

**Audited Consolidated Financial Statements  
And Supplementary Information**

**Alzheimer's Community Care, Inc.  
and Subsidiary**

**June 30, 2018 and 2017**



**CALER, DONTEN, LEVINE,  
COHEN, PORTER & VEIL, P.A.**

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2018 AND 2017

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## Independent Auditor's Report

To the Board of Directors  
Alzheimer's Community Care, Inc. and Subsidiary  
West Palm Beach, Florida

We have audited the accompanying consolidated financial statements of Alzheimer's Community Care, Inc. and Subsidiary (the "Organization", a not-for-profit organization), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 auditor's 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 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 Alzheimer's Community Care, Inc. and Subsidiary 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 U.S. generally accepted accounting principles.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 22 through 27 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

West Palm Beach, Florida  
November 15, 2018

*Caleb, Dauten, Levine,  
Cohen, Porter & Veil, P.A.*

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 387,525	\$ 236,212
Investments	5,977,612	6,157,650
Accounts receivable, net of allowance for doubtful accounts of \$11,098 for 2018 and \$5,485 for 2017	1,009,453	665,447
Prepaid expenses	64,110	62,221
TOTAL CURRENT ASSETS	<u>7,438,700</u>	<u>7,121,530</u>
PROPERTY AND EQUIPMENT, net	1,999,185	2,110,091
<b>OTHER ASSETS</b>		
Donated assets held for sale	3,390	3,390
Deposits and other assets	8,837	8,837
Long-term investments	60,643	60,643
	<u>72,870</u>	<u>72,870</u>
	<u>\$ 9,510,755</u>	<u>\$ 9,304,491</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 132,081	\$ 98,069
Accrued expenses	189,385	177,178
Deferred revenue	5,000	700
Line of credit	180,000	380,000
Current portion of note payable	986	5,917
TOTAL CURRENT LIABILITIES	<u>507,452</u>	<u>661,864</u>
NOTE PAYABLE, net of current portion	-	986
TOTAL LIABILITIES	<u>507,452</u>	<u>662,850</u>
<b>NET ASSETS</b>		
Unrestricted	8,600,504	8,351,445
Temporarily restricted	342,156	229,553
Permanently restricted	60,643	60,643
TOTAL NET ASSETS	<u>9,003,303</u>	<u>8,641,641</u>
	<u>\$ 9,510,755</u>	<u>\$ 9,304,491</u>

See notes to consolidated financial statements.

## ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2018 and 2017

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUE AND OTHER SUPPORT</b>				
Program services	\$ 4,431,895	\$ -	\$ -	\$ 4,431,895
Contributions	1,222,026	582,348	-	1,804,374
Government grants	756,100	-	-	756,100
United Way	210,244	-	-	210,244
Special events	134,226	-	-	134,226
Dividend and interest income	129,182	-	-	129,182
Realized and unrealized gains	292,559	-	-	292,559
Other revenue	5,032	-	-	5,032
Net assets released from restrictions	469,745	(469,745)	-	-
Total revenue and other support	7,651,009	112,603	-	7,763,612
<b>EXPENSES</b>				
Program services				
Special program				
Daycare	4,816,863	-	-	4,816,863
Patient and family services				
Family consultants	1,077,503	-	-	1,077,503
Case management	311,791	-	-	311,791
Crisis line	29,940	-	-	29,940
Other services				
Education and training	428,683	-	-	428,683
Volunteer services	50,179	-	-	50,179
Total program services	6,714,959	-	-	6,714,959
Supporting services				
Management and general	239,507	-	-	239,507
Fundraising	447,484	-	-	447,484
Total supporting services	686,991	-	-	686,991
Total expenses	7,401,950	-	-	7,401,950
Increase (decrease) in net assets	249,059	112,603	-	361,662
Net assets, beginning of year	8,351,445	229,553	60,643	8,641,641
Net assets, end of year	\$ 8,600,504	\$ 342,156	\$ 60,643	\$ 9,003,303

## 2017

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 4,248,539	\$ -	\$ -	\$ 4,248,539
1,067,011	521,185	-	1,588,196
794,180	-	-	794,180
141,000	-	-	141,000
233,327	-	-	233,327
140,215	-	-	140,215
527,710	-	-	527,710
27,050	-	-	27,050
569,467	(569,467)	-	-
<u>7,748,499</u>	<u>(48,282)</u>	<u>-</u>	<u>7,700,217</u>
5,037,548	-	-	5,037,548
1,264,513	-	-	1,264,513
364,081	-	-	364,081
29,283	-	-	29,283
479,688	-	-	479,688
67,683	-	-	67,683
<u>7,242,796</u>	<u>-</u>	<u>-</u>	<u>7,242,796</u>
207,798	-	-	207,798
420,090	-	-	420,090
<u>627,888</u>	<u>-</u>	<u>-</u>	<u>627,888</u>
<u>7,870,684</u>	<u>-</u>	<u>-</u>	<u>7,870,684</u>
(122,185)	(48,282)	-	(170,467)
<u>8,473,630</u>	<u>277,835</u>	<u>60,643</u>	<u>8,812,108</u>
<u>\$ 8,351,445</u>	<u>\$ 229,553</u>	<u>\$ 60,643</u>	<u>\$ 8,641,641</u>

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Program Services			
	Special Program	Patient and Family Services		
	Daycare	Family Consultants	Case Management	Crisis Line
Salaries	\$ 2,306,740	\$ 526,623	\$ 185,344	\$ 17,991
Contract labor	131,307	235	67	7
Employee benefits	318,186	70,205	30,402	1,498
Payroll taxes	160,869	46,888	13,696	1,165
Total personnel and related expenses	2,917,102	643,951	229,509	20,661
Interest expense	8,842	2,626	751	73
Bad debt expense	45,298	1,110	318	31
Professional fees	159,557	47,474	13,575	1,317
Office supplies and stationary	22,086	10,790	3,317	503
Telephone	83,594	22,825	6,091	3,177
Postage and shipping	7,024	19,412	567	213
Occupancy				
Rent	253,676	59,302	12,235	444
In-kind rent	288,115	42,618	9,122	885
Utilities and other	17,452	3,332	444	3
Equipment maintenance	223,817	46,763	10,960	345
Travel	16,364	17,133	7,131	145
Conferences and meetings	2,534	295	84	8
Publicity, advertising and educational outreach	87,220	27,176	7,426	963
Recruiting	8,243	2,400	408	97
Program food	284,763	96	-	-
Program supplies	165,746	95,301	2,231	223
Insurance	68,204	16,812	4,807	467
Miscellaneous	27,375	8,759	148	126
Hospitality services	376	45	13	1
Total expenses before depreciation and amortization	4,687,388	1,068,220	309,137	29,682
Depreciation and amortization	129,475	9,283	2,654	258
Total expenses	<u>\$ 4,816,863</u>	<u>\$ 1,077,503</u>	<u>\$ 311,791</u>	<u>\$ 29,940</u>



<u>Program Services</u>		<u>Supporting Services</u>				
<u>Other Services</u>		<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
<u>Education and Training</u>	<u>Volunteer Services</u>					
\$ 245,086	\$ 32,744	\$ 3,314,528	\$ 109,061	\$ 234,464	\$ 343,525	\$ 3,658,053
89	12	131,717	-	85	85	131,802
30,903	3,168	454,362	28,974	17,864	46,838	501,200
17,827	2,327	242,772	8,045	17,369	25,414	268,186
<u>293,905</u>	<u>38,251</u>	<u>4,143,379</u>	<u>146,080</u>	<u>269,782</u>	<u>415,862</u>	<u>4,559,241</u>
993	133	13,418	445	950	1,395	14,813
420	56	47,233	304	-	304	47,537
17,950	2,398	242,271	34,332	18,160	52,492	294,763
6,658	8	43,362	3,947	27,124	31,071	74,433
4,491	144	120,322	3,949	9,746	13,695	134,017
881	246	28,343	453	2,302	2,755	31,098
6,045	808	332,510	11,194	13,447	24,641	357,151
12,062	1,611	354,413	11,318	11,539	22,857	377,270
43	6	21,280	39	453	492	21,772
4,821	519	287,225	8,784	8,477	17,261	304,486
2,818	464	44,055	1,145	4,674	5,819	49,874
3,932	15	6,868	224	353	577	7,445
10,221	1,533	134,539	4,600	14,195	18,795	153,334
262	11	11,421	282	160	442	11,863
-	-	284,859	684	-	684	285,543
3,355	1,057	267,913	248	4,365	4,613	272,526
6,357	849	97,496	3,204	6,081	9,285	106,781
7,611	1,599	45,618	1,185	14,892	16,077	61,695
42,348	2	42,785	2,481	37,426	39,907	82,692
<u>425,173</u>	<u>49,710</u>	<u>6,569,310</u>	<u>234,898</u>	<u>444,126</u>	<u>679,024</u>	<u>7,248,334</u>
3,510	469	145,649	4,609	3,358	7,967	153,616
<u>\$ 428,683</u>	<u>\$ 50,179</u>	<u>\$ 6,714,959</u>	<u>\$ 239,507</u>	<u>\$ 447,484</u>	<u>\$ 686,991</u>	<u>\$ 7,401,950</u>

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

	Program Services			
	Special Program	Patient and Family Services		
	Daycare	Family Consultants	Case Management	Crisis Line
Salaries	\$ 2,401,206	\$ 759,352	\$ 232,783	\$ 19,535
Contract labor	60,675	-	-	-
Employee benefits	389,191	93,936	32,020	934
Payroll taxes	177,542	55,645	17,268	1,399
Total personnel and related expenses	3,028,614	908,933	282,071	21,868
Interest expense	8,299	2,626	804	67
Professional fees	170,915	54,083	16,555	1,377
Office supplies and stationary	17,502	10,658	2,302	134
Telephone	81,584	27,286	7,896	2,959
Postage and shipping	7,823	2,674	528	44
Occupancy				
Rent	263,194	65,618	10,171	284
In-kind rent	505,569	54,071	13,265	1,104
Utilities and other	15,428	3,401	398	-
Equipment maintenance	245,188	57,108	12,168	374
Travel	13,055	21,177	5,944	85
Conferences and meetings	3,657	657	201	17
Publicity, advertising and educational outreach	19,243	6,664	1,864	155
Recruiting	8,405	4,196	874	91
Program food	314,737	-	-	-
Program supplies	137,455	16,944	17	-
Insurance	51,438	12,488	3,823	318
Miscellaneous	24,143	4,935	1,709	120
Hospitality services	2,191	661	202	17
Total expenses before depreciation and amortization	4,918,440	1,254,180	360,792	29,014
Depreciation and amortization	119,108	10,333	3,289	269
Total expenses	<u>\$ 5,037,548</u>	<u>\$ 1,264,513</u>	<u>\$ 364,081</u>	<u>\$ 29,283</u>

<u>Program Services</u>		<u>Supporting Services</u>				
<u>Other Services</u>		<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
<u>Education and Training</u>	<u>Volunteer Services</u>					
\$ 214,016	\$ 36,230	\$ 3,663,122	\$ 24,800	\$ 245,843	\$ 270,643	\$ 3,933,765
-	-	60,675	-	-	-	60,675
25,353	4,806	546,240	3,128	18,376	21,504	567,744
15,378	2,665	269,897	1,708	18,541	20,249	290,146
254,747	43,701	4,539,934	29,636	282,760	312,396	4,852,330
741	125	12,662	418	851	1,269	13,931
15,264	2,582	260,776	38,626	18,356	56,982	317,758
28,866	14,686	74,148	822	8,205	9,027	83,175
4,319	432	124,476	1,439	6,831	8,270	132,746
3,595	171	14,835	274	2,779	3,053	17,888
3,150	533	342,950	1,776	10,373	12,149	355,099
12,230	2,069	588,308	6,897	14,047	20,944	609,252
-	-	19,227	-	398	398	19,625
5,591	582	321,011	1,910	9,058	10,968	331,979
2,332	469	43,062	273	3,315	3,588	46,650
185	31	4,748	105	991	1,096	5,844
5,189	291	33,406	120,969	10,520	131,489	164,895
2,085	197	15,848	208	1,279	1,487	17,335
-	-	314,737	-	-	-	314,737
6	392	154,814	2	21	23	154,837
3,525	596	72,188	1,988	4,048	6,036	78,224
11,934	272	43,113	739	6,407	7,146	50,259
122,986	55	126,112	105	36,479	36,584	162,696
476,745	67,184	7,106,355	206,187	416,718	622,905	7,729,260
2,943	499	136,441	1,611	3,372	4,983	141,424
<u>\$ 479,688</u>	<u>\$ 67,683</u>	<u>\$ 7,242,796</u>	<u>\$ 207,798</u>	<u>\$ 420,090</u>	<u>\$ 627,888</u>	<u>\$ 7,870,684</u>

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2018 and 2017

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 361,662	\$ (170,467)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities		
Depreciation and amortization	153,616	141,424
Provision for doubtful accounts	5,613	3,223
Realized and unrealized gains	(292,559)	(527,710)
Changes in operating assets and liabilities		
Accounts receivable	(349,619)	104,964
Contributions receivable	-	75,000
Prepaid expenses	(1,889)	33,862
Deposits and other assets	-	(117)
Accounts payable	34,012	(59,593)
Accrued expenses	12,207	(123,707)
Deferred revenue	4,300	(2,600)
NET CASH USED IN OPERATING ACTIVITIES	(72,657)	(525,721)
<b>INVESTING ACTIVITIES</b>		
Sales and maturities of investments	645,337	1,265,995
Purchases of investments	(172,740)	(315,149)
Purchases of property and equipment	(42,710)	(418,443)
NET CASH PROVIDED BY INVESTING ACTIVITIES	429,887	532,403
<b>FINANCING ACTIVITIES</b>		
Principal repayments on note payable	(5,917)	(5,917)
Borrowings on line of credit	150,000	450,000
Repayments on line of credit	(350,000)	(500,000)
NET CASH USED IN FINANCING ACTIVITIES	(205,917)	(55,917)
Increase (decrease) in cash and cash equivalents	151,313	(49,235)
Cash and cash equivalents, beginning of year	236,212	285,447
Cash and cash equivalents, end of year	<u>\$ 387,525</u>	<u>\$ 236,212</u>

See notes to consolidated financial statements.

## ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

#### NOTE A - SIGNIFICANT ACCOUNTING POLICIES

**Organization:** Alzheimer's Community Care, Inc. ("ACC") is a community-based, 501(c)(3), not-for-profit organization serving Palm Beach, Martin and St. Lucie counties and is registered with the Florida Secretary of State in Tallahassee, Florida. ACC was incorporated in October 1996 by a group of local residents who were concerned about the growing number of people affected by Alzheimer's disease. The strategic principle established by ACC is that "We place a safety net around patients and caregivers every day."

ACC is free of religious, political, national or cultural affiliations. The mission of the Organization is "to promote and provide specialized, quality, and compassionate care within a community-based environment for patients and caregivers living with Alzheimer's disease and related neurocognitive disorders.

As of December 31, 2013, ACC received accreditation by the Joint Commission, the largest international accrediting organization for healthcare providers (hospitals, nursing homes, day care, hospice, etc.), a not-for-profit organization that is highly respected for setting certain performance standards that reflect evidence based outcomes.

The evidence based outcomes that have been tested as being successful have been incorporated within ACC's "Model of Care" and are effective for preserving families' quality of life, providing safety and security, and ensuring their well-being throughout the duration of the disease process. The disease can last for 2 to 20 years with an average of 10 years. During the years ended June 30, 2018 and 2017, ACC provided various services to patients and families affected by Alzheimer's disease and related disorders. The following are the major services provided:

##### **Core Services**

- Family Nurse Consultant Services
- 11 Specialized Adult Day Care Centers
- Professional and Community Education
- 24/7 Alzheimer's Crisis Line
- Case Management
- ID Locator Bracelet Program
- Caregiver Support Groups

##### **Wrap Around Services**

- Information and Referral
- Volunteer Services
- Quarterly Alzheimer's Magazine
- Website, SociAlz, [Alzcare.org](http://Alzcare.org)
- Specialized Disaster Preparedness/Special Needs Shelter
- Advocacy

The Alzheimer's Community Care Foundation, Inc. (the "Foundation") was incorporated in the State of Florida as a not-for-profit corporation in July 2008. The Foundation was organized exclusively for the benefit of ACC, to be the custodian of financial gifts and to promote and advise philanthropic actions for the common good of ACC. The Foundation has no members and ACC appoints the Board of the

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foundation. Accordingly, the Foundation is required by U.S. generally accepted accounting principles (GAAP) to be consolidated with ACC.

Principles of Consolidation: The accompanying financial statements are consolidated to include the accounts of ACC and the Foundation (collectively, the "Organization"). All intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Net assets and revenue, gains and losses of the Organization are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

*Unrestricted net assets* are those currently available for use in the current operation of the Organization under the direction of the Board, and those resources invested in property and equipment.

*Temporarily restricted net assets* are those stipulated by donors for specific operational purposes or for the acquisition of property and equipment; or those not currently available for use until commitments regarding their use have been fulfilled.

*Permanently restricted net assets* are those that are permanently restricted due to donor-imposed stipulations while permitting the Organization to use part or all of the derived income (or other economic benefit).

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including Board designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

Cash and Cash Equivalents: Cash and cash equivalents include amounts on deposit with financial institutions in checking accounts and money market accounts. For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash in high quality financial institutions which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe its cash accounts are exposed to any significant credit risk. At June 30, 2018 and 2017, the deposits with all financial institutions exceeded federal deposit insurance by approximately \$73,000 and \$3,000, respectively.

Investments: Investments are presented in the consolidated financial statements at fair value, using quoted market prices for publicly traded securities and other relevant information generated by market transactions. The Organization invests in equity and fixed income mutual funds and exchange traded funds (ETF's). The Organization contracts with an investment manager to perform ongoing investment functions. All investments are held by a trust company for the benefit of the Organization, but are not insured or collateralized. Investment transactions are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable: Accounts receivable consist primarily of monthly billings for the Organization's daycare clients residing in Palm Beach, Martin and St. Lucie Counties. Accounts receivable for daycare operations are uncollateralized. An allowance for doubtful accounts is provided for receivables when there is a question as to ultimate collectability. Receivables are written off when management has determined that the amount will not be collected. Collections on accounts previously written off are included in other support when received.

Contributions Receivable: Contributions receivable consist of unconditional promises to give from donors that are restricted by donor-imposed time restrictions or for specific programs. Payments received on contributions are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Contributions receivable that are due in more than one year are discounted to their estimated net present value using a risk free interest rate at the date of contribution. The discount is amortized to contribution income over the term of the receivable. The Organization did not have any outstanding contributions receivable at June 30, 2018 and 2017.

Property and Equipment: Property and equipment over \$2,500 is capitalized and stated at cost, if purchased by the Organization or at the fair value of the asset on the date of the gift, if received as a donation. Donated assets 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 temporarily restricted net assets. Absent donor stipulations regarding how long 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. Depreciation is determined on a straight-line basis over the estimated useful life of the asset, generally 40 years for buildings and five to seven years for all other property and equipment. Amortization of leasehold improvements is included with depreciation expense.

Contributions, Revenue and Expenses: The Organization recognizes contributions as income in the period received. Contributions are reported as unrestricted or restricted depending on the absence or existence of donor stipulations that limit the use of the support. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Fees for patient services are recognized when the services are performed and other revenue is recognized when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

In-Kind Contributions: The Organization records various types of in-kind support including contributed meals, goods, services and facility rent. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are recognized at fair value when received by the Organization. Contributed meals and goods and services for the daycare program recorded for the years ended June 30, 2018 and 2017, totaled \$144,391 and \$120,000, respectively. Contributed facility rent recorded for the years ended June 30, 2018 and 2017, totaled \$377,270 and \$609,252, respectively.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization also receives a significant amount of skilled, contributed time, which does not meet the recognition criteria described above. The contributed time not reflected in the accompanying consolidated financial statements was valued at approximately \$139,000 and \$167,000 for the years ended June 30, 2018 and 2017, respectively. Concerned members of the community who occasionally sponsor fundraising events on behalf of the Organization underwrite the costs of those events. Accordingly, since no objective basis is available to measure the value of such contributions, they are not reflected in the accompanying consolidated financial statements.

Government Grants: Government grants are subject to annual renewal and periodic amendment and require the fulfillment of certain conditions as set forth in each grant agreement. Amounts received or receivable from grantor agencies may be subject to audit by those agencies and any disallowed expenses, including amounts already received, might constitute a liability of the Organization for return of those funds. Management believes that the Organization has met all requirements and objectives of the grantor agencies and considers it unlikely that any material amount of funds would be returned. In addition to revenue recorded as government grants, the Organization also received State financial assistance on a fee for service basis totaling \$2,153,423 and \$1,900,000 for the years ended June 30, 2018 and 2017, respectively, that was recorded as program services revenue. Total government grant revenue represented approximately 37% and 35% of total revenue and other support for the years ended June 30, 2018 and 2017, respectively.

Advertising Costs: Advertising costs are charged to expense as incurred. Total expense for the years ended June 30, 2018 and 2017, was approximately \$9,000 and \$16,000, respectively.

Compensated Absences: The Organization combines all compensated absence categories into one program called Paid Time Off (PTO). The Organization accrues unused PTO when earned by employees. Employees of the Organization may accumulate unused PTO leave after one year of service depending on their job classification and length of service. Accumulated PTO is payable to employees with five or more years of service, upon either termination or retirement with proper notice, at the pay rate on that date. If an employee separates during the first five years of employment the employee will not be paid any accumulated PTO.

Functional Allocation of Expenses: The costs of providing the various services the Organization offers have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: ACC and the Foundation are exempt from income taxes as public charities under the provisions of Internal Revenue Code Section 501(c)(3).

The Organization evaluates its uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax-exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Organization has any significant uncertain tax positions that would be material to the consolidated financial statements. The Organization's tax returns for tax years prior to 2015 are no longer subject to examination by taxing authorities.



ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements: The Financial Accounting Standards Board (FASB) has issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which will be effective for the Organization for the year ending June 30, 2019. ASU 2016-14 amends the requirements for financial statement presentation by 1) changing the presentation of net assets to include *net assets with donor restrictions* and *net assets without donor restrictions*, rather than unrestricted, temporarily restricted and permanently restricted net assets; and, 2) requiring additional disclosures about the following:

- Amounts and purposes of governing board designations, appropriations and similar actions that result in self-imposed restrictions on the use of resources without donor-imposed restrictions.
- Composition of net assets with donor-imposed restrictions and the effect on the use of resources.
- Qualitative information that communicates how an organization manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date.
- Quantitative information and additional qualitative information as necessary, to communicate the availability of financial resources to meet cash needs for general expenditures within one year of the statement of financial position date.
- Amounts of expenses by both their natural classification and their functional classification.
- Methods used to allocate costs among program and support functions.
- Investment return net of external and direct internal investment expenses.

The FASB has also issued ASU 2016-02, *Leases*, which will be effective for the Organization for the year ending June 30, 2021. ASU 2016-02 generally requires lessees to recognize assets and liabilities arising from leases on the Statement of Financial Position.

Reclassifications: Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 consolidated financial statement presentation.

Use of Estimates and Assumptions: Management uses estimates and assumptions in preparing consolidated financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Subsequent Events: The Organization has evaluated subsequent events through November 15, 2018, which is the date the consolidated financial statements were available to be issued.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE B - INVESTMENTS

Investments at June 30, 2018 and 2017, are summarized as follows:

	<u>2018</u>	<u>2017</u>
Mutual funds		
Equity	\$ 2,548	\$ 7,476
Fixed income	896,875	938,098
Exchange traded funds		
Domestic equity	2,634,888	2,636,855
International equity	1,015,358	1,098,921
Fixed income	<u>1,488,586</u>	<u>1,536,943</u>
Total	<u>\$ 6,038,255</u>	<u>\$ 6,218,293</u>

The Organization's investments are exposed to various risks, such as market risk, interest rate risk, custodial credit risk, and concentration of credit risk. Due to the various risks associated with the Organization's investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Investment income for 2018 and 2017, consists of the following:

	<u>2018</u>	<u>2017</u>
Dividend and interest income	\$ 129,182	\$ 140,215
Realized and unrealized gains	<u>292,559</u>	<u>527,710</u>
Net investment income	<u>\$ 421,741</u>	<u>\$ 667,925</u>

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 and 2017, are summarized as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 28,426	\$ 28,426
Buildings	866,337	838,866
Leasehold improvements	1,820,311	1,385,006
Furniture and equipment	393,543	387,036
Vehicle	44,251	44,251
Construction in progress	-	<u>426,573</u>
	3,152,868	3,110,158
Less accumulated depreciation and amortization	<u>(1,153,683)</u>	<u>(1,000,067)</u>
Total	<u>\$ 1,999,185</u>	<u>\$ 2,110,091</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE D - NOTE PAYABLE

In August 2015, the Organization entered into a financing agreement for a vehicle in the amount of \$17,751. The financing agreement required payments of \$493 per month through August 2018. The interest rate on the note payable was 0% per annum and the note was secured by the purchased vehicle. The vehicle has a net book value of \$18,438 at June 30, 2018. The outstanding balance on the note payable at June 30, 2018 was \$986 and is due in fiscal year 2019.

NOTE E - LINE OF CREDIT

At June 30, 2018, the Organization had a \$500,000 line of credit with a variable interest rate equal to the Wall Street Journal Prime Rate (5% at June 30, 2018). The line of credit had an outstanding balance of \$180,000 and \$380,000 at June 30, 2018 and 2017, respectively. The Organization has pledged its personal property, receivables, inventory, investments, equipment, deposits, and other assets as defined in the collateral agreement. The line of credit matures on March 31, 2019.

The Organization incurred and paid total interest costs on all debt of \$14,813 and \$13,931 for the years ended June 30, 2018 and 2017, respectively.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

Temporary restrictions on assets are imposed by donors and include restrictions for specified programs or purposes. In addition, contributions that are receivable over a period of time are considered temporarily restricted until the cash is received, whereupon the time restriction is released. At June 30, 2018 and 2017, temporarily restricted net assets consisted of the following:

	<u>2018</u>	<u>2017</u>
<b>Purpose Restrictions</b>		
Restricted for scholarships	\$ 148,972	\$ 49,863
Restricted for nursing accreditation	56,940	-
Restricted for day care and music therapy	96,244	105,940
Restricted for locator services/bracelets	<u>40,000</u>	<u>73,750</u>
Total Purpose Restrictions	<u>\$ 342,156</u>	<u>\$ 229,553</u>

NOTE G - PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS

The Organization's endowment consists of a number of donor restricted endowment funds reported as permanently restricted net assets and consisting of contributions that must be maintained in perpetuity. The earnings on endowment assets are used to support the Organization's activities. Permanently restricted net assets totaled \$60,643 at June 30, 2018 and 2017.

FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE G - PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS (Continued)

endowment funds), whether or not the organization is subject to UPMIFA. The State of Florida enacted a version of UPMIFA effective July 1, 2012, known as the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) that governs the investment and management of donor-restricted endowment funds by Florida not-for-profit organizations.

Absent explicit donor stipulations, FUPMIFA generally requires prudent care in investing, managing and developing spending plans for donor-restricted endowment funds. As a result, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the endowment; and, (d) the portion of investment earnings added to the permanent endowment to maintain its purchasing power.

The Organization's current endowment funds do not require any portion of the investment earnings to be added to the endowment and, accordingly, all investment earnings are recorded as unrestricted and used to support the ongoing operations of the Organization. The Organization considers the following factors in making a determination to expend donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

There were no changes in endowment assets for the years ended June 30, 2018 and 2017.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain in perpetuity. These deficiencies generally result from unfavorable market declines in the Organization's endowment investments and are reported as reductions to unrestricted net assets. There were no endowment fund deficiencies at June 30, 2018 and 2017.

Investment Objective and Risk Parameters: The Organization has adopted investment policies for endowment assets that attempt to provide for moderate current income to fund programs supported by the endowment assets. Under the policy approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce market interest returns, while assuming a minimal level of investment risk. The Organization expects its endowment assets, over time, to provide an average rate of return of approximately 3% annually. Actual returns in any given year may vary from this amount.

Strategies for Achieving Investment Objectives: To satisfy its investment rate of return objectives, the Organization relies on a conservative strategy to produce investment returns from current earnings (interest and dividends) rather than market appreciation. The Organization has a passive investment policy that performs reallocations on a quarterly basis.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE G - PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS (Continued)

Spending Policy: The Organization does not have a policy for appropriating expenditures from endowment assets beyond investment income. This is consistent with the Organization's objective to maintain the endowment assets in perpetuity and provide additional growth through new gifts.

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Inputs are unobservable for the assets or liabilities.

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

Items Measured at Fair Value on a Recurring Basis: The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820:

*Mutual funds:* Valued at the net asset value ("NAV") of the shares held by the Organization at year end as reported on a national stock exchange.

*Exchange traded funds:* Valued at the closing price of the funds as reported on a national stock exchange.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies during the years ended June 30, 2018 and 2017.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value of Assets and Liabilities: The Organization's financial assets measured at fair value on a recurring basis at June 30, 2018 and 2017, were all Level 1 assets and are summarized as follows:

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Mutual funds		
Equity	\$ 2,548	\$ 7,476
Fixed income	896,875	938,098
Exchange traded funds		
Equity	3,650,246	3,735,776
Fixed income	<u>1,488,586</u>	<u>1,536,943</u>
Total Fair Value	<u>\$ 6,038,255</u>	<u>\$ 6,218,293</u>

There were no liabilities measured at fair value on a recurring basis at June 30, 2018 and 2017.

NOTE I - RETIREMENT PLAN

The Organization administers a 401(k) retirement plan (the "Plan") that was adopted on January 1, 2007, and subsequently amended on July 1, 2009. Employees are eligible to participate in the Plan after completing one year of service and may contribute a maximum of 25% of their pre-tax annual compensation, as defined in the Plan, up to the maximum allowable limits established by the Internal Revenue Code. Participants who turn 50 during the plan year may make additional pre-tax contributions pursuant to the Catch-Up Elective Contributions of the Internal Revenue Service regulations. The Organization may make matching or discretionary contributions to the Plan. Currently, employees receive safe harbor matching contributions of 100% of salary deferrals up to 3% of total compensation, plus 50% matching contributions on salary deferrals from 3% to 5% of total compensation. The matching contributions by the Organization to the Plan for the years ended June 30, 2018 and 2017, were \$65,850 and \$70,856, respectively. No discretionary contributions were made for 2018 or 2017.

NOTE J - RELATED PARTY TRANSACTIONS

The Organization conducts general business transactions with various companies that have Board member affiliations. In addition, several board members made cash contributions to the Organization. The Board of Directors is made aware of these transactions and none of these transactions are material to the consolidated financial statements.

NOTE K - COMMITMENTS AND CONTINGENCY

Operating Leases: The Organization conducts its operations from several facilities that are leased with various expiration dates through June 2035 with the option of renewing through 2045 if conditional requirements are met. Certain of the facilities leased by the Organization require annual rental payments of one dollar and reimbursement for common area maintenance expenses. The difference between the

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE K - COMMITMENTS AND CONTINGENCY (Continued)

estimated fair value rental of these facilities and the one dollar rental paid by the Organization is recorded as contribution revenue and in-kind rent expense. The required rental payments are recorded as rent expense. The Organization incurred \$357,151 and \$355,099 in rent expense and recorded \$377,270 and \$609,252 for in-kind rent expense for the years ended June 30, 2018 and 2017, respectively.

The approximate minimum future rental payments, including required common area maintenance expense, under non-cancelable operating leases at June 30, 2018, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2019	\$ 312,000
2020	273,000
2021	203,000
2022	176,000
2023	173,000
Thereafter	<u>1,402,000</u>
	<u>\$ 2,539,000</u>

Contingency: At June 30, 2018, the Organization is a party to a lawsuit. Management, in consultation with legal counsel, believes that any costs incurred related to this case will be fully covered by insurance.

## **CONSOLIDATING INFORMATION**



## ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2018

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 323,010	\$ 64,515	\$ -	\$ 387,525
Investments	2,548	5,975,064	-	5,977,612
Accounts receivable, net	1,009,453	-	-	1,009,453
Prepaid expenses	64,110	-	-	64,110
TOTAL CURRENT ASSETS	<u>1,399,121</u>	<u>6,039,579</u>	<u>-</u>	<u>7,438,700</u>
PROPERTY AND EQUIPMENT, net	1,999,185	-	-	1,999,185
<b>OTHER ASSETS</b>				
Donated assets held for sale	3,390	-	-	3,390
Deposits and other assets	8,837	-	-	8,837
Long-term investments	-	60,643	-	60,643
	<u>12,227</u>	<u>60,643</u>	<u>-</u>	<u>72,870</u>
	<u>\$ 3,410,533</u>	<u>\$ 6,100,222</u>	<u>\$ -</u>	<u>\$ 9,510,755</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 132,081	\$ -	\$ -	\$ 132,081
Accrued expenses	189,385	-	-	189,385
Deferred revenue	5,000	-	-	5,000
Line of credit	180,000	-	-	180,000
Current portion of note payable	986	-	-	986
TOTAL CURRENT LIABILITIES	<u>507,452</u>	<u>-</u>	<u>-</u>	<u>507,452</u>
<b>NET ASSETS</b>				
Unrestricted	2,560,925	6,039,579	-	8,600,504
Temporarily restricted	342,156	-	-	342,156
Permanently restricted	-	60,643	-	60,643
TOTAL NET ASSETS	<u>2,903,081</u>	<u>6,100,222</u>	<u>-</u>	<u>9,003,303</u>
	<u>\$ 3,410,533</u>	<u>\$ 6,100,222</u>	<u>\$ -</u>	<u>\$ 9,510,755</u>

## ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2017

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 222,229	\$ 13,983	\$ -	\$ 236,212
Investments	7,476	6,150,174	-	6,157,650
Accounts receivable, net	665,447	-	-	665,447
Prepaid expenses	62,221	-	-	62,221
TOTAL CURRENT ASSETS	<u>957,373</u>	<u>6,164,157</u>	<u>-</u>	<u>7,121,530</u>
PROPERTY AND EQUIPMENT, net	2,110,091	-	-	2,110,091
<b>OTHER ASSETS</b>				
Donated assets held for sale	3,390	-	-	3,390
Deposits and other assets	8,837	-	-	8,837
Long-term investments	-	60,643	-	60,643
	<u>12,227</u>	<u>60,643</u>	<u>-</u>	<u>72,870</u>
	<u>\$ 3,079,691</u>	<u>\$ 6,224,800</u>	<u>\$ -</u>	<u>\$ 9,304,491</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 98,069	\$ -	\$ -	\$ 98,069
Accrued expenses	177,178	-	-	177,178
Deferred revenue	700	-	-	700
Line of credit	380,000	-	-	380,000
Current portion of note payable	5,917	-	-	5,917
TOTAL CURRENT LIABILITIES	<u>661,864</u>	<u>-</u>	<u>-</u>	<u>661,864</u>
NOTE PAYABLE, net of current portion	<u>986</u>	<u>-</u>	<u>-</u>	<u>986</u>
TOTAL LIABILITIES	<u>662,850</u>	<u>-</u>	<u>-</u>	<u>662,850</u>
<b>NET ASSETS</b>				
Unrestricted	2,187,288	6,164,157	-	8,351,445
Temporarily restricted	229,553	-	-	229,553
Permanently restricted	-	60,643	-	60,643
TOTAL NET ASSETS	<u>2,416,841</u>	<u>6,224,800</u>	<u>-</u>	<u>8,641,641</u>
	<u>\$ 3,079,691</u>	<u>\$ 6,224,800</u>	<u>\$ -</u>	<u>\$ 9,304,491</u>

## ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

## CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>REVENUE AND OTHER SUPPORT</b>				
Program services	\$ 4,431,895	\$ -	\$ -	\$ 4,431,895
Contributions	2,323,957	-	(519,583)	1,804,374
Government grants	756,100	-	-	756,100
United Way	210,244	-	-	210,244
Special events	134,226	-	-	134,226
Dividend and interest income	77	129,105	-	129,182
Realized and unrealized gains	38	292,521	-	292,559
Other revenue	5,032	-	-	5,032
	<u>7,861,569</u>	<u>421,626</u>	<u>(519,583)</u>	<u>7,763,612</u>
<b>EXPENSES</b>				
Program services				
Special program				
Daycare	4,816,863	-	-	4,816,863
Patient and family services				
Family consultants	1,077,503	-	-	1,077,503
Case management	311,791	-	-	311,791
Crisis line	29,940	-	-	29,940
Other services				
Education and training	428,683	-	-	428,683
Volunteer services	50,179	-	-	50,179
Total program services	<u>6,714,959</u>	<u>-</u>	<u>-</u>	<u>6,714,959</u>
Supporting services				
Management and general	212,886	26,621	-	239,507
Fundraising	447,484	-	-	447,484
Contribution to Alzheimer's Community Care, Inc.	-	519,583	(519,583)	-
Total supporting services	<u>660,370</u>	<u>546,204</u>	<u>(519,583)</u>	<u>686,991</u>
Total expenses	<u>7,375,329</u>	<u>546,204</u>	<u>(519,583)</u>	<u>7,401,950</u>
	<u>486,240</u>	<u>(124,578)</u>	<u>-</u>	<u>361,662</u>
Net assets, beginning of year	<u>2,416,841</u>	<u>6,224,800</u>	<u>-</u>	<u>8,641,641</u>
Net assets, end of year	<u>\$ 2,903,081</u>	<u>\$ 6,100,222</u>	<u>\$ -</u>	<u>\$ 9,003,303</u>

## ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

## CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>REVENUE AND OTHER SUPPORT</b>				
Program services	\$ 4,248,539	\$ -	\$ -	\$ 4,248,539
Contributions	2,653,907	3,191	(1,068,902)	1,588,196
Government grants	794,180	-	-	794,180
United Way	141,000	-	-	141,000
Special events	233,327	-	-	233,327
Dividend and interest income	774	139,441	-	140,215
Realized and unrealized gains	269	527,441	-	527,710
Other revenue	27,050	-	-	27,050
	<u>8,099,046</u>	<u>670,073</u>	<u>(1,068,902)</u>	<u>7,700,217</u>
<b>EXPENSES</b>				
Program services				
Special program				
Daycare	5,037,548	-	-	5,037,548
Patient and family services				
Family consultants	1,264,513	-	-	1,264,513
Case management	364,081	-	-	364,081
Crisis line	29,283	-	-	29,283
Other services				
Education and training	479,688	-	-	479,688
Volunteer services	67,683	-	-	67,683
Total program services	<u>7,242,796</u>	<u>-</u>	<u>-</u>	<u>7,242,796</u>
Supporting services				
Management and general	177,779	30,019	-	207,798
Fundraising	420,090	-	-	420,090
Contribution to Alzheimer's Community Care, Inc.	-	1,068,902	(1,068,902)	-
Total supporting services	<u>597,869</u>	<u>1,098,921</u>	<u>(1,068,902)</u>	<u>627,888</u>
Total expenses	<u>7,840,665</u>	<u>1,098,921</u>	<u>(1,068,902)</u>	<u>7,870,684</u>
	<u>258,381</u>	<u>(428,848)</u>	<u>-</u>	<u>(170,467)</u>
Net assets, beginning of year	<u>2,158,460</u>	<u>6,653,648</u>	<u>-</u>	<u>8,812,108</u>
	<u>\$ 2,416,841</u>	<u>\$ 6,224,800</u>	<u>\$ -</u>	<u>\$ 8,641,641</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended June 30, 2018

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>OPERATING ACTIVITIES</b>				
Increase (decrease) in net assets	\$ 486,240	\$ (124,578)	\$ -	\$ 361,662
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities				
Depreciation and amortization	153,616	-	-	153,616
Provision for doubtful accounts	5,613	-	-	5,613
Realized and unrealized gains	(38)	(292,521)	-	(292,559)
Changes in operating assets and liabilities				
Accounts receivable	(349,619)	-	-	(349,619)
Prepaid expenses	(1,889)	-	-	(1,889)
Accounts payable	34,012	-	-	34,012
Accrued expenses	12,207	-	-	12,207
Deferred revenue	4,300	-	-	4,300
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	344,442	(417,099)	-	(72,657)
<b>INVESTING ACTIVITIES</b>				
Sales and maturities of investments	4,966	640,371	-	645,337
Purchases of investments	-	(172,740)	-	(172,740)
Purchases of property and equipment	(42,710)	-	-	(42,710)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(37,744)	467,631	-	429,887
<b>FINANCING ACTIVITIES</b>				
Principal repayments on note payable	(5,917)	-	-	(5,917)
Borrowings on line of credit	150,000	-	-	150,000
Repayments on line of credit	(350,000)	-	-	(350,000)
NET CASH USED IN FINANCING ACTIVITIES	(205,917)	-	-	(205,917)
Increase in cash and cash equivalents	100,781	50,532	-	151,313
Cash and cash equivalents, beginning of year	222,229	13,983	-	236,212
Cash and cash equivalents, end of year	<u>\$ 323,010</u>	<u>\$ 64,515</u>	<u>\$ -</u>	<u>\$ 387,525</u>

## ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

## CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended June 30, 2017

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>OPERATING ACTIVITIES</b>				
Increase (decrease) in net assets	\$ 258,381	\$ (428,848)	\$ -	\$ (170,467)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities				
Depreciation and amortization	141,424	-	-	141,424
Write-off pledge receivable	3,223	-	-	3,223
Realized and unrealized gains	(269)	(527,441)	-	(527,710)
Changes in operating assets and liabilities				
Accounts receivable	104,964	-	-	104,964
Contributions receivable	75,000	-	-	75,000
Prepaid expenses	33,862	-	-	33,862
Deposits and other assets	(117)	-	-	(117)
Accounts payable	(59,593)	-	-	(59,593)
Accrued expenses	(123,707)	-	-	(123,707)
Deferred revenue	(2,600)	-	-	(2,600)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	430,568	(956,289)	-	(525,721)
<b>INVESTING ACTIVITIES</b>				
Sales and maturities of investments	-	1,265,995	-	1,265,995
Purchases of investments	(789)	(314,360)	-	(315,149)
Purchases of property and equipment	(418,443)	-	-	(418,443)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(419,232)	951,635	-	532,403
<b>FINANCING ACTIVITIES</b>				
Principal repayments on note payable	(5,917)	-	-	(5,917)
Borrowing on line of credit	450,000	-	-	450,000
Repayments on line of credit	(500,000)	-	-	(500,000)
NET CASH USED IN FINANCING ACTIVITIES	(55,917)	-	-	(55,917)
Decrease in cash and cash equivalents	(44,581)	(4,654)	-	(49,235)
Cash and cash equivalents, beginning of year	266,810	18,637	-	285,447
Cash and cash equivalents, end of year	\$ 222,229	\$ 13,983	\$ -	\$ 236,212