372,590
Other equipment	168,763	(10,380)	158,383
Furniture and fixtures	213,042	(10,143)	202,899
Vehicles	119,341	(33,352)	85,989
Land and land improvements	90,921	16,090	107,011
	1,327,918	135,673	1,463,591
Less accumulated depreciation	932,807	10,691	943,498
	\$ 395,111	\$ 124,982	\$ 520,093

Depreciation charged to operations totaled \$60,989 and \$70,808 for the years ended June 30, 2019 and 2018, respectively.

Note G – Long-term debt:

The Organization is a party to certain financing arrangements with the North Carolina Housing Financing Agency (NCHFA), Buncombe County and the City of Asheville related to capital improvement projects. The loan arrangements include favorable financing terms in varying forms as described below, and are recorded at estimated fair value based on a present value calculation. The inputs to fair value measurement are classified as Level 2.

Green Building renovation

A promissory note in the face amount of \$76,982, no stated interest, calls for principal repayable at the rate of \$214 per month for 360 months. The loan is dated July 1, 1998, with first funds advanced on March 1, 2000 and first repayment became due on April 1, 2000. The loan is recorded using an imputed interest rate of 5.0%. This note is secured by a deed of trust on real property held by the Foundation with a carrying value as of June 30, 2019 of \$327,585.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note G – Long-term debt – continued:

Buncombe County building purchase

A promissory note entered into in June 2012 in the face amount of \$279,650, no stated interest, that called for a balloon payment of the principal amount on June 30, 2017. In June 2017, this loan was verbally extended for an indefinite period as alternate repayment options are considered. Until terms are formalized, all principal is shown as currently due as of June 30, 2019 in the statement of financial position. The loan is recorded using an imputed interest rate of 4.0%. This note is secured by a deed of trust on real property with a carrying value as of June 30, 2019 of \$219,000.

RISE Village renovation

A Special Needs Housing Program agreement governs the advance of \$70,407 from the NCHFA to the Organization, with a start date of March 25, 1999. Repayment terms under this agreement require a balloon payment of the principal amount, with no interest, due in 50 years from the start date. The loan is recorded at present value using a discount rate of 5.0%. This note is secured by a deed of trust on real property held by the Foundation with a carrying value as of June 30, 2019 of \$277,259.

City of Asheville

A \$200,000 capital needs advance from the City of Asheville, received in October of 1997, matures with a balloon payment of \$200,000 in October of 2047, with no interest payable during the term of the loan or upon maturity. Further, the Community Development Office of the City of Asheville has indicated that the balloon payment will be forgiven on the maturity date. The debt forgiveness will be recognized at maturity in 2047, unless the terms of the obligation are altered to allow earlier recognition. The loan is recorded at present value using a discount rate of 5.0%. This note is secured by a deed of trust on real property held by the Foundation with a carrying value as of June 30, 2019 of \$277,259.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note G – Long-term debt – continued:

Following is a summary of long-term debt as of June 30:

	2019	2018
NC Housing Finance Agency (terms described on previous pages):		
Green Building	\$ 21,306	\$ 22,767
RISE Village:		
Face amount	70,407	70,407
Unamortized discount	(53,302)	(54,117)
	17,105	16,290
City of Asheville:		
Face amount	200,000	200,000
Unamortized discount	(151,411)	(153,724)
	48,589	46,276
Buncombe County:		
Face amount	279,650	279,650
Unamortized discount	-	-
	279,650	279,650
	\$ 366,650	\$ 364,983

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note G – Long-term debt – continued:

Maturities of long-term obligations requiring payments as of June 30, 2019 are as follows:

Total notes payable	\$	366,650
Less notes without cash outlay obligations:		
RISE Village		(17,105)
City of Asheville		(48,589)
	\$	300,956

Amounts payable during the years ending June 30:

2020	\$	281,185
2021		1,614
2022		1,697
2023		1,784
2024		1,875
Thereafter		12,801
	\$	300,956

Although there is a significant award component of the loan arrangements with the City of Asheville and the North Carolina Housing Financing Agency, the governmental agencies do not consider the loans to be a form of financial assistance. The favorable terms of the loans are dependent upon the Organization's compliance with certain operating directives related to the use of the renovated buildings.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note H – Operating leases:

The Company maintains leases with auto dealer financing for three vehicles. The lease terms are for three to four years, and the monthly payments for each vehicle range from \$227 to \$398. Two of the leases will expire in September 2019, and one will expire in August 2021.

The Company also maintains two leases for copier equipment with a company. One lease term is for four and one-half years, the monthly payment is \$1,662 and the lease will expire in July 2022. One lease term is for five years, the monthly payment is \$440, and the lease will expire in June 2022.

Lease payments were \$39,632 and \$42,968 for the years ended June 30, 2019 and 2018, respectively.

In April 2017, the Organization entered into a ten-year lease for a building for \$1 per year. The Organization has an option to purchase the building at fair market value at any time during the lease, however, the Organization will be credited for costs of improvements made to the building and credited for contributed value based on services provided in the building. At the end of the ten-year period, the building will be deeded to the Organization provided the building is continually used for quality childcare services over the term of the lease.

Minimum future lease payments consist of the following:

<u>Year ending June 30,</u>		
2020	\$	31,366
2021		30,004
2022		26,024
2023		1,662
2024		-
	\$	89,056

Note I – Retirement plan:

The Organization offers employees the option of participating in a tax-deferred annuity retirement plan. This retirement benefit is available to all employees who work at least 20 hours per week. The Organization will match the employee's elective deferrals, up to 3% of salary. The Organization contributed \$57,563 and \$58,008 to the retirement plan for the years ended June 30, 2019 and 2018, respectively.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note J – Net assets:

Net assets with donor restrictions

Net assets with donor restrictions consist of funds earmarked by the donor or grantor for specific programs including donor restrictions passed through the Foundation as follows as of June 30:

	2019		2018
ESTA Vocational/Transitional living needs	\$ 88,058	\$	155,989
Property	4,512		9,000
Eliada Farms	34,362		42,759
Other program needs	16,001		22,957
Future periods	204,713		207,841
Donor restricted endowment funds	235,000		229,200
	<u>\$ 582,646</u>	<u>\$</u>	<u>667,746</u>

Donor-restricted endowment funds are held in a perpetual trust, the investment of which is determined by the trustee rather than the Organization. Future earnings from these assets will be available for operational support.

Note K – Commitments and contingencies:

The Organization provides services to governmental agencies at approved contractual rates that are subject to review and change, including adjustments to indirect cost rates and service rates. As a result, adjustments could be made to amounts reported as revenues and receivables in the accompanying consolidated financial statements. Historically, management has not experienced significant adjustments subsequent to the period of service.

The Organization's employee health benefit plan is partially self-insured, with a portion of each employee's deductible reimbursed by the Organization when incurred. Expenses charged to operations for this component of the Organization's health plan totaled approximately \$153,000 and \$106,000 for the years ended June 30, 2019 and 2018, respectively. The statements of financial position do not include an estimate for incurred but unreported claims, based on management's experience with timely claim turnaround.

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note L – Subsidiary financial information:

As noted in Note A, Compton Enterprises, Inc., which was formed in June 2019, is wholly owned by the Organization. Accordingly, these financial statements are consolidated to include the financial activities of Compton Enterprises, Inc. before the elimination of intercompany transactions.

Following is summarized financial information regarding Compton Enterprises, Inc. as of and for the years ended June 30:

	2019	2018
Assets		
Cash	\$ 200	\$ -
Inventory	37,566	-
Total assets	\$ 37,766	\$ -
Liabilities and Retained Earnings		
Liabilities:		
Payable to affiliate	\$ 101,892	\$ -
Payable to parent	10,752	-
Total liabilities	112,644	-
Retained earnings:		
Retained earnings	(74,878)	-
Total retained earnings	(74,878)	-
Total liabilities and retained earnings	\$ 37,766	\$ -
Total revenues	\$ -	\$ -
Total expenses	\$ 74,878	\$ -

Eliada Homes, Inc. and Subsidiary

Notes to Consolidated Financial Statements – continued

June 30, 2019 and 2018

Note M – Concentrations:

The Organization's primary banking relationship is with an institution that is insured by the Federal Deposit Insurance Corporation (FDIC). At times during the year, the Organization's deposits may exceed the FDIC insured limits, especially during periods of high cash flows. The Organization has not experienced any losses in the accounts.

During the years ended June 30, 2019 and 2018, the Organization received revenues from Medicaid, which represented 48% and 49%, respectively, of total support and revenues. Accounts receivable from Medicaid represented 58% and 52% of total accounts receivable as of June 30, 2019 and 2018, respectively.

Note N – Risk management:

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees or clients; and natural disasters. The Organization carries commercial coverage for these risks. There have been no significant reductions in insurance coverage, and the Organization has not experienced any settled claims in excess of insurance coverage.

Supplementary Information

Eliada Homes, Inc. and Subsidiary

Consolidated Schedule of Program Expenses

Year Ended June 30, 2019

	Residential Treatment and Group Homes						Educational & Day Treatment		Foster Care
	Cummings	Earle	Green	Lions	Reuter	Reynolds	Day Treatment	Education	Family & Level II Therapeutic
Salaries	\$ 862,205	\$ 305,174	\$ 299,468	\$ 943,591	\$ 311,836	\$ 810,984	\$ 388,961	\$ 146,565	\$ 289,778
Employee benefits	100,268	31,522	29,924	105,680	34,393	92,576	50,734	15,696	32,093
Pension cost	4,529	883	601	3,814	2,826	5,360	5,615	209	5,086
Payroll taxes	64,705	22,057	21,855	69,681	22,731	61,121	27,790	10,917	20,787
Supplies and equipment	19,520	6,244	6,808	21,505	7,554	19,100	9,419	8,195	7,884
Food	40,702	14,451	13,490	40,981	14,586	37,747	14,737	-	213
Computer technology	7,189	2,944	2,845	9,551	2,939	7,189	4,229	-	4,677
Clothing	53	154	520	120	122	211	193	-	-
Utilities	31,466	13,019	13,099	27,477	12,534	32,942	12,660	-	4,897
Insurance	11,473	4,869	4,251	9,886	5,071	11,227	5,568	-	14,301
Maintenance and repairs	27,569	8,056	12,160	22,815	11,089	33,078	14,084	320	7,669
Telephone	2,493	761	994	2,909	738	2,612	1,496	233	4,405
Postage	198	39	37	199	39	500	119	305	277
Travel	4,368	1,157	961	4,898	977	4,648	1,240	-	21,523
Dues and subscriptions	2,280	850	770	2,660	836	2,280	991	-	1,645
License and fees	4,633	1,511	948	4,772	1,499	4,010	1,823	-	1,324
Student related expense	3,440	1,733	1,778	3,467	1,681	3,639	275	-	2,002
Foster care payments	-	-	-	-	-	-	-	-	359,818
Rent	34,625	14,340	11,066	24,676	14,281	34,135	16,444	-	1,960
Professional fees	43,622	7,779	6,034	81,544	7,152	40,810	2,665	-	2,406
Conferences and meetings	7,882	2,383	2,271	9,011	2,380	7,891	4,745	-	2,653
Recreation activities	237	288	266	18	456	178	26	37	-
Promotions	1,103	156	155	867	155	1,103	155	-	2,179
Miscellaneous	1,623	469	597	1,412	451	1,771	457	-	424
Bad debts	441	384	4,090	1,407	2,329	4,435	7,643	-	-
Interest	3	1	1	3	1	3	2	-	-
Depreciation	3,948	1,682	2,055	6,635	1,588	3,775	1,834	-	710
Total Program Expenses	\$ 1,280,575	\$ 442,906	\$ 437,044	\$ 1,399,579	\$ 460,244	\$ 1,223,325	\$ 573,905	\$ 182,477	\$ 788,711

Eliada Homes, Inc. and Subsidiary

Consolidated Schedule of Program Expenses – continued

Year Ended June 30, 2019

	Child Development			Community Based Services			Eliada Farms	Total Program Expenses
	Daycare Preschool	After School School Age	Summer Camp	Vocational Program ESTA	Agricultural Activities	Outpatient Department		
Salaries	\$ 1,169,432	\$ 56,785	\$ 47,514	\$ 76,444	\$ 42,840	\$ 47,668	\$ -	\$ 5,799,245
Employee benefits	175,152	7,556	3,009	10,687	7,599	5,443	-	702,332
Pension cost	12,784	270	72	1,297	(112)	145	-	43,379
Payroll taxes	85,281	4,240	3,587	5,329	3,057	3,575	-	426,713
Supplies and equipment	61,221	4,214	3,499	2,427	2,840	247	-	180,677
Food	154,495	11,768	12,145	782	-	-	-	356,097
Computer technology	5,817	518	128	318	353	116	-	48,813
Clothing	-	-	634	202	-	-	-	2,209
Utilities	56,022	4,361	3,059	7,288	1,309	31	14,725	234,889
Insurance	25,605	4,323	1,849	3,756	891	152	-	103,222
Maintenance and repairs	142,296	14,906	10,806	2,950	7,837	24	2,103	317,762
Telephone	4,011	580	539	1,152	21	707	-	23,651
Postage	269	3	9	19	22	3	-	2,038
Travel	1,199	2,112	631	1,813	106	1,214	-	46,847
Dues and subscriptions	2,863	267	60	160	171	55	-	15,888
Dues and subscriptions	2,973	412	350	543	147	212	-	25,157
Student related expense	3,773	754	53	791	-	-	-	23,386
Foster care payments	-	-	-	-	-	-	-	359,818
Rent	64,260	2,518	6,302	10,165	99	8	12,300	247,179
Professional fees	56	-	-	833	30,737	-	44,621	268,259
Conferences and meetings	9,698	810	216	468	391	725	-	51,524
Recreation activities	-	332	8,744	139	-	-	-	10,721
Promotions	-	-	1,128	133	375	-	-	7,509
Miscellaneous	1,438	290	23	735	58	19	1,129	10,896
Bad debts	5,352	1,165	5,014	-	-	3,334	-	35,594
Interest	4	-	-	1	-	-	-	19
Depreciation	33,522	1,345	776	1,920	63	20	-	59,873
Total Program Expenses	\$ 2,017,523	\$ 119,529	\$ 110,147	\$ 130,352	\$ 98,804	\$ 63,698	\$ 74,878	\$ 9,403,697

Eliada Homes, Inc. and Subsidiary

Consolidated Schedule of Program Expenses

Year Ended June 30, 2018

	Residential Treatment and Group Homes						Educational & Day Treatment		Foster Care
	Cummings	Earle	Green	Lions	Reuter	Reynolds	Day Treatment	Education	Family & Level II Therapeutic
Salaries	\$ 905,701	\$ 293,329	\$ 294,084	\$ 513,114	\$ 642,945	\$ 907,645	\$ 264,194	\$ 157,634	\$ 277,647
Employee benefits	111,491	35,840	35,839	55,464	76,744	110,922	36,714	20,079	35,736
Pension cost	3,840	888	771	2,670	3,757	6,501	5,479	1,286	4,817
Payroll taxes	70,073	22,354	21,703	42,091	50,474	69,032	19,416	11,984	20,844
Supplies and equipment	20,262	5,563	3,888	15,570	16,162	20,417	7,917	5,343	8,970
Food	34,113	12,801	13,017	18,990	25,918	35,257	13,031	-	263
Computer technology	2,796	1,131	1,273	1,650	2,325	2,866	1,104	-	2,981
Clothing	362	134	327	146	232	234	124	-	-
Utilities	28,980	12,369	9,360	17,546	20,876	30,256	10,422	-	5,477
Insurance	11,724	5,061	4,563	7,414	8,788	11,997	4,933	-	13,546
Maintenance and repairs	25,036	8,055	8,225	27,135	24,141	28,480	9,885	331	7,858
Telephone	3,309	1,142	1,354	2,481	2,363	3,679	1,558	244	4,511
Postage	399	32	31	161	92	271	61	-	95
Travel	4,741	522	406	2,808	2,169	4,415	673	360	15,898
Dues and subscriptions	589	247	217	427	352	592	340	-	450
License and fees	3,677	1,044	697	2,849	3,290	3,730	723	-	2,200
Student related expense	3,829	1,205	985	1,664	3,028	4,831	262	76	2,257
Foster care payments	-	156	-	-	-	-	-	-	412,062
Rent	34,532	14,225	11,068	28,072	14,232	34,431	13,893	-	1,679
Professional fees	46,632	1,896	1,990	35,927	29,655	47,810	1,482	-	596
Conferences and meetings	4,785	706	706	2,338	3,101	4,770	1,448	111	2,498
Recreation activities	162	87	303	68	320	23	122	-	-
Promotions	337	20	20	2,290	160	339	-	-	1,977
Miscellaneous	1,432	424	399	371	929	990	317	-	775
Bad debts	-	-	2,178	-	-	-	982	-	-
Interest	6	3	1	2	6	6	34	-	-
Depreciation	4,283	2,019	2,414	6,586	3,309	4,303	1,909	-	895
Total Program Expenses	\$ 1,323,091	\$ 421,253	\$ 415,819	\$ 787,834	\$ 935,368	\$ 1,333,797	\$ 397,023	\$ 197,448	\$ 824,032

Eliada Homes, Inc. and Subsidiary

Consolidated Schedule of Program Expenses – continued

Year Ended June 30, 2018

	Child Development				Community Based Services			Total Program Expenses
	Daycare	21st Century	After School	Summer	Vocational	Agricultural	Outpatient	
	Preschool	After School Prog.	School Age	Camp	Program ESTA	Activities	Department	
Salaries	\$ 1,077,360	\$ 150,552	\$ 45,187	\$ 46,126	\$ 106,224	\$ 6,769	\$ 2,640	\$ 5,691,151
Employee benefits	161,268	11,569	5,168	4,139	20,350	464	297	722,084
Pension cost	10,114	25	394	244	1,471	-	28	42,285
Payroll taxes	81,843	11,756	3,304	3,402	7,488	521	199	436,484
Supplies and equipment	91,159	5,497	5,939	3,977	3,276	3,822	23	217,785
Food	167,559	9,406	11,575	14,841	2,215	33	-	359,019
Computer technology	389	-	-	27	732	-	-	17,274
Clothing	-	-	-	374	1,332	-	-	3,265
Utilities	48,791	-	4,844	3,501	5,759	-	23	198,204
Insurance	21,601	-	4,341	1,179	4,890	283	15	100,335
Maintenance and repairs	119,659	-	7,651	9,114	6,728	1,731	31	284,060
Telephone	4,801	156	790	644	1,228	-	20	28,280
Postage	187	5	2	28	39	24	-	1,427
Travel	1,122	867	2,280	97	2,095	-	1	38,454
Dues and subscriptions	645	-	148	16	72	-	1	4,096
License and fees	3,774	246	441	258	822	59	8	23,818
Student related expense	3,521	2,391	891	48	1,267	-	1	26,256
Foster care payments	-	-	-	-	-	-	-	412,218
Rent	61,648	4,435	3,893	5,282	10,900	-	6	238,296
Professional fees	859	29,965	-	-	244	7,775	6,086	210,917
Conferences and meetings	6,602	703	438	111	390	-	4	28,711
Recreation activities	-	16,974	4	16,531	360	-	-	34,954
Promotions	7	-	625	362	1,015	299	-	7,451
Miscellaneous	1,410	-	276	47	261	-	3	7,634
Bad debts	2,769	-	816	150	-	-	930	7,825
Interest	67	-	1	29	1	-	-	156
Depreciation	30,066	-	1,027	938	2,156	-	6	59,911
Total Program Expenses	\$ 1,897,221	\$ 244,547	\$ 100,035	\$ 111,465	\$ 181,315	\$ 21,780	\$ 10,322	\$ 9,202,350