

**LIFE UNLIMITED, INC. AND AFFILIATES**  
**YEARS ENDED JUNE 30, 2019 AND 2018**



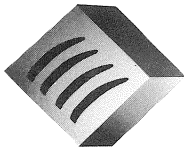
**HOUSE PARK DOBRATZ & WIEBLER, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

# **LIFE UNLIMITED, INC. AND AFFILIATES**

YEARS ENDED JUNE 30, 2019 AND 2018

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**HOUSE PARK DOBRATZ & WIEBLER, P.C.**  
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## **Independent Auditors' Report**

Board of Directors  
Life Unlimited, Inc. and Affiliates  
Liberty, Missouri

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Life Unlimited, Inc. and Affiliates (the Organization), which comprise the combined statements of financial position as of June 30, 2019 and 2018, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

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

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 audit to obtain reasonable assurance about whether the financial statements are free of 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.

(continued)

## Independent Auditors' Report (continued)

### Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Life Unlimited, Inc. and Affiliates as of June 30, 2019 and 2018, and the combined changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying supplementary information on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*House Park Dobratz & Wiebler, P.C.*

Kansas City, Missouri  
January 30, 2020

**LIFE UNLIMITED, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash	\$ 1,608,388	\$ 3,014,507
Accounts receivable	1,565,247	926,992
Other receivables	31,316	1,773
Prepaid expenses	<u>93,362</u>	<u>126,011</u>
Total current assets	3,298,313	4,069,283
Investments (Note 2)	2,341,927	562,658
Funds held in escrow and reserve (Note 3)	184,304	202,398
Property and equipment (Notes 4 and 5)	6,116,842	5,220,902
Other assets	<u>12,638</u>	<u>13,314</u>
	<u>\$ 11,954,024</u>	<u>\$ 10,068,555</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Current portion of notes payable (Note 5)	\$ 281,041	\$ 18,128
Accounts payable	154,366	108,301
Accrued payroll-related expenses and withholdings	737,480	583,045
Other liabilities	<u>8,138</u>	<u>8,814</u>
Total current liabilities	1,181,025	718,288
Notes payable, less current portion (Note 5)	<u>359,495</u>	<u>242,094</u>
Commitments and contingency (Notes 9 and 12)		
Net assets:		
Without donor restrictions:		
Available for general activities (Note 7)	9,715,839	8,445,239
Board-designated funds (Note 6)	<u>600,000</u>	<u>600,000</u>
	10,315,839	9,045,239
With donor restrictions (Note 6)	<u>97,665</u>	<u>62,934</u>
Total net assets	10,413,504	9,108,173
	<u>\$ 11,954,024</u>	<u>\$ 10,068,555</u>

See notes to combined financial statements.

# LIFE UNLIMITED, INC. AND AFFILIATES

## COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2019

	Without donor restrictions	With donor restrictions	Total
Program services	\$ 15,182,538		\$ 15,182,538
Rent revenue	352,953		352,953
Contributions	630,832	\$ 97,610	728,442
Donations from Thrift Store	68,500		68,500
Special events, net of direct expenses of \$35,159	167,091		167,091
Investment income (Note 2)	56,989		56,989
Other revenue	60,265		60,265
Net assets released from restriction (Note 6)	91,384	( 91,384)	
	<u>16,610,552</u>	<u>6,226</u>	<u>16,616,778</u>
Program services	12,865,187		12,865,187
Management and general	2,403,068		2,403,068
Fundraising	475,041		475,041
	<u>15,743,296</u>		<u>15,743,296</u>
Change in net assets prior to recognition of net assets acquired over liabilities assumed	867,256	6,226	873,482
Net assets acquired over liabilities assumed (Note 10)	<u>403,344</u>	<u>28,505</u>	<u>431,849</u>
Change in net assets	1,270,600	34,731	1,305,331
Net assets, beginning of year	<u>9,045,239</u>	<u>62,934</u>	<u>9,108,173</u>
Net assets, end of year	<u>\$ 10,315,839</u>	<u>\$ 97,665</u>	<u>\$ 10,413,504</u>

See notes to combined financial statements.

# LIFE UNLIMITED, INC. AND AFFILIATES

## COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2018

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>
Program services	\$ 12,561,939		\$ 12,561,939
Rent revenue	261,115		261,115
Contributions	35,224	\$ 198,892	234,116
Donations from Thrift Store	70,000		70,000
Special events, net of direct expenses of \$12,004	15,598		15,598
Investment income (Note 2)	148,428		148,428
Other revenue	18,300		18,300
Net assets released from restriction (Note 6)	<u>828,471</u>	( <u>828,471</u> )	<u>13,309,496</u>
	<u>13,939,075</u>	( <u>629,579</u> )	<u>13,309,496</u>
 Program services	 11,319,165		 11,319,165
Management and general	1,719,167		1,719,167
Fundraising	<u>65,371</u>		<u>65,371</u>
	<u>13,103,703</u>		<u>13,103,703</u>
 Change in net assets	 835,372	( 629,579)	 205,793
Net assets, beginning of year	<u>8,209,867</u>	<u>692,513</u>	<u>8,902,380</u>
Net assets, end of year	<u>\$ 9,045,239</u>	<u>\$ 62,934</u>	<u>\$ 9,108,173</u>

See notes to combined financial statements.

**LIFE UNLIMITED, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 9,134,713	\$ 993,239	\$ 245,095	\$ 10,373,047
Employee benefits (Note 8)	1,920,440	265,629	19,982	2,206,051
Communications	125,923	19,028	2,569	147,520
Contract staff	318,078	2,057	55,606	375,741
Depreciation (Note 4)		282,618		282,618
Food costs	88,984	25,845	3,017	117,846
Insurance	195,517	52,175	4,243	251,935
Interest (Note 5)	11,204	11,261		22,465
Maintenance and repairs	150,192	33,658	78	183,928
Marketing and public relations	10,022	2,495	6,018	18,535
Material and supplies	52,420	104,316	38,835	195,571
Other	169,009	143,329	115	312,453
Professional services	66,930	149,432	33,405	249,767
Program services	150,965	22,030	13,507	186,502
Rent (Note 9)	128,669	9,304	37,345	175,318
Staff recognition	79,445	1,725	233	81,403
Transportation	134,103	193,631	7,552	335,286
Utilities (Note 9)	128,573	91,296	7,441	227,310
	<u>12,865,187</u>	<u>2,403,068</u>	<u>475,041</u>	<u>15,743,296</u>
Special events direct expenses			<u>35,159</u>	<u>35,159</u>
	<u>\$ 12,865,187</u>	<u>\$ 2,403,068</u>	<u>\$ 510,200</u>	<u>\$ 15,778,455</u>

See notes to combined financial statements.



**LIFE UNLIMITED, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 8,024,498	\$ 893,234	\$ 38,612	\$ 8,956,344
Employee benefits (Note 8)	1,661,929	184,995	7,997	1,854,921
Communications	87,441	39,271	180	126,892
Contract staff	87,458	59,005		146,463
Depreciation (Note 4)	245,907	12,942		258,849
Food costs	113,629	834	154	114,617
Insurance	133,470	76,750	28	210,248
Interest (Note 5)	10,384	1,832		12,216
Maintenance and repairs	136,077	32,248		168,325
Marketing and public relations	10,571			10,571
Material and supplies	61,325	89,660	39	151,024
Other	98,964	90,405	6,091	195,460
Professional services	7,495	144,277	504	152,276
Program services	90,027	2,089		92,116
Rent (Note 9)	155,057	9,548		164,605
Staff recognition	9,344	29,013	11,436	49,793
Transportation	213,270	32,411	330	246,011
Utilities (Note 9)	172,319	20,653		192,972
	<u>11,319,165</u>	<u>1,719,167</u>	<u>65,371</u>	<u>13,103,703</u>
Special events direct expenses			<u>12,004</u>	<u>12,004</u>
	<u>\$ 11,319,165</u>	<u>\$ 1,719,167</u>	<u>\$ 77,375</u>	<u>\$ 13,115,707</u>

See notes to combined financial statements.

**LIFE UNLIMITED, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,305,331	\$ 205,793
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in net assets related to excess of fair value of assets acquired over liabilities assumed	( 431,849)	
Depreciation	282,618	258,849
Realized gains on investments	( 6,700)	( 136,275)
Unrealized gains on investments	( 4,747)	( 1,555)
Change in:		
Accounts receivable	( 302,803)	380,613
Other receivables	( 29,543)	647
Prepaid expenses	71,578	( 24,208)
Other assets	9,262	( 4,163)
Accounts payable	( 136,424)	( 2,168)
Accrued payroll-related expenses and withholdings	26,319	66,475
Other liabilities	( 676)	( 77,177)
Net cash provided by operating activities	<u>782,366</u>	<u>666,831</u>
Cash flows from investing activities:		
Sale (purchase) of investments, net	( 1,767,822)	1,300,208
Decrease in funds held in escrow and reserve	18,094	4,428
Purchase of property and equipment	( 412,949)	( 1,264,200)
Net cash provided (used) by investing activities	<u>( 2,162,677)</u>	<u>40,436</u>
Cash flows from financing activities, payment on notes payable	( 25,808)	( 17,720)
Increase (decrease) in cash	( 1,406,119)	689,547
Cash, beginning of year	<u>3,014,507</u>	<u>2,324,960</u>
Cash, end of year	<u>\$ 1,608,388</u>	<u>\$ 3,014,507</u>
<i>Supplemental disclosures of cash flow information:</i>		
Cash paid for interest	<u>\$ 22,465</u>	<u>\$ 12,216</u>
<i>Assets acquired and liabilities assumed (Note 10):</i>		
Accounts receivable	\$ 335,452	
Prepaid expenses	38,929	
Other assets	8,586	
Property and equipment	<u>765,609</u>	
	<u>1,148,576</u>	
Accounts payable, net of cash	182,489	
Accrued payroll-related expenses and withholdings	128,116	
Notes payable	<u>406,122</u>	
	<u>716,727</u>	
Change in net assets related to excess of fair value of assets acquired over liabilities assumed	<u>\$ 431,849</u>	

See notes to combined financial statements.

**LIFE UNLIMITED, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

**1. Organization and summary of significant accounting policies:**

*Organization:*

Effective July 1, 2016, Immacolata Manor (the Manor) and Concerned Care, Inc. (Concerned Care) merged operations under the name Life Unlimited, Inc. by combining all assets and liabilities. The combined entities provide residential and day habilitation services for individuals with developmental disabilities, regardless of their race, religion, or economic background. The programs are designed to maximize individual development, enabling each resident to live as independently as possible. The Missouri Department of Mental Health provides funding for most of the residents. Additional support is received through direct donor contributions.

Both the Manor and Concerned Care had related organizations through agreements with the U.S. Department of Housing and Urban Development (HUD). Immacolata Manor Homes, Inc. and CCI Apartment Corporation (hereinafter collectively referred to as the HUD Projects) continue to operate as separate entities. The HUD Projects are related to Life Unlimited, Inc. by virtue of the same Boards of Directors. The HUD Projects' construction of homes and apartments were funded by capital advances under Section 811 of the National Affordable Housing Act (Note 7). The HUD Projects are regulated by HUD. The HUD Projects receive Project Rental Assistance under 40-year contracts with HUD. Project Rental Assistance covers the difference between the HUD-approved operating cost per unit and the amount the tenant pays, which is determined in accordance with HUD regulations.

In January 2019, Life Unlimited, Inc. acquired the assets and related liabilities of Open Options, Inc., an entity that provides similar services (Note 10).

*Principles of combination:*

The financial statements include the accounts of Life Unlimited, Inc. and the HUD Projects (hereinafter collectively referred to as the Organization). All intercompany accounts have been eliminated.

*Income taxes:*

All of the entities are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization follows accounting principles generally accepted in the United States of America (U.S. GAAP) regarding uncertain income tax provisions. The Organization's accounting policy is to provide liabilities for uncertain income tax provisions when a liability is probable and estimable. The Organization has no uncertain tax positions for the years ended June 30, 2019 and 2018 and is not aware of any violation of its tax status as organizations exempt from income taxes.

*Basis of accounting:*

Net assets without donor restrictions:

The net assets without donor restrictions represent resources over which the Organization's Directors have discretionary control and are used to carry out operations of the Organization. Board-designated net assets represent amounts designated by the Board to provide support to the Organization in future years.

**LIFE UNLIMITED, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

**1. Organization and summary of significant accounting policies (continued):**

*Basis of accounting (continued):*

Net assets with donor restrictions:

Net assets with donor restrictions represent resources available for use currently or in the future, but expendable only for purposes specified by the donor or within a donor-designated time period. Donor-restricted contributions or grants whose restrictions are satisfied in the same reporting year are reported as contributions without donor restrictions in the statement of activities and changes in net assets.

*Use of estimates:*

The preparation of financial statements in conformity with U.S. 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Concentration of risk:*

The Organization derived approximately 73% and 83% of its revenues through the State Medicaid program for the years ended June 30, 2019 and 2018, respectively. Approximately 79% and 88% of accounts receivable as of June 30, 2019 and 2018, respectively, are due from the State Medicaid program. Management does not believe there is any significant business or collection risk.

*Property and equipment and depreciation:*

Property and equipment are stated at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the assets. During fiscal 2019, the Organization changed its policy to capitalize asset additions greater than \$5,000 (previously \$1,000) that have a useful life of more than one year.

*Investments and concentrations of credit risk:*

The Organization accounts for pooled investment funds at the Greater Kansas City Community Foundation at fair value. The underlying holdings in these funds are valued by the respective managers or custodians using quoted market prices for publicly traded securities and fair value for other investments using methodologies relevant to each asset class. The valuations are routinely evaluated by management, and management believes such values are reasonable.

Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to these risks, it is at least reasonably possible that changes in value could occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

# LIFE UNLIMITED, INC. AND AFFILIATES

## NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2019 AND 2018

### 1. Organization and summary of significant accounting policies (continued):

#### *Investments and concentrations of credit risk (continued):*

The Organization maintains its primary bank accounts at institutions where deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization utilizes a sweep account to minimize exposure to uninsured funds.

#### *Expense allocation:*

Expenses that are directly identifiable are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

#### *Implementation of new Accounting Standards Update (ASU):*

During fiscal 2019, the Organization implemented the provisions of *ASU 2016-14, Not-for-Profit Entities, Presentation of Financial Statements for Not-for-Profit Entities*. There was no effect to the change in net assets in fiscal 2019 or 2018 resulting from the implementation.

#### *Reclassifications:*

Certain prior year balances have been reclassified to conform with the current year's presentation.

#### *Subsequent events:*

Subsequent events have been evaluated through January 30, 2020, which is the date the financial statements were available to be issued.

### 2. Investments:

Investments as of June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Cash and money market funds	\$ 3,549	\$ 357,264
Certificates of deposit	1,636,508	121,278
Equities		1,173
Funds held at Greater Kansas City Community Foundation:		
Money market funds	101,939	20,698
Fixed income	309,794	45,659
Equities	<u>290,137</u>	<u>16,586</u>
	<u>\$ 2,341,927</u>	<u>\$ 562,658</u>

# LIFE UNLIMITED, INC. AND AFFILIATES

## NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2019 AND 2018

### 2. Investments (continued):

Investment income for the years ended June 30, 2019 and 2018 is summarized as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 50,948	\$ 12,088
Realized gains	6,700	136,275
Unrealized gains	4,747	1,555
Investment fees	( 5,406)	( 1,490)
	<u>\$ 56,989</u>	<u>\$ 148,428</u>

The Organization values investments at fair value. Fair value is defined as the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs including quoted prices in active markets for similar assets and Level 3 inputs consist of unobservable inputs that are supported by little or no market activity and have the lowest priority. There were no Level 3 investments.

As of June 30, 2019 and 2018, the Organization's investments measured at fair value consisted of the following within the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
2019:			
Cash and money market funds	\$ 3,549		\$ 3,549
Certificates of deposit		\$ 1,636,508	1,636,508
Equities			
Funds held at Greater Kansas City Community Foundation:			
Money market funds	101,939		101,939
Fixed income		309,794	309,794
Equities		290,137	290,137
	<u>\$ 105,488</u>	<u>\$ 2,236,439</u>	<u>\$ 2,341,927</u>
2018:			
Cash and money market funds	\$ 357,264		\$ 357,264
Certificates of deposit		\$ 121,278	121,278
Equities	1,173		1,173
Funds held at Greater Kansas City Community Foundation:			
Money market funds	20,698		20,698
Fixed income		45,659	45,659
Equities		16,586	16,586
	<u>\$ 379,135</u>	<u>\$ 183,523</u>	<u>\$ 562,658</u>

**LIFE UNLIMITED, INC. AND AFFILIATES**  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2019 AND 2018

**3. Funds held in escrow and reserve:**

Funds held in escrow and reserve as of June 30, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Reserve for replacements	\$ 114,482	\$ 135,795
Residual receipts	<u>69,822</u>	<u>66,603</u>
	<u>\$ 184,304</u>	<u>\$ 202,398</u>

*(a) Reserve for replacements:*

According to the terms of the regulatory agreements with HUD, the HUD Projects are required to make specified monthly deposits in restricted bank accounts. All disbursements from these funds are restricted for the replacement and maintenance of rental property and require prior written approval from HUD.

*(b) Residual receipts:*

The regulatory agreement also requires the HUD Projects to fund certain, defined amounts in residual receipts accounts after each operating period. Withdrawals from these accounts are required to be approved in writing by HUD.

**4. Property and equipment:**

	<u>2019</u>	<u>2018</u>
Land	\$ 735,014	\$ 535,014
Buildings and improvements	8,395,996	6,783,612
Office furniture and equipment	939,015	769,480
Vehicles	<u>908,657</u>	<u>828,481</u>
	10,978,682	8,916,587
Accumulated depreciation	( 4,861,840)	( 4,120,660)
	<u>6,116,842</u>	<u>4,795,927</u>
Construction in progress	<u>                    </u>	<u>424,975</u>
	<u>\$ 6,116,842</u>	<u>\$ 5,220,902</u>

Depreciation expense was \$282,618 and \$258,849 for the years ended June 30, 2019 and 2018. Construction in progress as of June 30, 2018 related to renovation projects in progress at year-end to two homes.

# LIFE UNLIMITED, INC. AND AFFILIATES

## NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2019 AND 2018

### 5. Notes payable:

	<u>2019</u>	<u>2018</u>
Note payable, administrative building, refinanced subsequent to June 30, 2019 with monthly installments due of \$2,489 including interest at 4.5%, maturing in July 2022, collateralized by a deed of trust on the administrative building	\$ 241,615	\$ 260,222
Note payable, due in monthly installments of \$915 including interest at 5.5%, maturing in October 2024, collateralized by a deed of trust on related property	51,389	
Note payable, due in monthly installments of \$816 including interest at 4.98%, maturing in July 2033, collateralized by a deed of trust on related property	98,998	
Note payable, paid subsequent to June 30, 2019 prior to scheduled maturity	121,124	
Note payable, paid subsequent to June 30, 2019 prior to scheduled maturity	<u>127,410</u>	<u>260,222</u>
	640,536	260,222
Less current portion	<u>281,041</u>	<u>18,128</u>
	<u>\$ 359,495</u>	<u>\$ 242,094</u>

In connection with the acquisition of Open Options (Note 10), the Organization assumed four notes payable on residential properties owned by Open Options. Subsequent to June 30, 2019, the Organization elected to pay off two of the notes. The two notes had an aggregate balance of \$248,534 as of June 30, 2019 and have been reported with the current portion of notes payable in the 2019 statements of financial position.

Scheduled annual maturities of the notes payable as of June 30, 2019 are as follows:

Year ending <u>June 30,</u>	<u>Amount</u>
2020	\$ 281,041
2021	34,232
2022	35,942
2023	196,934
2024	16,529
Thereafter	<u>75,858</u>
	<u>\$ 640,536</u>

All interest costs have been expensed.



**LIFE UNLIMITED, INC. AND AFFILIATES**  
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2019 AND 2018

**6. Net assets:**

*Board-designated net assets:*

The Organization's Board-designated net assets represent amounts that have been designated by the Board for purposes of establishing a reserve to support the Organization in the future.

*Net assets with donor restrictions:*

Net assets with donor restrictions include funds held for the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Program expenses, Area Regional Council resident support	\$ 46,395	\$ 31,807
Resident expenses, emergency medical fund	21,270	1,127
Permanent endowments	<u>30,000</u>	<u>30,000</u>
	<u>\$ 97,665</u>	<u>\$ 62,934</u>

Net assets released from restrictions for the years ended June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Area Regional Council, resident support	\$ 47,912	\$ 13,922
Emergency medical fund	14,968	3,472
Resident support	28,504	7,378
Capital additions	<u>          </u>	<u>803,699</u>
	<u>\$ 91,384</u>	<u>\$ 828,471</u>

*Permanent endowment:*

The Organization's permanent endowment consists of funds set aside to establish a fund to support future operations. The Organization's policy requires the preservation of the fair value as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization includes the original value of the gifts to the permanent endowment, the fair value of any subsequent gifts to the endowment fund, and any accumulations required to be made by donor stipulation.

**7. Capital advances:**

The capital advances provided by HUD under Section 811 to the HUD Projects were to construct homes and apartments. The total advances of \$2,546,700 bear no interest and need not be repaid so long as the group homes and apartment units remain available as housing for very low-income, developmentally disabled persons for at least 40 years. Failure to keep the housing available for very low-income, developmentally disabled persons would result in HUD taking possession of the property, or declaring the indebtedness immediately due and payable and proceeding with foreclosure of the mortgage. The capital advances are included in net assets without donor restrictions in the accompanying financial statements as it is unlikely that they will be required to be repaid.

**LIFE UNLIMITED, INC. AND AFFILIATES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

**8. Retirement plan:**

The Organization has a 401(k) plan. The Plan covers all full-time employees with at least one year of service. The Plan allows for employee contributions equal to the maximum percentage of the employee's annual compensation allowed by law. The Organization may make discretionary matching contributions. The Organization's total contributions to the Plan were \$50,552 and \$45,256 for the years ended June 30, 2019 and 2018, respectively.

**9. Leases:**

Total rent expense for various properties and equipment was \$175,318 and \$164,605 for the years ended June 30, 2019 and 2018, respectively.

During fiscal 2016, the Organization entered into a 20-year lease for solar panels. The monthly lease payments are \$1,350 throughout the term of the lease. Lease expense was \$16,200 for the years ended June 30, 2019 and 2018 and is included in "Utilities" in the Statements of Functional Expenses.

Future annual lease payments under noncancelable building leases and the solar panel lease as of June 30, 2019 are summarized as follows:

Year ending <u>June 30,</u>	<u>Amount</u>
2020	\$ 156,912
2021	159,868
2022	163,269
2023	141,658
2024	31,740
Thereafter	<u>187,650</u>
	<u>\$ 841,097</u>

**10. Fiscal 2019 acquisition:**

In fiscal 2019, Life Unlimited entered into an agreement with Open Options, Inc. to combine operations effective January 1, 2019. Under U.S. GAAP, the transaction was accounted for as an acquisition. At the date of acquisition the estimated fair value of the assets exceeded the liabilities assumed by \$431,849. The excess has been reflected in the Statement of Activities and Changes in Net Assets as a contribution from the acquiree.

# **LIFE UNLIMITED, INC. AND AFFILIATES**

## **NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

### **11. Liquidity and availability of resources:**

The organization's financial assets available within one year of June 30, 2019 for general expenditures are as follows:

Cash	\$ 1,608,388
Receivables	1,596,563
Investments	<u>2,341,927</u>
	5,546,878
Investments with maturity dates beyond one year	( 104,167)
Current liabilities	( 1,181,025)
Other funds received with donor restrictions	<u>( 97,665)</u>
	<u>\$ 4,164,021</u>

The Organization maintains funds to meet current obligations and invests excess cash in investment funds with the ability to redeem its interest on short notice.

### **12. Litigation:**

During 2016, Concerned Care received a settlement demand from the parties involved in a 2014 automobile accident. The Organization's management believes that the chance of any settlement being in excess of insurance coverage is remote and no amounts have been accrued as of June 30, 2019. Events could occur that would change this estimate materially in the near term.

## **SUPPLEMENTARY INFORMATION**

# LIFE UNLIMITED, INC. AND AFFILIATES

## COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

### ASSETS

	Life Unlimited, Inc.	Immacolata Manor Homes, Inc.	CCI Apartment Corporation	Eliminations	Combined totals
Current assets:					
Cash	\$ 1,585,380	\$ 10,301	\$ 12,707		\$ 1,608,388
Accounts receivable	1,551,517	2,447	11,283		1,565,247
Other receivables	71,316			(\$ 40,000)	31,316
Prepaid expenses	93,362				93,362
Total current assets	<u>3,301,575</u>	<u>12,748</u>	<u>23,990</u>		<u>3,298,313</u>
Investments	2,341,927				2,341,927
Funds held in escrow and reserve		103,729	80,575		184,304
Property and equipment, net	4,629,197	620,927	866,718		6,116,842
Other assets	<u>4,500</u>	<u>3,110</u>	<u>5,028</u>		<u>12,638</u>
	<u>\$ 10,277,199</u>	<u>\$ 740,514</u>	<u>\$ 976,311</u>	<u>(\$ 40,000)</u>	<u>\$ 11,954,024</u>

### LIABILITIES AND NET ASSETS

Current liabilities:					
Current portion of notes payable	\$ 281,041				\$ 281,041
Accounts payable	153,736	\$ 30,000	\$ 10,630	(\$ 40,000)	154,366
Accrued payroll-related expenses and withholdings	737,480				737,480
Other liabilities		3,110	5,028		8,138
Total current liabilities	<u>1,172,257</u>	<u>33,110</u>	<u>15,658</u>	<u>( 40,000)</u>	<u>1,181,025</u>
Note payable, less current portion	<u>359,495</u>				<u>359,495</u>
Net assets:					
Without donor restriction	8,647,782	707,404	960,653		10,315,839
With donor restrictions	97,665				97,665
Total net assets	<u>8,745,447</u>	<u>707,404</u>	<u>960,653</u>		<u>10,413,504</u>
	<u>\$ 10,277,199</u>	<u>\$ 740,514</u>	<u>\$ 976,311</u>	<u>(\$ 40,000)</u>	<u>\$ 11,954,024</u>

# LIFE UNLIMITED, INC. AND AFFILIATES

## COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

YEAR ENDED JUNE 30, 2019

	Life Unlimited, Inc.	Immacolata Manor Homes, Inc.	CCI Apartment Corporation	Eliminations	Combined totals
Program services	\$ 15,182,538				\$ 15,182,538
Rent revenue	179,309	\$ 70,064	\$ 103,580		352,953
Contributions	630,832				630,832
Donations from Thrift Store	68,500				68,500
Special events, net	167,091				167,091
Investment income	56,554	141	294		56,989
Other revenue	109,377	807		(\$ 49,919)	60,265
Net assets released from restriction	91,384				91,384
	<u>16,485,585</u>	<u>71,012</u>	<u>103,874</u>	<u>( 49,919)</u>	<u>16,610,552</u>
Salaries	10,373,047				10,373,047
Employee benefits	2,206,051				2,206,051
Communications	147,520				147,520
Contract staff	375,741				375,741
Depreciation	208,401	40,611	33,606		282,618
Food costs	117,846				117,846
Insurance	236,641	7,415	7,879		251,935
Interest	22,465				22,465
Maintenance and repairs	140,198	22,381	21,349		183,928
Marketing and public relations	18,535				18,535
Material and supplies	195,571				195,571
Other	299,482	29,440	33,450	( 49,919)	312,453
Professional services	249,767				249,767
Program services	186,502				186,502
Rent	175,318				175,318
Staff recognition	81,403				81,403
Transportation	335,286				335,286
Utilities	172,048	21,533	33,729		227,310
	<u>15,541,822</u>	<u>121,380</u>	<u>130,013</u>	<u>( 49,919)</u>	<u>15,743,296</u>
Change in net assets without donor restrictions prior to recognition of net assets acquired over liabilities assumed	943,763	( 50,368)	( 26,139)		867,256
Net assets acquired over liabilities assumed	403,344				403,344
Net assets without donor restrictions, beginning of year	<u>7,300,675</u>	<u>757,772</u>	<u>986,792</u>		<u>9,045,239</u>
Net assets without donor restrictions, end of year	\$ <u>8,647,782</u>	\$ <u>707,404</u>	\$ <u>960,653</u>	\$ <u>--</u>	\$ <u>10,315,839</u>