

**THE RIVERSIDE FOUNDATION**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

# THE RIVERSIDE FOUNDATION

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**The Riverside Foundation**

We have audited the accompanying financial statements of The Riverside Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 2016 financial statements referred to above present fairly, in all material respects, the financial position of The Riverside Foundation as of June 30, 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Prior Period Financial Statements*

The financial statements of The Riverside Foundation as of June 30, 2015 and for the year then ended, were audited by Frost, Ruttenberg and Rothblatt, P.C., whose practice was combined with Marcum LLP as of November 1, 2015, and whose report dated December 9, 2015, expressed an unmodified opinion on the financial statements.

## *Disclaimer of Opinion on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2016 schedules of revenues and expenditures on pages 18 through 21, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it. The 2015 supplementary information was compiled by Frost, Ruttenberg and Rothblatt, P.C., whose report dated December 9, 2015 stated that they did not audit the 2015 supplementary information and, accordingly, they did not express an opinion, a conclusion, nor provided any form of assurance on the 2015 supplementary information.

*Marcum LLP*

Deerfield, IL  
April 12, 2017

# THE RIVERSIDE FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	2016	2015
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 761,122	\$ 1,656,157
Accounts receivable, net of allowance for doubtful accounts of \$350,000 and \$250,000, respectively	2,279,702	1,909,932
Other current assets	<u>9,913</u>	<u>5,398</u>
<b>Total Current Assets</b>	<u>3,050,737</u>	<u>3,571,487</u>
<b>Property, Plant and Equipment</b>		
Land	403,000	403,000
Building and improvements	2,669,154	2,650,654
Leasehold improvements	939,615	866,418
Vehicles	356,474	343,089
Furniture and equipment	690,771	655,809
Equipment	<u>340,405</u>	<u>303,292</u>
<b>Total Cost</b>	5,399,419	5,222,262
Less: Accumulated depreciation	<u>(3,793,685)</u>	<u>(3,581,364)</u>
<b>Property, Plant and Equipment, Net</b>	<u>1,605,734</u>	<u>1,640,898</u>
<b>Other Assets</b>		
Deferred compensation - investments	254,826	254,299
Other non-current assets	<u>17,000</u>	<u>17,000</u>
<b>Total Other Assets</b>	<u>271,826</u>	<u>271,299</u>
<b>Total Assets</b>	<u>\$ 4,928,297</u>	<u>\$ 5,483,684</u>

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

**THE RIVERSIDE FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2016 AND 2015**

	2016	2015
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt	\$ 32,773	\$ 31,100
Accounts payable	98,210	86,328
Accrued expenses		
Accrued wages and bonus	138,436	149,399
Interest payable	2,562	2,562
Accrued vacation	82,253	82,253
Due to others	14,982	14,982
Other current liabilities	6,109	--
<b>Total Current Liabilities</b>	<u>375,325</u>	<u>366,624</u>
<b>Long-Term Liabilities</b>		
Long-term debt - mortgage, net of current portion	521,933	554,499
Deferred compensation - officers	254,826	254,299
<b>Total Long-Term Liabilities</b>	<u>776,759</u>	<u>808,798</u>
<b>Total Liabilities</b>	<u>1,152,084</u>	<u>1,175,422</u>
<b>Net Assets</b>		
Unrestricted	2,860,719	3,901,625
Unrestricted - board designated	851,512	341,837
Temporarily restricted	63,982	64,800
<b>Total Net Assets</b>	<u>3,776,213</u>	<u>4,308,262</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 4,928,297</u>	<u>\$ 5,483,684</u>

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

# THE RIVERSIDE FOUNDATION

## STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
<b>Changes in Unrestricted Net Assets</b>		
<b>Resident Income</b>		
Public aid, Social Security and Veterans Affairs	\$ 5,906,113	\$ 6,246,254
DPA Mt. St. Joseph	192,906	197,151
Private	13,494	19,584
Public aid - retroactive rate adjustment - see note 2	--	538,238
Other resident income	<u>30,387</u>	<u>80,174</u>
<b>Total Resident Income</b>	<u>6,142,900</u>	<u>7,081,401</u>
<b>Operating Expenses</b>		
Nursing service	1,010,500	991,489
Social service	115,235	117,857
Program service	2,022,889	1,964,819
Dietary	681,411	655,389
Laundry and linen	133,286	124,135
Housekeeping	184,595	193,526
Building maintenance	859,485	797,575
Administration	1,029,354	1,149,564
Employee welfare	720,806	704,057
Taxes and interest	<u>338,085</u>	<u>303,812</u>
<b>Total Operating Expenses</b>	<u>7,095,646</u>	<u>7,002,223</u>
<b>Net Operating Income (Loss)</b>	<u>(952,746)</u>	<u>79,178</u>
<b>Other Income</b>		
Contributions and fundraising, net	370,769	387,808
Grants	15,180	18,000
Interest income	6,610	15,172
Other income	2,818	517
Net assets released from restriction	<u>26,138</u>	<u>14,200</u>
<b>Total Other Income</b>	<u>421,515</u>	<u>435,697</u>
<b>Change in Unrestricted Net Assets</b>	<u>(531,231)</u>	<u>514,875</u>

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

**THE RIVERSIDE FOUNDATION**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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	2016	2015
<b>Changes in Temporarily Restricted Net Assets</b>		
Grants	\$ 25,320	\$ 9,000
Net assets released from restriction	<u>(26,138)</u>	<u>(14,200)</u>
<b>Change in Temporarily Restricted Net Assets</b>	<u>(818)</u>	<u>(5,200)</u>
<b>Change in Net Assets</b>	(532,049)	509,675
<b>Net Assets - Beginning</b>	<u>4,308,262</u>	<u>3,798,587</u>
<b>Net Assets - Ending</b>	<u><u>\$ 3,776,213</u></u>	<u><u>\$ 4,308,262</u></u>

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

# THE RIVERSIDE FOUNDATION

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (532,049)	\$ 509,675
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	212,321	192,359
Bad debt expense	100,000	250,000
Change in operating assets and liabilities:		
Accounts receivable	(469,770)	(966,346)
Prepaid expenses and other current assets	(4,513)	5,632
Accounts payable	11,880	(11,660)
Accrued expenses and other current liabilities	(4,854)	20,667
Total Adjustments	(154,936)	(509,348)
<b>Net Cash (Used in) Provided by Operating Activities</b>	(686,985)	327
<b>Cash Flows From Investing Activities</b>		
Acquisition of property and equipment	(177,157)	(165,521)
<b>Net Cash Used in Investing Activities</b>	(177,157)	(165,521)
<b>Cash Flows From Financing Activities</b>		
Payments on long-term debt	(30,893)	(29,316)
<b>Net Cash Used in Financing Activities</b>	(30,893)	(29,316)
<b>Net Decrease in Cash and Cash Equivalents</b>	(895,035)	(194,510)
<b>Cash and Cash Equivalents - Beginning</b>	1,656,157	1,850,667
<b>Cash and Cash Equivalents - Ending</b>	\$ 761,122	\$ 1,656,157

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

# THE RIVERSIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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### NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *NATURE OF OPERATIONS*

The Riverside Foundation (the "Organization") is an Illinois non-profit corporation which operates a facility located in Lincolnshire, Illinois and is licensed annually by the Illinois Department of Public Health ("IDPH").

The Organization provides care and housing for adults with developmental disabilities in a 97 bed Intermediate Care Facility ("ICF")/ Mental Retardation ("MR") facility. This includes, but is not limited to active treatment, medical treatment, and the general well-being of all clients. The Organization also provides a developmental training program that serves the residents of the facility as well as adults from another ICF/MR facility and individuals living in the community.

In April 2015, the Organization started providing a new service called Community Integrated Living Arrangements ("CILA"). CILA are group homes that let residents live independently while still receiving assistance from the Organization. As of June 30, 2016, the Organization operates two CILA homes with 8 residents. Subsequent to year end, the Organization opened a third CILA home.

#### *CASH FLOWS*

The Organization considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

Cash flows from operating activities reflect cash payments for interest of \$30,293 and \$31,660 for the years ended June 30, 2016 and 2015.

#### *CASH BALANCES IN EXCESS OF INSURED AMOUNTS*

The Organization maintains its cash in accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses due to these limits.

#### *INVESTMENTS*

Investments in marketable securities are carried at fair value based upon quoted market prices. Purchases and sales of securities are recorded on a trade-date basis. Realized and unrealized gains and losses and investment income and losses derived from investment transactions are included as revenue in the year earned.

# THE RIVERSIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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### NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *ACCOUNTS RECEIVABLE, NET*

Accounts receivable consists of charges to residents for products and services delivered, for developmentally disabled individuals for rehabilitation services provided to them directly, and various government agencies for job placement and rehabilitation services provided to disabled individuals. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to the change in unrestricted net assets and a credit to the valuation allowance based on its assessment of the current status of individual accounts. The Organization has deemed that an allowance for doubtful accounts of \$350,000 and \$250,000, respectively, for the years ended June 30, 2016 and 2015 is necessary. Balances that are still outstanding after management has used reasonable collection efforts are considered past due and are written off through a charge to the valuation allowance and a credit to accounts receivable. Interest is not assessed on balances outstanding.

#### *INCOME TAXES*

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, the Organization has made no provision for income taxes in the accompanying financial statements. Income unrelated to the Organization's exempt purpose would be subject to federal and state taxes.

U.S. GAAP requires management to evaluate the tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition of a tax liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management does not believe there is any unrelated business income.

The Organization accounts for any potential interest or penalties related to the possible future liabilities for unrecognized income tax benefits as other expense.

# THE RIVERSIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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#### NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *PROPERTY AND EQUIPMENT AND DEPRECIATION AND AMORTIZATION*

Property and equipment are carried at cost. It is the Organization's policy to capitalize expenditures for long-lived assets if they are over \$500 and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period.

Depreciation expense for the year ended June 30, 2016 and 2015 was \$212,321 and \$192,359, respectively. Depreciation is provided using the straight-line method over the following estimated useful lives:

	Years
Building and improvements	10-30
Leasehold improvements	10
Vehicles	5
Furniture and fixtures	10
Equipment	10

Leasehold improvements are amortized over the shorter of the lease term or estimated useful life.

##### *CLASSES OF NET ASSETS*

The accounts of the Organization are maintained in accordance with the principles of fund accounting, whereby resources are classified for accounting and reporting purposes into net assets established according to their nature and purposes.

##### *Unrestricted Net Assets*

Represents the portion of expendable funds that are available for the daily operations of the Organization, which are not limited by donor restriction on use.

##### *Unrestricted Net Assets-Board Designated*

Consists of board-designated funds to support its long-term objectives, plans and requirements. The fund was created using operating cash and receivables. Additions to the fund and any use of board-designated funds must be approved by the board of directors. During 2016, an additional \$509,675 was assigned to the Board Designated fund.

# THE RIVERSIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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### NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *CLASSES OF NET ASSETS (CONTINUED)*

##### *Temporarily Restricted Net Assets*

Consists of donor-restricted contributions received with purpose restrictions related to future expenditures for Community Integrated Living Arrangements (“CILA”). Upon satisfaction of the purpose restrictions, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

##### *Permanently Restricted Net Assets*

Consists of donor-restricted contributions requiring that the principal be invested in perpetuity with the income to be used only for certain purposes. The Organization does not have any permanently restricted net assets.

#### *FUNCTIONAL EXPENSES*

The cost of providing the various programs and other activities has been summarized on an operational basis in the statement of activities. These costs have been summarized on a functional basis between programs and supporting services benefited for the years ended June 30, 2016 and 2015 as follows:

	2016	2015
Program	\$5,620,086	\$5,443,238
Supporting Services	<u>1,475,560</u>	<u>1,558,985</u>
<b>Total</b>	<u>\$7,095,646</u>	<u>\$7,002,223</u>

#### *USE OF ESTIMATES*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While actual results may differ from those estimates, management does not expect the differences, if any, to have a material effect on the financial statements.

# THE RIVERSIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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### NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *DATE OF MANAGEMENT'S REVIEW*

The Organization evaluated all significant events or transactions that occurred through April 12, 2017 the date the financial statements were available to be issued.

### NOTE 2 - REVENUE RECOGNITION

Revenue and the related accounts receivable is recognized for each day a resident resides in the facility or for each month or part of a month an individual is enrolled in the developmental training program. The amounts are based on a reimbursement methodology determined by the rules and regulations of the applicable third-party payor or by the facility for private pay residents. The third-party payor rules and regulations and required record keeping and documentation requirements are complex and noncompliance may result in delay, adjustment or loss of revenue.

A majority of the Organization's revenue is based on the rules of the following third-party payor:

Healthcare and Family Services ("HFS") – the Medicaid program – A daily rate, \$130.03 and \$146.33 as of July 1, 2015 and 2014, respectively, is established utilizing three components – capital, support and nursing services. The daily rate is determined after the timely filing of an annual cost report. Amounts billed under the Medicaid program can take 60-120 days or more for collection. The amounts paid are subject to audit and are frequently adjusted on a retroactive basis, normally for a period of one to two years. In addition to the daily rate, a monthly rate of \$916.98 for 2016 and 2015 is established prospectively in a reimbursement contract with HFS. This contract, which is renewed annually, is for the operation of the developmental training program of the Organization. This contract is subject to audit by the granting agency. The Organization believes that no significant adjustment will arise from an audit.

Monthly revenue received for the CILA homes is based on annual resident contract amounts and is received from public aid, Social Security, VA and private pay. Rates are based upon resident needs and range from \$53,000 to \$67,000 per resident, per year. The Organization receives a one-time fee of \$2,500 per resident for personal furnishings. Additional revenue for the operations of the CILA homes is funded through contributions and grants.

# THE RIVERSIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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#### NOTE 2 - REVENUE RECOGNITION (CONTINUED)

In October 2014, the Organization received a lump sum payment of \$672,797 for a retroactive rate adjustment back to July 1, 2013. As a result, the new daily rate for July 1, 2013 was \$146.33. Of this amount, \$538,238 has been reflected as other resident income on the statement of activities for the year ended June 30, 2015 as this amount reflects an estimate of the rate change for July 1, 2013 through June 30, 2014. The remaining \$134,559 has been included in resident income for the year ended June 30, 2015. In October 2015, the Organization received notification that the rate increase issued in 2014 was in error. The rate was adjusted back to \$130.03. The State of Illinois has not requested a return of funds for the error.

Contributions, including unconditional promises to give, are reported at fair value when received. All contributions are available for unrestricted use unless explicit donor stipulations specify how or when the contributions may be used. Donor-restricted contributions whose restrictions have been met in the same reporting period are reported as unrestricted support. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows, using risk-free interest rates applicable to those years in which the promises are to be received.

#### NOTE 3 - LINES OF CREDIT

The Organization has a \$250,000 line of credit arrangement with Baxter Credit Union which is secured by the building. The line of credit matures on October 1, 2017 and has a stated interest rate of 6.0%. The Organization did not have a balance on the line of credit as of June 30, 2016 and 2015.

The Organization also has a \$500,000 line of credit arrangement with Baxter Credit Union which is secured by the building. The line of credit matures on October 1, 2017 and has a stated interest rate of 5.0%. The Organization did not have a balance on the line of credit as of June 30, 2016 and 2015.

# THE RIVERSIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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#### NOTE 4 - NOTE PAYABLE - MORTGAGE

In September 2008, the Organization entered into a note payable – mortgage agreement for \$750,000. The note was payable in monthly installments of principal and interest payments of \$5,268 with interest at a rate of 5.75%. In October 2012, the loan was modified resulting in a change in rate to 5.25% and monthly principal and interest payments of \$5,075. The note matures on November 1, 2017 and is secured by the building.

Maturities of the note payable as of June 30, 2016 in the aggregate and for each of the next three years are as follows:

For the Years Ended June 30,	Amount
2017	\$ 32,773
2018	<u>521,933</u>
<b>Total</b>	554,706
Less: current portion	<u>(32,773)</u>
<b>Long-Term Portion</b>	<u>\$521,933</u>

Interest expense related to the note payable for the years ended June 30, 2016 and 2015 was \$30,165 and \$31,532, respectively.

#### NOTE 5 - FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Organization's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). The levels of the fair value hierarchy are as follows:

##### *Level 1*

Inputs are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

##### *Level 2*

Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

# THE RIVERSIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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### NOTE 5 - FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

#### *Level 3*

Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

#### *Mutual Funds*

Mutual funds are valued at the quoted price for shares held by the Organization and are generally categorized in Level 1 of the fair value hierarchy.

The following table provides information as of June 30, 2016 and 2015, about the Organization's investments measured at fair value on a recurring basis:

Description	June 30, 2016 (Level 1)	June 30, 2015 (Level 1)
Mutual funds:		
Money market	\$ 86,844	\$ 86,686
Equities:		
Domestic – large cap stock	59,859	61,211
Mixed stock and debt funds	21,984	20,752
International	38,178	39,108
Domestic –mid/small cap stock	28,770	29,389
Bonds:		
Bond fund – long-term	19,191	17,153
<b>Total</b>	<u>\$ 254,826</u>	<u>\$ 254,299</u>

# THE RIVERSIDE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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#### NOTE 5 - FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

The Organization's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstance that caused the transfer. The Organization had no transfers into or out of levels of the fair value hierarchy during the years ended June 30, 2016 and 2015.

#### NOTE 6 - LEASES

The Organization has entered into a lease agreement for its developmental training program. Under the terms of the lease, monthly rent is payable in advance and increases ratably over its term. The Organization is also responsible for a portion of the real estate taxes and minor maintenance. The lease expired July 31, 2015. The Organization also is a co-signor for the three CILA homes. Under the terms of the leases, monthly rent is payable in advance and the Organization and tenants are responsible for all repairs to the properties. The leases expire on various dates between July 2016 and April 2017 and are renewable annually.

Rent expense for the years ended June 30, 2016 and 2015 totaled \$253,317 and \$227,885, respectively. Rent expense includes maintenance fees and real estate taxes.

Subsequent to year end, the leases for its developmental training program and one of the CILA homes were renewed under substantially the same terms with expiration dates of July 31, 2020, and July 31, 2017, respectively.

Future minimum annual rental payments to be paid by the Organization, in the aggregate and for the next four years are as follows:

<u>For the Years Ended June 30,</u>	<u>Amount</u>
2017	\$210,897
2018	173,720
2019	177,433
2020	<u>15,531</u>
<b>Total</b>	<b><u>\$577,581</u></b>

# **THE RIVERSIDE FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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### **NOTE 7 - NON-QUALIFIED DEFERRED COMPENSATION**

In prior years, the Organization established a deferred compensation plan for the executive director and associate director. The plan is governed by Section 457 of the Internal Revenue Code. Under this non-qualified deferral agreement, the assets associated with the deferred compensation amount remain the property of the Organization. The Organization invested these funds on behalf of the eligible employees in money market and mutual fund accounts, primarily consisting of domestic stock and bond funds. The investments are stated at fair market value at the end of the year based on unadjusted quoted prices for identical assets in active markets. In addition to carrying this investment as a non-current asset, the Organization records a corresponding liability captioned deferred compensation. The Organization recognizes no revenue for this non-qualified deferred compensation plan. The plan provides for annual contributions on behalf of the participants. Under the terms of the agreement, the compensation to be paid will equal the assets held in the cash and investment accounts. The Organization made no contributions to the plan for the years ended June 30, 2016 and 2015. The Board of Directors voted to freeze the plan in 2010.

### **NOTE 8 - FUNDRAISING EXPENSES**

The Organization incurred \$90,315 and \$85,491 in fundraising expenses for the years ended June 30, 2016 and 2015, respectively. These amounts have been included on the statement of activities with contributions and fundraising, net.

### **NOTE 9 - ASSESSMENT PROVIDER TAX**

The Organization is responsible for the assessment provider tax. The state of Illinois collects the assessment provider tax from ICF/MR facilities in Illinois. Total provider assessment taxes for the years ended June 30, 2016 and 2015 was \$307,920 and \$272,280, respectively.

**THE RIVERSIDE FOUNDATION**  
**SCHEDULES OF REVENUES AND EXPENDITURES**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Resident Income</b>								
Public aid, Social Security and Veterans Affairs	\$ 4,466,964	\$ 5,108,192	\$ 1,012,346	\$ 1,060,946	\$ 426,803	\$ 77,116	\$ 5,906,113	\$ 6,246,254
DPA Mt. St. Joseph	1,834	--	191,072	197,151	--	--	192,906	197,151
Private	--	--	13,494	19,584	--	--	13,494	19,584
Public aid - retroactive rate adjustment	--	538,238	--	--	--	--	--	538,238
Other resident income	21,926	66,951	8,244	13,223	217	--	30,387	80,174
<b>Total Resident Income</b>	<u>4,490,724</u>	<u>5,713,381</u>	<u>1,225,156</u>	<u>1,290,904</u>	<u>427,020</u>	<u>77,116</u>	<u>6,142,900</u>	<u>7,081,401</u>
<b>Operating Expenses</b>								
Nursing services:								
Wages - skilled	435,732	517,143	40,082	36,548	27,371	--	503,185	553,691
Wages - aides	338,970	303,333	--	--	--	--	338,970	303,333
Contracted - services	123,058	98,492	--	--	58	--	123,116	98,492
Nursing supplies	43,599	34,905	86	168	1,544	900	45,229	35,973
<b>Total Nursing Service</b>	<u>941,359</u>	<u>953,873</u>	<u>40,168</u>	<u>36,716</u>	<u>28,973</u>	<u>900</u>	<u>1,010,500</u>	<u>991,489</u>
Social service:								
Wages - staff	75,348	67,486	--	--	--	--	75,348	67,486
Resident welfare	37,308	50,191	--	--	2,579	180	39,887	50,371
<b>Total Social Service</b>	<u>112,656</u>	<u>117,677</u>	<u>--</u>	<u>--</u>	<u>2,579</u>	<u>180</u>	<u>115,235</u>	<u>117,857</u>
Program services:								
Wages - production	--	--	52,258	75,607	--	--	52,258	75,607
Wages - staff	1,015,575	1,191,148	508,353	451,520	210,897	33,920	1,734,825	1,676,588
Wages - clients	--	--	3,015	2,011	--	--	3,015	2,011
Contracted services	78,169	67,800	122	--	--	--	78,291	67,800
Transportation	--	51	120,845	106,851	--	--	120,845	106,902
Supplies	18,148	26,680	6,050	5,413	8,057	1,698	32,255	33,791
Contractual supplies	--	--	727	942	--	--	727	942
Training supplies	602	898	71	--	--	280	673	1,178
<b>Total Program Services</b>	<u>\$ 1,112,494</u>	<u>\$ 1,286,577</u>	<u>\$ 691,441</u>	<u>\$ 642,344</u>	<u>\$ 218,954</u>	<u>\$ 35,898</u>	<u>\$ 2,022,889</u>	<u>\$ 1,964,819</u>

*See independent auditors' report.*

**THE RIVERSIDE FOUNDATION**

**SCHEDULES OF REVENUES AND EXPENDITURES (CONTINUED)**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Dietary services:								
Wages - kitchen	\$ 397,784	\$ 376,457	\$ --	\$ --	\$ --	\$ --	\$ 397,784	\$ 376,457
Contracted services	14,874	15,762	--	--	--	--	14,874	15,762
Food products	232,344	231,729	40	194	8,060	2,682	240,444	234,605
Kitchen supplies	20,155	21,316	3,939	3,295	3,827	2,547	27,921	27,158
Repairs and maintenance	388	960	--	447	--	--	388	1,407
<b>Total Dietary Services</b>	<u>665,545</u>	<u>646,224</u>	<u>3,979</u>	<u>3,936</u>	<u>11,887</u>	<u>5,229</u>	<u>681,411</u>	<u>655,389</u>
Laundry and linen:								
Wages - staff	52,149	51,031	--	--	--	--	52,149	51,031
Laundry supplies	3,068	2,602	--	--	211	50	3,279	2,652
Linen replacement	1,055	1,372	--	--	639	653	1,694	2,025
Contracted services	73,356	64,600	--	--	--	--	73,356	64,600
Resident laundry	2,808	3,827	--	--	--	--	2,808	3,827
<b>Total Laundry and Linen</b>	<u>132,436</u>	<u>123,432</u>	<u>--</u>	<u>--</u>	<u>850</u>	<u>703</u>	<u>133,286</u>	<u>124,135</u>
Housekeeping:								
Wages - staff	154,148	163,242	--	--	--	--	154,148	163,242
Housekeeping supplies	28,679	29,823	292	106	1,476	355	30,447	30,284
<b>Total Housekeeping</b>	<u>\$ 182,827</u>	<u>\$ 193,065</u>	<u>\$ 292</u>	<u>\$ 106</u>	<u>\$ 1,476</u>	<u>\$ 355</u>	<u>\$ 184,595</u>	<u>\$ 193,526</u>

*See independent auditors' report.*

**THE RIVERSIDE FOUNDATION**

**SCHEDULES OF REVENUES AND EXPENDITURES (CONTINUED)**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
<b>Building maintenance:</b>								
Wages - staff	\$ 85,848	\$ 84,931	\$ 69,583	\$ 65,756	\$ 6,654	\$ --	\$ 162,085	\$ 150,687
Contracted services	51,908	68,017	10,520	8,696	15,335	6,319	77,763	83,032
Maintenance supplies	23,849	20,946	8,797	8,320	5,629	4,479	38,275	33,745
Utilities	91,677	88,579	13,812	14,439	6,460	5,076	111,949	108,094
Rent	--	--	209,937	218,864	43,380	9,021	253,317	227,885
Furnishings	306	409	1,230	975	2,239	389	3,775	1,773
Depreciation	155,203	188,362	48,080	--	9,038	3,997	212,321	192,359
<b>Total Building Maintenance</b>	<u>408,791</u>	<u>451,244</u>	<u>361,959</u>	<u>317,050</u>	<u>88,735</u>	<u>29,281</u>	<u>859,485</u>	<u>797,575</u>
<b>Administration:</b>								
Wages - staff	141,721	168,309	131,540	111,485	9,933	--	283,194	279,794
Wages - office	270,540	285,494	76,705	51,769	8,162	--	355,407	337,263
Contracted services	2,590	2,011	1,116	--	--	--	3,706	2,011
Insurance	36,322	36,580	10,538	10,831	1,374	154	48,234	47,565
Office expenses	38,756	32,535	17,271	12,241	1,716	1,249	57,743	46,025
Automobiles	18,033	16,799	9,218	10,500	6,800	1,778	34,051	29,077
Telephone	15,466	13,376	5,062	4,447	2,538	471	23,066	18,294
Professional fees	104,834	123,172	6,809	3,955	1,162	--	112,805	127,127
Bank charges	7,691	11,490	--	--	--	--	7,691	11,490
Bad debt expense	100,000	250,000	--	--	--	--	100,000	250,000
Miscellaneous expense	2,483	586	830	--	144	333	3,457	918
<b>Total Administration</b>	<u>738,436</u>	<u>940,352</u>	<u>259,089</u>	<u>205,228</u>	<u>31,829</u>	<u>3,985</u>	<u>1,029,354</u>	<u>1,149,564</u>
<b>Employee welfare:</b>								
FICA and unemployment tax	253,255	257,660	57,120	60,604	16,591	2,687	326,966	320,951
Insurance - health and w/c	289,590	281,459	81,327	71,181	3,383	(1,418)	374,300	351,222
Seminar and training	8,223	6,823	1,027	560	--	329	9,250	7,712
Miscellaneous expense	8,741	22,576	1,419	1,353	130	243	10,290	24,172
<b>Total Employee Welfare</b>	<u>\$ 559,809</u>	<u>\$ 568,518</u>	<u>\$ 140,893</u>	<u>\$ 133,698</u>	<u>\$ 20,104</u>	<u>\$ 1,841</u>	<u>\$ 720,806</u>	<u>\$ 704,057</u>

*See independent auditors' report.*

**THE RIVERSIDE FOUNDATION**

**SCHEDULES OF REVENUES AND EXPENDITURES (CONTINUED)**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Taxes and interest:								
Interest expense	\$ 30,165	\$ 31,532	\$ --	\$ --	\$ --	\$ --	\$ 30,165	\$ 31,532
Assessment tax	307,920	272,280	--	--	--	--	307,920	272,280
<b>Total Taxes and Interest</b>	<u>338,085</u>	<u>303,812</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>338,085</u>	<u>303,812</u>
<b>Total Operating Expenses</b>	<u>5,192,438</u>	<u>5,584,774</u>	<u>1,497,821</u>	<u>1,339,078</u>	<u>405,387</u>	<u>78,372</u>	<u>7,095,646</u>	<u>7,002,223</u>
<b>Net Operating Income (Loss)</b>	<u>(701,714)</u>	<u>128,607</u>	<u>(272,665)</u>	<u>(48,174)</u>	<u>21,633</u>	<u>(1,256)</u>	<u>(952,746)</u>	<u>79,178</u>
<b>Other Income</b>								
Contributions and fundraising, net	370,769	387,808	--	--	--	--	370,769	387,808
Grants	40,500	27,000	--	--	--	--	40,500	27,000
Interest income	6,610	15,172	--	--	--	--	6,610	15,172
Other income	2,818	515	--	--	--	--	2,818	517
<b>Total Other Income</b>	<u>420,697</u>	<u>430,495</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>420,697</u>	<u>430,497</u>
<b>Change in Net Assets</b>	<u>\$ (281,017)</u>	<u>\$ 559,102</u>	<u>\$ (272,665)</u>	<u>\$ (48,174)</u>	<u>\$ 21,633</u>	<u>\$ (1,256)</u>	<u>\$ (532,049)</u>	<u>\$ 509,675</u>

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