

THE RIVERSIDE FOUNDATION
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

THE RIVERSIDE FOUNDATION

CONTENTS

Independent Auditors' Report.....	1-2
--	------------

Financial Statements

Statements of Financial Position.....	3-4
Statements of Activities	5-6
Statements of Cash Flows.....	7

Notes to Financial Statements.....	8-18
---	-------------

Supplementary Information

Schedules of Revenues and Expenditures	19-22
--	-------

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, 2017 and 2016 and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 financial statements referred to above present fairly, in all material respects, the financial position of The Riverside Foundation as of June 30, 2017 and 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.

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 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.

Marcum LLP

Deerfield, IL
May 15, 2018

THE RIVERSIDE FOUNDATION
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

Assets	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 72,420	\$ 761,122
Accounts receivable - net of allowance for doubtful accounts	1,432,565	2,279,702
Other current assets	<u>9,921</u>	<u>9,913</u>
Total Current Assets	<u>1,514,906</u>	<u>3,050,737</u>
Property, Plant and Equipment		
Land	403,000	403,000
Building and improvements	2,669,154	2,669,154
Leasehold improvements	954,218	939,615
Vehicles	374,474	356,474
Furniture and equipment	702,428	690,771
Equipment	<u>340,405</u>	<u>340,405</u>
Total Cost	5,443,679	5,399,419
Less: Accumulated depreciation	<u>(4,011,563)</u>	<u>(3,793,685)</u>
Property, Plant and Equipment, Net	<u>1,432,116</u>	<u>1,605,734</u>
Other Assets		
Deferred compensation - investments	37,501	254,826
Other non-current assets	<u>17,000</u>	<u>17,000</u>
Total Other Assets	<u>54,501</u>	<u>271,826</u>
Total Assets	<u>\$ 3,001,523</u>	<u>\$ 4,928,297</u>

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

THE RIVERSIDE FOUNDATION
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

Liabilities and Net Assets	<u>2017</u>	<u>2016</u>
Current Liabilities		
Current portion of long-term debt	\$ 9,064	\$ 32,773
Accounts payable	140,239	98,210
Accrued expenses		
Accrued wages and bonus	152,423	138,436
Interest payable	2,562	2,562
Accrued vacation	82,253	82,253
Due to others	--	14,982
Other current liabilities	<u>32,602</u>	<u>6,109</u>
Total Current Liabilities	<u>419,143</u>	<u>375,325</u>
Long-Term Liabilities		
Line of credit	100,000	--
Long-term debt - mortgage, net of current portion	513,087	521,933
Deferred compensation - officers	<u>37,501</u>	<u>254,826</u>
Total Long-Term Liabilities	<u>650,588</u>	<u>776,759</u>
Total Liabilities	<u>1,069,731</u>	<u>1,152,084</u>
Net Assets		
Unrestricted	1,016,298	2,860,719
Unrestricted - board designated	851,512	851,512
Temporarily restricted	<u>63,982</u>	<u>63,982</u>
Total Net Assets	<u>1,931,792</u>	<u>3,776,213</u>
Total Liabilities and Net Assets	<u><u>\$ 3,001,523</u></u>	<u><u>\$ 4,928,297</u></u>

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

THE RIVERSIDE FOUNDATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Changes in Unrestricted Net Assets		
Resident Income		
Public aid, Social Security and Veterans Affairs	\$ 6,008,158	\$ 5,906,113
DPA Mt. St. Joseph	154,289	192,906
Private	16,818	13,494
Other resident income	119,389	30,387
Total Resident Income	<u>6,298,654</u>	<u>6,142,900</u>
Operating Expenses		
Nursing service	1,058,941	1,010,500
Social service	122,157	115,235
Program service	2,069,012	2,022,889
Dietary	677,241	681,411
Laundry and linen	134,658	133,286
Housekeeping	187,904	184,595
Building maintenance	897,368	859,485
Administration	2,337,032	1,029,354
Employee welfare	713,041	720,806
Taxes and interest	337,478	338,085
Total Operating Expenses	<u>8,534,832</u>	<u>7,095,646</u>
Net Operating Income (Loss)	<u>(2,236,178)</u>	<u>(952,746)</u>
Other Income		
Non-allowable costs:		
Contributions and fundraising, net	367,508	370,769
Grants	--	15,180
Interest income	1,937	6,610
Other income	22,312	2,818
Net assets released from restriction	--	26,138
Total Other Income	<u>391,757</u>	<u>421,515</u>
Change in Unrestricted Net Assets	<u>\$ (1,844,421)</u>	<u>\$ (531,231)</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, 2017 AND 2016

	2017	2016
Changes in Temporarily Restricted Net Assets		
Grants	\$ --	\$ 25,320
Net assets released from restriction	--	(26,138)
Change in Temporarily Restricted Net Assets	--	(818)
Change in Net Assets	(1,844,421)	(532,049)
Net Assets - Beginning	3,776,213	4,308,262
Net Assets - Ending	<u>\$ 1,931,792</u>	<u>\$ 3,776,213</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, 2017 AND 2016

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	\$ (1,844,421)	\$ (532,049)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	199,651	212,321
Bad debt expense	1,419,930	100,000
Change in operating assets and liabilities:		
Accounts receivable	(572,794)	(469,770)
Prepaid expenses and other current assets	(8)	(4,513)
Accounts payable	42,030	11,880
Accrued expenses and other current liabilities	25,498	(4,854)
Total Adjustments	1,114,307	(154,936)
Net Cash Used in Operating Activities	(730,114)	(686,985)
Cash Flows From Investing Activities		
Acquisition of property and equipment	(26,033)	(177,157)
Net Cash Used in Investing Activities	(26,033)	(177,157)
Cash Flows From Financing Activities		
Proceeds from line of credit - net	100,000	--
Payments on long-term debt	(32,555)	(30,893)
Net Cash Provided by (Used in) Financing Activities	67,445	(30,893)
Net Decrease in Cash and Cash Equivalents	(688,702)	(895,035)
Cash and Cash Equivalents - Beginning	761,122	1,656,157
Cash and Cash Equivalents - Ending	\$ 72,420	\$ 761,122

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

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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

NATURE OF OPERATIONS

The Riverside Foundation (the "Organization") is an Illinois nonprofit 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, 2017 and 2016, the Organization operates three and two CILA homes, respectively, with 12 and 8 residents, respectively.

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 \$30,098 and \$30,293 for the years ended June 30, 2017 and 2016.

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, 2017 AND 2016

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 is necessary for the years ended June 30, 2017 and 2016. 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. Management does not believe there is any unrelated business income.

Accounting principles generally accepted in the United States of America ("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, 2017 and 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 accounts for any potential interest or penalties related to the possible future liabilities for unrecognized income tax benefits as other expense. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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 years ended June 30, 2017 and 2016 was \$199,651 and \$212,351, 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.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. There were no impairment losses as of June 30, 2017 and 2016.

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.

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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

CLASSES OF NET ASSETS (CONTINUED)

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.

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, 2017 and 2016 as follows:

	2017	2016
Program	\$5,753,366	\$5,620,086
Supporting Services	<u>2,781,466</u>	<u>1,475,560</u>
Total	<u>\$8,534,832</u>	<u>\$7,095,646</u>

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP 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.

DATE OF MANAGEMENT'S REVIEW

The Organization evaluated all significant events or transactions that occurred through May 15, 2018, 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, 2016 and 2015, 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 2017 and 2016 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.

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 2 - REVENUE RECOGNITION (CONTINUED)

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.

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, 2017 and 2016. Subsequent to year-end, this line of credit was not renewed.

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 had a balance on the line of credit of \$100,000 as of June 30, 2017. Subsequent to year-end, this line of credit was renewed with similar terms and a new maturity date of October 1, 2018.

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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%, monthly principal and interest payments of \$5,075 and a new maturity date of November 1, 2017. Subsequent to year-end, the loan was again modified to change the interest rate to prime (4.25% as of June 30, 2017) plus 1%, to change the payments to interest only and to require a balloon payment of the principal due upon maturity at November 30, 2019. The mortgage is secured by the building.

Maturities of the note payable as of June 30, 2017 in the aggregate and for each of the next three years are as follows:

For the Years Ending June 30,	Amount
2018	\$ 9,064
2019	--
2020	<u>513,087</u>
Total	522,151
Less: current portion	<u>(9,064)</u>
Long-Term Portion	<u><u>\$513,087</u></u>

Interest expense related to the note payable - mortgage for the years ended June 30, 2017 and 2016 was \$30,098 and \$30,165, respectively.

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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.

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, 2017 and 2016.

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 RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 5 - FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

The following table provides information as of June 30, 2017 and 2016, about the Organization's investments measured at fair value on a recurring basis:

Description	June 30, 2017 (Level 1)	June 30, 20162016 (Level 1)
Mutual Funds		
Money market	\$14,503	\$ 86,844
Equities		
Domestic – large cap stock	3,046	59,859
Mixed stock and debt funds	19,006	21,984
International	946	38,178
Domestic – mid/small cap stock	--	28,770
Bonds		
Bond fund – long-term	--	19,191
Total	<u>\$37,501</u>	<u>\$254,826</u>

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, 2017 and 2016.

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 and was subsequently renewed for the period from August 1, 2015 to July 31, 2020.

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 February 2018 and July 2018 and are renewable annually. Subsequent to year-end, the leases expiring in February 2018 and April 2018 were renewed.

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 6 - LEASES (CONTINUED)

Rent expense for the years ended June 30, 2017 and 2016 totaled \$248,078 and \$253,317, 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:

For the Years Ending	
June 30,	Amount
2018	\$224,645
2019	205,078
2020	182,756
2021	<u>15,531</u>
Total	<u>\$628,010</u>

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, 2017 and 2016. The Board of Directors voted to freeze the plan in 2010.

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

NOTE 8 - FUNDRAISING EXPENSES

The Organization incurred \$74,388 and \$90,315 in fundraising expenses for the years ended June 30, 2017 and 2016, 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, 2017 and 2016 was \$307,380 and \$307,920, respectively.

THE RIVERSIDE FOUNDATION
SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Resident Income								
Public aid, Social Security and Veterans Affairs	\$ 4,383,986	\$ 4,466,964	\$ 1,120,709	\$ 1,012,346	\$ 503,463	\$ 426,803	\$ 6,008,158	\$ 5,906,113
DPA Mt. St. Joseph	--	1,834	154,289	191,072	--	--	154,289	192,906
Private	--	--	16,818	13,494	--	--	16,818	13,494
Other resident income	<u>81,581</u>	<u>21,926</u>	<u>35,422</u>	<u>8,244</u>	<u>2,386</u>	<u>217</u>	<u>119,389</u>	<u>30,387</u>
Total Resident Income	<u>4,465,567</u>	<u>4,490,724</u>	<u>1,327,238</u>	<u>1,225,156</u>	<u>505,849</u>	<u>427,020</u>	<u>6,298,654</u>	<u>6,142,900</u>
Operating Expenses								
Nursing services:								
Wages - skilled	490,955	435,732	46,779	40,082	32,442	27,371	570,176	503,185
Wages - aides	347,286	338,970	--	--	--	--	347,286	338,970
Contracted - services	97,679	123,058	46	--	60	58	97,785	123,116
Nursing supplies	<u>40,454</u>	<u>43,599</u>	<u>235</u>	<u>86</u>	<u>3,005</u>	<u>1,544</u>	<u>43,694</u>	<u>45,229</u>
Total Nursing Service	<u>976,374</u>	<u>941,359</u>	<u>47,060</u>	<u>40,168</u>	<u>35,507</u>	<u>28,973</u>	<u>1,058,941</u>	<u>1,010,500</u>
Social service:								
Wages - staff	61,695	75,348	--	--	--	--	61,695	75,348
Resident welfare	<u>54,846</u>	<u>37,308</u>	<u>--</u>	<u>--</u>	<u>5,616</u>	<u>2,579</u>	<u>60,462</u>	<u>39,887</u>
Total Social Service	<u>116,541</u>	<u>112,656</u>	<u>--</u>	<u>--</u>	<u>5,616</u>	<u>2,579</u>	<u>122,157</u>	<u>115,235</u>
Program services:								
Wages - production	--	--	27,557	52,258	--	--	27,557	52,258
Wages - staff	1,052,427	1,015,575	514,979	508,353	251,710	210,897	1,819,116	1,734,825
Wages - clients	--	--	2,132	3,015	--	--	2,132	3,015
Contracted services	56,692	78,169	89	122	--	--	56,781	78,291
Transportation	9,717	--	101,174	120,845	--	--	110,891	120,845
Supplies	16,304	18,148	5,296	6,050	11,554	8,057	33,154	32,255
Contractual supplies	--	--	290	727	--	--	290	727
Training supplies	510	602	16	71	338	--	864	673
Depreciation	<u>17,183</u>	<u>--</u>	<u>1,044</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>18,227</u>	<u>--</u>
Total Program Services	<u>\$ 1,152,833</u>	<u>\$ 1,112,494</u>	<u>\$ 652,577</u>	<u>\$ 691,441</u>	<u>\$ 263,602</u>	<u>\$ 218,954</u>	<u>\$ 2,069,012</u>	<u>\$ 2,022,889</u>

See independent auditors' report.

THE RIVERSIDE FOUNDATION
SCHEDULES OF REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Dietary services:								
Wages - kitchen	\$ 383,812	\$ 397,784	\$ --	\$ --	\$ --	\$ --	\$ 383,812	\$ 397,784
Contracted services	13,775	14,874	42	--	--	--	13,817	14,874
Food products	242,172	232,344	114	40	10,877	8,060	253,163	240,444
Kitchen supplies	20,993	20,155	3,660	3,939	1,796	3,827	26,449	27,921
Repairs and maintenance	--	388	--	--	--	--	--	388
Total Dietary Services	660,752	665,545	3,816	3,979	12,673	11,887	677,241	681,411
Laundry and linen:								
Wages - staff	51,968	52,149	--	--	--	--	51,968	52,149
Laundry supplies	3,528	3,068	--	--	284	211	3,812	3,279
Linen replacement	1,455	1,055	--	--	--	639	1,455	1,694
Contracted services	74,168	73,356	--	--	--	--	74,168	73,356
Resident laundry	3,255	2,808	--	--	--	--	3,255	2,808
Total Laundry and Linen	134,374	132,436	--	--	284	850	134,658	133,286
Housekeeping:								
Wages - staff	158,514	154,148	--	--	--	--	158,514	154,148
Housekeeping supplies	27,311	28,679	108	292	1,971	1,476	29,390	30,447
Total Housekeeping	\$ 185,825	\$ 182,827	\$ 108	\$ 292	\$ 1,971	\$ 1,476	\$ 187,904	\$ 184,595

See independent auditors' report.

THE RIVERSIDE FOUNDATION
SCHEDULES OF REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Building maintenance:								
Wages - staff	\$ 78,053	\$ 85,848	\$ 69,971	\$ 69,583	\$ 6,756	\$ 6,654	\$ 154,780	\$ 162,085
Contracted services	63,661	51,908	8,917	10,520	14,309	15,335	86,887	77,763
Maintenance supplies	26,096	23,849	7,372	8,797	6,431	5,629	39,899	38,275
Utilities	141,797	91,677	15,112	13,812	10,674	6,460	167,583	111,949
Rent	--	--	195,698	209,937	52,380	43,380	248,078	253,317
Furnishings	--	306	--	1,230	490	2,239	490	3,775
Depreciation	156,071	155,203	30,146	48,080	13,434	9,038	199,651	212,321
Total Building Maintenance	465,678	408,791	327,216	361,959	104,474	88,735	897,368	859,485
Administration:								
Wages - staff	133,893	141,721	129,433	131,540	9,564	9,933	272,890	283,194
Wages - office	252,144	270,540	76,978	76,705	8,297	8,162	337,419	355,407
Contracted services	3,837	2,590	401	1,116	--	--	4,238	3,706
Insurance	34,029	36,322	10,691	10,538	2,149	1,374	46,869	48,234
Office expenses	45,375	38,756	10,326	17,271	1,236	1,716	56,937	57,743
Automobiles	19,068	18,033	7,641	9,218	5,498	6,800	32,207	34,051
Telephone	15,841	15,466	5,678	5,062	3,832	2,538	25,351	23,066
Professional fees	114,040	104,834	6,931	6,809	1,391	1,162	122,362	112,805
Bank charges	4,385	7,691	--	--	--	--	4,385	7,691
Bad debt expense	1,419,930	100,000	--	--	--	--	1,419,930	100,000
Miscellaneous expense	12,177	2,483	1,332	830	935	144	14,444	3,457
Total Administration	2,054,719	738,436	249,411	259,089	32,902	31,829	2,337,032	1,029,354
Employee welfare:								
FICA and unemployment tax	252,445	253,255	56,991	57,120	17,811	16,591	327,247	326,966
Insurance - health and w/c	287,159	289,590	87,611	81,327	5,624	3,383	380,394	374,300
Seminar and training	3,901	8,223	986	1,027	--	--	4,887	9,250
Miscellaneous expense	355	8,741	158	1,419	--	130	513	10,290
Total Employee Welfare	\$ 543,860	\$ 559,809	\$ 145,746	\$ 140,893	\$ 23,435	\$ 20,104	\$ 713,041	\$ 720,806

See independent auditors' report.

THE RIVERSIDE FOUNDATION
SCHEDULES OF REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Taxes and interest:								
Interest expense	\$ 30,098	\$ 30,165	\$ --	\$ --	\$ --	\$ --	\$ 30,098	\$ 30,165
Assessment tax	307,380	307,920	--	--	--	--	307,380	307,920
Total Taxes and Interest	337,478	338,085	--	--	--	--	337,478	338,085
Total Operating Expenses	6,628,434	5,192,438	1,425,934	1,497,821	480,464	405,387	8,534,832	7,095,646
Net Operating Income (Loss)	(2,162,867)	(701,714)	(98,696)	(272,665)	25,385	21,633	(2,236,178)	(952,746)
Other Income								
Contributions and fundraising, net	367,508	370,769	--	--	--	--	367,508	370,769
Grants	--	40,500	--	--	--	--	--	40,500
Interest income	1,937	6,610	--	--	--	--	1,937	6,610
Other income	22,312	2,818	--	--	--	--	22,312	2,818
Total Other Income	391,757	420,697	--	--	--	--	391,757	420,697
Change in Net Assets	\$ (1,771,110)	\$ (281,017)	\$ (98,696)	\$ (272,665)	\$ 25,385	\$ 21,633	\$ (1,844,421)	\$ (532,049)

See independent auditors' report.