EMMAUS HOMES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

Contents

RubinBrown LLP
Certified Public Accountants &
Business Consultants

One North Brentwood
Saint Louis, MO 63105

T 314.290.3300
F 314.290.3400

W rubinbrown.com
E info@rubinbrown.com

Independent Auditors' Report

Board of Directors
Emmaus Homes, Inc.
St. Charles, Missouri

Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Emmaus Homes, Inc. and its subsidiaries, Emmaus Resident Trust Foundation, L.L.C. and Emmaus Properties, L.L.C., not-for-profit organizations, (collectively, the Organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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 financial position of the Organization as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RubinBrown LLP

November 4, 2019

EMMAUS HOMES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets

	June 30, 2019	June 30, 2018
Current Assets		
Cash and cash equivalents	$ 1,777,915	$ 2,682,928
Cash held for clients	285,488	267,891
Accounts receivable (net of allowance for doubtful accounts of $32,919 in 2019 and $31,764 in 2018)	3,138,166	2,908,656
Grants receivable	180,925	55,450
Unconditional promises to give	174,747	410,470
Unconditional promises to give restricted for endowment	780,000	—
Prepaid expenses	374,515	348,631
Investments	6,425	35,505
Total Current Assets	6,718,181	6,709,531
Other Assets		
Investments restricted/designated for endowment	17,079,681	17,434,112
Annuities receivable	26,746	37,541
Other assets	303,084	262,838
Property and equipment	4,240,392	6,287,129
Property held for sale	1,531,690	—
Beneficial interests in perpetual trusts	3,873,137	3,819,603
Total Other Assets	27,054,730	27,841,223
Total Assets	$ 33,772,911	$ 34,550,754

Liabilities And Net Assets

	2019	2018
Current Liabilities		
Current maturities of long-term debt	$ 273,958	$ 11,496
Current maturities of capital lease obligations	112,541	88,763
Accounts payable	490,012	486,614
Accrued wages	1,728,560	1,334,228
Accrued self-insurance liability	235,200	341,000
Amounts held for clients	285,488	267,891
Total Current Liabilities	3,125,759	2,529,992
Other Long-Term Liabilities	214,274	199,127
Long-Term Debt	213,696	267,398
Capital Lease Obligations - Long-Term	281,039	306,432
Total Liabilities	3,834,768	3,302,949
Net Assets		
Without donor restrictions:		
Operations	3,196,223	3,929,785
Investment in property and equipment	4,788,817	5,511,009
Board designated endowment	9,887,327	9,887,327
Total Without Donor Restrictions	17,872,367	19,328,121
With donor restrictions	12,065,776	11,919,684
Total Net Assets	29,938,143	31,247,805
Total Liabilities And Net Assets	$ 33,772,911	$ 34,550,754

EMMAUS HOMES, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Years Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Program Revenue						
Program service fees	$ 27,559,579	$ —	$ 27,559,579	$ 26,940,901	$ —	$ 26,940,901
Governmental program grants	454,609	—	454,609	218,018	—	218,018
Total Program Revenue	28,014,188	—	28,014,188	27,158,919	—	27,158,919
Other Revenue And Support						
Contributions	429,517	67,709	497,226	305,908	45,877	351,785
Special events, net	26,443	—	26,443	62,317	—	62,317
Bequests	261,277	838,080	1,099,357	139,518	257,664	397,182
United Way	—	170,573	170,573	—	174,972	174,972
Grant income - nongovernment	102,857	26,583	129,440	150,790	14,729	165,519
Grants and awards for capital projects	—	—	—	172,315	—	172,315
Gift annuities	—	(10,795)	(10,795)	4,840	(8,555)	(3,715)
Other income	8,940	—	8,940	77,818	—	77,818
Investment income appropriated for operations	395,190	—	395,190	599,685	—	599,685
Total Other Revenue and Support	1,224,224	1,092,150	2,316,374	1,513,191	484,687	1,997,878
Net Assets Released From Restrictions	1,154,212	(1,154,212)	—	1,048,194	(1,048,194)	—
Total Revenues And Support	30,392,624	(62,062)	30,330,562	29,720,304	(563,507)	29,156,797
Expenses						
Program Services:						
Residential care	27,948,104	—	27,948,104	26,329,522	—	26,329,522
Educational programs	190,421	—	190,421	224,908	—	224,908
Management	3,367,030	—	3,367,030	3,148,081	—	3,148,081
Fundraising	384,764	—	384,764	574,464	—	574,464
Total Expenses	31,890,319	—	31,890,319	30,276,975	—	30,276,975
Decrease In Net Assets From Operations	(1,497,695)	(62,062)	(1,559,757)	(556,671)	(563,507)	(1,120,178)
Other Income						
Change in value of beneficial interests in perpetual trusts	—	53,534	53,534	—	116,381	116,381
Investment income in excess of amount appropriated for operations	41,941	154,620	196,561	34,744	360,526	395,270
Total Other Income	41,941	208,154	250,095	34,744	476,907	511,651
Increase (Decrease) In Net Assets	(1,455,754)	146,092	(1,309,662)	(521,927)	(86,600)	(608,527)
Net Assets - Beginning Of Year	19,328,121	11,919,684	31,247,805	19,850,048	12,006,284	31,856,332
Net Assets - End Of Year	$ 17,872,367	$ 12,065,776	$ 29,938,143	$ 19,328,121	$ 11,919,684	$ 31,247,805

EMMAUS HOMES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2019

	Residential Care Programs	Educational Programs	Total Programs	Management	Fundraising	Total
Salaries	$ 20,668,596	$ 132,884	$ 20,801,480	$ 1,984,032	$ 259,584	$ 23,045,096
Contracted personnel	5,665	—	5,665	26,051	—	31,716
Fringe benefits and payroll taxes	3,511,092	23,877	3,534,969	365,989	40,122	3,941,080
Other personnel costs	465,625	2,453	468,078	153,432	5,296	626,806
Audit fees	—	—	—	50,150	—	50,150
Bad debt expense	—	—	—	613	—	613
Communications	308,765	333	309,098	59,884	23,543	392,525
Contract services	241,684	—	241,684	123,750	—	365,434
Equipment expense	14,724	—	14,724	1,609	43	16,376
Food	41,163	649	41,812	—	—	41,812
Information technology services	121,149	—	121,149	55,679	8,515	185,343
Insurance	301,834	1,528	303,362	80,871	4,148	388,381
Interest	49,175	—	49,175	4,875	—	54,050
Legal fees	—	—	—	23,140	2,112	25,252
Licensure	—	—	—	7,875	—	7,875
Maintenance and repair	272,131	—	272,131	31,708	2,071	305,910
Materials and supplies	172,511	10,882	183,393	25,758	2,913	212,064
Miscellaneous	60,950	—	60,950	24,922	4,493	90,365
Rent	279,637	—	279,637	1,014	—	280,651
Professional fees	6,136	12,137	18,273	90,321	125	108,719
Staff training	104,898	418	105,316	47,219	2,655	155,190
Staff travel	180,126	1,760	181,886	14,698	4,899	201,483
Transportation	361,340	—	361,340	19,634	2,952	383,926
Utilities	93,344	3,500	96,844	53,839	2,133	152,816
Total Expenses Before Depreciation And Amortization	27,260,545	190,421	27,450,966	3,247,063	365,604	31,063,633
Depreciation and amortization	687,559	—	687,559	119,967	19,160	826,686
Total Expenses	$ 27,948,104	$ 190,421	$ 28,138,525	$ 3,367,030	$ 384,764	$ 31,890,319

See the notes to consolidated financial statements.

EMMAUS HOMES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2018

	Residential Care Programs	Educational Programs	Total Programs	Management	Fundraising	Total
Salaries	$ 19,007,739	$ 138,304	$ 19,146,043	$ 1,874,827	$ 357,656	$ 21,378,526
Contracted personnel	2,336	—	2,336	—	—	2,336
Fringe benefits and payroll taxes	3,408,213	25,447	3,433,660	361,945	64,943	3,860,548
Other personnel costs	513,721	3,180	516,901	175,471	10,339	702,711
Audit fees	—	—	—	47,950	—	47,950
Bad debt expense	—	—	—	6,644	—	6,644
Communications	337,507	940	338,447	46,675	26,362	411,484
Contract services	188,053	—	188,053	170,830	—	358,883
Equipment expense	57,037	—	57,037	28,887	2,610	88,534
Food	97,403	—	97,403	—	—	97,403
Information technology services	88,863	—	88,863	56,694	8,226	153,783
Insurance	323,226	1,744	324,970	29,009	5,503	359,482
Interest	33,502	—	33,502	462	—	33,964
Legal fees	—	312	312	31,110	8,264	39,686
Maintenance and repair	219,066	108	219,174	19,224	2,934	241,332
Materials and supplies	174,362	35,703	210,065	34,021	2,950	247,036
Miscellaneous	50,441	59	50,500	16,759	30,933	98,192
Rent	273,609	—	273,609	—	—	273,609
Professional fees	7,808	9,987	17,795	46,736	—	64,531
Staff training	78,168	227	78,395	42,949	9,158	130,502
Staff travel	196,917	1,301	198,218	14,034	12,078	224,330
Transportation	375,282	—	375,282	22,530	10,842	408,654
Utilities	158,368	6,749	165,117	19,527	3,019	187,663
Total Expenses Before Depreciation And Amortization	25,591,621	224,061	25,815,682	3,046,284	555,817	29,417,783
Depreciation and amortization	737,901	847	738,748	101,797	18,647	859,192
Total Expenses	$ 26,329,522	$ 224,908	$ 26,554,430	$ 3,148,081	$ 574,464	$ 30,276,975

EMMAUS HOMES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Years Ended June 30, 2019	2018
Cash Flows From Operating Activities		
Decrease in net assets	$ (1,309,662)	$ (608,527)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation and amortization	826,686	859,192
(Gain) loss on disposal of property and equipment	265	(46,409)
Endowment contributions	(812,893)	(12,948)
Realized gains on investments	(1,293,570)	(608,279)
Unrealized (gains) losses on investments	906,810	(285,087)
Change in value of annuities receivable	10,795	9,549
Change in value of perpetual trusts	(53,534)	(116,381)
In-kind contributions of property and equipment	—	(172,315)
Changes in assets and liabilities:		
Cash held for clients	(17,597)	(33,369)
Accounts and grants receivable	(354,985)	(56,015)
Unconditional promises to give	235,723	292,515
Prepaid expenses and other assets	(66,130)	(75,229)
Accounts payable	3,398	30,882
Accrued wages	394,332	181,832
Accrued self-insurance liability	(105,800)	107,000
Amounts held for clients	17,597	33,369
Other liabilities	15,147	(56,234)
Net Cash Used In Operating Activities	(1,603,418)	(556,454)
Cash Flows From Investing Activities		
Proceeds from sale of investments	6,133,073	2,560,054
Purchases of investments	(1,518,982)	(1,775,196)
Net purchases of money market funds	(3,843,820)	(1,732)
Purchases of property and equipment	(246,732)	(273,769)
Proceeds from sale of property and equipment	35,589	65,881
Proceeds from distribution of trust assets	—	12,948
Net Cash Provided By Investing Activities	559,128	588,186
Cash Flows From Financing Activities		
Borrowings on line of credit	300,000	—
Repayments on line of credit	(300,000)	—
Borrowings on long-term debt	225,000	—
Principal payments on long-term debt	(16,240)	(10,971)
Principal payments on capital leases	(102,376)	(65,202)
Endowment contributions	32,893	—
Net Cash Provided By (Used In) Financing Activities	139,277	(76,173)
Net Decrease In Cash And Cash Equivalents	(905,013)	(44,441)
Cash And Cash Equivalents - Beginning Of Year	2,682,928	2,727,369
Cash And Cash Equivalents - End Of Year	$ 1,777,915	$ 2,682,928
Supplemental Disclosure Of Cash Flow Information		
Property and equipment acquired through capital leases	$ 100,761	$ 255,135
Interest paid	53,952	33,962

1. Organization And Operations

Organization

Emmaus Homes, Inc. (the Organization) is organized as a benevolent nonprofit corporation under the laws of the State of Missouri. The Organization's articles of incorporation provide for management of its property and affairs by a self-perpetuating Board of Directors. The Organization is affiliated with the United Church of Christ through the Council for Health and Human Services Ministries.

The Organization is the sole member of two Missouri limited liability companies that manage its long-term assets. The Emmaus Resident Trust Foundation, L.L.C. (the Foundation) holds and manages the Organization's long-term investment assets while Emmaus Properties, L.L.C. (Properties) holds and manages the Organization's real property. Both the Foundation and Properties are disregarded entities for income tax purposes.

Nature Of Business

Compelled by faith in Jesus Christ, the mission of the Organization is to enrich the lives of individuals of all beliefs, with cognitive or developmental disabilities, by fostering independence, inclusion, and self-advocacy.

The Organization provides for the care and habilitation of more than 250 adults with cognitive and other developmental disabilities. Services are provided in group homes and individualized supported living arrangements in four counties in Eastern Missouri. Services are provided without regard to race, color, religion, national origin, sex, veteran status, or disability. The Organization's corporate office is located in St. Charles, Missouri.

Description Of Program Services And Supporting Activities

The Organization's programs and services are designed to achieve the highest quality of life possible, to inspire growth and learning in the most normative environment possible, to encourage independence in choice of lifestyle and personal growth, and to facilitate participation in all decisions affecting a person's quality of life including the right to decide to attend or not attend religious programs and services.

These services are provided through the Organization's Residential Care and Educational Programs, and through the following supporting activities:

Management

Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Organization's program strategy, secure proper administrative functioning of the Board of Directors, maintain competent legal services for the program administration of the Organization, and manage the information technology, financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations to support operating activities.

2. Summary Of Significant Accounting Policies

Principles Of Consolidation

The accompanying consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiaries, the Foundation and Properties. All significant inter-entity accounts, balances and transactions have been eliminated in consolidation.

Basis Of Accounting

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

New Accounting Standard Implementation

During 2019, the Organization implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. In accordance with the ASU, the consolidated statements of financial position present two classes of net assets, rather than the previously required three classes. The two classes are "Net assets without donor restrictions" (previously "Unrestricted" net assets) and "Net assets with donor restrictions" (previously "Temporarily" and "Permanently" restricted net assets). The ASU also requires disclosure concerning the Organization's liquidity and presentation of expenses by both functional and natural classifications. Accordingly, a reclassification of net assets has been made to conform beginning net asset balances to current presentation.

Basis Of Presentation

Financial statement presentation follows guidance set forth by generally accepted accounting principles for not-for-profit organizations, which requires the Organization to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets consist of the following:

Net Assets Without Donor Restrictions

Net assets without donor restrictions include net assets and contributions not subject to donor-imposed stipulations. Net assets without donor restrictions include investments designated by the Board of Directors (the Board) for endowment.

Net Assets With Donor Restrictions

Net assets with donor restrictions include net assets and contributions subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time, while others are to be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Estimates And Assumptions

Management uses estimates and assumptions in preparing its consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Operating And Nonoperating Activity

Operating results in the consolidated statements of activities reflect all transactions except the change in value of beneficial interests in perpetual trusts and investment income in excess of amount appropriated for operations.

Cash And Cash Equivalents

The Organization considers all highly liquid financial instruments, excluding amounts categorized as Board designated assets, purchased with a maturity of three months or less to be cash equivalents.

The Organization invests its excess cash in debt instruments and securities with financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that are designed to maintain safety and liquidity. Cash balances that exceed Federal Deposit Insurance Corporation (FDIC) limits are invested in money market funds that invest exclusively in short-term U.S. government securities, including repurchase agreements secured by U.S. government securities. At June 30, 2019, the cash and cash equivalents balance in excess of FDIC insurance limits was approximately $1,732,000.

Cash Held For Clients

The cash held for clients is held by the Organization for the clients and a corresponding liability is recorded. These funds are maintained in a separate bank account at a federally insured financial institution.

Accounts And Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. 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 balances. Those balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for uncollectible grants receivable is considered necessary by management.

Promises To Give

Unconditional promises to give are recognized as support in the period in which the promises are received and are recorded at the present value of the estimated future cash flow. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as support when the conditions upon which they depend are substantially met. Promises to give are reported at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off, as of year end, all balances that are determined to be uncollectible.

Investments

Investments are reported at fair value. Investments for which quoted market prices are not available are carried at estimated realizable values as determined by the investment manager and reviewed by management. Gains and losses on sales of investments are determined on a specific cost-identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

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

Property And Equipment

Property and equipment is carried at cost, less accumulated depreciation computed on the straight-line method over estimated useful lives ranging from 3 to 35 years. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. Expenditures of at least $5,000 for additions and improvements, that increase the useful lives of the respective assets, are capitalized.

Donated Materials And Services

Donated materials are recorded at fair value at the date of donation.

The Organization periodically receives inkind donations, including client recreational items, facility supplies, property and equipment, and special event resources. The fair value of donated materials and property and equipment was $15,585 and $206,347 in 2019 and 2018, respectively.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services that meet the criteria for recognition are recorded at fair value at the date of donation.

The Organization generates numerous volunteer hours each year that add a dimension to the quality of life for individuals served by the Organization over and above the amount provided by salaried personnel. These donated services have not been recognized as contributions in the consolidated financial statements since the aforementioned recognition criteria, as stated by generally accepted accounting principles, were not met.

Support With And Without Donor Restrictions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. As permitted under generally accepted accounting principles, the Organization reports contributions with donor restrictions as without donor restrictions in the current year when the Organization meets the donor restrictions in the same period as recognition of the contributions.

Functional Expense Allocations

The statement of functional expenses presents expenses by functional and natural classification. When expense allocations are necessary, expenses are charged to program services and supporting activities based on an appropriate allocation method, including inputs such as time and effort, census counts and square footage. Salaries have been allocated on the basis of estimates of time and effort. Fringe benefits have been allocated using a stand-alone joint cost method, the basis being payroll cost by functional department. Depreciation and amortization, occupancy, and insurance costs are allocated on a square footage basis by function. Management expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Tax Status

The Organization is exempt from federal income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code (IRC).

As single member LLCs of the Organization, the Foundation and Properties are considered disregarded entities for income tax purposes, and thus are also tax exempt under Section 501(c)(3) of the IRC.

The Organization's federal tax returns for tax years 2015 and later remain subject to examination by taxing authorities.

3. Unconditional Promises To Give

Promises to be received in future periods are collectible in less than one year and consist of:

	2019	2018
United Way	$ 85,284	$ 87,486
Legacies	809,530	262,008
Other	59,933	60,976
	$ 954,747	$ 410,470

Legacies are recorded by the Organization upon being notified of the bequest's existence and when the amount available for distribution can be accurately estimated.

4. Investments And Assets Restricted/Designated For Endowment

Investments consist of the following:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Money market funds	$ 3,861,463	$ 3,861,463	$ 17,643	$ 17,643
Fixed income securities:				
Short-term inflation protected exchange fund	1,198,980	1,226,835	—	—
Fixed income series funds	2,305,463	2,729,930	3,163,934	3,519,097
Liquid diversifiers series funds	—	—	1,706,094	1,775,370
	3,504,443	3,956,765	4,870,028	5,294,467
Equity securities:				
Domestic equity series funds	2,942,757	3,692,996	3,275,998	4,503,688
Global equity series funds	2,959,532	3,661,051	4,067,021	5,248,467
Liquid equity surrogates series funds	1,751,885	1,907,406	2,237,030	2,369,847
	7,654,174	9,261,453	9,580,049	12,122,002
Real estate investment trust	6,763	6,425	35,824	35,505
	$ 15,026,843	$ 17,086,106	$ 14,503,544	$ 17,469,617

These amounts are reported in the consolidated statements of financial position as follows:

	2019	2018
Investments	$ 6,425	$ 35,505
Assets restricted/designated for endowment	17,079,681	17,434,112
	$ 17,086,106	$ 17,469,617

Investment income for the years ended June 30, 2019 and 2018 is comprised of the following:

	2019	2018
Unrealized gains (losses)	$ (906,810)	$ 285,087
Realized gains	1,293,570	608,279
Interest and dividend income	250,579	157,968
Less: Investment fees	(45,588)	(56,379)
	$ 591,751	$ 994,955

The amount reported as investment income designated for operations is based on an amount appropriated by the Organization's Board of Directors. From time to time, the amount appropriated for operations may be in excess of the actual investment return.

As discussed in Note 10, investments are pledged as collateral against the line of credit.

5. Irrevocable Charitable Trusts

The Organization is the beneficiary of various irrevocable deferred gifts administered by a third party. The present value of these contracts has been reflected in the consolidated financial statements as annuities receivable and as net assets with donor restrictions due to time restrictions. These receivables are carried at the present value of the estimated future receivable upon maturity. When the contracts mature, the current value will be reclassified as net assets with or without donor restrictions based on the donors' restrictions.

The following is a summary of changes in annuity receivables:

	2019	2018
Beginning balance	$ 37,541	$ 47,090
Maturity of gift annuities	—	(994)
Change in present value of receivable	(10,795)	(8,555)
Ending balance	$ 26,746	$ 37,541

6. Beneficial Interests In Perpetual Trusts

The Organization is the beneficiary of several perpetual split interest trusts. The Organization records these trusts at fair market value in the amount of split interest as designated by the donors, ranging from 4.76% to 100%.

Various terms included in the trust documents require distributions to be made each year based upon income earned and/or a percentage of assets remaining. The Organization received $127,634 in distributions and recognized investment appreciation of $53,534 for the year ended June 30, 2019. The Organization received $135,529 in distributions, including $12,948 received from a trust upon final dissolution and recognized investment appreciation of $116,381, for the year ended June 30, 2018. The Organization's interest in these perpetual trusts amounted to $3,873,137 and $3,819,603 at June 30, 2019 and 2018, respectively. See Note 13 for fair value disclosures.

7. Property And Equipment

Property and equipment consists of:

	2019	2018
Land, buildings and leasehold improvements	$ 3,856,859	$ 7,442,056
Furniture and equipment	1,435,773	1,655,402
Vehicles	2,622,748	2,732,791
Construction in process	32,252	182,094
	7,947,632	12,012,343
Less: Accumulated depreciation and amortization	3,707,240	6,249,569
	4,240,392	5,762,774
Idle property, net of accumulated depreciation of $1,829,698 in 2018	—	524,355
	$ 4,240,392	$ 6,287,129

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 totaled $826,686 and $859,192, respectively.

As of June 30, 2018, management identified idle property comprised of property in Marthasville for which utilization had ceased and depreciation was discontinued. As of June 30, 2018, the property was not classified as held for sale as it was not actively marketed for sale. As of June 30, 2019, the property previously identified as idle, as well as the remaining assets of the Marthasville campus, net of accumulated depreciation of $4,688,561 (Marthasville Property), are actively marketed for sale and thus are classified as held for sale, in the net amount of $1,531,690. No asset impairment was considered necessary during the years ended June 30, 2019 or 2018.

In 2018 and 2019, the Organization leased certain buildings to an unrelated not-for-profit organization that provides employment opportunities to individuals with developmental disabilities. During 2018, the Board of Directors approved a resolution to donate these assets to the unrelated not-for-profit organization. This donation occurred during the year ended June 30, 2019; and as a result, the lease has been terminated.

8. Long-Term Debt

At June 30, 2018, the Organization's outstanding debt balance consisted of two bank borrowings that were used to partially finance the purchase of two residential homes (the Homes); the Homes are used to support the operating activities of the Organization's Residential Care Programs. The two bank borrowings are structured as 5-year loans with fixed interest rates of 4.50%, and require monthly principal and interest payments totaling $1,998 until maturity, based on a 20-year amortization schedule and one final lump sum payment due at maturity. Both loans are secured by the respective property as well as an assignment of the rent associated with each property, and both loans mature in the Organization's fiscal year ending June 30, 2020.

During September 2018, the Organization borrowed new debt totaling $225,000 to finance the purchase of one residential home, which will be used to support the operating activities of the Organization's Residential Care Programs. The borrowing is structured as a 5-year loan with a fixed interest rate of 5.50% and requires monthly principal and interest payments totaling $1,558 until maturity and one final lump sum payment due at maturity. The loan is secured by the property as well as an assignment of the rent associated with the property and matures in September 2023.

The balances outstanding on these loans at June 30, 2019 and 2018 total $487,654 and $278,894, respectively.

In addition to bank borrowings, the purchase of the Homes was partially financed by long-term funding agreements with the DDRB of St. Charles County ("DDRB"). Under these funding agreements, the DDRB provided $102,031 that may remain outstanding during the term of the Organization's continued ownership and use of the Homes to support adults with developmental disabilities. The balance related to these funding agreements at June 30, 2019 and 2018 was $102,031, which is included in other long-term liabilities in the consolidated statements of financial position.

The scheduled maturities of the long-term debt at June 30, 2019 are as follows:

Year	Amount
2020	$ 273,958
2021	6,953
2022	7,351
2023	7,772
2024	191,620
	$ 487,654

9. Capital Lease Obligations

The Organization leases certain vehicles and office equipment under noncancellable capital leases. The assets acquired under the leases have been capitalized and the related obligations included in long-term debt in the consolidated financial statements. The capital lease obligations are payable in monthly installments with final payments on dates ranging from June 2021 through September 2023.

The future remaining minimum lease payments as of June 30, 2019 are due as follows:

Year	**Amount**
2020	$ 139,144
2021	141,544
2022	110,037
2023	49,732
2024	8,436
Total minimum lease payments	448,893
Amount representing interest	(55,313)
Present value of net minimum lease payments	393,580
Current maturities	(112,541)
Long-term capital lease obligations	$ 281,039

Total assets under capital leases included in property and equipment on the consolidated statements of financial position consist of:

	2019	**2018**
Vehicles	$ 523,515	$ 411,160
Office equipment	87,674	87,674
Accumulated amortization	(220,352)	(105,528)
	$ 390,837	$ 393,306

Amortization expense for assets under capital leases was $114,824 and $65,107 for the years ended June 30, 2019 and 2018, respectively.

10. Line Of Credit

The Organization has a line-of-credit agreement in the amount of $1,000,000 with U.S. Bank. The line of credit was renewed during the year under similar terms and expires in March 2020. Borrowing under the line of credit bears interest at a rate equal to the LIBOR monthly rate plus 2% (4.40% at June 30, 2019). There was no outstanding balance on this line of credit at June 30, 2019 or 2018.

The line of credit is secured by all investments and contains a financial covenant. The Organization is in compliance with this covenant at June 30, 2019.

11. Self-Insured Medical Benefits

The Organization has established a self-insurance plan covering certain medical benefits for substantially all of its employees. Medical claims are subject to per participant and aggregate limits, with the excess liability coverage provided by an independent insurer. After meeting a preset claim limit for a participant, the Organization is reimbursed for the excess cost of claims paid for a participant during the annual term of the insurance policy. The amount expensed by the Organization for these medical benefits is $1,760,745 and $2,054,000 for the years ended June 30, 2019 and 2018, respectively. This expense is included in fringe benefits in the consolidated financial statements. The accrued self-insurance liability as of June 30, 2019 and 2018 is $235,200 and $341,000, respectively.

12. Net Assets

Net assets with donor restrictions as of June 30 are as follows:

	2019	2018
Time Restricted:		
Annuities	$ 26,746	$ 37,541
Beneficial interest in perpetual trusts	409,757	374,122
Other	166,394	397,692
Total Time Restricted	602,897	809,355
Purpose Restricted:		
Endowment income	2,175,025	2,567,827
Capital campaign donations	—	54,218
Other	27,145	63,845
Total Purpose Restricted	2,202,170	2,685,890
Assets Held in Perpetuity:		
Investments	5,017,329	4,978,958
Unconditional promise to give	780,000	—
Beneficial interests in perpetual trusts	3,463,380	3,445,481
Total Assets Held in Perpetuity	9,260,709	8,424,439
	$ 12,065,776	$ 11,919,684

Net assets were released from net assets with donor restrictions as follows:

	2019	2018
Time Restricted:		
Annuities	$ —	$ 9,549
Other	491,431	736,835
Total Time Restricted	491,431	746,384
Purpose Restricted:		
Endowment income	541,944	262,797
Capital items	54,218	—
Other	66,619	39,013
Total Purpose Restricted	662,781	301,810
	$ 1,154,212	$ 1,048,194

Endowment

The Organization's endowment consists of various funds established for a variety of purposes. Its endowment includes both endowment funds with donor restrictions and funds designated by the Board of Directors to function as endowments. As required by accounting standards, assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation Of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as endowment with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund with donor restrictions that is not classified in endowment principal is classified as endowment earnings until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

(1) The duration and preservation of the fund;
(2) The purposes of the Organization and the donor restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Organization; and
(7) The investment policies of the Organization.

Endowment Asset Composition By Type Of Fund As Of June 30:

	2019			
	Without Donor	With Donor Restrictions		
	Restrictions	Earnings	Principal	Total
Endowment funds with donor restrictions	$ —	$ 2,175,025	$ 5,017,329	$ 7,192,354
Board designated endowment funds	9,887,327	—	—	9,887,327
	$ 9,887,327	$ 2,175,025	$ 5,017,329	$ 17,079,681

	2018			
	Without Donor	With Donor Restrictions		
	Restrictions	Earnings	Principal	Total
Endowment funds with donor restrictions	$ —	$ 2,567,827	$ 4,978,958	$ 7,546,785
Board designated endowment funds	9,887,327	—	—	9,887,327
	$ 9,887,327	$ 2,567,827	$ 4,978,958	$ 17,434,112

Changes In Endowment Assets For The Years Ended June 30:

	Without Donor	With Donor Restrictions		
	Restrictions	Earnings	Principal	Total
Endowment assets, July 1, 2017	$ 9,887,327	$ 2,479,646	$ 4,956,462	$ 17,323,435
Investment income, net	477,103	350,978	9,548	837,629
Distribution of third party trust	—	—	12,948	12,948
Appropriation for current operations	(477,103)	(262,797)	—	(739,900)
Endowment assets, June 30, 2018	9,887,327	2,567,827	4,978,958	17,434,112
Investment income, net	267,556	149,142	5,478	422,176
Contributions	—	—	32,893	32,893
Appropriation for current operations	(267,556)	(541,944)	—	(809,500)
Endowment assets, June 30, 2019	$ 9,887,327	$ 2,175,025	$ 5,017,329	$ 17,079,681

Funds With Deficiencies

From time to time, the fair value of assets associated with the individual endowment funds with donor restrictions may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. If such deficiencies exist, the Organization would continue appropriation for certain purposes which are deemed prudent by the Board of Directors. There were no such deficiencies as of June 30, 2019 or 2018.

Return Objectives And Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those funds with donor restrictions that the Organization must hold in perpetuity or for a donor specified period, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the appropriate index while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed For Achieving Objectives

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

During the year ended June 30, 2019, the Board of Directors converted $4,000,000 of endowment assets to a short-term investment strategy to allow for possible excess spending during the three-year period ending June 30, 2021 (Note 18).

Spending Policy And How The Investment Objectives Relate To Spending Policy

The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 20 quarters through the March 31 preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new contributions and investment return.

13. Fair Value Measurements

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the years ended June 30, 2019 and 2018. Assets measured and reported at fair value are classified and disclosed in one of the following three categories:

Level 1 Quoted prices that are readily available in active markets/exchanges for identical investments and derivatives. The types of investments and derivatives that are classified at this level generally include money market funds and exchange-traded equities.

Level 2 Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar investments in active markets/exchanges or prices quoted for identical or similar investments in markets that are not active, and fair value is determined using inputs that are derived principally from or corroborated by observable model data by correlation or other means.

Level 3 Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment. The inputs into determination of fair value require significant management judgment and estimation. The types of investments that are classified at this level include beneficial interests in perpetual trusts held by others.

Inputs refer broadly to the assumptions that market participants would use in pricing the investments, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the investment or derivative based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the investment or derivative. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment or derivative.

The Organization's assets that are measured at fair value are reported in the consolidated statements of financial position as either "investments," "assets restricted/designated for endowment" or "beneficial interests in perpetual trusts" at both June 30, 2019 and 2018.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2019 and 2018:

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$ 3,861,463	$ —	$ —	$ 3,861,463
Short-term inflation protected exchange fund	1,226,835	—	—	1,226,835
Real estate investment trust	—	—	6,425	6,425
Beneficial interests in perpetual trusts	—	—	3,873,137	3,873,137
	$ 5,088,298	$ —	$ 3,879,562	8,967,860
Investments measured at net asset value (a)				11,991,383
				$ 20,959,243

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$ 17,643	$ —	$ —	$ 17,643
Real estate investment trust	—	—	35,505	35,505
Beneficial interests in perpetual trusts	—	—	3,819,603	3,819,603
	$ 17,643	$ —	$ 3,855,108	3,872,751
Investments measured at net asset value (a)				17,416,469
				$ 21,289,220

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended June 30, 2019 and 2018:

	Real Estate Investment Trust	Beneficial Interests In Perpetual Trusts	Total
Balance - July 1, 2017	$ 35,942	$ 3,716,170	$ 3,752,112
Unrealized loss on investment	(437)	—	(437)
Distribution of assets upon trust dissolution	—	(12,948)	(12,948)
Change in value of beneficial interests in perpetual trusts	—	116,381	116,381
Balance - June 30, 2018	35,505	3,819,603	3,855,108
Proceeds on share redemption	(27,734)		(27,734)
Unrealized loss on investment	(1,346)	—	(1,346)
Change in value of beneficial interests in perpetual trusts	—	53,534	53,534
Balance - June 30, 2019	$ 6,425	$ 3,873,137	$ 3,879,562

There were no significant transfers between Levels 1, 2 or 3 during the year ended June 30, 2018. During the year ended June 30, 2019, a significant transfer was made from investments measured at Net Asset Value to Level 1.

As of June 30, 2019 and 2018, the Level 3 investments listed in the fair value hierarchy tables use the following valuation techniques and inputs:

Alternative Investments - Real Estate Investment Trust

Alternative investments consist of an investment in a Real Estate Investment Trust (REIT). The fair value of this investment is classified as Level 3. The values for underlying investments are fair value estimates determined by the REIT in accordance with U.S. generally accepted accounting principles.

Beneficial Interests In Perpetual Trusts

Beneficial interests in perpetual trusts held by others are valued using the fair value of the assets in the trust as a practical expedient unless facts and circumstances indicate that the fair value of the assets in the trust differs from the fair value of the beneficial interests. Perpetual trusts held by others are classified within Level 3 of the fair value hierarchy.

The following table summarizes the Organization's investments that calculate net asset value per share (or its equivalent):

	Fair Value		Unfunded	Redemption	Redemption
	2019	2018	Commitments	Frequency	Notice Period
Fixed income series funds (a)	$ 2,729,930	$ 3,519,097	$ —	semi-monthly	5-30 days
Domestic equity series funds (b)	3,692,996	4,503,688	—	semi-monthly	5-30 days
Global equity series funds (c)	3,661,051	5,248,467	—	semi-monthly	5-30 days
Liquid diversifiers series funds (d)	—	1,775,370	—	monthly	15-30 days
Liquid equity surrogates series funds (e)	1,907,406	2,369,847	—	monthly	15-30 days
	$ 11,991,383	$ 17,416,469			

a. This series primarily invests in corporate bonds, asset backed securities, and government bonds. The principal purpose of the Fixed Income Series is to provide relative protection of principal and a predictable source of income. Additionally, the series may invest in "extended" sectors of the fixed income market (high yield, non-dollar, and convertible securities). The fair values of the investments in this class have been estimated using the net asset value per share of the investments. There are no obligations to make any additional contributions to the series.

b. This series primarily invests in equity positions in domestic corporations traded on any national exchange or NASDAQ. Investments in common stock, listed limited partnerships, preferred stock, ETFs, ETNs, securities convertible into common or preferred stock, bonds, American Depository Receipts, debentures and warrants are allowed. The series is also permitted to invest in mutual funds and other commingled investment vehicles. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. There are no obligations to make any additional contributions to the series.

c. This series primarily invests in equity positions in both U.S. and non-U.S.-based corporations traded on any global exchange. Investments in common stock, listed limited partnerships, preferred stock, ETFs, ETNs, securities convertible into common or preferred stock, bonds, American Depository Receipts, debentures and warrants are allowed. Additionally, Investments in Global Depository Receipts and European Depository Receipts are allowed. The series is also permitted to invest in mutual funds. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. There are no obligations to make any additional contributions to the series.

d. This series investment strategy is intended to offset the volatility of a traditional stock and/or bond portfolio. The investment strategies utilized in this series are expected to have low correlations to global equities and can be used in an effort to protect against specific market environments, such as inflationary or deflationary markets. Investments may include, but are not limited to, U.S. Treasury securities, Non-U.S. Sovereign Debt Obligations, U.S. Treasury Inflation-Protected Securities, Non-U.S. Inflation-Linked Bonds, commodities, and cash or cash equivalents. The series is permitted to invest in separate accounts, mutual funds and other commingled investment vehicles that invest in the types of investments identified above and that ordinarily provide liquidity within 60 days or less. This investment was redeemed in 2019.

e. This series investment strategy is intended to complement a traditional stock and/or bond portfolio for those investors who wish to increase portfolio diversification and lower volatility while maintaining a relatively high degree of liquidity. Investments may include, but are not limited to, Master Limited Partnerships, risk parity strategies, global equities, frontier emerging market equities, emerging market bonds, and high yield bonds. Investments in this series are expected to have varying degrees of equity market risk exposure, with less-than-market beta and volatility. The series is permitted to invest in separate accounts, mutual funds and other commingled investment vehicles that invest in the types of securities identified above that ordinarily provide liquidity within 90 days or less. There are no obligations to make any additional contributions to the series.

During 2019 and 2018, there were no changes in the methods or assumptions utilized to derive the fair values of the Organization's assets.

14. Funding Concentration

The Organization receives funding for a majority of its clients from the Missouri Department of Mental Health (DMH) under the Medicaid Home and Community Based Services Waiver Program (Medicaid HCBS Waiver Program). DMH pays the Organization for providing services associated with the residential habilitation of these individuals. The amounts received from the above sources account for approximately 97% of Total Program Revenue and 89% of Total Revenues and Support for the year ended June 30, 2019. The amounts received from the above sources accounted for approximately 97% of Total Program Revenue and 89% of Total Revenues and Support for the year ended June 30, 2018.

Since the Organization receives a substantial amount of its support from state and local government agencies, a reduction in the level of this support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

As of June 30, 2019 and 2018, substantially all of the accounts receivable balance represented amounts due from state governmental agencies.

15. Pension Plans

The Organization's employees may be eligible to receive pension benefits under one of two pension plans currently in effect. The first is a defined contribution plan, administered through the United Church of Christ, which provides benefits for employees serving in a ministerial capacity for the Organization. Contributions for ministers are made quarterly at a rate of 14% of the employees' total compensation.

The second plan is a 403(b) retirement plan sponsored by the Organization that provides coverage for its remaining employees. Employees are eligible to participate in salary reduction contributions on their dates of hire. Employees who have completed one year of consecutive service are eligible to receive employer matching contributions. The Organization's contributions plus any earnings they generate are vested 100% after three years of service.

Pension expense for the years ended June 30, 2019 and 2018 for both plans totaled $252,448 and $232,017, respectively. This amount is included in fringe benefits in the consolidated financial statements.

Additionally, the Organization has entered into agreements with certain current management employees of the Organization providing retirement benefits under nonqualified, deferred compensation plans. The asset and corresponding liability at June 30, 2019 and 2018 in the amounts of $112,243 and $97,096, respectively, are reported as other assets and other liabilities in the consolidated statements of financial position. The contributions to these plans amounted to $8,750 and $18,000 in 2019 and 2018, respectively.

16. Commitments

The Organization leases various residential space, office space, vehicles and equipment under operating leases expiring on various dates through 2022. Rent expense for the years ended June 30, 2019 and 2018 was $342,451 and $401,239, respectively. Aggregate minimum rental commitments under operating leases at June 30, 2019 are as follows:

Year	Amount
2020	$ 270,642
2021	70,399
2022	11,183
	$ 352,224

Additionally, the Organization is the guarantor on several leases for residential space entered into by individuals supported by the Organization. The aggregate amount guaranteed by the Organization at June 30, 2019 totaled approximately $5,426,000. These leases expire on various dates through fiscal year 2029.

The Organization has identified asbestos in certain buildings located on the Marthasville Property. The Organization has no plans to renovate these buildings and currently anticipates that any future costs of remediating the asbestos will be assumed as part of a sale transaction for the Marthasville Property. No liability has been recognized for any future costs of remediation due to the uncertainty and indeterminate settlement date of any such liability.

The Organization has recorded a liability related to the future remediation of a waste holding reservoir located on the Marthasville campus. The remediation will include the disposal of a significant portion of existing wastewater, collapsing the reservoir walls, land reclamations and disconnecting the flow of wastewater. At June 30, 2018, the estimated liability of $58,000 was included in accounts payable on the consolidated statements of financial position. During 2019, a revised contract was signed for the remediation and, as such, the estimated liability was revised to the amount of $45,500 and is included in accounts payable on the consolidated statements of financial position. The remediation is expected to be completed during October 2019.

17. Contingencies

The Organization is subject to legal claims arising out of the normal course of conducting its operations. Management does not expect that these matters will have a material adverse effect on the consolidated financial statements of the Organization.

18. Liquidity And Availability Of Financial Assets

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position, comprise the following:

Cash and cash equivalents	$ 1,777,915
Accounts receivable, net of allowance	3,138,166
Grants receivable	180,925
Unconditional promises to give	174,747
Less: amounts with donor restrictions	(41,496)
Current assets available for general expenditures	5,230,257
Distributions from beneficial interests in perpetual trusts	125,000
Endowment spending-rate distributions and appropriations	3,060,100
	$ 8,415,357

The primary revenue source for the Organization is funding provided by DMH under the Medicaid HCBS Waiver Program which funds residential habilitation services for the Organization's clients (see Note 14). The State of Missouri does not currently fund its Medicaid Waiver Program at a level that supports the existing economic conditions in the labor markets where the Organization operates. To help fund this revenue shortfall, the Organization engages in a variety of fundraising activities and maintains an endowment to generate investment income. In addition, for the fiscal year ended June 30, 2019, the Organization planned for the use of a significant portion of its operating cash reserves to fund competitive wage rate increases that exceeded the anticipated level of annual operating revenue. (See the Statement of Cash Flows.)

The Organization's endowment consists of both funds with donor restrictions and board designated funds. The significant portion of the income from the endowment with donor restrictions does not contain restrictions for specific purposes, and is available to fund general operating activities. The original principal amount of the endowment with donor restrictions is not available for general expenditures. The board designated endowment was established in prior years when annual operating activities generated a cash flow surplus and no anticipated future short-term spending of the surplus existed. In August 2018, in response to projected future funding shortfalls, the Board of Directors made the decision to convert $4,000,000 of the board designated endowment to a short-term investment strategy. (See Notes 4 and 12 for additional information about the Organization's endowment funds.)

As part of the Organization's liquidity management, cash in excess of daily requirements is automatically invested in a short-term fund that invests primarily in securities issued by the U.S. Government. In addition, the Organization maintains a $1,000,000 line of credit to support short-term fluctuations in working capital needs. (See Note 10 for additional information about the Organization's line of credit.)

During the Organization's annual budgeting process for the fiscal year ending June 30, 2020, the Board of Directors approved an annual operating cash flow deficit of approximately $2,800,000, which reflects the DMH funding shortfall discussed above. The Organization plans to fund this deficit through a combination of operating cash reserves and the board designated endowment.

19. Subsequent Events

During October 2019, the Organization entered into a contract to sell approximately forty-five acres of the approximately six hundred seventy-five acre Marthasville Property which is classified as Property Held for Sale as of June 30, 2019. The sale is expected to close in December 2019.

Management evaluates subsequent events through the date the consolidated financial statements are available for issue, which is the date of the Independent Auditors' Report.