

Eliada Homes, Inc.

Asheville, North Carolina

Financial Statements
and Supplementary Information
Years Ended June 30, 2016 and 2015

and
Independent Auditors' Report



Eliada Homes, Inc.
Asheville, North Carolina

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Independent Auditors' Report

To the Board of Directors
Eliada Homes, Inc.
Asheville, North Carolina

We have audited the accompanying financial statements of Eliada Homes, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, cash flows and functional expenses 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eliada Homes, Inc. as of June 30, 2016 and 2015, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program expenses on pages 27-30 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Price Sprinkle PA

October 21, 2016

Eliada Homes, Inc.

Statements of Financial Position

June 30,

2016

2015

Assets

Cash	\$	204,789	\$	385,372
Accounts receivable – net		675,638		564,043
Other receivables		20,331		21,365
Receivable – affiliate		-		5,199
Inventory		13,294		10,369
Prepaid expenses and other assets		100,697		93,974
Property and equipment, net		428,448		514,239
Property held for investment		285,000		285,000
Beneficial interest in perpetual trusts		230,342		251,300

Total assets	\$	1,958,539	\$	2,130,861
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Liabilities and Net Assets

Liabilities:

Accounts payable	\$	153,655	\$	199,729
Payroll liabilities		440,586		441,858
Other liabilities		42,426		21,074
Line of credit		-		552,000
Capital lease obligation		874		12,723
Long-term debt		362,189		359,202
Payable – affiliate		357,000		216,347

Total liabilities		1,356,730		1,802,933
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Net assets:

Unrestricted (deficit)		89,248		(228,639)
Temporarily restricted		282,219		305,267
Permanently restricted		230,342		251,300

Total net assets		601,809		327,928
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Total liabilities and net assets	\$	1,958,539	\$	2,130,861
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Eliada Homes, Inc.

Statement of Activities

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and revenues:				
Program service revenue:				
Medicaid	\$ 5,375,484	\$ -	\$ -	\$ 5,375,484
State	1,075,396	-	-	1,075,396
County	792,904	-	-	792,904
Private payments	666,836	-	-	666,836
Support:				
Private grants and contributions	964,293	144,789	-	1,109,082
Federal and state grants	701,783	-	-	701,783
Eliada Foundation, Inc. pass-throughs	-	33,766	-	33,766
Eliada Foundation, Inc. subsidies	205,341	-	-	205,341
Eliada Foundation, Inc. scholarships	-	25,692	-	25,692
Development fee – Eliada Foundation, Inc.	17,500	-	-	17,500
Investment earnings	28,790	1,472	-	30,262
Change in value of beneficial interest in perpetual trust	-	-	(20,958)	(20,958)
Gain on disposal of assets	1,000	-	-	1,000
Fundraising	55,076	-	-	55,076
Rents	13,854	-	-	13,854
Miscellaneous income	50,163	-	-	50,163
Net assets released from restrictions	228,767	(228,767)	-	-
Total support and revenues	10,177,187	(23,048)	(20,958)	10,133,181
Expenses:				
Program services	8,664,400	-	-	8,664,400
Supporting services	1,194,900	-	-	1,194,900
Total expenses	9,859,300	-	-	9,859,300
Change in net assets	317,887	(23,048)	(20,958)	273,881
Net assets (deficit), beginning of year	(228,639)	305,267	251,300	327,928
Net assets, end of year	\$ 89,248	\$ 282,219	\$ 230,342	\$ 601,809

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

Eliada Homes, Inc.

Statement of Activities

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and revenues:				
Program service revenue:				
Medicaid	\$ 6,445,082	\$ -	\$ -	\$ 6,445,082
State	1,148,997	-	-	1,148,997
County	879,364	-	-	879,364
Private payments	465,384	-	-	465,384
Support:				
Private grants and contributions	29,900	216,365	-	246,265
Federal and state grants	450,278	2,700	-	452,978
Eliada Foundation, Inc. pass-throughs	-	35,499	-	35,499
Eliada Foundation, Inc. subsidies	272,744	-	-	272,744
Eliada Foundation, Inc. scholarships	-	27,488	-	27,488
Development fee – Eliada Foundation, Inc.	35,000	-	-	35,000
Investment earnings	12,277	-	-	12,277
Change in value of beneficial interest in perpetual trust	-	-	(7,300)	(7,300)
Gain on disposal of assets	4,229	-	-	4,229
Impairment loss on property held for investment	(89,250)	-	-	(89,250)
Fundraising	585	-	-	585
Rents	10,100	-	-	10,100
Miscellaneous income	2,524	-	-	2,524
Net assets released from restrictions	277,014	(277,014)	-	-
Total support and revenues	9,944,228	5,038	(7,300)	9,941,966
Expenses:				
Program services	9,276,791	-	-	9,276,791
Supporting services	1,135,250	-	-	1,135,250
Total expenses	10,412,041	-	-	10,412,041
Change in net assets	(467,813)	5,038	(7,300)	(470,075)
Net assets, beginning of year	239,174	300,229	258,600	798,003
Net assets (deficit), end of year	\$ (228,639)	\$ 305,267	\$ 251,300	\$ 327,928

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

Eliada Homes, Inc.

Statements of Cash Flows

Years Ended June 30,

2016

2015

Cash flows from operating activities:

Change in net assets	\$	273,881	\$	(470,075)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation		92,681		108,438
Amortization of discount on loans		13,044		12,518
Change in provision for bad debts		(8,012)		(19,968)
Impairment loss on property held for investment		-		89,250
Gain on disposal of assets		(1,000)		(4,229)
Change in value of beneficial interest in perpetual trusts		20,958		7,300
(Increase) decrease in assets:				
Accounts receivable –net		(103,583)		45,327
Other receivables		1,034		(1,056)
Inventory		(2,925)		2,139
Prepaid expenses and other assets		(6,723)		28,320
Increase (decrease) in liabilities:				
Accounts payable		(46,074)		65,523
Payroll liabilities		(1,272)		29,045
Other liabilities		21,352		11,359
Net cash provided by (used in) operating activities		253,361		(96,109)

Cash flows from investing activities:

Proceeds from the sale of assets		1,435		4,229
Payments for the purchase of property and equipment		(7,325)		(22,315)
Net cash used in investing activities		(5,890)		(18,086)

Cash flows from financing activities:

Advances (repayments) – affiliate		145,852		(201,264)
Advances (repayments) on line of credit – net		(552,000)		552,000
Principal payments on long-term debt		(10,057)		(9,744)
Principal payments on capital lease obligation		(11,849)		(9,196)
Net cash provided by (used in) financing activities		(428,054)		331,796

Net increase (decrease) in cash (180,583) 217,601

Cash, beginning of year 385,372 167,771

Cash, end of year \$ 204,789 \$ 385,372

Supplemental disclosures of cash flow information:

Cash payments for interest \$ 27,596 \$ 22,671

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

Eliada Homes, Inc.

Statement of Functional Expenses

Year Ended June 30, 2016

	Program Services						Supporting Services			
	Residential Treatment	Educational and Day Treatment	Foster Care	Child Development Center	Community Based Services	Total Program Services	Management and General	Resource Development/Fundraising	Total Supporting Services	Total
Salaries	\$ 3,546,362	\$ 419,101	\$ 216,506	\$ 930,083	\$ 141,191	\$ 5,253,243	\$ 669,874	\$ 75,529	\$ 745,403	\$ 5,998,646
Employee benefits	409,343	42,603	30,125	134,834	19,734	636,639	53,247	7,809	61,056	697,695
Pension cost	14,916	3,439	4,510	9,475	2,119	34,459	10,092	1,355	11,447	45,906
Payroll taxes	311,479	34,870	17,673	79,956	12,782	456,760	54,892	6,309	61,201	517,961
Supplies and equipment	63,831	35,373	6,020	59,641	24,806	189,671	21,658	8,971	30,629	220,300
Food	144,150	13,687	528	137,495	7,267	303,127	135	786	921	304,048
Computer technology	16,203	4,067	3,007	6,236	22	29,535	46,470	2,032	48,502	78,037
Clothing	1,451	47	21	3,503	2,367	7,389	-	-	-	7,389
Utilities	120,534	9,436	2,113	45,121	19,681	196,885	3,706	392	4,098	200,983
Insurance	42,192	4,531	11,997	22,771	9,820	91,311	1,646	20	1,666	92,977
Maintenance and repairs	183,519	17,237	4,714	91,028	37,043	333,541	17,261	565	17,826	351,367
Telephone	17,529	2,214	4,566	6,854	1,910	33,073	7,092	616	7,708	40,781
Postage	1,458	175	226	356	127	2,342	1,892	784	2,676	5,018
Travel	9,437	1,353	14,446	8,166	4,662	38,064	2,322	240	2,562	40,626
Dues and subscriptions	3,781	423	894	820	1,649	7,567	2,299	2,355	4,654	12,221
License and fees	13,897	4,472	544	3,553	1,368	23,834	16,480	588	17,068	40,902
Student related expense	14,664	734	1,447	3,118	5,889	25,852	-	60	60	25,912
Foster care payments	-	-	362,946	-	-	362,946	-	-	-	362,946
Rent	145,348	21,687	2,917	66,465	35,201	271,618	2,599	1,476	4,075	275,693
Professional fees	174,338	(232)	(166)	21,444	16,836	212,220	40,480	943	41,423	253,643
Conferences and meetings	9,655	1,143	2,705	2,167	2,232	17,902	2,050	1,075	3,125	21,027
Recreation activities	2,242	365	80	14,202	965	17,854	-	-	-	17,854
Promotions	8,067	532	1,963	1,904	1,043	13,509	1,618	59,212	60,830	74,339
Miscellaneous	8,349	150	773	541	567	10,380	16,564	625	17,189	27,569
Bad debts	4,582	3,657	-	1,564	2,471	12,274	-	-	-	12,274
Interest	-	-	-	-	-	-	40,505	-	40,505	40,505
Depreciation	48,142	11,736	3,873	11,542	7,112	82,405	10,276	-	10,276	92,681
	<u>\$ 5,315,469</u>	<u>\$ 632,800</u>	<u>\$ 694,428</u>	<u>\$ 1,662,839</u>	<u>\$ 358,864</u>	<u>\$ 8,664,400</u>	<u>\$ 1,023,158</u>	<u>\$ 171,742</u>	<u>\$ 1,194,900</u>	<u>\$ 9,859,300</u>

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

Eliada Homes, Inc.

Statement of Functional Expenses

Year Ended June 30, 2015

	Program Services						Supporting Services	
	Residential Treatment	Educational and Day Treatment	Foster Care	Child Development Center	Community Based Services	Total Program Services	Management and General	Total
Salaries	\$ 3,834,323	\$ 308,724	\$ 225,708	\$ 888,003	\$ 217,953	\$ 5,474,711	\$ 773,779	\$ 6,248,490
Employee benefits	463,689	45,085	29,186	136,850	32,060	706,870	63,655	770,525
Pension cost	18,499	2,410	3,481	6,644	2,400	33,434	15,938	49,372
Payroll taxes	348,421	25,724	19,000	77,561	19,863	490,569	60,761	551,330
Supplies and equipment	100,952	46,664	3,821	67,687	31,364	250,488	31,010	281,498
Food	164,191	19,282	405	128,939	29,219	342,036	60	342,096
Computer technology	16,916	4,371	1,813	4,141	6	27,247	38,052	65,299
Clothing	3,070	7	132	1,044	5,818	10,071	-	10,071
Utilities	130,706	12,411	2,293	42,863	23,934	212,207	3,991	216,198
Insurance	37,664	4,083	10,436	21,891	13,094	87,168	1,873	89,041
Maintenance and repairs	255,697	26,772	7,828	100,620	41,891	432,808	20,774	453,582
Telephone	24,479	3,818	5,593	8,297	3,928	46,115	9,629	55,744
Postage	2,601	263	230	539	327	3,960	560	4,520
Travel	18,620	2,067	19,276	8,437	6,069	54,469	5,427	59,896
Dues and subscriptions	9,357	2,819	1,114	2,084	3,491	18,865	4,028	22,893
License and fees	16,191	2,552	2,030	3,889	8,086	32,748	1,568	34,316
Student related expense	20,805	562	1,788	3,463	7,484	34,102	86	34,188
Foster care payments	130	-	373,796	-	-	373,926	-	373,926
Rent	167,335	22,328	2,793	40,687	36,275	269,418	2,181	271,599
Professional fees	166,589	712	196	3,014	15,865	186,376	32,205	218,581
Conferences and meetings	13,522	3,000	6,915	3,125	10,343	36,905	5,454	42,359
Recreation activities	2,079	432	-	7,654	6,258	16,423	-	16,423
Promotions	6,363	1,062	2,778	787	1,454	12,444	8,246	20,690
Miscellaneous	17,954	699	1,231	2,816	443	23,143	11,250	34,393
Bad debts	-	-	-	1,248	-	1,248	-	1,248
Interest	-	-	-	-	-	-	35,325	35,325
Depreciation	59,854	13,613	3,176	13,073	9,324	99,040	9,398	108,438
	<u>\$ 5,900,007</u>	<u>\$ 549,460</u>	<u>\$ 725,019</u>	<u>\$ 1,575,356</u>	<u>\$ 526,949</u>	<u>\$ 9,276,791</u>	<u>\$ 1,135,250</u>	<u>\$ 10,412,041</u>

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

Eliada Homes, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note A – Organization and summary of significant accounting policies:

Organization

Eliada Homes, Inc. (the Organization) is a North Carolina not-for-profit corporation, located in Asheville, North Carolina. The purpose of the Organization is to provide a caring, positive environment for preschool and school age children; treatment services for abused, neglected and troubled adolescents; assistance for families in crisis; and preventative services for children and families. Programs and services seek to meet the physical, emotional, social, educational and spiritual needs of the children within the context of their families or through placement in one of the service programs. The Organization serves children and families throughout North Carolina, with the primary service area being Western North Carolina.

Income taxes

The Organization has been classified as a publicly-supported charitable organization under the Internal Revenue Code Section 501(c)(3). As a publicly-supported charity, the Organization is exempt from federal and state income taxes and federal excise taxes under Section 509(a)(1) of the Internal Revenue Code. It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain, and what, if any, effect the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for tax years 2015 and 2014. Currently, the statute of limitations remains open subsequent to and including 2012; however, no examinations are in process or anticipated. Any changes in the amount of a tax position will be recognized in the period the change occurs.

Basis of accounting and financial statement presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Financial statement presentation follows the recommendations of FASB ASC 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets, as follows:

Unrestricted net assets consist of all resources of the Organization which have no donor-imposed restrictions. The Organization's governing board may, at their discretion, designate unrestricted net assets for a specified purpose.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note A – Organization and summary of significant accounting policies – continued:

Basis of accounting and financial statement presentation – continued

Temporarily restricted net assets consist of contributions received whose use by the Organization is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled by actions of the Organization. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets consist of contributions received from donors whose use by the Organization is restricted to investment in perpetuity. Income from the investment of permanently restricted net assets is classified as unrestricted or temporarily restricted according to donor stipulations.

As permitted by these standards, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into funds that are in accordance with the activities or objectives specified. However, the Organization has discontinued the use of fund reporting and has, accordingly, reclassified its financial statements to present activity according to the three net asset classes required.

In-kind contributions

Volunteers have donated a significant amount of time to the Organization's operations and program services. Contributed services that create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills will be recognized as support. No amounts have been reflected in the accompanying financial statements for contributed services since the requirements for recognition under FASB ASC 958-605 were not met. Donated materials and use of facilities are reflected as contributions in the accompanying financial statements at their estimated fair market value at date of receipt.

Accounts receivable and credit policies

Accounts receivable consist primarily of amounts due from governmental units and other agencies for services performed by June 30, 2016 and 2015. Accounts receivable are uncollateralized and are generally due within 30 days from the invoice date. The Organization does not charge finance charges for late payment of invoices. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note A – Organization and summary of significant accounting policies – continued:

Accounts receivable and credit policies – continued

Trade accounts are stated at the amount management expects to collect from outstanding balances. Management individually reviews all accounts receivable balances that exceed 60 days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances which remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Investments

The Organization accounts for investment activity in accordance with the requirements of FASB ASC 958-320 which requires the Organization to report investments in equity securities that have readily determinable values and all investments in debt securities at fair market values. The Organization reports investment income, including realized and unrealized gains and losses on investments, as changes in unrestricted net assets, unless the donor places restrictions on income.

Fair value measurement

FASB ASC 820-10, *Fair Value Measurement and Disclosures*, applies to report balances that are required or permitted to be measured at fair value, defines fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements.

The fair value hierarchy prioritizes the input to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

Level 1 (the highest level) inputs are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. For example, securities traded in an active market, such as the New York Stock Exchange, are valued using Level 1 inputs.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note A – Organization and summary of significant accounting policies – continued:

Fair value measurement – continued

Level 2 inputs are observable inputs other than quoted prices, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term.

Level 3 inputs are unobservable inputs for the asset or liability, meaning the inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability, including inputs related to risk, which have been developed based on the best information available in the circumstances.

Inventory

Inventory consists of food products and supplies held for program use, and are valued at the lower of cost or market.

Property and equipment

Property and equipment purchased or constructed by the Organization is recorded at historical cost or estimated historical cost. Donations of property and equipment are recorded as support at the estimated fair market value on the date of donation. Generally, assets having a useful life of more than one year and costing over \$5,000 are capitalized. Depreciation is recorded on a straight-line basis over the estimated useful life of the underlying asset using the American Hospital Association estimate of useful lives of depreciable assets. The estimated useful lives of the various assets range from 3 - 20 years. When items are disposed of, the cost and accumulated depreciation are eliminated from the fixed asset records, and the resulting gain or loss is credited or charged to operations. Repairs and maintenance costs that do not enhance the useful lives of the assets are charged to expense as incurred.

Functional expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly. Other expenses that are common to several functions are allocated by statistical means.

The Organization's principal programs are as follows:

Residential treatment – The Psychiatric Residential Treatment Facility ("PRTF") program provides non acute in-patient facility care for adolescents who have a mental illness and need twenty-four hour supervision and specialized treatment interventions. The length of placement averages five months. PRTF is licensed by the Division of Health Services Regulation. The Organization operates four adolescent PRTF cottages. Two of the adolescent units are secured facilities. The Organization opened a second residential Level III group home in May 2016.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note A – Organization and summary of significant accounting policies – continued:

Functional expenses – continued

Educational and Day Treatment – Day Treatment is a structured treatment service for children and adolescents. The program directly addresses the child’s diagnostic and clinical needs, and provides mental health interventions in the context of a therapeutic treatment milieu. The program serves students, ages six – sixteen, from the local community. It is licensed by the Division of Health Services Regulation and endorsed by Smoky Mountain Center, the Local Managed Care Organization.

Foster Care – The Organization is a Licensed Child Placing Agency (LCPA) for family and therapeutic foster care services. The services are delivered by foster families recruited and trained by the Organization, and licensed by the North Carolina Division of Social Services under the Organization’s LCPA license. Therapeutic Foster Care provides a structured, supervised therapeutic milieu in a family environment with one or two foster parents. Family Foster Care provides services to children in the custody of a county department of social services.

Child Development Services – The child development program offers a variety of programs including infant care, a creative experiential preschool learning experience, preparation for kindergarten, an after-school recreational and character building program for school-age children, a well-rounded summer day camp, early intervention services for ages 0-2, and developmental day services for ages 3-5. All Child Development Programs are licensed by the Department of Health and Human Resources and hold five star licenses. In addition, Eliada runs a 21st Century Community Learning grant program in three Buncombe County elementary schools focused on science, technology, literacy and math skills.

Community Services – The Organization provides a minimal amount of community-based outpatient therapy for children receiving mental health services. These services include assessments, individual and family therapy, psychiatric evaluations and medication management. This also includes the program Eliada Students Training for Advancement (ESTA). Eliada’s ESTA program provides foster and juvenile-involved youth the opportunity to immerse in a diverse career-entry program and simultaneously develop work and career skills that sustain them into adulthood. By partnering with employers in the community, youth are taught specific skills relevant to different industries. Youth leave the program “go-ready” with entry level employment, post-secondary education or certification, independent living skills, 21st century workplace skills, and entry into a clear career pathway. The youth achieve their personal and professional goals during one year of intensive services and one year of continuous follow up. For youth aging out of foster care, Eliada offers a transitional or emergency living option.

Enhanced Services – The TASC (Therapeutic Animal Stewardship Care) Program teaches basic life skills through the relationship and responsibility components of comprehensive animal care. Other enhanced services include a climbing wall, golf driving range, tennis courts and fitness center.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note A – Organization and summary of significant accounting policies – continued:

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Note B – Transactions with related organization:

During the year ended June 30, 2004, the Board of Trustees of Eliada Homes, Inc. determined that operational control of the Organization would be enhanced by the removal of certain activities from the responsibility and control of the Organization's board. A new entity, Eliada Foundation, Inc. (the Foundation) was formed, and funded by the Organization through the transfer of real estate and investment assets, with full variance power granted to the governing board of the Foundation. As the Organization has grown with the changing environment of its primary service area, the board of trustees has been able to remain focused on operations, making decisions that relate to the Organization's program services only. The board of directors for the Foundation is charged with the management of investment funds, securing funding for future capital needs, safeguarding existing assets, and granting support to the Organization.

The accompanying financial statements include the following transactions with the Foundation during the years ended June 30, 2016 and 2015:

The Organization paid rent to the Foundation under a commercial lease agreement in the amount of \$245,667 and \$264,000 for the years ended June 30, 2016 and 2015, respectively. At the end of each lease term, there is a renewal option for an additional twelve months.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note B – Transactions with related organization – continued:

The Foundation paid a monthly development fee to the Organization under a management services agreement, in consideration for accounting services provided to the Foundation by employees of the Organization through December 31, 2015. Payments to the Organization under this contract amounted to \$17,500 and \$35,000 during the years ended June 30, 2016 and 2015, respectively.

The Foundation grants operational support to the Organization on an on-going, as needed basis, providing resources to the Organization to respond to the changing needs of the service environment in the most timely and efficient manner. For the years ended June 30, 2016 and 2015, the Foundation provided advances on the operational grant for the year in direct response to the Organization's cash flow needs, under a grant/loan agreement between the Foundation and the Organization. The Organization pays interest to the Foundation at 4% on all advanced funds, from the date of the advance until the date the funds are repaid or approved as a grant. The Organization paid \$9,565 and \$7,977 interest to the Foundation under this arrangement during the years ended June 30, 2016 and 2015, respectively.

The Foundation forwarded operational grants and scholarships to the Organization totaling \$59,458 and \$62,987 during the years ended June 30, 2016 and 2015, respectively. The Foundation owes the Organization \$-0- and \$5,199 as of June 30, 2016 and 2015, respectively for grants and donations due but not paid.

The Foundation provided operating subsidies to the Organization totaling \$205,341 and \$272,744 during the years ended June 30, 2016 and 2015, respectively. The Organization has recorded amounts payable to the Foundation totaling \$357,000 and \$216,347 as of June 30, 2016 and 2015, respectively.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note B – Transactions with related organization – continued:

Following is summarized financial information regarding Eliada Foundation, Inc. as of June 30:

	2016	2015
<u>Assets</u>		
Cash	\$ 96,070	\$ 7,897
Refundable advance – affiliate	357,000	216,347
Investments	3,015,470	3,031,256
Property and equipment, net of accumulated depreciation	8,798,240	9,231,518
Other	-	34,458
Total assets	\$ 12,266,780	\$ 12,521,476
<u>Liabilities and Net Assets</u>		
Accounts payable and accrued expenses	\$ 3,000	\$ 49,640
Payable to supported organization	-	5,199
Long-term debt	323,069	369,985
Total liabilities	326,069	424,824
Net assets:		
Unrestricted	9,871,744	10,024,204
Temporarily restricted	1,139,572	1,153,053
Permanently restricted	929,395	919,395
Total net assets	11,940,711	12,096,652
Total liabilities and net assets	\$ 12,266,780	\$ 12,521,476
Total support and revenues	\$ 696,906	\$ 977,657
Total expenses	\$ 852,847	\$ 1,130,794

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note C – Accounts receivable, net:

Accounts receivable consist of the following as of June 30:

	2016	2015
Accounts receivable	\$ 675,638	\$ 572,055
Less allowance for doubtful accounts	-	(8,012)
	\$ 675,638	\$ 564,043

Note D – Investments:

Beneficial interest in perpetual trusts

The Organization is an irrevocable beneficiary in certain perpetual trusts held and administered by outside parties. By direction of the grantor of each trust, the principal of the trust is invested in perpetuity, and the Organization is entitled to a portion of the investment income in perpetuity. For the years ended June 30, 2016 and 2015, the Organization received income allocations from these trusts in the amount of \$22,602 and \$12,277, respectively.

The beneficial interest in perpetual trusts is recorded at fair value and has been determined to be a Level 3 financial asset. Fair value is based on the Organization's fractional interest in trust assets as a whole, as reported to the Organization by the relevant trustees.

As required by FASB ASC 820-10, the following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3):

	2016					
	Beginning Balance	Total Losses	Interest Credited	Purchases, Issuances, Settlements	Ending Balance	Unrealized Losses
Beneficial interest in perpetual trust	\$ 251,300	\$ (20,958)	\$30,262	\$ (30,262)	\$ 230,342	\$ (12,400)

	2015					
	Beginning Balance	Total Losses	Interest Credited	Purchases, Issuances, Settlements	Ending Balance	Unrealized Losses
Beneficial interest in perpetual trust	\$ 258,600	\$ (7,300)	\$ 12,277	\$ (12,277)	\$ 251,300	\$ (7,300)

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note D – Investments – continued:

Property held for investment

Property held for investment represents land donated to the Organization during the year ended June 30, 2012. This land was recorded at its estimated fair value on the date of donation. During the fiscal year ended June 30, 2015, an impairment loss of \$89,250 was recorded to adjust the property to its estimated fair value as of June 30, 2015. No impairment adjustment was deemed necessary in the year ended June 30, 2016. Estimated fair value measurements were calculated using Level 2 inputs.

Note E – Property and equipment, net:

Following is a summary of property and equipment as of June 30, 2016:

	Balance 6/30/15	Additions & Retirements	Balance 6/30/16
Buildings and improvements	\$ 203,172	\$ -	\$ 203,172
Leasehold improvements	85,764	(6,529)	79,235
Maintenance equipment	80,854	-	80,854
Office equipment	367,160	5,430	372,590
Other equipment	170,417	(1,782)	168,635
Furniture and fixtures	209,343	-	209,343
Vehicles	153,881	(22,925)	130,956
Land and land improvements	90,921	-	90,921
	1,361,512	(25,806)	1,335,706
Less accumulated depreciation	847,273	59,985	907,258
	\$ 514,239	\$ (85,791)	\$ 428,448

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note E – Property and equipment, net – continued:

Following is a summary of property and equipment as of June 30, 2015:

	Balance 6/30/14	Additions & Retirements	Balance 6/30/15
Buildings and improvements	\$ 203,172	\$ -	\$ 203,172
Leasehold improvements	85,764	-	85,764
Maintenance equipment	73,538	7,316	80,854
Office equipment	362,160	5,000	367,160
Other equipment	172,518	(2,101)	170,417
Furniture and fixtures	210,429	(1,086)	209,343
Vehicles	165,606	(11,725)	153,881
Land and land improvements	90,921	-	90,921
	1,364,108	(2,596)	1,361,512
Less accumulated depreciation	763,746	83,527	847,273
	\$ 600,362	\$ (86,123)	\$ 514,239

Depreciation charged to operations totaled \$92,681 and \$108,438 for the years ended June 30, 2016 and 2015, respectively.

Note F – Other gifts and bequests:

The Organization has been named as a beneficiary in various trusts and gift instruments. The value of funds to be received cannot currently be determined. Also, during the year ended June 30, 2016, the Organization received \$875,000 representing the first installment of an estate bequest in which the Organization is a residual beneficiary. The amount of residual that will be received when the estate is closed cannot be determined at this time. As such, these amounts have not been recorded in the Organization's financial statements.

Note G – Long-term debt:

The Organization is a party to certain financing arrangements with the North Carolina Housing Financing Agency (NCHFA), Buncombe County and the City of Asheville related to capital improvement projects. The loan arrangements include favorable financing terms in varying forms as described below, and are recorded at estimated fair value based on a present value calculation. The inputs to fair value measurement are classified as Level 2.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note G – Long-term debt – continued:

Green Building renovation

A promissory note in the face amount of \$76,982, no stated interest, calls for principal repayable at the rate of \$214 per month for 360 months. The loan is dated July 1, 1998, with first funds advanced on March 1, 2000 and first repayment became due on April 1, 2000. The loan is recorded using an imputed interest rate of 5.0%. This note is secured by a deed of trust on real property held by the Foundation with a carrying value as of June 30, 2016 of \$289,495.

Buncombe County building purchase

A promissory note entered into in June 2012 in the face amount of \$279,650, no stated interest, calls for a balloon payment of the principal amount due June 30, 2017. The loan is recorded using an imputed interest rate of 4.0%. This note is secured by a deed of trust on real property with a carrying value as of June 30, 2016 of \$243,000.

RISE Village renovation

A Special Needs Housing Program agreement governs the advance of \$70,407 from the NCHFA to the Organization, with a start date of March 25, 1999. Repayment terms under this agreement require a balloon payment of the principal amount, with no interest, due in 50 years from the start date. The loan is recorded at present value using a discount rate of 5.0%. This note is secured by a deed of trust on real property held by the Foundation with a carrying value as of June 30, 2016 of \$300,098.

City of Asheville

A \$200,000 capital needs advance from the City of Asheville, received in October of 1997, matures with a balloon payment of \$200,000 in October of 2047, with no interest payable during the term of the loan or upon maturity. Further, the Community Development Office of the City of Asheville has indicated that the balloon payment will be forgiven on the maturity date. The debt forgiveness will be recognized at maturity in 2047, unless the terms of the obligation are altered to allow earlier recognition. The loan is recorded at present value using a discount rate of 5.0%. This note is secured by a deed of trust on real property held by the Foundation with a carrying value as of June 30, 2016 of \$300,098.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note G – Long-term debt – continued:

Following is a summary of long-term debt as of June 30:

	2016	2015
NC Housing Finance Agency (terms described on previous pages):		
Green Building	\$ 25,479	\$ 26,736
RISE Village:		
Face amount	70,407	70,407
Unamortized discount	(55,631)	(56,335)
	14,776	14,072
City of Asheville:		
Face amount	200,000	200,000
Unamortized discount	(158,027)	(160,025)
	41,973	39,975
Buncombe County:		
Face amount	279,650	279,650
Unamortized discount	(10,756)	(21,098)
	268,894	258,552
Note payable to a finance company, due in monthly installments of \$161 with no stated interest. This note was paid off in the year ended June 30, 2016.	-	2,094
Note payable to a finance company, due in monthly installments of \$198 with no stated interest until maturity in August 2017.	2,509	4,885
Note payable to a finance company, due in 60 monthly installments of principal and interest of \$380 with an interest rate of 2.1%, maturing May 2018.	8,558	12,888
	\$ 362,189	\$ 359,202

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note G – Long-term debt – continued:

Maturities of long-term obligations requiring payments as of June 30, 2016 are as follows:

Total notes payable	\$	362,189
Less notes without cash outlay obligations:		
RISE Village		(14,776)
City of Asheville		(41,973)
	\$	305,440

Amounts payable during the years ending June 30:

2017	\$	277,013
2018		5,660
2019		1,461
2020		1,535
2021		19,771
Thereafter		-
	\$	305,440

Although there is a significant award component of the loan arrangements with the City of Asheville and the North Carolina Housing Financing Agency, the governmental agencies do not consider the loans to be a form of financial assistance. The favorable terms of the loans are dependent upon the Organization's compliance with certain operating directives related to the use of the renovated buildings.

Lines of credit

The Organization had access to a \$750,000 unsecured operating line of credit with a bank under a demand note agreement dated December 2006 that matured April 2016, requiring monthly payments of interest only on outstanding advances, at the bank's prime rate plus .50% with a minimum rate of 3.75%. As part of the agreement, the Foundation was a guarantor for this obligation of the Organization. There were no outstanding borrowings on this credit line as of June 30, 2015 and this line of credit was closed in the year ended June 30, 2016.

The Organization had an agreement for an additional \$750,000 line of credit with a bank under a demand note agreement dated April 2010 that matured April 2016, requiring monthly payments of interest only on outstanding advances, at the bank's prime rate (3.25% as of June 30, 2015) with a minimum rate of 2.95%. As part of the agreement, the Foundation was a guarantor for this obligation of the Organization. This credit line was secured by specific assets held by the Foundation on behalf of the Organization. The outstanding balance as of June 30, 2015 was \$552,000. This line was closed in the year ended June 30, 2016.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note H – Capital lease obligation:

The Company leased computer equipment classified as a capital lease during the year ended June 30, 2014. This lease is secured by computer equipment and has a lease term of three years. The monthly payment is \$963 with an interest rate of 8.6%. Amortization expense for this capital lease is included in depreciation expense.

The capitalized cost and accumulated amortization of this equipment as of June 30, 2016 are as follows:

Capitalized cost	\$	28,780
Less accumulated amortization		15,349
<hr/>		
Equipment under capital lease, net	\$	13,431

As of June 30, 2016, future minimum lease payments on this lease agreement are as follows:

Year ending June 30, 2017	\$	963
Less amount representing interest		89
<hr/>		
Present value of minimum lease payments	\$	874

Note I – Operating leases:

The Company maintains leases with auto dealer financing for four vehicles. The lease terms are for three years, and the monthly payments for each vehicle range from \$209 to \$245. At present, two of the leases will expire in September 2016, and two will expire in April 2019.

The Company also maintains a lease for copier equipment with a company. The lease term is for four years, the monthly payment is \$1,533 and the lease will expire in May 2018. Lease payments were \$30,392 and \$30,036 for the years ended June 30, 2016 and 2015, respectively.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note I – Operating leases - continued:

Minimum future lease payments consist of the following:

<u>Year ending June 30,</u>		
2017	\$	24,882
2018		20,346
2019		4,180
	\$	49,408

Note J – Net assets:

Temporarily restricted net assets

Temporarily restricted net assets consist of funds earmarked by the donor or grantor for specific programs including donor restrictions passed through the Foundation as follows as of June 30:

	2016	2015
ESTA Vocational/Transitional living needs	\$ 11,581	\$ 40,493
Property	-	2,000
TASC Program	35,652	9,309
Other program needs	10,572	16,007
Future periods	224,414	237,458
	\$ 282,219	\$ 305,267

Permanently restricted net assets

Donor-restricted endowment funds are held in perpetual trusts, the investment of which is determined by the trustee rather than the Organization. Future earnings from assets permanently restricted will be available for the following purposes as of June 30:

	2016	2015
Unrestricted operational support	\$ 230,342	\$ 251,300

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note K – Retirement plan:

The Organization offers employees the option of participating in a tax-deferred annuity retirement plan. This retirement benefit is available to all employees who work at least 20 hours per week. The Organization will match the employee's elective deferrals, up to 3% of salary. The Organization contributed \$45,906 and \$49,372 to the retirement plan for the years ended June 30, 2016 and 2015, respectively. Until December 31, 2015, the Foundation employees were covered under the same plan with the Organization. The Foundation reimbursed the Organization for any Foundation related expenses. Effective January 1, 2016, the Foundation no longer has employees.

Note L – Commitments and contingencies:

The Organization provides services to governmental agencies at approved contractual rates that are subject to review and change, including adjustments to indirect cost rates and service rates. As a result, adjustments could be made to amounts reported as revenues and receivables in the accompanying financial statements. Historically, management has not experienced significant adjustments subsequent to the period of service.

Note M – Concentrations:

The Organization's primary banking relationship is with an institution that is insured by the Federal Deposit Insurance Corporation (FDIC). At times during the year, the Organization's deposits may exceed the FDIC insured limits, especially during periods of high cash flows. The Organization has not experienced any losses in the accounts.

During the years ended June 30, 2016 and 2015, the Organization received revenues from Medicaid, which represented 53% and 65%, respectively, of total support and revenues. Accounts receivable from Medicaid represented 45% and 62% of total accounts receivable as of June 30, 2016 and 2015, respectively.

Note N – Risk Management:

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees or clients; and natural disasters. The Organization carries commercial coverage for these risks. There have been no significant reductions in insurance coverage, and the Organization has not experienced any settled claims in excess of insurance coverage.

Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2016 and 2015

Note O – Subsequent events:

In the preparation of these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 21, 2016, the date the financial statements were available to be issued

In July 2016, the Foundation obtained a \$500,000 unsecured line of credit from a local bank, maturing in July 2017. This line requires monthly payments of interest only on outstanding advances at the bank's prime rate (3.50% as of July 2016) plus 4.27% with a minimum rate of 7.77%. As part of this agreement, the Organization is a guarantor for this obligation of the Foundation.

Supplementary Information

Eliada Homes, Inc.

Schedule of Program Expenses

Year Ended June 30, 2016

	Residential Treatment and Group Homes						Educational & Day Treatment		Foster Care
	Cummings	Earle	Green	Lions	Reuter	Reynolds	Day Treatment	Education	Family & Level II Therapeutic
Salaries	\$ 720,735	\$ 477,810	\$ 255,755	\$ 644,882	\$ 702,421	\$ 744,759	\$ 253,166	\$ 165,935	\$ 216,506
Employee benefits	82,330	58,383	30,473	72,305	84,040	81,812	35,507	7,096	30,125
Pension cost	2,475	2,413	795	2,432	3,694	3,107	2,636	803	4,510
Payroll taxes	62,983	42,223	21,149	56,607	63,706	64,811	20,416	14,454	17,673
Supplies and equipment	11,967	8,233	3,996	10,307	11,916	17,412	7,322	28,051	6,020
Food	30,591	15,641	10,509	25,793	30,982	30,634	13,671	16	528
Computer technology	3,377	2,097	1,040	2,929	3,374	3,386	2,661	1,406	3,007
Clothing	290	297	110	134	128	492	47	-	21
Utilities	23,724	16,314	6,629	25,692	23,335	24,840	9,436	-	2,113
Insurance	8,345	5,925	3,442	7,822	8,141	8,517	4,531	-	11,997
Maintenance and repairs	34,837	24,974	11,347	45,127	35,740	31,494	16,293	944	4,714
Telephone	3,632	2,702	749	2,834	3,725	3,887	1,934	280	4,566
Postage	343	168	66	211	245	425	152	23	226
Travel	1,806	1,472	532	1,954	1,826	1,847	771	582	14,446
Dues and subscriptions	715	614	278	749	707	718	423	-	894
License and fees	2,692	2,384	687	2,623	2,771	2,740	616	3,856	544
Student related expense	3,550	1,198	1,101	2,141	3,238	3,436	188	546	1,447
Foster care payments	-	-	-	-	-	-	-	-	362,946
Rent	28,299	19,864	12,839	28,274	27,960	28,112	21,687	-	2,917
Professional fees	36,788	21,894	(144)	33,925	36,626	45,249	(232)	-	(166)
Conferences and meetings	2,030	1,228	465	1,851	2,045	2,036	1,061	82	2,705
Recreation activities	131	425	821	227	327	311	365	-	80
Promotions	1,615	1,051	374	1,536	1,759	1,732	366	166	1,963
Miscellaneous	346	683	133	1,256	344	5,587	150	-	773
Bad debts	2,588	-	-	-	1,994	-	3,657	-	-
Depreciation	8,786	6,964	3,601	12,460	8,142	8,189	11,736	-	3,873
Operational expenses	\$ 1,074,975	\$ 714,957	\$ 366,747	\$ 984,071	\$ 1,059,186	\$ 1,115,533	\$ 408,560	\$ 224,240	\$ 694,428

Eliada Homes, Inc.

Schedule of Program Expenses – continued

Year Ended June 30, 2016

	Child Development				Community Based Services						Total Program Expenses
	Daycare Preschool	21st Century After School Prog.	After School School Age	Summer Camp	Vocational Program ESTA	Outpatient Department	Recreation Barn	National Program using Minibikes	Recreation Department	Therapeutic Animal Program	
Salaries	\$ 730,838	\$ 94,118	\$ 50,727	\$ 54,400	\$ 83,020	\$ 2,839	\$ -	\$ 14,855	\$ 2,917	\$ 37,560	\$ 5,253,243
Employee benefits	117,051	6,944	4,395	6,444	12,216	483	-	2,175	398	4,462	636,639
Pension cost	9,187	53	187	48	1,158	25	-	2	2	932	34,459
Payroll taxes	63,271	8,258	3,806	4,621	7,755	231	-	1,273	277	3,246	456,760
Supplies and equipment	44,463	3,473	5,802	5,903	11,939	52	81	-	894	11,840	189,671
Food	107,306	9,937	9,361	10,891	7,267	-	-	-	-	-	303,127
Computer technology	4,733	-	1,104	399	20	2	-	-	-	-	29,535
Clothing	-	2,190	-	1,313	2,367	-	-	-	-	-	7,389
Utilities	37,543	-	3,356	4,222	14,307	342	5,020	-	-	12	196,885
Insurance	16,088	-	4,984	1,699	3,503	83	1,865	3,300	-	1,069	91,311
Maintenance and repairs	72,354	25	9,725	8,924	26,047	559	5,129	432	4,353	523	333,541
Telephone	4,991	116	1,044	703	818	75	397	-	122	498	33,073
Postage	316	-	19	21	125	2	-	-	-	-	2,342
Travel	1,257	4,118	1,510	1,281	3,042	28	-	41	6	1,545	38,064
Dues and subscriptions	669	-	78	73	138	11	-	1,500	-	-	7,567
License and fees	1,756	448	1,059	290	533	8	125	-	469	233	23,834
Student related expense	129	2,575	11	403	5,889	-	-	-	-	-	25,852
Foster care payments	-	-	-	-	-	-	-	-	-	-	362,946
Rent	36,387	25,760	2,397	1,921	24,022	979	9,000	-	-	1,200	271,618
Professional fees	1,406	20,005	3	30	(133)	7,720	-	-	275	8,974	212,220
Conferences and meetings	1,348	448	287	84	108	17	-	-	-	2,107	17,902
Recreation activities	140	898	76	13,088	965	-	-	-	-	-	17,854
Promotions	1,353	85	394	72	1,036	7	-	-	-	-	13,509
Miscellaneous	446	-	52	43	564	3	-	-	-	-	10,380
Bad debts	720	-	505	339	-	2,471	-	-	-	-	12,274
Depreciation	9,681	-	1,083	778	5,445	104	1,563	-	-	-	82,405
Operational expenses	\$ 1,263,433	\$ 179,451	\$ 101,965	\$ 117,990	\$ 212,151	\$ 16,041	\$ 23,180	\$ 23,578	\$ 9,713	\$ 74,201	\$ 8,664,400

Eliada Homes, Inc.

Schedule of Program Expenses

Year Ended June 30, 2015

	Residential Treatment and Group Homes						Educational & Day Treatment		Foster Care
	Cummings	Earle	Green	Lions	Reuter	Reynolds	Day Treatment	Education	Family & Level II Therapeutic
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries	740,299	567,965	252,800	781,685	723,884	767,690	257,200	51,524	225,708
Employee benefits	89,924	70,847	30,745	91,534	83,192	97,447	38,372	6,713	29,186
Pension cost	3,869	2,659	1,010	2,635	4,072	4,254	2,378	32	3,481
Payroll taxes	67,663	51,750	22,935	70,602	65,626	69,845	21,273	4,451	19,000
Supplies and equipment	19,295	15,288	7,651	20,061	18,730	19,927	12,244	34,420	3,821
Food	31,943	23,064	11,701	34,182	31,368	31,933	19,282	-	405
Computer technology	3,416	2,239	933	3,458	3,406	3,464	3,369	1,002	1,813
Clothing	796	562	356	422	118	816	7	-	132
Utilities	25,603	18,797	8,019	24,871	25,605	27,811	12,150	261	2,293
Insurance	7,216	5,646	3,082	7,192	7,092	7,436	3,981	102	10,436
Maintenance and repairs	41,540	45,274	19,815	59,028	44,355	45,685	26,036	736	7,828
Telephone	4,405	3,974	798	5,247	4,568	5,487	3,705	113	5,593
Postage	482	417	163	532	475	532	226	37	230
Travel	3,424	3,472	784	4,048	3,266	3,626	1,564	503	19,276
Dues and subscriptions	1,789	1,504	673	1,842	1,759	1,790	738	2,081	1,114
License and fees	3,011	2,447	1,398	3,127	2,982	3,226	949	1,603	2,030
Student related expense	4,922	2,642	1,822	4,737	2,503	4,179	501	61	1,788
Foster care payments	-	-	-	-	130	-	-	-	373,796
Rent	34,062	22,918	13,794	29,037	33,648	33,876	22,167	161	2,793
Professional fees	34,872	23,718	244	35,738	34,870	37,147	707	5	196
Conferences and meetings	2,696	2,035	644	2,732	2,568	2,847	2,930	70	6,915
Recreation activities	4	336	1,036	259	160	284	432	-	-
Promotions	928	951	321	1,244	1,209	1,710	1,035	27	2,778
Miscellaneous	1,418	1,196	399	9,073	1,394	4,474	637	62	1,231
Bad debts	-	-	-	-	-	-	-	-	-
Depreciation	11,610	8,977	3,916	15,238	9,981	10,132	13,390	223	3,176
Operational expenses	\$ 1,135,187	\$ 878,678	\$ 385,039	\$ 1,208,524	\$ 1,106,961	\$ 1,185,618	\$ 445,273	\$ 104,187	\$ 725,019

Eliada Homes, Inc.

Schedule of Program Expenses – continued

Year Ended June 30, 2015

	Child Development			Community Based Services							Total Program Expenses
	Daycare Preschool	After School School Age	Summer Camp	Vocational		Recreation Barn	National Program using Minibikes	Recreation Department	Therapeutic Animal Program		
				Program ESTA	Outpatient Department						
Salaries	\$ 727,114	\$ 112,226	\$ 48,663	\$ 108,452	\$ 15,072	\$ -	\$ 31,958	\$ 25,462	\$ 37,009	\$ 5,474,711	
Employee benefits	117,505	16,014	3,331	19,114	1,519	-	3,571	3,593	4,263	706,870	
Pension cost	6,236	217	191	1,344	51	-	25	25	955	33,434	
Payroll taxes	63,733	9,802	4,026	10,194	1,275	-	3,054	2,249	3,091	490,569	
Supplies and equipment	46,224	13,170	8,293	15,458	439	58	405	2,964	12,040	250,488	
Food	104,826	10,910	13,203	29,034	-	-	169	16	-	342,036	
Computer technology	3,103	701	337	6	-	-	-	-	-	27,247	
Clothing	-	-	1,044	5,286	-	-	532	-	-	10,071	
Utilities	34,587	4,145	4,131	16,091	659	7,109	53	10	12	212,207	
Insurance	14,036	5,973	1,882	5,244	106	1,939	4,820	-	985	87,168	
Maintenance and repairs	76,022	14,659	9,939	18,137	1,555	11,804	1,171	452	8,772	432,808	
Telephone	5,724	1,852	721	1,812	278	379	122	510	827	46,115	
Postage	439	83	17	322	5	-	-	-	-	3,960	
Travel	3,063	2,963	2,411	4,778	298	-	245	170	578	54,469	
Dues and subscriptions	1,705	349	30	1,298	26	-	2,167	-	-	18,865	
License and fees	2,406	958	525	6,912	30	125	19	711	289	32,748	
Student related expense	1,491	638	1,334	7,456	1	-	-	-	27	34,102	
Foster care payments	-	-	-	-	-	-	-	-	-	373,926	
Rent	36,066	2,753	1,868	24,326	1,749	9,000	-	-	1,200	269,418	
Professional fees	99	2,912	3	507	6,354	-	-	-	9,004	186,376	
Conferences and meetings	1,669	1,285	171	3,605	197	-	1,010	342	5,189	36,905	
Recreation activities	117	-	7,537	4,330	-	-	-	1,928	-	16,423	
Promotions	645	141	1	563	47	-	844	-	-	12,444	
Miscellaneous	2,287	329	200	329	114	-	-	-	-	23,143	
Bad debts	1,022	226	-	-	-	-	-	-	-	1,248	
Depreciation	10,907	1,362	804	6,105	140	3,079	-	-	-	99,040	
Operational expenses	\$ 1,261,026	\$ 203,668	\$ 110,662	\$ 290,703	\$ 29,915	\$ 33,493	\$ 50,165	\$ 38,432	\$ 84,241	\$ 9,276,791	