

THE RIVERSIDE FOUNDATION
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017 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, 2018 and 2017, 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 19 through 22, 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
November 28, 2018

THE RIVERSIDE FOUNDATION
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 798,793	\$ 121,235
Accounts receivable - net of allowance for doubtful accounts	403,017	1,383,750
Other current assets	10,441	9,921
Total Current Assets	<u>1,212,251</u>	<u>1,514,906</u>
Property, Plant and Equipment		
Land	403,000	403,000
Building and improvements	2,683,366	2,669,154
Leasehold improvements	996,150	954,218
Vehicles	374,474	374,474
Furniture and equipment	717,820	702,428
Equipment	340,405	340,405
Total Cost	5,515,215	5,443,679
Less: Accumulated depreciation	<u>(4,197,082)</u>	<u>(4,011,563)</u>
Property, Plant and Equipment, Net	<u>1,318,133</u>	<u>1,432,116</u>
Other Assets		
Deferred compensation - investments	39,168	37,501
Other non-current assets	17,000	17,000
Total Other Assets	<u>56,168</u>	<u>54,501</u>
Total Assets	<u>\$ 2,586,552</u>	<u>\$ 3,001,523</u>

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

THE RIVERSIDE FOUNDATION
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 23,883	\$ 9,064
Accounts payable	69,793	140,239
Accrued expenses		
Accrued wages and bonus	158,919	152,423
Interest payable	2,562	2,562
Accrued vacation	97,564	82,253
Other current liabilities	37,848	32,602
Total Current Liabilities	390,569	419,143
Long-Term Liabilities		
Line of credit	--	100,000
Long-term debt - mortgage, net of current portion	470,828	513,087
Deferred compensation - officers	39,168	37,501
Total Long-Term Liabilities	509,996	650,588
Total Liabilities	900,565	1,069,731
Net Assets		
Unrestricted	770,493	1,016,298
Unrestricted - board designated	851,512	851,512
Temporarily restricted	63,982	63,982
Total Net Assets	1,685,987	1,931,792
Total Liabilities and Net Assets	\$ 2,586,552	\$ 3,001,523

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

THE RIVERSIDE FOUNDATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Changes in Unrestricted Net Assets		
Resident Income		
Public aid, Social Security and Veterans Affairs	\$ 6,379,653	\$ 6,007,408
DPA Mt. St. Joseph	141,612	154,289
Private	21,466	16,818
Other resident income	42,175	120,139
Total Resident Income	<u>6,584,906</u>	<u>6,298,654</u>
Operating Expenses		
Nursing service	1,148,416	1,058,941
Social service	127,466	122,157
Program service	2,131,863	2,069,012
Dietary	613,042	677,241
Laundry and linen	153,374	134,658
Housekeeping	180,180	187,904
Building maintenance	932,186	897,368
Administration	964,657	2,337,032
Employee welfare	731,324	713,041
Taxes and interest	302,096	337,478
Total Operating Expenses	<u>7,284,604</u>	<u>8,534,832</u>
Net Operating Income (Loss)	<u>(699,698)</u>	<u>(2,236,178)</u>
Other Income		
Non-allowable costs:		
Contributions and fundraising, net	284,399	367,508
Grants	126,025	--
Interest income	6,569	1,937
Other income	36,900	22,312
Total Other Income	<u>453,893</u>	<u>391,757</u>
Change in Unrestricted Net Assets	<u>\$ (245,805)</u>	<u>\$ (1,844,421)</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, 2018 AND 2017

	2018	2017
Change in Net Assets	\$ (245,805)	\$ (1,844,421)
Net Assets - Beginning	<u>1,931,792</u>	<u>3,776,213</u>
Net Assets - Ending	<u>\$ 1,685,987</u>	<u>\$ 1,931,792</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, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ (245,805)	\$ (1,844,421)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation	185,519	199,651
Bad debt expense	35,478	1,419,930
Change in operating assets and liabilities:		
Accounts receivable	945,256	(523,979)
Prepaid expenses and other current assets	(520)	(8)
Accounts payable	(70,447)	42,030
Accrued expenses and other current liabilities	27,053	25,498
Total Adjustments	1,122,339	1,163,122
Net Cash Provided by (Used in) Operating Activities	876,534	(681,299)
Cash Flows From Investing Activities		
Acquisition of property and equipment	(71,536)	(26,033)
Net Cash Used in Investing Activities	(71,536)	(26,033)
Cash Flows From Financing Activities		
(Payments on)/Proceeds from line of credit - net	(100,000)	100,000
Payments on long-term debt	(27,440)	(32,555)
Net Cash (Used in) Provided by Financing Activities	(127,440)	67,445
Net Increase (Decrease) in Cash and Cash Equivalents	677,558	(639,887)
Cash and Cash Equivalents - Beginning	121,235	761,122
Cash and Cash Equivalents - Ending	\$ 798,793	\$ 121,235

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

THE RIVERSIDE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017, the Organization operates three and two CILA homes, respectively, with 12 and 12 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 \$27,896 and \$30,098 for the years ended June 30, 2018 and 2017.

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, 2018 AND 2017

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 \$298,815 and \$398,815 is necessary for the years ended June 30, 2018 and 2017, respectively. 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, 2018 and 2017, 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 pending or in progress.

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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. Repairs and maintenance are charged to expense, and renewals and betterments that extend the useful lives of assets are capitalized. 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, 2018 and 2017 was \$185,519 and \$199,651, 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, 2018 and 2017.

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, 2018 AND 2017

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.

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, 2018 and 2017 as follows:

	2018	2017
Program	\$5,908,152	\$5,753,366
Supporting Services	<u>1,376,452</u>	<u>2,781,466</u>
Total	<u>\$7,284,604</u>	<u>\$8,534,832</u>

RECLASSIFICATION

Certain reclassifications have been made to prior year financial statements in order for them to be in conformity with the current year presentation. Those reclassifications have no effect on the change in net assets.

THE RIVERSIDE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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 November 28, 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, \$135.65 and \$130.03, as of August 1, 2017 and July 1, 2016, 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 \$961.00 and \$916.98, as of August 1, 2017 and July 1, 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, 2018 AND 2017

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 \$55,000 to \$71,000 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 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 November 30, 2019, and has a stated interest rate of 5.25%. The Organization had no balance on the line of credit as of June 30, 2018, and had a balance of \$100,000 as of June 30, 2017.

The Organization had a \$250,000 line of credit arrangement with Baxter Credit Union which was secured by the building. The line of credit matured on October 1, 2017 and had a stated interest rate of 6.0%. There was no balance on this line of credit at June 30, 2017 and the Organization did not renew it upon maturity.

THE RIVERSIDE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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 of 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. Subsequently, 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. In October of 2017, the loan was modified resulting in monthly principal and interest payments in the amount of \$4,107, an interest rate of 5.25% and requires a balloon payment of the principal due upon maturity at November 1, 2022. The mortgage is secured by the building.

Maturities of the note payable as of June 30, 2018 in the aggregate and for each of the next three years are as follows:

For the Years Ending June 30,	Amount
2019	\$ 23,883
2020	25,167
2021	26,521
2022	27,947
2023	<u>391,193</u>
Total	494,711
Less: current portion	<u>(23,883)</u>
Long-Term Portion	<u>\$470,828</u>

Interest expense related to the note payable - mortgage for the years ended June 30, 2018 and 2017 was \$27,896 and \$30,098, respectively.

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017.

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.

Equities

Valued at the closing price reported on the active market in which the individual securities are traded.

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 5 - FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

The following table provides information as of June 30, 2018 and 2017, about the Organization's investments measured at fair value on a recurring basis:

Description	June 30, 2018 (Level 1)	June 30, 2017 (Level 1)
Mutual Funds		
Money market	\$14,602	\$14,503
Equities		
Domestic – large cap stock	3,554	3,046
Mixed stock and debt funds	20,005	19,006
International	<u>1,007</u>	<u>946</u>
Total	<u>\$39,168</u>	<u>\$37,501</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, 2018 and 2017.

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 2019 and June 2019 and are renewable annually.

THE RIVERSIDE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 6 - LEASES (CONTINUED)

Rent expense for the years ended June 30, 2018 and 2017 totaled \$297,439 and \$248,078, respectively. Rent expense includes maintenance fees and real estate taxes.

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
2019	\$221,083
2020	182,756
2021	<u>15,531</u>
Total	<u>\$419,370</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, 2018 and 2017. The Board of Directors voted to freeze the plan in 2010.

THE RIVERSIDE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 8 - FUNDRAISING EXPENSES

The Organization incurred \$57,910 and \$74,388 in fundraising expenses for the years ended June 30, 2018 and 2017, 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, 2018 and 2017 was \$274,200 and \$307,380, respectively.

NOTE 10 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2018, the Foundation received approximately \$27,400 from members of the board of directors.

THE RIVERSIDE FOUNDATION
SCHEDULES OF REVENUES AND EXPENDITURES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Resident Income								
Public aid, Social Security and Veterans Affairs	\$ 4,520,149	\$ 4,383,986	\$ 1,171,540	\$ 1,119,919	\$ 687,964	\$ 503,503	\$ 6,379,653	\$ 6,007,408
DPA Mt. St. Joseph	--	--	141,612	154,289	--	--	141,612	154,289
Private	--	--	21,466	16,818	--	--	21,466	16,818
Other resident income	25,030	81,581	14,914	36,212	2,231	2,346	42,175	120,139
Total Resident Income	4,545,179	4,465,567	1,349,532	1,327,238	690,195	505,849	6,584,906	6,298,654
Operating Expenses								
Nursing services:								
Wages - skilled	481,170	490,955	60,129	46,779	40,580	32,442	581,879	570,176
Wages - aides	365,128	347,286	--	--	--	--	365,128	347,286
Contracted - services	155,209	97,679	--	46	25	60	155,234	97,785
Nursing supplies	39,140	40,454	4,982	235	2,053	3,005	46,175	43,694
Total Nursing Service	1,040,647	976,374	65,111	47,060	42,658	35,507	1,148,416	1,058,941
Social service:								
Wages - staff	53,825	61,695	--	--	--	--	53,825	61,695
Resident welfare	66,300	54,846	224	--	7,117	5,616	73,641	60,462
Total Social Service	120,125	116,541	224	--	7,117	5,616	127,466	122,157
Program services:								
Wages - production	--	--	46,708	27,557	--	--	46,708	27,557
Wages - staff	1,034,306	1,052,427	493,186	514,979	340,588	251,710	1,868,080	1,819,116
Wages - clients	--	--	1,422	2,132	--	--	1,422	2,132
Contracted services	55,481	56,692	98	89	--	--	55,579	56,781
Transportation	(9,718)	9,717	121,296	101,174	--	--	111,578	110,891
Supplies	30,694	16,304	6,367	5,296	9,851	11,554	46,912	33,154
Contractual supplies	--	--	604	290	--	--	604	290
Training supplies	359	510	--	16	621	338	980	864
Depreciation	--	17,183	--	1,044	--	--	--	18,227
Total Program Services	\$ 1,111,122	\$ 1,152,833	\$ 669,681	\$ 652,577	\$ 351,060	\$ 263,602	\$ 2,131,863	\$ 2,069,012

See independent auditors' report.

THE RIVERSIDE FOUNDATION
SCHEDULES OF REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Dietary services:								
Wages - kitchen	\$ 367,450	\$ 383,812	\$ --	\$ --	\$ --	\$ --	\$ 367,450	\$ 383,812
Contracted services	12,590	13,775	--	42	--	--	12,590	13,817
Food products	198,692	242,172	1,829	114	5,476	10,877	205,997	253,163
Kitchen supplies	18,791	20,993	7,049	3,660	1,165	1,796	27,005	26,449
Total Dietary Services	597,523	660,752	8,878	3,816	6,641	12,673	613,042	677,241
Laundry and linen:								
Wages - staff	53,974	51,968	--	--	--	--	53,974	51,968
Laundry supplies	3,733	3,528	--	--	152	284	3,885	3,812
Linen replacement	2,916	1,455	--	--	--	--	2,916	1,455
Contracted services	90,101	74,168	--	--	--	--	90,101	74,168
Resident laundry	2,498	3,255	--	--	--	--	2,498	3,255
Total Laundry and Linen	153,222	134,374	--	--	152	284	153,374	134,658
Housekeeping:								
Wages - staff	152,426	158,514	--	--	--	--	152,426	158,514
Housekeeping supplies	25,488	27,311	412	108	1,854	1,971	27,754	29,390
Total Housekeeping	\$ 177,914	\$ 185,825	\$ 412	\$ 108	\$ 1,854	\$ 1,971	\$ 180,180	\$ 187,904

See independent auditors' report.

THE RIVERSIDE FOUNDATION
SCHEDULES OF REVENUES AND EXPENDITURES (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Building maintenance:								
Wages - staff	\$ 88,579	\$ 78,053	\$ 44,521	\$ 69,971	\$ 6,854	\$ 6,756	\$ 139,954	\$ 154,780
Contracted services	93,692	63,661	8,642	8,917	16,427	14,309	118,761	86,887
Maintenance supplies	39,223	26,096	6,699	7,372	3,799	6,431	49,721	39,899
Utilities	113,404	141,797	15,394	15,112	11,994	10,674	140,792	167,583
Rent	--	--	245,059	195,698	52,380	52,380	297,439	248,078
Furnishings	--	--	--	--	--	490	--	490
Depreciation	167,735	156,071	--	30,146	17,784	13,434	185,519	199,651
Total Building Maintenance	502,633	465,678	320,315	327,216	109,238	104,474	932,186	897,368
Administration:								
Wages - staff	129,259	133,893	113,240	129,433	9,233	9,564	251,732	272,890
Wages - office	257,128	252,144	87,845	76,978	8,788	8,297	353,761	337,419
Contracted services	6,182	3,837	491	401	--	--	6,673	4,238
Insurance	32,983	34,029	10,320	10,691	2,064	2,149	45,367	46,869
Office expenses	34,668	45,375	9,543	10,326	444	1,236	44,655	56,937
Automobiles	28,475	19,068	8,060	7,641	10,496	5,498	47,031	32,207
Telephone	16,631	15,841	3,906	5,678	3,826	3,832	24,363	25,351
Professional fees	116,985	114,040	7,483	6,931	1,497	1,391	125,965	122,362
Bank charges	5,824	4,385	--	--	--	--	5,824	4,385
Bad debt expense	35,478	1,419,930	--	--	--	--	35,478	1,419,930
Miscellaneous expense	21,449	12,177	1,570	1,332	789	935	23,808	14,444
Total Administration	685,062	2,054,719	242,458	249,411	37,137	32,902	964,657	2,337,032
Employee welfare:								
FICA and unemployment tax	245,729	252,445	55,926	56,991	24,125	17,811	325,780	327,247
Insurance - health and w/c	330,388	287,159	58,458	87,611	5,374	5,624	394,220	380,394
Seminar and training	11,324	3,901	--	986	--	--	11,324	4,887
Miscellaneous expense	--	355	--	158	--	--	--	513
Total Employee Welfare	\$ 587,441	\$ 543,860	\$ 114,384	\$ 145,746	\$ 29,499	\$ 23,435	\$ 731,324	\$ 713,041

See independent auditors' report.

THE RIVERSIDE FOUNDATION
SCHEDULES OF REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Riverside Residential		Riverside Development		Riverside CILA		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Taxes and interest:								
Interest expense	\$ 27,896	\$ 30,098	\$ --	\$ --	\$ --	\$ --	\$ 27,896	\$ 30,098
Assessment tax	274,200	307,380	--	--	--	--	274,200	307,380
Total Taxes and Interest	302,096	337,478	--	--	--	--	302,096	337,478
Total Operating Expenses	5,277,785	6,628,434	1,421,463	1,425,934	585,356	480,464	7,284,604	8,534,832
Net Operating Income (Loss)	(732,606)	(2,162,867)	(71,931)	(98,696)	104,839	25,385	(699,698)	(2,236,178)
Other Income								
Contributions and fundraising, net	284,399	367,508	--	--	--	--	284,399	367,508
Grants	126,025	--	--	--	--	--	126,025	--
Interest income	6,569	1,937	--	--	--	--	6,569	1,937
Other income	36,900	22,312	--	--	--	--	36,900	22,312
Total Other Income	453,893	391,757	--	--	--	--	453,893	391,757
Change in Net Assets	\$ (278,713)	\$ (1,771,110)	\$ (71,931)	\$ (98,696)	\$ 104,839	\$ 25,385	\$ (245,805)	\$ (1,844,421)

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