Lighthouse Youth Services, Inc. and Affiliates

Consolidated Financial Statements and

Additional Financial Information

June 30, 2020 and 2019

(with Independent Auditors' Report)

CLARK SCHAEFER HACKETT
CPAS & ADVISORS

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CLARK SCHAEFER HACKETT
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Lighthouse Youth Services, Inc. and Affiliates:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Lighthouse Youth Services, Inc. and Affiliates (not-for-profit organizations), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of Lighthouse Youth Services, Inc. and Affiliates' for-profit subsidiaries were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lighthouse Youth Services, Inc. and Affiliates as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules on pages 24-26 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of Lighthouse Youth Services, Inc. and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lighthouse Youth Services, Inc. and Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lighthouse Youth Services, Inc. and Affiliates' internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
October 30, 2020

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 5,717,456	2,465,218
Restricted cash	1,054,878	844,247
Accounts and grants receivable, net	3,670,768	4,095,906
Pledges receivable, current portion	891,118	1,095,600
Other current assets	289,858	282,922
Total current assets	11,624,078	8,783,893
Property and equipment:		
Land	1,420,051	1,537,522
Land improvements	854,941	867,741
Building and improvements	21,447,692	22,264,423
Furniture and fixtures	1,560,445	1,574,802
Transportation equipment	345,265	345,265
Construction in progress	831,271	58,225
	26,459,665	26,647,978
Accumulated depreciation	(8,484,518)	(8,554,826)
Total property and equipment	17,975,147	18,093,152
Long-term assets:		
Restricted cash	279,059	344,131
Pledges receivable, net of current portion	2,252,996	2,820,275
Notes receivable, net	6,164,500	6,164,500
Investment in unconsolidated entity	536,249	536,249
Investments:		
Endowment fund	10,191,237	10,018,363
Capital reserve fund	1,546,855	2,151,512
Deferred compensation accounts	772,534	975,774
Total long-term assets	21,743,430	23,010,804
Total assets	$ 51,342,655	49,887,849
Liabilities and net assets		
Current liabilities:		
Accounts payable	$ 527,952	1,249,707
Liabilities accrued and withheld	1,132,194	1,044,761
Mortgage payable, current portion	2,596	2,596
Refundable advances	1,105,301	7,860
Total current liabilities	2,768,043	2,304,924
Long-term liabilities:		
Mortgage payable, net of current portion	77,434	80,030
Notes payable	9,831,550	9,826,616
Accrued deferred compensation	772,534	975,774
Total long-term liabilities	10,681,518	10,882,420
Total liabilities	13,449,561	13,187,344
Net assets:		
Without donor restrictions, controlling	33,315,659	31,056,260
Without donor restrictions, noncontrolling interest	659,119	673,987
Total net assets without donor restrictions	33,974,778	31,730,247
With donor restrictions	3,918,316	4,970,258
Total net assets	37,893,094	36,700,505
Total liabilities and net assets	$ 51,342,655	49,887,849

See accompanying notes to the consolidated financial statements.

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and support:			
Contributions	$ 1,154,670	825,953	1,980,623
Contributions - in kind	226,500	-	226,500
Government grants	-	9,912,883	9,912,883
Government grants - per diem	-	10,931,171	10,931,171
United Way	95,596	95,600	191,196
Medicaid revenue	5,548,761	-	5,548,761
Rental income	74,174	-	74,174
Gain on sale of assets	30,015	-	30,015
Management fees	69,000	-	69,000
Net investment return	596,951	-	596,951
Interest income	101,465	-	101,465
Other income	177,989	-	177,989
Net assets released from restrictions	22,817,549	(22,817,549)	-
Total revenues, gains and support	30,892,670	(1,051,942)	29,840,728
Expenses:			
Program services	24,203,759	-	24,203,759
Supporting services:			
Management and general	4,006,084	-	4,006,084
Fundraising	438,296	-	438,296
Total expenses	28,648,139	-	28,648,139
Change in net assets:			
Attributable to controlling interest	2,259,399	(1,051,942)	1,207,457
Attributable to noncontrolling interest	(14,868)	-	(14,868)
Total change in net assets	2,244,531	(1,051,942)	1,192,589
Net assets, beginning of year	31,730,247	4,970,258	36,700,505
Net assets, end of year	$ 33,974,778	3,918,316	37,893,094

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and support:			
Contributions	$ 998,008	1,398,788	2,396,796
Contributions - in kind	230,400	-	230,400
Government grants	7,818,447	-	7,818,447
Government grants - per diem	12,089,195	-	12,089,195
United Way	95,599	95,600	191,199
Medicaid revenue	5,302,996	-	5,302,996
Rental income	75,021	-	75,021
Loss on sale of assets	(33,212)	-	(33,212)
Management fees	69,000	-	69,000
Net investment return	671,284	-	671,284
Interest income	96,017	-	96,017
Other income	570,774	-	570,774
Net assets released from restrictions	1,852,248	(1,852,248)	-
Total revenues, gains and support	29,835,777	(357,860)	29,477,917
Expenses:			
Program services	24,424,835	-	24,424,835
Supporting services:			
Management and general	4,004,951	-	4,004,951
Fundraising	449,889	-	449,889
Total expenses	28,879,675	-	28,879,675
Change in net assets:			
Attributable to controlling interest	980,014	(357,860)	622,154
Attributable to noncontrolling interest	(23,912)	-	(23,912)
Total change in net assets	956,102	(357,860)	598,242
Net assets, beginning of year	30,263,636	5,328,118	35,591,754
Capital contribution, noncontrolling interest	520,636	-	520,636
Capital distribution, noncontrolling interest	(10,127)	-	(10,127)
Net assets, end of year	$ 31,730,247	4,970,258	36,700,505

See accompanying notes to the consolidated financial statements.

	Program Services	Management and General	Fundraising	Total
Salaries	$ 11,907,465	2,138,237	169,261	14,214,963
Benefits and payroll taxes	3,068,194	584,351	68,361	3,720,906
Professional fees	2,669,092	580,096	75,655	3,324,843
Equipment and supplies	606,599	188,635	71,122	866,356
Insurance	156,579	63,910	-	220,489
Occupancy	1,301,383	113,907	31,399	1,446,689
Travel and meetings	586,000	104,043	2,135	692,178
Depreciation	1,034,112	171,785	16,098	1,221,995
Individual assistance	2,695,023	109	-	2,695,132
Other expenses	179,312	61,011	4,265	244,588
Total expenses	$ 24,203,759	4,006,084	438,296	28,648,139

	Program Services	Management and General	Fundraising	Total
Salaries	$ 12,217,577	2,066,038	152,886	14,436,501
Benefits and payroll taxes	3,261,671	566,055	61,647	3,889,373
Professional fees	2,964,768	620,728	20,657	3,606,153
Equipment and supplies	638,523	264,858	158,030	1,061,411
Insurance	163,752	61,278	-	225,030
Occupancy	1,373,217	90,738	33,266	1,497,221
Travel and meetings	686,768	92,342	1,018	780,128
Depreciation	1,024,029	170,110	15,941	1,210,080
Individual assistance	1,910,020	2,212	-	1,912,232
Other expenses	184,510	70,592	6,444	261,546
Total expenses	$ 24,424,835	4,004,951	449,889	28,879,675

See accompanying notes to the consolidated financial statements.

		2020	2019
Cash flows from operating activities			
Change in net assets	$	1,192,589	598,242
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		1,221,995	1,210,080
Realized and unrealized gain on investments		(326,814)	(405,503)
Imputed interest on debt issuance costs		4,934	7,401
(Gain) loss on sale of assets		(30,015)	33,212
Forgiveness of long-term debt		(2,596)	(2,596)
Effects of change in operating assets and liabilities:			
Accounts and grants receivable		425,138	(41,849)
Pledges receivable		771,761	(546,920)
Other current assets		(6,936)	(32,724)
Accounts payable		(721,755)	508,854
Liabilities accrued and withheld		87,433	103,532
Refundable advances		1,097,441	(39,536)
Net cash provided by operating activities		3,713,175	1,392,193
Cash flows from investing activities			
Purchase of property and equipment		(1,593,415)	(618,935)
Proceeds from sale of property and equipment		519,440	88,122
Investment in unconsolidated entity		-	(402,187)
Net sales (purchases) of investments		758,597	(1,157,382)
Net cash used by investing activities		(315,378)	(2,090,382)
Cash flows from financing activities			
Payments on line of credit		-	(500,000)
Pledges receivable on capital projects		-	1,134,500
Capital contributions, noncontrolling interest		-	520,636
Capital distributions, noncontrolling interest		-	(10,127)
Payments on notes payable		-	(582,921)
Net cash provided by investing activities		-	562,088
Change in cash, cash equivalents and restricted cash		3,397,797	(136,101)
Cash, cash equivalents and restricted cash, beginning of year		3,653,596	3,789,697
Cash, cash equivalents and restricted cash, end of year	$	7,051,393	3,653,596
Supplemental disclosures:			
Interest paid	$	103,006	130,769

See accompanying notes to the consolidated financial statements.

1. SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of operations

Lighthouse Youth Services, Inc., dba Lighthouse Youth & Family Services ("Lighthouse"), is a social services organization based in Cincinnati. Incorporated as a not-for-profit agency under the laws of the State of Ohio in 1969, Lighthouse serves approximately 5,000 individuals each year across southwestern Ohio. The majority of clients are in Hamilton, Montgomery, and Ross counties.

The Mission of Lighthouse is ***to empower young people and families to succeed through a continuum of care that promotes healing and growth.*** The continuum of care includes a broad selection of services that fall mainly into four categories: Mental Health and Substance Abuse Services, Housing and Shelter Services, Juvenile Justice Services, and Residential Treatment Centers.

Lighthouse provides:

- Emergency shelter for youth in crisis.
- Residential treatment for youth with serious delinquency and behavioral issues.
- Foster care and adoption services for children who have been abused and neglected.
- Juvenile justice services for serious delinquent youth, sex offenders, and youth returning to the community from state juvenile correctional facilities.
- Transitional living and independent living services for older homeless youth and youth transitioning out of the child welfare system.
- Educational services, including in-school services and a charter school for at-risk youth.
- Educational advocacy, job preparation, and life skills training for youth in high risk situations.
- A growing array of specialized in-home services, including early intervention services for families with children prenatal to three years old, families of youth returning from juvenile correctional facilities, and mental health services for youth and their families.

The statements presented are those of Lighthouse Youth Services, Inc., New Life Properties, Inc. ("NLP") and the Lighthouse Beacon for Youth Foundation, Inc. ("Foundation"). These are not-for-profit organizations incorporated in Ohio operating exclusively for charitable and educational purposes.

New Life Properties, Inc. was incorporated in January 1978 and is the entity which maintains and operates Lighthouse facilities. Lighthouse Youth Services, Inc. rents certain of these facilities from New Life Properties, Inc. under annual leases. This rental income is eliminated in the consolidated financial statements.

The Foundation was incorporated in July 2004 to facilitate the fundraising functions and to provide financial support for Lighthouse Youth Services, Inc. and Affiliates. Contributions to and from the affiliates are eliminated in the consolidated financial statements.

In July 2016, NLP formed a wholly-owned subsidiary Iowa Avenue Associates, LLC ("IAA"). IAA is the general partner for a low-income housing tax credit partnership. IAA owns a 0.1% interest in The Sheakley Center for Youth Limited Partnership ("SCYLP"). SCYLP operates 39 permanent supportive units to provide housing for young people age 18-24.

In April 2017, Lighthouse formed IDEAFOR, Inc. ("IDEAFOR") which is a 501(c)(3) organization that is a leveraged lender as part of a New Markets Tax Credit ("NMTC") arrangement.

During 2017, NLP formed a wholly-owned for-profit subsidiary, McMillan Street Associates, LLC ("MSA"), to own the Qualified Active Low-Income Community Business (QALICB) property that was renovated with the NMTC. NLP also formed EYH Iowa LLC ("EYH") to be the master tenant of the QALICB property. The QALICB property was renovated with the NMTC during the year ended June 30, 2018. NLP owns a 1.0% interest in EYH. Both of these for-profit entities have a December 31 year end. The NMTC arrangement, along with local donor support, was used to construct the Sheakley Center for Youth, which houses 36 young people ages 18-24.

The COVID-19 outbreak in the United States has caused business disruption through closings of the Agency's offices, cancellation of the annual gala, and instability of significant funding sources. The effects of the pandemic have also led to significant fluctuations in stock market indices. The extent of the impact of COVID-19 on the Agency's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. Therefore, the impact on the Agency's operations cannot be reasonably estimated and the extent to which COVID-19 may impact the Agency's financial condition or results of operations is uncertain at this time. However, the Board of Trustees believe the Agency has sufficient financial resources to meet its operating needs and obligations in fiscal year 2021.

A summary of significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

Principles of consolidation
The accompanying consolidated financial statements present the consolidated financial position and changes in net assets of Lighthouse Youth Services, Inc., Lighthouse Beacon for Youth Foundation, Inc., New Life Properties, Inc., IDEAFOR, Inc., and McMillan Street Associates, LLC (collectively referred to as the "Agency"). All inter-agency accounts and transactions have been eliminated.

EYH is consolidated in accordance with guidance from the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-810 *Not-for-Profit Entities – Consolidation,* which describes that entities should be consolidated when there is control regardless of the percentage of ownership. The managing member in a limited liability company is presumed to control the entity regardless of the extent of the ownership interest. NLP has a managing member interest in EYH. The investor member does not have the substantive ability to dissolve the entity or remove the managing member without cause nor does the investor member have substantive participating rights.

FASB ASC 958-810 discusses the accounting treatment of the majority owner and its relationship with the deficits in the noncontrolling interest. The amount of intercompany profit or loss to be eliminated is not affected by the existence of a noncontrolling interest. The complete elimination of the intercompany profit or loss is consistent with the underlying assumption that consolidated statements represent the financial position and operating results of a single business enterprise. The elimination of the intercompany profit or loss may be allocated proportionately between the majority and noncontrolling interests.

FASB ASC Topic 810 also requires that ownership interests in subsidiaries held by parties other than the parent to be clearly identified. In addition, it requires that the amount of consolidated excess of revenue over expense attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statements of activities or disclosed in the notes to the financial statements. This standard requires the recognition of a noncontrolling interest in the net assets without donor restrictions in the consolidated statements of financial position separate from net assets without donor restrictions.

The excess of expenses over revenues attributable to the noncontrolling interest is included in the consolidated statements of activities for the years ended June 30, 2020 and 2019.

Consolidated financial statement presentation
The Agency reports information regarding its financial position and activities in the following net asset classifications:

- *Net assets without donor restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and the Board of Trustees.

- *Net asset with donor restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by the actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Agency did not have any net assets with donor restrictions which were perpetual in nature at June 30, 2020 and 2019.

Adoption of new accounting standard
During 2020, the Agency adopted FASB ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The standard assists entities in determining whether transactions should be recorded as a contribution (nonreciprocal transaction) or as an exchange (reciprocal transaction). The standard also provides expanded guidance on determining whether or not a contribution is conditional. The Agency applied this standard on a modified prospective basis for the period beginning July 1, 2019. There was no material impact to the consolidated financial statements presented upon adoption of this standard.

Contributions
Contributions of cash or other assets are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Governmental grants are received with conditions to be met for eligible costs or services provided. The Agency recognizes these conditional contributions when the conditions are met. Contributions of cash or other assets to be used in accordance with donor stipulations are reported as net assets with donor restrictions. Contributions for which the donor-imposed restrictions expire in the same period as received are recorded in net assets with donor restrictions and reclassified to net assets without donor restrictions. A donor restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash, cash equivalents and restricted cash
The Agency considers cash in operating bank accounts, cash on hand, U.S. treasury bills and other highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

At June 30, 2020 and 2019, current and long-term restricted cash was held for donor restricted program spending of $1,054,878 and $844,247, respectively, and as a requirement of the Operating Agreement for MSA of $279,059 and $344,131, respectively. The restricted cash related to MSA is generally not available for operating activities.

Cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that aggregate to the total reported on the consolidated statements of cash flows are as follows for the years ended June 30:

	2020	2019
Cash and cash equivalents	$ 5,717,456	2,465,218
Restricted cash, current	1,054,878	844,247
Restricted cash, long-term	279,059	344,131
	$ 7,051,393	3,653,596

Concentration of credit risk
The Agency maintains its cash in deposit accounts, which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Allowance for doubtful accounts
The Agency carries its accounts and grants receivable at the invoiced amount less an allowance for doubtful accounts. On a periodic basis, the Agency evaluates its accounts and grants receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. No allowance was deemed necessary at June 30, 2020 and 2019.

Investments
Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Net changes in fair value of investments and realized gains (losses) on investments disposed of are accumulated with interest and dividends received net of investment expenses and are reported in the statements of activities as net investment return.

Investment in unconsolidated entity
The Agency accounts for its investment in an unconsolidated entity, SCYLP, for which it does not exercise significant control, under the equity method of accounting. This method requires the investment to be initially recorded at cost and the Agency’s share of earnings is reflected in income as earned, when considered material, and distributions are credited against the investment when received. Amounts invested are generally not available for use by the Agency. SCYLP’s assets and liabilities totaled approximately $6,630,000 and $6,886,000, respectively, and approximately $2,526,000 and $2,556,000,

respectively, as of December 31, 2019 and 2018, respectively. SCYLP's net loss for the years ended December 31, 2019 and 2018 was $303,000 and $359,000, respectively.

The Agency evaluates the carrying amount of investments on a periodic basis and recognizes impairment when the carrying amount exceeds the fair value for other than a temporary basis. It is reasonably possible that the Agency's estimate of its investment in unconsolidated entity's fair value may change in the near term by a material amount. No impairment was deemed to have occurred for the years ended June 30, 2020 and 2019.

Property and equipment
Property and equipment are stated at cost. Major renewals and improvements are charged to the fixed asset accounts. It is the Agency's policy to capitalize property and equipment over $5,000. Lesser amounts are expensed since they do not improve or extend the lives of the respective assets. At the time fixed assets are retired or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to income.

Depreciation
Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which are stated at cost. Estimated useful lives for purposes of depreciation are as follows:

Land improvements	10-25 years
Buildings and improvements	25-39 years
Furniture and fixtures	5-10 years
Transportation equipment	3-4 years

Depreciation expense was $1,221,995 and $1,210,080 for the years ended June 30, 2020 and 2019, respectively.

Pledges receivable
Pledges receivable are recognized as revenues at their net present value based on the risk-free rate in the period in which the donor commits to the pledge. Management expects to collect all pledges receivable, thus no allowance for uncollectible pledges is deemed necessary.

Pledges receivable are as follows at June 30:

	2020	2019
Receivable in less than one year	$ 891,118	1,095,600
Receivable in one to five years	1,234,000	1,703,693
Receivable in more than five years	1,205,000	1,335,000
	3,330,118	4,134,293
Less unamortized discounts at 1.01% - 2.73%	(186,004)	(218,418)
	$ 3,144,114	3,915,875

Refundable advances
Refundable advances represent monies received in advance from conditional contributions, including conditional cancellation of liabilities in accordance with ASU 2018-08, for which the conditions have not been met.

Donated services
Lighthouse Youth Services, Inc. receives services donated by individuals in carrying out its programs. The individuals volunteer their time and perform a variety of tasks that assist the Agency. These services do not meet the criteria for recognition as contributed services. Therefore, no amounts have been reflected in the consolidated financial statements for those services.

Functional expense allocations
The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Agency. Expenses are directly applied when applicable and are allocated to programs or support services based on the table shown below. The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Allocated expenses include the following:

Expense	Allocation Method
Salaries	Time and effort
Benefits and payroll taxes	Time and effort
Insurance	Full time equivalents
Occupancy	Full time equivalents
Depreciation	Full time equivalents

Income tax status
Lighthouse, NLP, IDEAFOR, Inc. and the Foundation are not-for-profit entities exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. These entities have adopted accounting guidance which require that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. These entities do not believe their financial statements include any uncertain tax positions.

NLP’s wholly owned subsidiary, MSA, is a taxable entity and files federal and local income tax returns for its calendar year. No provision for income tax is reflected in the accompanying consolidated financial statements as the subsidiary experienced net losses for its years ended December 31, 2019 and 2018 and subsequently through the six months ended June 30, 2020.

EYH’s taxable income or loss flows through to the members and are included in their respective tax returns. EYH had losses for its years ended December 31, 2019 and 2018 and subsequently through the six months ended June 30, 2020.

Reclassifications
Certain items from 2019 have been reclassified to conform to the current year presentation.

Subsequent events
The Agency evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through October 30, 2020, the date on which the consolidated financial statements were available to be issued.

2. NOTES RECEIVABLE:

During 2018, the Agency provided funds totaling $6,164,500 to 2134 Iowa Investment Fund, LLC in return for two notes receivable. These notes mature in July 2040, at which time the outstanding receivable balance is due in full. Interest on these notes accrued at a rate of 1.64% paid currently on a quarterly basis. The funds were provided by the leveraged lender, IDEAFOR, as part of the NMTC arrangement.

3. INVESTMENTS:

Deferred compensation accounts
The Agency has nonqualified retirement funds for certain key employees. All participants are 100% vested. Amounts held in the deferred compensation accounts are subject to the general claims of creditors of the Agency.

Capital reserve fund
The Agency has invested additional funds in fixed income funds to provide for capital expenditure needs of the Agency. These funds, including related investment income, unrealized and realized gains and losses are otherwise without donor restriction.

Endowment fund
The Agency has implemented FASB guidance requiring that the net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, to be classified and reported based on the existence or absence of donor-imposed restrictions. The endowment consists of several funds established by the Board of Trustees to provide income for operations and other purposes.

Changes in board designated endowment investments are as follows for the year ended June 30:

	2020	2019
Endowment investments at beginning of year	$ 10,018,363	8,780,949
Additions	-	700,000
Net investment return	463,910	537,414
Appropriations	(291,036)	-
Endowment investments at end of year	$ 10,191,237	10,018,363

Return objectives and risk parameters
The Agency has adopted investment and spending policies for endowment assets that attempt to maintain the purchasing power of current assets and all future contributions; maximize returns within reasonable and prudent levels of risk; and to maintain an appropriate asset allocation based on a total

return policy that is compatible with a flexible spending policy, while still having the potential to produce positive real returns. The return objective shall be accomplished utilizing a strategy of equities, fixed income, and cash equivalents in an optimal mix, which will outperform a blend of relative indexes net of fees over a full market cycle. The performance objectives will be measured against appropriate industry bench marks such as the S&P 500 Index, Russell 2000 Stock Index, and other indexes.

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

Spending policy and how the investment objectives relate to spending policy
The Agency has a policy of appropriating for distribution no more than 4% of the rolling 36-month average of the fair value in endowment assets. The actual distribution is subject to the operating cash flow needs of the Agency but may not exceed the annual appropriation. All income and appreciation not needed to meet spending needs shall be reinvested into the endowment fund. In establishing this policy, the Agency considered the long-term expected return on its endowment. Accordingly, this spending policy is intended to, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur into the distant future.

4. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Agency has the ability to access.

- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Fair value methods and assumptions on investments in money market funds and mutual funds are based on the Level 1 market approach.

The following tables present the Agency's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2020 and 2019.

June 30, 2020	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 9,625	9,625	-	-
Mutual funds:				
Fixed income funds	3,384,060	3,384,060	-	-
Equity funds	9,116,941	9,116,941	-	-
Total investments at fair value	$ 12,510,626	12,510,626	-	-

June 30, 2019	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 8,719	8,719	-	-
Mutual funds:				
Fixed income funds	4,159,948	4,159,948	-	-
Equity funds	8,976,982	8,976,982	-	-
Total investments at fair value	$ 13,145,649	13,145,649	-	-

5. CONCENTRATIONS:

The Agency is supported primarily through donor contributions, government grants and contract revenues from public agencies that refer their clients to the Agency for Medicaid services.

The following is a summary of the Agency's support for the year ended June 30:

	2020	2019
Department of Job and Family Services - Hamilton County, Ohio	24%	26%
Ohio Department of Medicaid	21%	21%
Ohio Department of Youth Services	11%	12%

Relating to the above support concentrations, the Agency also has receivables with corresponding public agencies. The following is a summary of the Agency's receivable as of June 30:

	2020	2019
Department of Job and Family Services - Hamilton County, Ohio	41%	30%
Strategies to End Homelessness	12%	-
Ohio Department of Medicaid	10%	21%

6. LINE OF CREDIT:

The Agency has a $1,000,000 line of credit arrangement with a bank. The line of credit expires in March 2021 and provides for interest payable at daily LIBOR plus 2.25% (2.33% at June 30, 2020) with assignment of all receivables as collateral. At June 30, 2020 and 2019 there was no balance outstanding on the line of credit.

7. REFUNDABLE ADVANCES:

On April 11, 2020, the Agency entered into a loan of $2,750,000 under the Small Business Administration's Paycheck Protection Program (PPP). The loan bears interest at 1% and is due in April 2022. The PPP program allows for a portion of the loan (up to the full amount) to be forgiven based on qualifying expenses. During 2020, the Agency incurred qualifying expenses of $1,703,800 and has recognized this amount in government grants on the consolidated statement of activities. At June 30, 2020, conditions have not yet been met for the remaining $1,046,200 and is included in refundable advances in the consolidated statements of financial position. The Agency expects to meet those remaining conditions and obtain full forgiveness during fiscal year 2021. At June 30, 2020 and 2019, refundable advances also include $59,101 and $7,860, respectively, of other government grant funds received in advance of satisfaction of related conditions.

8. NET ASSETS WITH DONOR RESTRICTIONS:

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

	2020	2019
Subject to expenditure for a specific purpose:		
End youth homelessness	$ 670,135	861,887
Other programs	104,067	192,496
	774,202	1,054,383
Subject to the passage of time:		
Pledges receivable	3,144,114	3,915,875
	$ 3,918,316	4,970,258

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors, as follows:

	2020	2019
Time restrictions	$ 1,560,575	1,623,180
Program restrictions	21,256,974	229,068
	$ 22,817,549	1,852,248

Upon implementation of ASU 2018-08 in 2020 (Note 1), government grants are considered conditional contributions which also contain donor restrictions. Once the conditions are met, the Agency recognizes the contribution revenue. Contributions for which the donor-imposed restrictions expire in the same period as received are recorded in net assets with donor restrictions, reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the consolidated statements of activities.

9. MORTGAGE PAYABLE:

The Agency has a mortgage payable which consists of the following at June 30:

	2020	2019
Mortgage to Ohio Department of Mental Health, forgivable in monthly installments of $216 without interest. Mortgage is due May 2041. Secured by a building.	$ 80,030	82,626
Less current portion	(2,596)	(2,596)
	$ 77,434	80,030

Aggregate annual maturities of mortgages payable at June 30, 2020 are:

2021	$ 2,596
2022	2,596
2023	2,596
2024	2,596
2025	2,596
Thereafter	67,050
	$ 80,030

10. NOTES PAYABLE, NET:

Long-term debt consists of the following at June 30:

	2020	2019
Note payable to Catalyst CDE-9, LLC for advances, quarterly interest only payments at 1%, equal principal payments beginning December 2024 until maturity in July 2047.	$ 5,744,109	5,744,109
Note payable to Catalyst CDE-9, LLC for advances, quarterly interest only payments at 1%, equal principal payments beginning December 2024 until maturity in July 2047.	420,391	420,391
Note payable to Catalyst CDE-9, LLC for advances, quarterly interest only payments at 1%, equal principal payments beginning December 2024 until maturity in July 2047.	2,564,102	2,564,102

	2020	2019
Note payable to Catalyst CDE-9, LLC for advances, quarterly interest only payments at 1%, equal principal payments beginning December 2024 until maturity in July 2047.	1,377,648	1,377,648
Total notes payable	10,106,250	10,106,250
Unamortized debt issuance costs	(274,700)	(279,634)
	$ 9,831,550	9,826,616

Notes payable mature as follows as of June 30:

2021	$ -
2022	-
2023	-
2024	-
2025	-
Thereafter	10,106,250
	$ 10,106,250

Notes payable include $10,106,250 due to the Catalyst CDE-9, LLC at June 30, 2020 and 2019. A portion of these notes payable correlate to the $6,164,500 due from 2134 Iowa Investment Fund, LLC included in notes receivable at June 30, 2020 and 2019 (Note 2).

Debt issuance costs are recorded at cost and are being amortized over the term of the related debt. At June 30, 2020 and 2019, debt issuance costs of $291,969 are reported net of related notes payable on the consolidated statements of financial position. Amortization expense of $4,934 and $7,401, respectively, for the years ended June 30, 2020 and 2019 is classified as interest expense and reported within other expenses on the consolidated statements of functional expenses.

11. RETIREMENT PLAN:

The Agency has a defined-contribution plan under Internal Revenue Code 401(k). An employee of Lighthouse is eligible for participation if they are a full-time employee and are eighteen years old. Employer match contributions of up to 6% of employee contributions are discretionary. The expense of the plan was $536,181 and $445,648 for the years ended June 30, 2020 and 2019, respectively. The plan is maintained at Fidelity Investments.

12. CONTINGENCIES:

The Agency has established as a strategic initiative to End Youth Homelessness by 2020. As part of that plan, the Agency, along with a third-party developer, obtained and renovated a building into a complex to provide 39 permanent supportive housing units, 36 shelter beds, day services, and office space. This project was financed with Low Income Housing Tax Credits, New Markets Tax Credits, Federal Home Loan Bank grant, City Home funds and private contributions. The significant guarantees are highlighted below.

In July 2016, the Agency, along with a third-party developer ("Co-Developer"), began the process of developing The Sheakley Center for Youth (the "Project"), owned by The Sheakley Center for Youth Limited Partnership ("the Partnership"). The Agency and Co-Developer act as guarantors, jointly and severally, in certain capacities for the Partnership, this is outlined in the Mutual Indemnification Agreement ("Agreement") between the parties. During 2016, the low-income housing tax credit investor was admitted to the partnership which provided funds for the renovation costs of the permanent support housing units.

Under the agreement the developers made certain guarantees and commitments for construction completion, operating deficits and delivery of the low-income housing tax credits to varying levels of responsibility. The project was completed during fiscal year 2018 according to the construction plan and began operations at that time, in late December 2017.

During 2018, the Agency entered into a New Markets Tax Credit arrangement. The new markets tax credits arrangement was used for renovation costs of the shelter, day services and office space. As a requirement of the tax credit arrangement, the Agency created several entities to serve various roles including IDEAFOR, which is the leveraged lender, MSA, which is the qualified active low-income community business and EYH, which serves as the master tenant.

Under the new market tax credit agreement, the Agency made certain guarantees and commitments for construction completion, operating deficits and delivery of the new markets tax credits. The project was completed during fiscal year 2018 according to the construction plan and began operations at that time, in late December 2017.

The Agency has entered into various operating deficit guarantee agreements, whereby it will advance funds to certain affiliated limited partnerships' business. Total amounts guaranteed under operating deficit guarantees at June 30, 2020 and 2019 amounted to approximately $192,000.

As the sponsor or developer of certain properties financed in part by federal tax credit allocations, the Agency has made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of fifteen years after initial lease up. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, the Agency has not experienced any calls on these guarantees. Tax benefit guarantees as of June 30, 2020 and 2019 were approximately $4,935,000 and $5,552,000, respectively.

The Agency's maximum exposure to the guarantees is not determinable with any degree of accuracy, as determination of the ultimate amounts is dependent upon the Agency's ability to oversee, manage and optimize cash flows of the above-mentioned projects. Therefore, no amounts have been accrued for the commitments noted above as of June 30, 2020 and 2019.

13. LONG-TERM LEASE:

The Agency leases several program facilities from unrelated parties and incurred approximately $81,000 and $80,000, respectively, of rental expense in the years ended June 30, 2020 and 2019, respectively. These leases expire through March 2022 and are classified as operating with minimum rental commitments as follows at June 30:

2021	$ 35,562
2022	6,120
	$ 41,682

14. RELATED PARTY TRANSACTIONS:

The Lighthouse Community School (the “School”) is a 501(c)(3) organization and is a related entity of Lighthouse Youth Services, Inc. The School provides individualized educational opportunities for Lighthouse clients and youth from the community who require intervention. The School serves students in grades 6 to 12. The School is governed by a separate Board of Trustees and it has been determined that the Agency does not have an economic interest in the School. The School contracts with the Agency for various management services including human resources and employee benefits, grant application assistance, and administrative staff supervision. The School paid the Agency $69,000 during 2020 and 2019 for these purchased services which is reported in management fees in the consolidated statements of activities. The School received $4,850 and $5,510 from the Foundation during the years ended June 30, 2020 and 2019, respectively. The School paid $44,973 and $49,061 in rent to New Life Properties during the years ended June 30, 2020 and 2019, respectively, which is reported as rental income in the consolidated statements of activities. The Agency also receives rental income from other third parties that is not material to the consolidated financial statements. The School building was sold during 2020 to a third party who will operate the school effective July 1, 2020.

15. HEALTH INSURANCE:

The Agency is self-funded for health insurance. The plan covers basic claims for eligible employees. The Agency pays claims as reported and incurred. A reserve has been established for claims incurred but not reported of $150,000 at June 30, 2020 and 2019, which is reported in liabilities accrued and withheld in the consolidated statements of financial position. The estimate is based on actual claims incurred during the year, historical trends, and claims incurred but not reported subsequent to year-end. There is a stopgap insurance policy limiting medical claims to $100,000 per individual and approximately $1,600,000 in the aggregate.

16. CONDITIONAL PROMISES TO GIVE:

During the year ended June 30, 2020, the Agency received conditional promises to give of $3,376,518, primarily from governmental contracts. No amounts have been recognized during 2020 as the conditions have not been satisfied.

17. LIQUIDITY DISCLOSURES:

The Agency is supported by various forms of earned revenues and contributions from donors. As part of the Agency’s liquidity management, cash and cash equivalents should be managed in such a way as to meet the normal business operations needs of the Agency’s various entities, while increasing the reserves of the Foundation for future Agency needs. In addition, the Agency has a line of credit (Note 6) that is available should a liquidity event arise. Restricted cash is not available for general expenditures and have been excluded from the tables below. The following table presents the financial assets available to meet cash needs for general expenditures within one year at June 30:

	2020	2019
Financial assets:		
Cash and cash equivalents	$ 5,717,459	2,465,218
Accounts and grants receivable, net	3,670,768	4,095,906
Pledges receivable, current portion	891,118	1,095,600
Investments at fair value	12,510,626	13,145,649
Financial assets available at year-end	22,789,971	20,802,373
Less those unavailable for general expenditures within one year due to:		
Board – designated endowment	10,191,237	10,018,363
Capital reserve fund	1,546,855	2,151,512
Deferred compensation accounts	772,534	975,774
Restricted by donor for specific purpose	514,842	1,210,136
Total limitations on available resources	13,025,468	14,355,785
Financial assets available to meet cash needs for general expenditures within one year	$ 9,764,503	6,446,588

18. RECENT ACCOUNTING PRONOUNCEMENTS:

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the Agency's contracts with customers. This standard will be effective for the Agency's year ending June 30, 2021.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the consolidated statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the consolidated statement of activities. This standard will be effective for the Agency's year ending June 30, 2023.

The Agency is currently in the process of evaluating the impact of adoption of these ASU's on the consolidated financial statements.

Lighthouse Youth Services, Inc. and Affiliates
Consolidating Schedule of Financial Position
June 30, 2020

	Lighthouse Youth Services, Inc.	Lighthouse Beacon for Youth Foundation, Inc.	New Life Properties, Inc.	IDEAFOR, Inc.	McMillan Street Associates, LLC	EYH Iowa LLC	Eliminations	Consolidated
Assets								
Current assets:								
Cash and cash equivalents	$ 4,079,416	499,109	905,349	47,978	144,647	40,957	-	5,717,456
Restricted cash	-	1,054,878	-	-	-	-	-	1,054,878
Accounts and grants receivable, net	3,505,997	-	164,771	-	-	-	-	3,670,768
Accounts receivable - intercompany	170,527	-	8,039	-	-	1,068	(179,634)	-
Pledges receivable, current portion	-	891,118	-	-	-	-	-	891,118
Other current assets	201,622	88,236	-	-	-	-	-	289,858
Total current assets	7,957,562	2,533,341	1,078,159	47,978	144,647	42,025	(179,634)	11,624,078
Property and equipment:								
Land	-	-	1,017,022	-	403,029	-	-	1,420,051
Land improvements	-	-	393,215	-	461,726	-	-	854,941
Building and improvements	-	-	13,506,299	-	8,757,791	-	(816,398)	21,447,692
Furniture and fixtures	777,194	-	281,746	-	165,164	336,341	-	1,560,445
Transportation equipment	345,265	-	-	-	-	-	-	345,265
Construction in progress	-	-	831,271	-	-	-	-	831,271
	1,122,459	-	16,029,553	-	9,787,710	336,341	(816,398)	26,459,665
Accumulated depreciation	(614,854)	-	(7,057,155)	-	(723,719)	(130,656)	41,866	(8,484,518)
Total property and equipment	507,605	-	8,972,398	-	9,063,991	205,685	(774,532)	17,975,147
Long-term assets:								
Restricted cash	-	-	-	-	279,059	-	-	279,059
Pledges receivable, net of current portion	-	2,252,996	-	-	-	-	-	2,252,996
Notes receivable	-	-	-	6,164,500	-	-	-	6,164,500
Notes receivable - intercompany	-	-	422,976	-	-	428,709	(851,685)	-
Investment in unconsolidated entities	-	-	1,057,920	-	-	-	(521,671)	536,249
Investments:								
Endowment fund	-	10,191,237	-	-	-	-	-	10,191,237
Capital reserve fund	-	1,546,855	-	-	-	-	-	1,546,855
Deferred compensation accounts	772,534	-	-	-	-	-	-	772,534
Total long-term assets	772,534	13,991,088	1,480,896	6,164,500	279,059	428,709	(1,373,356)	21,743,430
Total assets	$ 9,237,701	16,524,429	11,531,453	6,212,478	9,487,697	676,419	(2,327,522)	51,342,655

See independent auditors' report.

	Lighthouse Youth Services, Inc.	Lighthouse Beacon for Youth Foundation, Inc.	New Life Properties, Inc.	IDEAFOR, Inc.	McMillan Street Associates, LLC	EYH Iowa LLC	Eliminations	Consolidated
Liabilities and net assets								
Current liabilities:								
Accounts payable	$ 459,880	13,126	53,827	-	-	1,119	-	527,952
Accounts payable - intercompany	-	169,598	1,997	-	-	8,039	(179,634)	-
Liabilities accrued and withheld	1,132,194	-	-	-	-	-	-	1,132,194
Mortgage payable, current portion	-	-	2,596	-	-	-	-	2,596
Refundable advances	1,085,301	20,000	-	-	-	-	-	1,105,301
Total current liabilities	2,677,375	202,724	58,420	-	-	9,158	(179,634)	2,768,043
Long-term liabilities:								
Mortgage payable, net of current portion	-	-	77,434	-	-	-	-	77,434
Notes payable, net	-	-	-	-	9,831,550	-	-	9,831,550
Notes payable - intercompany	-	-	425,805	424,428	-	1,452	(851,685)	-
Accrued deferred compensation	772,534	-	-	-	-	-	-	772,534
Total long-term liabilities	772,534	-	503,239	424,428	9,831,550	1,452	(851,685)	10,681,518
Total liabilities	3,449,909	202,724	561,659	424,428	9,831,550	10,610	(1,031,319)	13,449,561
Net assets:								
Without donor restrictions, controlling	5,787,792	12,403,389	10,969,794	5,788,050	(343,853)	6,690	(1,296,203)	33,315,659
Without donor restrictions, noncontrolling interest	-	-	-	-	-	659,119	-	659,119
Total net assets without donor restrictions	5,787,792	12,403,389	10,969,794	5,788,050	(343,853)	665,809	(1,296,203)	33,974,778
With donor restrictions	-	3,918,316	-	-	-	-	-	3,918,316
Total net assets	5,787,792	16,321,705	10,969,794	5,788,050	(343,853)	665,809	(1,296,203)	37,893,094
Total liabilities and net assets	$ 9,237,701	16,524,429	11,531,453	6,212,478	9,487,697	676,419	(2,327,522)	51,342,655

See independent auditors' report.

	Lighthouse Youth Services, Inc.	Lighthouse Beacon for Youth Foundation, Inc.	New Life Properties, Inc.	IDEAFOR, Inc.	McMillan Street Associates, LLC	EYH Iowa LLC	Eliminations	Consolidated
Revenues, gains and support:								
Contributions	$ 2,201,294	2,329,582	832,775	-	-	-	(3,383,028)	1,980,623
Contributions - in kind	226,500	-	-	-	-	-	-	226,500
Government grants	9,910,287	-	2,596	-	-	-	-	9,912,883
Government grants - per diem	10,931,171	-	-	-	-	-	-	10,931,171
United Way	191,196	-	-	-	-	-	-	191,196
Medicaid revenue	5,548,761	-	-	-	-	-	-	5,548,761
Rental income	-	-	972,559	-	155,000	180,000	(1,233,385)	74,174
Gain (loss) on sale of assets	(94,297)	-	124,312	-	-	-	-	30,015
Management fees	261,000	-	-	-	-	-	(192,000)	69,000
Net investment return	-	596,951	-	-	-	-	-	596,951
Interest income	-	-	782	101,133	428	6,040	(6,918)	101,465
Other income	177,989	-	-	-	-	-	-	177,989
Total revenues, gains and support	29,353,901	2,926,533	1,933,024	101,133	155,428	186,040	(4,815,331)	29,840,728
Expenses:								
Program services	23,969,848	3,287,878	835,806	103,000	450,433	201,058	(4,644,264)	24,203,759
Supporting services:								
Management and general	4,006,084	57,000	135,000	-	-	-	(192,000)	4,006,084
Fundraising	-	438,296	-	-	-	-	-	438,296
Total expenses	27,975,932	3,783,174	970,806	103,000	450,433	201,058	(4,836,264)	28,648,139
Change in net assets:								
Attributable to controlling interest	1,377,969	(856,641)	962,218	(1,867)	(295,005)	(150)	20,933	1,207,457
Attributable to noncontrolling interest	-	-	-	-	-	(14,868)	-	(14,868)
Total change in net assets	1,377,969	(856,641)	962,218	(1,867)	(295,005)	(15,018)	20,933	1,192,589
Net assets (deficit), beginning of year	4,409,823	17,178,346	10,007,576	5,789,917	(48,848)	680,827	(1,317,136)	36,700,505
Net assets (deficit), end of year	$ 5,787,792	16,321,705	10,969,794	5,788,050	(343,853)	665,809	(1,296,203)	37,893,094