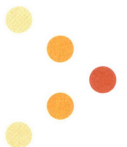


**Eliada Homes, Inc.**

Asheville, North Carolina

Financial Statements  
and Supplementary Information  
Years Ended June 30, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014, 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.

Johnson Price Sprink<sup>1</sup>e PA

**Other Matters**

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*

November 9, 2015

## Eliada Homes, Inc.

### Statements of Financial Position

June 30,	2015	2014
<b>Assets</b>		
Cash	\$ 385,372	\$ 167,771
Accounts receivable - net	564,043	589,402
Other receivables	21,365	20,309
Receivable - affiliate	5,199	6,123
Inventory	10,369	12,508
Prepaid expenses and other assets	93,974	122,294
Property and equipment, net	514,239	600,362
Property held for investment	285,000	374,250
Beneficial interest in perpetual trusts	251,300	258,600
<b>Total assets</b>	<b>\$ 2,130,861</b>	<b>\$ 2,151,619</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 199,729	\$ 134,206
Payroll liabilities	441,858	412,813
Other liabilities	21,074	9,715
Line of credit	552,000	-
Capital lease obligation	12,723	21,919
Long-term debt	359,202	356,428
Payable - affiliate	216,347	418,535
<b>Total liabilities</b>	<b>1,802,933</b>	<b>1,353,616</b>
<b>Net assets:</b>		
Unrestricted (deficit)	(228,639)	239,174
Temporarily restricted	305,267	300,229
Permanently restricted	251,300	258,600
<b>Total net assets</b>	<b>327,928</b>	<b>798,003</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,130,861</b>	<b>\$ 2,151,619</b>

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
<b>Support and revenues:</b>				
Program service revenue:				
Medicaid	\$ 6,529,426	\$ -	\$ -	\$ 6,529,426
State	1,064,653	-	-	1,064,653
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)	-	-
<b>Total support and revenues</b>	<b>9,944,228</b>	<b>5,038</b>	<b>(7,300)</b>	<b>9,941,966</b>
<b>Expenses:</b>				
Program services	9,276,791	-	-	9,276,791
Supporting services	1,135,250	-	-	1,135,250
<b>Total expenses</b>	<b>10,412,041</b>	<b>-</b>	<b>-</b>	<b>10,412,041</b>
<b>Change in net assets</b>	<b>(467,813)</b>	<b>5,038</b>	<b>(7,300)</b>	<b>(470,075)</b>
<b>Net assets, beginning of year</b>	<b>239,174</b>	<b>300,229</b>	<b>258,600</b>	<b>798,003</b>
<b>Net assets (deficit), end of year</b>	<b>\$ (228,639)</b>	<b>\$ 305,267</b>	<b>\$ 251,300</b>	<b>\$ 327,928</b>

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

## Eliada Homes, Inc.

### Statement of Activities

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Support and revenues:</b>				
Program service revenue:				
Medicaid	\$ 6,402,399	\$ -	\$ -	\$ 6,402,399
State	935,944	-	-	935,944
County	948,100	-	-	948,100
Private payments	525,607	-	-	525,607
Support:				
Private grants and contributions	28,800	143,071	-	171,871
Federal and state grants	233,209	-	-	233,209
Eliada Foundation, Inc. pass-throughs	-	42,873	-	42,873
Eliada Foundation, Inc. subsidies	201,859	-	-	201,859
Eliada Foundation, Inc. scholarships	-	13,263	-	13,263
Development fee - Eliada Foundation, Inc.	35,000	-	-	35,000
Investment earnings	11,075	-	-	11,075
Change in value of beneficial interest in perpetual trust	-	-	20,800	20,800
Gain on disposal of assets	1,905	-	-	1,905
Rents	4,500	-	-	4,500
Miscellaneous expense	6,303	-	-	6,303
Net assets released from restrictions	293,120	(293,120)	-	-
<b>Total support and revenues</b>	<b>9,627,821</b>	<b>(93,913)</b>	<b>20,800</b>	<b>9,554,708</b>
<b>Expenses:</b>				
Program services	8,762,306	-	-	8,762,306
Supporting services	1,141,048	-	-	1,141,048
<b>Total expenses</b>	<b>9,903,354</b>	<b>-</b>	<b>-</b>	<b>9,903,354</b>
<b>Change in net assets</b>	<b>(275,533)</b>	<b>(93,913)</b>	<b>20,800</b>	<b>(348,646)</b>
<b>Net assets, beginning of year</b>	<b>514,707</b>	<b>394,142</b>	<b>237,800</b>	<b>1,146,649</b>
<b>Net assets, end of year</b>	<b>\$ 239,174</b>	<b>\$ 300,229</b>	<b>\$ 258,600</b>	<b>\$ 798,003</b>

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



**Eliada Homes, Inc.**

## Statements of Cash Flows

Years Ended June 30,

2015

2014

**Cash flows from operating activities:**

Change in net assets	\$	(470,075)	\$	(348,646)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation		108,438		131,135
Amortization of discount on loans		12,518		12,013
Change in provision for bad debts		(19,968)		9,350
Impairment loss on property held for investment		89,250		-
Gain on disposal of assets		(4,229)		(1,905)
Change in value of beneficial interest in perpetual trusts		7,300		(20,800)
(Increase) decrease in assets:				
Accounts receivable -net		45,327		74,730
Other receivables		(1,056)		17,278
Inventory		2,139		(1,979)
Prepaid expenses and other current assets		28,320		(57,598)
Increase (decrease) in liabilities:				
Accounts payable		65,523		3,460
Payroll liabilities		29,045		4,430
Other liabilities		11,359		(14,574)
Net cash used in operating activities		(96,109)		(193,106)

**Cash flows from investing activities:**

Proceeds from the sale of assets		4,229		1,905
Payments for the purchase of property and equipment		(22,315)		(83,860)
Net cash used in investing activities		(18,086)		(81,955)

**Cash flows from financing activities:**

Advances (repayments) - affiliate		(201,264)		415,601
Advances (repayments) on line of credit-net		552,000		(220,000)
Principal payments on long-term debt		(9,744)		(9,598)
Repayments on capital lease obligation		(9,196)		(6,861)
Net cash provided by financing activities		331,796		179,142

**Net increase (decrease) in cash** 217,601 (95,919)

**Cash, beginning of year** 167,771 263,690

**Cash, end of year** \$ 385,372 \$ 167,771

**Supplemental disclosures of cash flow information:**

Cash payments for interest	\$	22,671	\$	14,914
Acquisition of property through capital leases	\$	-	\$	28,780

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	11,248	34,391
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	9,400	108,440
	<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.**

Statement of Functional Expenses

Year Ended June 30, 2014

	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	\$ 3,532,833	\$ 371,466	\$ 240,089	\$ 855,511	\$ 202,913	\$ 5,202,812	\$ 788,047	\$ 5,990,859
Employee benefits	368,238	54,973	27,514	112,841	24,567	588,133	56,272	644,405
Pension cost	16,440	3,247	2,660	5,902	2,004	30,253	17,739	47,992
Payroll taxes	309,467	31,512	20,117	73,283	17,702	452,081	59,743	511,824
Supplies and equipment	119,009	16,982	8,029	49,978	32,509	226,507	25,104	251,611
Food	155,487	17,816	542	124,971	23,611	322,427	-	322,427
Computer technology	19,152	5,397	2,924	3,697	25	31,195	37,921	69,116
Clothing	2,122	1,354	-	190	6,366	10,032	5	10,037
Utilities	131,666	13,262	2,515	40,657	22,632	210,732	3,578	214,310
Insurance	35,448	4,809	9,366	20,805	9,806	80,234	2,187	82,421
Maintenance and repairs	197,186	33,292	7,982	101,414	35,005	374,879	15,036	389,915
Telephone	23,427	4,877	4,959	7,223	5,277	45,763	10,022	55,785
Postage	2,809	269	102	327	150	3,657	1,832	5,489
Travel	20,288	2,450	18,041	5,994	10,186	56,959	7,667	64,626
Dues and subscriptions	5,465	873	245	1,277	2,753	10,613	6,890	17,503
License and fees	15,607	1,078	1,023	4,076	4,489	26,273	2,731	29,004
Student related expense	23,274	1,010	2,441	2,977	8,423	38,125	59	38,184
Foster care payments	-	-	418,870	-	-	418,870	-	418,870
Rent	151,096	24,623	3,035	39,360	34,978	253,092	2,226	255,318
Professional fees	165,117	1,512	284	818	13,542	181,273	38,374	219,647
Conferences and meetings	18,238	3,275	1,354	2,259	5,447	30,573	10,586	41,159
Recreation activities	1,497	649	-	8,145	5,665	15,956	-	15,956
Promotions	5,871	1,200	3,579	937	4,514	16,101	950	17,051
Miscellaneous	4,285	594	155	960	665	6,659	16,076	22,735
Bad debts	-	-	-	9,350	-	9,350	-	9,350
Interest	-	-	-	-	-	-	26,625	26,625
Depreciation	72,175	17,681	2,886	19,792	7,223	119,757	11,378	131,135
	<u>\$ 5,396,197</u>	<u>\$ 614,201</u>	<u>\$ 778,712</u>	<u>\$ 1,492,744</u>	<u>\$ 480,452</u>	<u>\$ 8,762,306</u>	<u>\$ 1,141,048</u>	<u>\$ 9,903,354</u>

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

## **Eliada Homes, Inc.**

Notes to Financial Statements

June 30, 2015 and 2014

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### **Note A – Organization and summary of significant accounting policies:**

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#### **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 2014 and 2013. Currently, the statute of limitations remains open subsequent to and including 2011; 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, 2015 and 2014

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

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#### **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, 2015 and 2014. 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, 2015 and 2014

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

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#### **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, 2015 and 2014

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

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#### **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 children and 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 five PRTF cottages: four for adolescents and one for pre-adolescents. Two of the adolescent units are secured facilities. The Organization opened a residential Level III group home in August 2014.

## **Eliada Homes, Inc.**

Notes to Financial Statements – continued

June 30, 2015 and 2014

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

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#### **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 – fifteen, from the local community. It is licensed by the Division of Health Services Regulation and endorsed by Western Highlands Network, 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. Eliada school age children participated in the 21<sup>st</sup> Century Community Learning grant program which focused on 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 Eliada School of Trade Arts (ESTA) program which is a post-secondary trade school and transitional living program serving youth aging out of the foster care system. Through vocational and academic training, character development, a support network, and the experience of transitional living, ESTA will give needy young men and women the tools to become self-sufficient adults and productive members of society.

***Enhanced Services*** – The TASC (Therapeutic Animal Stewardship Care) Program teaches basic life skills through the relationship and responsibility components of comprehensive animal care. The NYPUM (National Youth Program Using Minibikes) program motivates youth to make positive choices by holding youth accountable for their decisions. 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, 2015 and 2014

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

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#### **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.

#### **Subsequent events**

In the preparation of these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 9, 2015, the date the financial statements were available to be issued.

### **Note B – Transactions with related organization:**

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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 a focus on development, 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, 2015 and 2014:

The Organization paid rent to the Foundation under a commercial lease agreement in the amount of \$264,000 and \$245,000 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014

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### **Note B – Transactions with related organization – continued:**

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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. Payments to the Organization under this contract amounted to \$35,000 for each of the years ended June 30, 2015 and 2014.

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, 2015 and 2014, 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 approved as a grant. The Organization paid \$7,977 and \$1,109 interest to the Foundation under this arrangement during the years ended June 30, 2015 and 2014, respectively.

The Foundation forwarded operational grants and scholarships to the Organization totaling \$62,987 and \$56,136 during the years ended June 30, 2015 and 2014, respectively. The Foundation owes the Organization \$5,199 and \$6,123 as of June 30, 2015 and 2014, respectively for grants and donations due but not paid.

The Foundation provided operating subsidies to the Organization totaling \$272,744 and \$201,859 during the years ended June 30, 2015 and 2014, respectively. The Organization has recorded amounts payable to the Foundation totaling \$216,347 and \$418,535 as of June 30, 2015 and 2014, respectively.

## Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2015 and 2014

### Note B – Transactions with related organization - continued:

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

	2015	2014
<u>Assets</u>		
Cash	\$ 7,897	\$ 225,931
Refundable advance – affiliate	216,347	418,535
Investments	3,031,256	3,024,100
Property and equipment, net of accumulated depreciation	9,231,518	9,062,858
Other	34,458	13,836
<b>Total assets</b>	<b>\$ 12,521,476</b>	<b>\$ 12,745,260</b>
<u>Liabilities and Net Assets</u>		
Accounts payable and accrued expenses	\$ 49,640	\$ 74,220
Payable to supported organization	5,199	6,123
Long-term debt	369,985	415,128
<b>Total liabilities</b>	<b>424,824</b>	<b>495,471</b>
Net assets:		
Unrestricted	10,024,204	10,140,334
Temporarily restricted	1,153,053	1,190,060
Permanently restricted	919,395	919,395
<b>Total net assets</b>	<b>12,096,652</b>	<b>12,249,789</b>
<b>Total liabilities and net assets</b>	<b>\$ 12,521,476</b>	<b>\$ 12,745,260</b>
<b>Total support and revenues</b>	<b>\$ 977,657</b>	<b>\$ 1,186,057</b>
<b>Total expenses</b>	<b>\$ 1,130,794</b>	<b>\$ 969,951</b>

## Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2015 and 2014

### Note C – Accounts receivable, net:

Accounts receivable consist of the following as of June 30:

	2015	2014
Accounts receivable	\$ 572,055	\$ 617,382
Less allowance for doubtful accounts	(8,012)	(27,980)
	\$ 564,043	\$ 589,402

### 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, 2015 and 2014, the Organization received income allocations from these trusts in the amount of \$12,277 and \$10,572, 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):

	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)

	2014					
	Beginning Balance	Total Gains	Interest Credited	Purchases, Issuances, Settlements	Ending Balance	Unrealized Gains
Beneficial interest in perpetual trust	\$ 237,800	\$ 20,800	\$ 10,572	\$ (10,572)	\$ 258,600	\$ 20,800

## Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2015 and 2014

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### Note D – Investments – continued:

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#### **Beneficial interest in perpetual trusts - continued**

In addition to the previous items, the Organization has been named as a beneficiary in various other perpetual trusts and gift instruments. The value of funds to be received cannot currently be determined. As such, these amounts have not been recorded in the Organization's financial statements.

#### **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. Estimated fair value measurements were calculated using Level 2 inputs.

### Note E – Property and equipment, net:

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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

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## Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2015 and 2014

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### Note E – Property and equipment, net – continued:

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Following is a summary of property and equipment as of June 30, 2014:

	Balance 6/30/13	Additions & Retirements	Balance 6/30/14
Buildings and improvements	\$ 203,172	\$ -	\$ 203,172
Leasehold improvements	57,976	27,788	85,764
Maintenance equipment	73,538	-	73,538
Office equipment	317,684	44,476	362,160
Other equipment	178,026	(5,508)	172,518
Furniture and fixtures	190,815	19,614	210,429
Vehicles	177,606	(12,000)	165,606
Land and land improvements	90,921	-	90,921
	1,289,738	74,370	1,364,108
Less accumulated depreciation	670,881	92,865	763,746
	\$ 618,857	\$ (18,495)	\$ 600,362

Depreciation charged to operations totaled \$108,438 and \$131,135 for the years ended June 30, 2015 and 2014, respectively.

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### Note F – Long-term debt:

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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.

#### **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, 2015 of \$306,822.

## **Eliada Homes, Inc.**

Notes to Financial Statements – continued

June 30, 2015 and 2014

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### **Note F – Long-term debt – continued:**

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#### **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, 2015 of \$251,000.

#### **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, 2015 of \$311,587.

#### **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, 2015 of \$311,587.

## Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2015 and 2014

### Note F – Long-term debt – continued:

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

	2015	2014
NC Housing Finance Agency (terms described on previous pages):		
Green Building	\$ 26,736	\$ 27,933
RISE Village:		
Face amount	70,407	70,407
Unamortized discount	(56,335)	(57,005)
	14,072	13,402
City of Asheville:		
Face amount	200,000	200,000
Unamortized discount	(160,025)	(161,929)
	39,975	38,071
Buncombe County:		
Face amount	279,650	279,650
Unamortized discount	(21,098)	(31,042)
	258,552	248,608
Note payable to a finance company, due in monthly installments of \$161 with no stated interest until maturity in August 2016.	2,094	4,027
Note payable to a finance company, due in monthly installments of \$198 with no stated interest until maturity in August 2017.	4,885	7,260
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.	12,888	17,127
	\$ 359,202	\$ 356,428



## Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2015 and 2014

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### Note F – Long-term debt – continued:

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Maturities of long-term obligations requiring payments as of June 30, 2015 are as follows:

Total notes payable	\$	359,202
Less notes without cash outlay obligations:		
RISE Village		(14,072)
City of Asheville		(39,975)
	\$	305,155

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Amounts payable during the years ending June 30:

2016	\$	9,896
2017		266,832
2018		5,661
2019		1,461
2020		1,535
Thereafter		19,770
	\$	305,155

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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 has access to a \$750,000 unsecured operating line of credit with a bank under a demand note agreement dated December 2006 that matures 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 is a guarantor for this obligation of the Organization. There were no outstanding borrowings on this credit line as of June 30, 2015 and 2014.

The Organization has an agreement for an additional \$750,000 line of credit with a bank under a demand note agreement dated April 2010 that matures 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 is a guarantor for this obligation of the Organization. This credit line is secured by specific assets held by the Foundation with a carrying value as of June 30, 2015 of \$728,335 on behalf of the Organization. The outstanding balance as of June 30, 2015 and 2014 was \$552,000 and \$-0-, respectively.

## Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2015 and 2014

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### **Note G – Capital lease obligation:**

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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, 2015 are as follows:

Capitalized cost	\$	28,780
Less accumulated amortization		9,593
<hr/>		
Equipment under capital lease, net	\$	19,187

As of June 30, 2015, future minimum lease payments on this lease agreement are as follows:

Year ending December 31,		
2016	\$	12,518
2017		963
<hr/>		
		13,481
Less amount representing interest		758
<hr/>		
Present value of minimum lease payments	\$	12,723

### **Note H – Operating leases:**

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The Company maintains leases with auto dealer financing for four vehicles. The lease terms are for four years, and the monthly payments for each vehicle range from \$240 to \$245. At present, two of the leases will expire in June 2016, and two will expire in October 2016.

The Company also maintains a lease for copier equipment with Advanced Business Equipment. The lease term is for four years, the monthly payment is \$1,533 and the lease will expire in May 2018. Lease payments were \$30,036 and \$12,746 for the fiscal years ended June 30, 2015 and 2014, respectively.

## Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2015 and 2014

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### Note H – Operating leases - continued:

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Minimum future lease payments consist of the following:

<u>Year ending June 30,</u>		
2016	\$	30,036
2017		20,356
2018		15,330
	\$	65,722

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### Note I – Allocation of indirect costs:

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Indirect costs are costs that have been incurred for common Organization objectives, and cannot be readily identified with a particular program activity of the Organization. Indirect costs are charged to departments for internal management purposes and to reflect the overhead component in certain grant reports and in contractual rate negotiations. Indirect costs, reported in the statements of functional expenses as management and general costs, include executive, administrative and clerical support. Indirect costs are allocated on a percentage basis, based on the relationship to personnel costs, space occupied, or other factors.

Indirect costs were allocated to functions as follows for the years ended June 30:

	2015	2014
<b>Program functions:</b>		
Residential treatment and group homes	\$ 813,845	\$ 792,568
Educational & day treatment	67,917	83,259
Foster care	63,306	73,006
Child development	164,555	169,057
Community based services	25,627	23,158
	\$ 1,135,250	\$ 1,141,048

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## Eliada Homes, Inc.

Notes to Financial Statements – continued

June 30, 2015 and 2014

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### Note J – Net assets:

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#### 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:

	2015		2014
ESTA Vocational/Transitional living needs	\$ 40,493	\$	37,024
Property	2,000		2,000
TASC Program	9,309		10,384
Other program needs	16,007		845
Future periods	237,458		249,976
	\$ 305,267	\$	300,229

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#### 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:

	2015		2014
Unrestricted operational support	\$ 251,300	\$	258,600

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### Note K – Retirement plan:

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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 \$49,372 and \$47,992 to the retirement plan for the years ended June 30, 2015 and 2014, respectively. The Foundation employees are covered under the same plan with the Organization. The Foundation reimburses the Organization for any Foundation related expenses.

### Note L – Commitments and contingencies:

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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.

## **Eliada Homes, Inc.**

Notes to Financial Statements – continued

June 30, 2015 and 2014

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### **Note M – Concentrations:**

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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, 2015 and 2014, the Organization received revenues from Medicaid, which represented 66% and 67%, respectively, of total support and revenues. Accounts receivable from Medicaid represented 62% and 72% of total accounts receivable as of June 30, 2015 and 2014, respectively.

### **Note N – Risk Management:**

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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.

## **Supplementary Information**

**Eliada Homes, Inc.**

Schedule of Program Expenses

Year Ended June 30, 2015

	Residential Treatment and Group Homes						Educational & Day Treatment		Foster Care
	Psychiatric Residential Treatment						Day Treatment	Education	Family & Level II
	Cummings	Earle	Green	Lions	Reuter	Reynolds			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
Administration overhead allocation expense	156,887	119,627	54,049	167,853	152,570	162,859	56,047	11,870	63,306
Total expenses	\$ 1,292,074	\$ 998,305	\$ 439,088	\$ 1,376,377	\$ 1,259,531	\$ 1,348,477	\$ 501,320	\$ 116,057	\$ 788,325
Administrative overhead %	13.82%	13.61%	14.04%	13.89%	13.78%	13.74%	12.59%	11.39%	8.73%

**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	
Administration overhead allocation expense	133,297	19,066	12,192	22,697	2,930	-	-	-	-	1,135,250	
Total expenses	\$ 1,394,323	\$ 222,734	\$ 122,854	\$ 313,400	\$ 32,845	\$ 33,493	\$ 50,165	\$ 38,432	\$ 84,241	\$ 10,412,041	
Administrative overhead %	10.57%	9.36%	11.02%	7.81%	9.79%	0.00%	0.00%	0.00%	0.00%	12.24%	



**Eliada Homes, Inc.**

Schedule of Program Expenses

Year Ended June 30, 2014

	Residential Treatment and Group Homes						Educational & Day Treatment		Foster Care
	Psychiatric Residential Treatment						Day Treatment	Education	Family &
	Cummings	Earle	Green	Lions	Reuter	Reynolds			Level II
Salaries	\$ 754,690	\$ 555,039	\$ -	\$ 808,694	\$ 679,689	\$ 734,721	\$ 329,533	\$ 41,933	\$ 240,089
Employee benefits	82,991	56,802	-	75,499	70,218	82,728	49,216	5,757	27,514
Pension cost	3,931	1,980	-	3,553	3,379	3,598	3,125	122	2,660
Payroll taxes	66,714	48,989	-	69,844	59,949	63,970	27,807	3,706	20,117
Supplies and equipment	23,148	18,716	10,686	23,847	20,752	21,860	16,914	68	8,029
Food	34,369	25,505	-	31,712	31,117	32,784	17,816	-	542
Computer technology	4,055	2,705	-	4,182	4,076	4,134	5,383	13	2,924
Clothing	437	227	-	389	282	787	1,354	-	-
Utilities	27,878	19,953	2,476	25,213	26,799	29,348	12,564	698	2,515
Insurance	7,529	5,616	224	7,353	6,979	7,747	4,515	294	9,366
Maintenance and repairs	39,950	37,627	906	44,171	38,338	36,194	31,539	1,753	7,982
Telephone	3,918	4,203	248	5,595	3,961	5,502	4,852	25	4,959
Postage	633	408	19	688	483	577	243	26	102
Travel	4,901	3,193	-	4,691	3,349	4,153	2,450	-	18,041
Dues and subscriptions	1,168	809	-	1,164	1,157	1,167	715	159	245
License and fees	3,138	2,116	654	3,669	2,786	3,246	1,008	70	1,023
Student related expense	4,870	2,607	529	5,646	4,301	5,321	1,010	-	2,441
Foster care payments	-	-	-	-	-	-	-	-	418,870
Rent	34,415	23,219	590	25,542	33,203	34,126	24,146	477	3,035
Professional fees	30,011	26,896	-	36,071	36,066	36,073	1,410	102	284
Conferences and meetings	3,832	2,954	-	4,595	2,969	3,887	3,210	65	1,354
Recreation activities	360	283	-	151	243	460	649	-	-
Promotions	1,121	695	-	1,857	1,154	1,044	1,193	7	3,579
Miscellaneous	929	628	-	941	881	907	486	107	155
Bad debts	-	-	-	-	-	-	-	-	-
Depreciation	14,609	10,432	17	18,227	14,272	14,618	16,188	1,493	2,886
Operational expenses	1,149,597	851,602	16,349	1,203,294	1,046,403	1,128,952	557,326	56,875	778,712
Administration overhead allocation expense	169,582	124,532	-	181,710	151,808	164,936	74,051	9,208	73,006
Total expenses	\$ 1,319,179	\$ 976,134	\$ 16,349	\$ 1,385,004	\$ 1,198,211	\$ 1,293,888	\$ 631,377	\$ 66,083	\$ 851,718
Administrative overhead %	14.75%	14.62%	0.00%	15.10%	14.51%	14.61%	13.29%	16.19%	9.38%

**Eliada Homes, Inc.**

Schedule of Program Expenses - continued

Year Ended June 30, 2014

	Child Development			Community Based Services						Total Program Expenses
	Preschool & NC Pre-K	After School School Age	Summer Camp	Vocational Program ESTA	Outpatient Department	Recreation Barn	National Program using Minibikes	Recreation Department	Therapeutic Animal Program	
Salaries	\$ 720,358	\$ 69,666	\$ 65,487	\$ 99,582	\$ 7,774	\$ -	\$ 35,907	\$ 25,092	\$ 34,558	\$ 5,202,812
Employee benefits	99,493	7,742	5,606	12,299	453	-	4,131	3,863	3,821	588,133
Pension cost	4,631	721	550	760	43	-	271	-	930	30,254
Payroll taxes	61,344	6,521	5,418	8,637	644	-	3,165	2,250	3,005	452,080
Supplies and equipment	40,172	4,898	4,907	15,343	112	18	2,345	4,379	10,312	226,506
Food	99,883	10,415	14,673	23,459	-	-	98	54	-	322,427
Computer technology	2,809	602	286	7	18	-	-	-	-	31,194
Clothing	10	1	179	5,775	-	-	591	-	-	10,032
Utilities	32,385	4,121	4,150	14,424	297	6,865	578	-	468	210,732
Insurance	14,031	4,563	2,211	3,107	62	1,756	3,929	-	952	80,234
Maintenance and repairs	75,198	11,355	14,861	14,675	454	15,835	1,329	700	2,013	374,880
Telephone	5,427	989	807	2,984	79	379	507	493	835	45,763
Postage	263	22	41	37	1	-	111	-	-	3,654
Travel	2,892	1,996	1,107	5,878	77	-	3,988	132	111	56,959
Dues and subscriptions	1,000	160	118	1,120	9	-	1,625	-	-	10,616
License and fees	2,639	697	740	2,885	49	125	56	855	521	26,277
Student related expense	1,141	95	1,741	8,242	-	-	181	-	-	38,125
Foster care payments	-	-	-	-	-	-	-	-	-	418,870
Rent	34,262	2,732	2,366	23,797	414	9,000	602	-	1,164	253,090
Professional fees	607	95	117	126	5,897	-	-	-	7,519	181,274
Conferences and meetings	1,624	295	340	2,403	86	-	1,224	-	1,735	30,573
Recreation activities	-	-	8,145	4,775	-	-	41	849	-	15,956
Promotions	494	294	150	1,942	-	-	2,485	86	-	16,101
Miscellaneous	714	227	18	658	6	-	-	-	-	6,657
Bad debts	7,821	696	833	-	-	-	-	-	-	9,350
Depreciation	15,723	2,178	1,891	5,595	98	1,530	-	-	-	119,757
Operational expenses	1,224,921	131,081	136,742	258,510	16,573	35,508	63,164	38,753	67,944	8,762,306
Administration overhead allocation expense	142,232	13,694	13,131	21,454	1,704	-	-	-	-	1,141,048
<b>Total expenses</b>	<b>\$ 1,367,153</b>	<b>\$ 144,775</b>	<b>\$ 149,873</b>	<b>\$ 279,964</b>	<b>\$ 18,277</b>	<b>\$ 35,508</b>	<b>\$ 63,164</b>	<b>\$ 38,753</b>	<b>\$ 67,944</b>	<b>\$ 9,903,354</b>
Administrative overhead %	11.61%	10.45%	9.60%	8.30%	10.28%	0.00%	0.00%	0.00%	0.00%	13.02%