UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
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YEARS ENDED JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Cerebral Palsy Heartland
dba: UCP Heartland
St. Louis, Missouri

We have audited the accompanying financial statements of United Cerebral Palsy Heartland, dba: UCP Heartland (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Board of Directors
United Cerebral Palsy Heartland
dba: UCP Heartland

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Cerebral Palsy Heartland, dba: UCP Heartland, as of June 30, 2019 and 2018, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
December 19, 2019

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 356,717	$ 73,896	$ 430,613
Investments	7,338,292	3,283,758	10,622,050
Accounts Receivable, Net	1,590,631	-	1,590,631
Accrued Interest Receivable	25,013	7,348	32,361
Pledge Receivable	-	191,720	191,720
Prepaid Expenses and Other Assets	134,854	-	134,854
Total Current Assets	9,445,507	3,556,722	13,002,229
BENEFICIAL INTEREST IN TRUST	-	71,256	71,256
PROPERTY AND EQUIPMENT, NET	3,463,575	-	3,463,575
Total Assets	$ 12,909,082	$ 3,627,978	$ 16,537,060
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	$ 76,641	$ -	$ 76,641
Accrued Expenses	508,969	-	508,969
Deferred Revenue	3,702	-	3,702
Total Current Liabilities	589,312	-	589,312
NET ASSETS	12,319,770	3,627,978	15,947,748
Total Liabilities and Net Assets	$ 12,909,082	$ 3,627,978	$ 16,537,060

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	Without Donor Restriction	With Donor Restriction	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 867,782	$ 73,249	$ 941,031
Investments	8,762,156	3,097,956	11,860,112
Accounts Receivable, Net	1,494,973	-	1,494,973
Accrued Interest Receivable	27,766	-	27,766
Pledge Receivable	-	198,033	198,033
Prepaid Expenses and Other Assets	68,277	-	68,277
Total Current Assets	11,220,954	3,369,238	14,590,192
BENEFICIAL INTEREST IN TRUST	-	70,443	70,443
PROPERTY AND EQUIPMENT, NET	1,640,958	-	1,640,958
Total Assets	$ 12,861,912	$ 3,439,681	$ 16,301,593
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	$ 144,190	$ -	$ 144,190
Accrued Expenses	397,377	-	397,377
Total Current Liabilities	541,567	-	541,567
NET ASSETS	12,320,345	3,439,681	15,760,026
Total Liabilities and Net Assets	$ 12,861,912	$ 3,439,681	$ 16,301,593

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Grants	$ 160,383	$ 28,000	$ 188,383
Program Service Fees	9,091,667	-	9,091,667
United Way	500	385,672	386,172
Contributions	524,353	38,330	562,683
Management Fees	-	-	-
Fundraising	314,700	-	314,700
Investment Income	523,543	192,851	716,394
Gain on Beneficial Interest in Trust	-	813	813
Miscellaneous Income	8,009	-	8,009
Net Assets Released from Restrictions	457,369	(457,369)	-
Total Public Support and Revenue	11,080,524	188,297	11,268,821
EXPENSES			
Program Services:			
Family Support	1,536,192	-	1,536,192
Adult Programs	3,299,657	-	3,299,657
Supported Employment	690,272	-	690,272
Residential Programs	2,650,192	-	2,650,192
Children's Services	670,899	-	670,899
Supporting Services:		-	-
Management and General	1,764,625	-	1,764,625
Fundraising	469,262	-	469,262
Total Expenses	11,081,099	-	11,081,099
CHANGE IN NET ASSETS	(575)	188,297	187,722
Net Assets - Beginning of Year	12,320,345	3,439,681	15,760,026
NET ASSETS - END OF YEAR	$ 12,319,770	$ 3,627,978	$ 15,947,748

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Grants	$ 43,372	$ -	$ 43,372
Program Service Fees	8,579,697	-	8,579,697
United Way	7,865	395,617	403,482
Contributions	530,475	55,000	585,475
Management Fees	-	-	-
Fundraising	290,330	10,870	301,200
Investment Income	483,133	132,153	615,286
Gain on Beneficial Interest in Trust	-	1,129	1,129
Miscellaneous Income	2,189	-	2,189
Net Assets Released from Restrictions	465,531	(465,531)	-
Total Public Support and Revenue	10,402,592	129,238	10,531,830
EXPENSES			
Program Services:			
Family Support	998,151	-	998,151
Adult Programs	3,507,409	-	3,507,409
Supported Employment	674,191	-	674,191
Residential Programs	2,202,570	-	2,202,570
Children's Services	621,758	-	621,758
Supporting Services:		-	-
Management and General	1,606,246	-	1,606,246
Fundraising	446,620	-	446,620
Total Expenses	10,056,945	-	10,056,945
CHANGE IN NET ASSETS	345,647	129,238	474,885
Net Assets - Beginning of Year	11,974,698	3,310,443	15,285,141
NET ASSETS - END OF YEAR	$ 12,320,345	$ 3,439,681	$ 15,760,026

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services			
	Family Support	Adult Programs	Supported Employment	Residential Programs
Salaries and Related Expenses	$ 803,382	$ 2,504,555	$ 603,392	$ 2,504,252
Professional Services	57,137	18,653	4,188	19,613
Business Services	-	-	-	-
Supplies/Client Assistance	525,729	103,844	4,786	16,910
Communications	6,848	10,384	4,964	13,583
Postage and Shipping	898	75	63	-
Printing and Photographic	16	1,068	102	203
Conferences and Training	3,959	11,421	6,740	11,819
Recruiting	-	-	-	-
Local Transportation and Mileage	4,234	7,364	27,897	25,000
Occupancy	73,536	415,337	35,070	42,776
Insurance	13,994	35,898	-	1,843
Equipment	22,510	13,516	2,718	6,030
Dues	92	638	352	418
Transportation	11,392	37,205	-	5,467
Miscellaneous	1,642	1,484	-	2,278
Total Expenses Before Depreciation	1,525,369	3,161,442	690,272	2,650,192
Depreciation	10,823	138,215	-	-
Total Expenses	$ 1,536,192	$ 3,299,657	$ 690,272	$ 2,650,192

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2019

Program Services		Supporting Services				
Children's Services	Total Program Services	Management and General	Allocated Occupancy	Fundraising	Total Supporting Services	Total
$ 508,177	$ 6,923,758	$ 1,060,143	$ 80,410	$ 265,379	$ 1,405,932	$ 8,329,690
2,367	101,958	312,660	14,850	66,252	393,762	495,720
-	-	-	-	-	-	-
69,840	721,109	24,374	12,882	4,472	41,728	762,837
4,969	40,748	23,919	17,558	2,824	44,301	85,049
54	1,090	2,438	-	2,861	5,299	6,389
112	1,501	10,965	-	3,938	14,903	16,404
3,260	37,199	61,937	560	2,369	64,866	102,065
-	-	480	-	-	480	480
1,780	66,275	20,035	-	3,106	23,141	89,416
28,259	594,978	67,470	(206,490)	15,626	(123,394)	471,584
10,417	62,152	14,772	39,432	-	54,204	116,356
3,682	48,456	39,687	15,536	4,619	59,842	108,298
1,062	2,562	24,582	-	95	24,677	27,239
1,422	55,486	1,954	1,235	-	3,189	58,675
4	5,408	89,209	95	97,721	187,025	192,433
635,405	8,662,680	1,754,625	(23,932)	469,262	2,199,955	10,862,635
35,494	184,532	10,000	23,932	-	33,932	218,464
$ 670,899	$ 8,847,212	$ 1,764,625	$ -	$ 469,262	$ 2,233,887	$ 11,081,099

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services			
	Family Support	Adult Programs	Supported Employment	Residential Programs
Salaries and Related Expenses	$ 458,725	$ 2,589,023	$ 578,884	$ 2,051,476
Professional Services	3,059	18,986	2,340	11,750
Business Services	13	150	-	99
Supplies/Client Assistance	483,365	101,612	4,389	28,881
Communications	6,243	19,680	9,263	9,979
Postage and Shipping	885	121	353	120
Printing and Photographic	410	1,521	49	-
Conferences and Training	540	29,055	6,531	12,781
Recruiting	1,050	3,023	328	1,370
Local Transportation and Mileage	833	12,448	28,349	25,483
Occupancy	22,553	477,150	41,200	46,401
Insurance	-	11,123	-	1,113
Equipment	4,256	181,729	2,813	6,058
Dues	12	147	15	205
Transportation	3,321	18,599	(323)	2,669
Miscellaneous	200	42	-	4,185
Total Expenses Before Depreciation	985,463	3,464,409	674,191	2,202,571
Depreciation	12,688	43,000	-	-
Total Expenses	$ 998,151	$ 3,507,409	$ 674,191	$ 2,202,571

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2018

Program Services		Supporting Services				
Children's Services	Total Program Services	Management and General	Allocated Occupancy	Fundraising	Total Supporting Services	Total
$ 456,996	$ 6,135,104	$ 897,198	$ 76,775	$ 234,957	$ 1,208,930	$ 7,344,034
5,335	41,469	257,729	419	30,805	288,953	330,422
41	303	31,232	5	1,003	32,240	32,543
48,948	667,195	31,334	9,877	3,047	44,258	711,453
4,295	49,460	25,808	22,316	3,672	51,796	101,256
118	1,597	5,619	-	7,016	12,635	14,232
131	2,111	11,611	-	7,102	18,713	20,824
1,120	50,027	48,802	-	1,807	50,609	100,636
-	5,772	23,235	-	486	23,721	29,493
1,995	69,107	7,638	-	2,672	10,310	79,417
36,124	623,428	79,389	(291,599)	18,452	(193,758)	429,670
1,113	13,349	71,806	4,450	-	76,256	89,605
2,737	197,592	69,198	45,317	1,573	116,088	313,680
650	1,030	36,289	-	-	36,289	37,319
334	24,600	280	3,795	-	4,075	28,675
223	4,650	4,473	397	134,028	138,898	143,548
560,160	7,886,793	1,601,641	(128,248)	446,620	1,920,013	9,806,806
61,598	117,286	4,605	128,248	-	132,853	250,139
$ 621,758	$ 8,004,079	$ 1,606,246	$ -	$ 446,620	$ 2,052,866	$ 10,056,945

See accompanying Notes to Financial Statements.

UNITED CEREBRAL PALSY HEARTLAND
DBA: UCP HEARTLAND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Change in Net Assets	$ 187,722	$ 474,885
Adjustments to Reconcile Net Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	218,464	250,139
Gain on Disposal of Property and Equipment	(2,896)	-
Net Realized and Unrealized Gains on Investments	(447,963)	(408,287)
Gain on Beneficial Interest in Trust	(813)	(1,129)
(Increase) Decrease in Assets:		
Accounts Receivable	(95,658)	(117,181)
Accrued Interest Receivable	(4,595)	3,004
Pledge Receivable	6,313	(86)
Prepaid Expenses and Other Assets	(66,577)	5,392
Increase (Decrease) in Liabilities:		
Accounts Payable	(67,549)	(42,919)
Accrued Expenses	111,592	(49,506)
Deferred Revenue	3,702	-
Net Cash Provided (Used) by Operating Activities	(158,258)	114,312
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	11,800,820	1,367,498
Purchases of Investments, Including Reinvested Income	(10,114,795)	(1,920,588)
Purchases of Property and Equipment	(2,141,474)	(712,766)
Proceeds from Sales of Property and Equipment	103,289	-
Net Cash Used by Investing Activities	(352,160)	(1,265,856)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(510,418)	(1,151,544)
Cash and Cash Equivalents - Beginning of Year	941,031	2,092,575
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 430,613	$ 941,031

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United Cerebral Palsy Heartland dba: UCP Heartland is a nonprofit organization whose mission is to provide the highest quality of programs, services, and support while advancing the independence, productivity, and full citizenship of individuals with disabilities.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period including grant and contract revenues subject to review by applicable funding agencies. Accordingly, actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under accounting guidance, the Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions include contributed net assets for which donor imposed time and purpose restrictions have not been met. A portion of net assets with donor restrictions are restricted in perpetuity, including contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of balance sheet presentation and reporting of cash flows, cash and cash equivalents include unrestricted demand deposits, money market funds, and certificates of deposit, which are readily convertible to cash and are stated at cost, which approximates fair value. Short-term cash equivalents that are managed as part of long-term investment strategies are included with investments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from state and local agencies, various funding organizations, and individuals. Accounts receivable greater than 90 days outstanding are considered delinquent. The Organization’s allowance for doubtful accounts totaled $75,000 and $31,424 at June 30, 2019 and 2018, respectively.

Pledges Receivable

The Organization receives pledges from organizations and individuals in the form of grants and contributions. Pledges, including unconditional promises to give cash and other assets to the Organization in the future, are recognized as revenue at fair value in the period received. The gifts are reported as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations as net assets released from restrictions. Donor-imposed contributions whose restrictions are met in the same year as received are reported as contributions without restrictions in the accompanying financial statements. Gifts with donor stipulations that the corpus be maintained in perpetuity are recorded as net assets with donor restrictions in perpetuity. Unconditional promises to give in subsequent years are reflected as pledges receivable and are recorded at the present value of the expected future cash flows. The pledge receivable at June 30, 2019 and 2018 consists of $191,720 and $198,033, respectively, due from United Way for calendar years 2019 and 2018 support.

Investments

Investments are recorded in accordance with *Accounting for Certain Investments Held by Not-for-Profit Organizations*. As such, investments in marketable securities with readily determinable fair values are reported at fair value in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Property and Equipment

It is the Organization’s policy to capitalize property and equipment over $5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the lesser of the useful life or remaining lease terms.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Trust

The Organization is a recipient in a charitable remainder trust. The gift was recorded as an asset and revenue at the time of receipt based on the lower of the present value of the future cash flows or the vested interest in the underlying assets. The asset is classified as with donor restrictions based on a donor-imposed time restriction. Upon the termination of the trust, the Organization will receive a percentage of the assets remaining in the trust. Changes in net assets of the trust are recorded as gains or losses (change in value of the trust) in the statement of activities. Net assets and changes in the net assets are recorded as with donor restrictions.

Donated Materials and Services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair value at the date of donation. The Organization reports the donations as support without donor restrictions, unless explicit donor stipulations specify how the assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions as the assets depreciate.

The Organization records the value of donated services when there is an objective basis available to measure the donation's value. In addition, many individuals' volunteer time and skills to perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as donated services.

Functional Expenses

The Organization allocates its expenses on a functional basis to its programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are primarily allocated based on various statistical bases and management estimates.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. These changes were applied retrospectively to ensure comparability with the prior year presented herein.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Organization has the ability to access as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

Following is a description of the valuation methodologies used for assets measured at fair value.

Debt Securities – Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds – Valued at the closing price reported on the active market on which the individual funds are traded.

Beneficial Interest in Trusts – Valued at the NAV of shares held by the trust at year-end.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The Organization has the option to elect to measure financial instruments at fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value at June 30, 2019 and 2018. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

Tax Status

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and, therefore, is exempt from both federal and state income taxes. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 19, 2019, the date the financial statements were available to be issued.

Description of Programs

The accompanying financial statements include the following program services and supporting activities:

Family Support – This program provides both facility-based as well as in-home respite and emergency residential services for children and adults when families need a break or are in crisis.

Therapies – This program provides physical, occupational, and speech therapy to individuals with significant disabilities. This program is no longer provided directly, it is provided through the use of subcontractors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

Adult Programs – Provides educational and training programs, as well as health, social, and support services to adults with various types of disabilities.

Supported Employment – Provides employment opportunities to individuals with disabilities, with support from Organization staff.

Residential Programs – Provides various levels of support to allow individuals with disabilities to live in the housing and community of their choice, with the person(s) of their choice.

Children's Services – Provides development centers that bring early care and education to families, as well as early intervention assessment and car seat loan programs

Management Services – Provides administrative and management services to other nonprofit organizations with similar goals and service offerings.

Management and General – Includes the functions necessary to manage the program services.

Fundraising – Provides the developmental support necessary to promote and acquire financial support from individuals, organizations, and corporations.

NOTE 2 CONCENTRATIONS OF CREDIT RISK, MARKET RISK, AND REVENUES

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and investments. The majority of the Company's operating cash is maintained at First Bank. The banks provide maximum protection of $250,000 for bank accounts under regulations issued by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2019, there were $147,545 of deposits in excess of federally insured limits.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

The Organization's major programs are dependent upon funds being received from United Way, the Missouri Department of Mental Health, and the St. Louis County Productive Living Board. These funding sources accounted for approximately 73% and 75% of the Organization's total public support and revenue for the years ended June 30, 2019 and 2018, respectively. A significant reduction in these funds would have a material effect on the Organization's financial position.

NOTE 3 COMMITMENTS AND CONTINGENCIES

From time to time, the Organization may have various lawsuits pending. In the opinion of management after consultation with legal counsel, resolution of these matters is not expected to have a material adverse effect on the accompanying financial statements.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2019	2018
Land and Buildings	$ 3,614,836	$ 3,037,588
Leasehold Improvements	820,225	582,488
Construction in Progress	958,215	-
Equipment	1,223,668	1,147,947
Furniture and Fixtures	357,232	302,164
Vehicles	668,296	674,478
Property and Equipment, at Cost	7,642,472	5,744,665
Accumulated Depreciation	(4,178,897)	(4,103,707)
Property and Equipment, Net	$ 3,463,575	$ 1,640,958

Depreciation expense was $218,464 and $250,139 for the years ended June 30, 2019 and 2018, respectively.

NOTE 5 BENEFICIAL INTEREST IN TRUST

The Organization has a 10% interest in the Robert B. Kahn Trust totaling $721,564 and $704,425 at June 30, 2019 and 2018, respectively. The Organization receives 10% of the income. The corpus of the trust is restricted until April 2023, at which time the trust estate will terminate and the Organization will receive 10% of the corpus and any accumulated income. At June 30, 2019 and 2018, the fair values of the underlying assets held in the trust, which is administered by a bank, are as follows:

	2019	2018
Fixed Income Securities	$ 195,831	$ 181,300
Alternative Investments	28,650	26,770
Cash Equivalents	12,002	13,093
Equities	476,079	483,262
Subtotal	712,562	704,425
Organization's Interest	10%	10%
Total	$ 71,256	$ 70,443

NOTE 5 BENEFICIAL INTEREST IN TRUST (CONTINUED)

The activity in the beneficial interest in trust for the years ended June 30 are as follows:

	2019	2018
Net Unrealized Gains	$ 813	$ 1,129
Trust Income Distributed to Organization	$ 2,820	$ 580

NOTE 6 INVESTMENTS

Cash equivalents and certificates of deposit are carried at cost, which approximates market. Mutual funds and fixed income securities are recorded at fair value. Investments consist of the following at June 30:

	2019	2018
Cash Equivalents	$ 878,214	$ 44,618
Mutual Funds	4,890,568	6,667,976
Certificates of Deposit	728,820	704,574
Bonds	4,124,448	4,442,944
Total	$ 10,622,050	$ 11,860,112

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

	2019	2018
Interest, Dividends	$ 291,955	$ 291,035
Expense	(23,527)	(84,036)
Realized and Unrealized Investment Gains (Losses), Net	447,966	408,287
Total	$ 716,394	$ 615,286

NOTE 7 NET ASSETS

Net assets with donor restrictions are available for the following purposes or periods at June 30:

	2019	2018
Purpose Restrictions:		
Appropriation of Endowment Earnings	$ 1,354,993	$ 1,162,779
Adult Day Program	-	1,120
Employment	-	64,750
Training	25,000	-
Jefferson City Garden	41,330	-
Time Restrictions:		
United Way	192,836	198,033
Robert B. Kahn Trust	71,256	70,443
Total Temporarily Restricted Net Assets	$ 1,685,415	$ 1,497,125

Net assets with donor restrictions in perpetuity are available for the following at June 30:

	2019	2018
Endowment With Donor Restriction In Perpetuity	$ 519,672	$ 519,672
Wolff Endowment With Donor Restriction in Perpetuity	1,415,505	1,415,505
Cash - Jackman Fund	7,386	7,379
Total Permanently Restricted Net Assets	$ 1,942,563	$ 1,942,556

NOTE 8 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization values all other assets and liabilities refer to Note 1 – Organization and Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30:

	2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds	$ 4,890,568	$ -	$ -	$ 4,890,568
Bonds	4,124,448	-	-	4,124,448
Beneficial Interest in Trusts	-	-	71,256	71,256
Total	$ 9,015,016	$ -	$ 71,256	$ 9,086,272

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

	2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Mutual Funds	$ 6,667,976	$ -	$ -	$ 6,667,976
Bonds	4,442,944	-	-	4,442,944
Beneficial Interest in Trusts	-	-	70,443	70,443
Total	$ 11,110,920	$ -	$ 70,443	$ 11,181,363

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30, 2019 and 2018:

	Beneficial Interest in Trust
Balance - June 30, 2017	$ 69,314
Change in Value of Trust	1,129
Balance - June 30, 2018	70,443
Change in Value of Trust	813
Balance - June 30, 2019	$ 71,256

NOTE 9 ENDOWMENT

The Organization's endowment funds were established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Endowment Committee to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Endowment Committee to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Endowment Committee has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment with donor restrictions in perpetuity, and (c) accumulations to the endowment with donor restrictions in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions.

NOTE 9 ENDOWMENT (CONTINUED)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

The endowment net asset composition by type of fund is as follows at June 30:

2019	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	$ -	$ 3,290,169	$ 3,290,169
Board-Designated Endowment Funds	2,710,593	-	2,710,593
Total Funds	$ 2,710,593	$ 3,290,169	$ 6,000,762

2018	Without Donor Restriction	With Donor Restriction	Total
Donor-Restricted Endowment Funds	$ -	$ 3,097,956	$ 3,097,956
Board-Designated Endowment Funds	2,619,285	-	2,619,285
Total Funds	$ 2,619,285	$ 3,097,956	$ 5,717,241

NOTE 9 ENDOWMENT (CONTINUED)

Changes to endowment net assets are as follows for the years ended June 30, 2019 and 2018:

	Without Donor Restriction	With Donor Restriction	Restrictions in Perpetuity	Total
Endowment Net Assets - July 1, 2017	$ 2,321,611	$ 1,030,632	$ 1,935,177	$ 5,287,420
Investment Return:				
Investment Income	112,315	49,861	-	162,176
Net Appreciation (Realized and Unrealized)	185,359	82,286	-	267,645
Total Investment Return	297,674	132,147	-	429,821
Contributions	-	-	-	-
Releases	-	-	-	-
Endowment Net Assets - June 30, 2018	2,619,285	1,162,779	1,935,177	5,717,241
Investment Return:				
Investment Income	63,249	68,442	-	131,691
Net Appreciation (Realized and Unrealized)	28,059	123,771	-	151,830
Total Investment Return	91,308	192,213	-	283,521
Contributions	-	-	-	-
Releases	-	-	-	-
Endowment Net Assets - June 30, 2019	$ 2,710,593	$ 1,354,992	$ 1,935,177	$ 6,000,762

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported as net assets without donor restriction. The Organization did not have any such deficiencies at June 30, 2019 and 2018.

The Organization has adopted investment and spending policies for endowment assets that attempt to achieve the maximum total rate of return consistent with the tolerance for risk determined by the Endowment Committee, while maintaining a funded status that provides appropriate long-term stability and support to the Organization consistent with the purpose of the endowment fund. Under this policy, the endowment assets may be invested in a combination of equities, fixed income securities, and real estate, subject to limitations determined by the Endowment Committee.

NOTE 9 ENDOWMENT (CONTINUED)

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Endowment Committee has determined that only the endowment fund income may be distributed. On a semiannual basis, the Endowment Committee determines the amount of a distribution, if any, as well as the amount of any undistributed income that will be retained and distributed at a later date, or added to the contribution base of the endowment fund.

NOTE 10 LIQUIDITY AND AVAILABILITY

The organization receives significant revenue, 75%, from federal and local government sources. These funds are reimbursed monthly based upon services provided. Due to the uncertainness of government funding, the Board of Directors has established a cash reserves policy to support its operations, programs and services that is equal to between 50%-100% of the current operating budget.

The organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the entity forecasts its future cash flows, monitors its liquidity quarterly and its reserves annually. During the years ended June 30, 2018 and 2019, the level of liquidity and reserves was managed within the policy required.

	2019	2018
Total Current Assets	$ 13,002,229	$ 14,590,192
Less: Prepaid Expenses and Other Assets	(134,854)	(68,277)
Total Financial Assets	12,867,375	14,521,915
Less: Endowment Funds	(1,942,563)	(1,942,556)
Less: Time and Purpose Restrictions	(1,685,415)	(1,497,125)
	(3,627,978)	(3,439,681)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 9,239,397	$ 11,082,234

NOTE 11 OPERATING LEASES

The Organization rents office space and certain office equipment under operating lease arrangements that expire at various dates through March 2022. Certain of the office leases contain renewal options. Other lease payments are charged to rent expense as incurred. Rent expense totaled $237,150 and $240,812 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments at June 30, 2019 are as follows:

Year Ending June 30,	Amount
2020	$ 173,484
2021	48,814
2022	34,268
2023	4,330
Total	$ 260,896

NOTE 12 EMPLOYEE BENEFIT PLANS

The Organization has a 403(b) retirement plan covering substantially all of its employees. The employees may defer compensation up to the maximum percentage allowed by Internal Revenue Service (IRS) guidelines. Employees are eligible to defer immediately, and are eligible to receive employer contributions if they are at least 18 years of age, work an average of 20 hours per week or more, and have completed one year of service. Vesting in the employer's discretionary contribution portion of their accounts plus earnings thereon is based on years of continuous service. A participant is fully vested after five years of credited service or upon attaining retirement age, death, or disability. Retirement plan expense for the years ended June 30, 2019 and 2018 was $216,984 and $180,995, respectively.