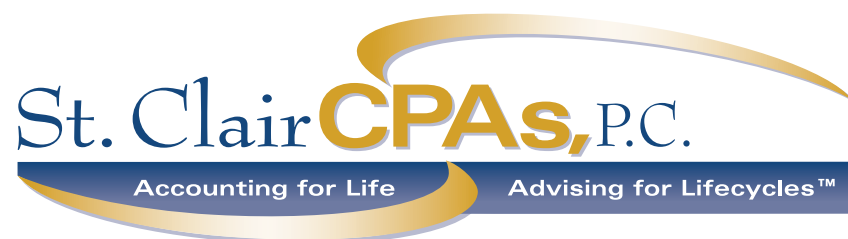


# JUDITH CREED HOMES FOR ADULT INDEPENDENCE

FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

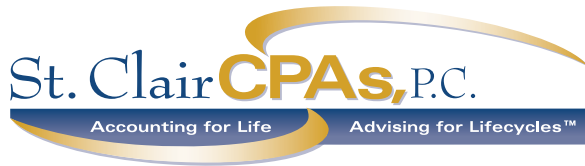


**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**JUNE 30, 2017 AND 2016**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Judith Creed Homes for Adult Independence  
Bryn Mawr, Pennsylvania

We have audited the accompanying financial statements of Judith Creed Homes for Adult Independence (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

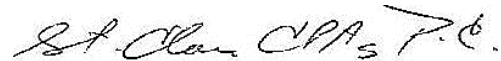
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Judith Creed Homes for Adult Independence as of June 30, 2017 and 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2018, on our consideration of Judith Creed Homes for Adult Independence's 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 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 the entity's 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 Judith Creed Homes for Adult Independence's internal control over financial reporting and compliance.



Certified Public Accountants

Conshohocken, Pennsylvania  
April 30, 2018

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 899,075	\$ 758,222
Receivables		
Client fees	361,355	461,291
Promises to give	18,360	39,260
Other	-	1,230
Prepaid expenses and other current assets	<u>84,889</u>	<u>66,819</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,363,679</u>	<u>1,326,822</u>
PROPERTY AND EQUIPMENT		
Land	71,000	71,000
Buildings and improvements	1,230,111	1,228,743
Furniture, fixtures and equipment	157,802	149,530
Automobile	<u>56,928</u>	<u>56,928</u>
	1,515,841	1,506,201
Less accumulated depreciation	<u>871,143</u>	<u>816,036</u>
	644,698	690,165
Construction in progress - restricted for residential facility	<u>242,913</u>	<u>182,190</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>887,611</u>	<u>872,355</u>
MARKETABLE SECURITIES	<u>-</u>	<u>214</u>
	<u>\$ 2,251,290</u>	<u>\$ 2,199,391</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 7,872	\$ 7,554
Accounts payable and accrued expenses	279,412	220,386
Deferred client fees	26,563	26,618
Client trip deposits	<u>2,510</u>	<u>56,509</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>316,357</u>	<u>311,067</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	<u>99,114</u>	<u>106,935</u>
<b>TOTAL LIABILITIES</b>	<u>415,471</u>	<u>418,002</u>
NET ASSETS		
Unrestricted	1,340,037	1,258,265
Temporarily restricted	<u>495,782</u>	<u>523,124</u>
<b>TOTAL NET ASSETS</b>	<u>1,835,819</u>	<u>1,781,389</u>
	<u>\$ 2,251,290</u>	<u>\$ 2,199,391</u>

See accompanying notes.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE</b>						
Client fees - private pay	\$ 1,392,514	\$ -	\$ 1,392,514	\$ 1,307,318	\$ -	\$ 1,307,318
Scholarships awarded	(436,485)	-	(436,485)	(415,152)	-	(415,152)
Client fees subsidized by County of Montgomery	143,876	-	143,876	130,003	-	130,003
Client fees subsidized by Commonwealth of Pennsylvania						
Waiver eligible	432,377	-	432,377	444,258	-	444,258
Waiver ineligible	27,343	-	27,343	28,984	-	28,984
Waiver other	326,369	-	326,369	325,526	-	325,526
Contributions and grants	135,522	270,395	405,917	40,524	254,771	295,295
Fundraising	421,361	-	421,361	417,064	-	417,064
Interest and dividend income	1,221	-	1,221	1,128	-	1,128
Other income	3,497	-	3,497	5,038	-	5,038
Unrealized and realized gain (loss) on marketable securities	75	-	75	(1,965)	-	(1,965)
Net assets released from restrictions -						
Satisfaction of restrictions	297,737	(297,737)	-	267,611	(267,611)	-
<b>TOTAL REVENUE</b>	<u>2,745,407</u>	<u>(27,342)</u>	<u>2,718,065</u>	<u>2,550,337</u>	<u>(12,840)</u>	<u>2,537,497</u>
<b>PROGRAM EXPENSES</b>						
Salaries and wages	1,062,361	-	1,062,361	1,031,729	-	1,031,729
Payroll taxes	52,690	-	52,690	50,030	-	50,030
Food	111,563	-	111,563	115,364	-	115,364
Employee benefits	90,004	-	90,004	79,353	-	79,353
Insurance	60,764	-	60,764	67,610	-	67,610
Outside services	2,305	-	2,305	250	-	250
Program events/supplies	228,591	-	228,591	214,681	-	214,681
Rent	237,697	-	237,697	219,855	-	219,855
Repairs and maintenance / security	84,615	-	84,615	57,579	-	57,579
Telephone	12,398	-	12,398	10,021	-	10,021
Training/conferences and seminars	2,327	-	2,327	3,960	-	3,960
Transportation	70,515	-	70,515	71,690	-	71,690
Utilities	109,974	-	109,974	93,045	-	93,045
<b>TOTAL PROGRAM EXPENSES</b>	<u>2,125,804</u>	<u>-</u>	<u>2,125,804</u>	<u>2,015,167</u>	<u>-</u>	<u>2,015,167</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>						
Salaries and wages	185,810	-	185,810	177,175	-	177,175
Payroll taxes	40,294	-	40,294	38,828	-	38,828
Bad debt	6,804	-	6,804	7,283	-	7,283
Bank charges	5,164	-	5,164	6,356	-	6,356
Depreciation	55,107	-	55,107	51,869	-	51,869
Dues and subscriptions	5,686	-	5,686	5,313	-	5,313
Employee benefits	17,056	-	17,056	23,077	-	23,077
Fundraising	80,548	-	80,548	71,890	-	71,890
Interest	5,038	-	5,038	5,491	-	5,491
Office supplies and printing	35,729	-	35,729	40,375	-	40,375
Postage and shipping	4,105	-	4,105	4,593	-	4,593
Professional fees	72,136	-	72,136	58,778	-	58,778
Rent - office	24,354	-	24,354	23,400	-	23,400
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>537,831</u>	<u>-</u>	<u>537,831</u>	<u>514,428</u>	<u>-</u>	<u>514,428</u>
<b>TOTAL EXPENSES</b>	<u>2,663,635</u>	<u>-</u>	<u>2,663,635</u>	<u>2,529,595</u>	<u>-</u>	<u>2,529,595</u>
<b>CHANGES IN NET ASSETS</b>	81,772	(27,342)	54,430	20,742	(12,840)	7,902
NET ASSETS, BEGINNING	<u>1,258,265</u>	<u>523,124</u>	<u>1,781,389</u>	<u>1,237,523</u>	<u>535,964</u>	<u>1,773,487</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 1,340,037</u>	<u>\$ 495,782</u>	<u>\$ 1,835,819</u>	<u>\$ 1,258,265</u>	<u>\$ 523,124</u>	<u>\$ 1,781,389</u>

See accompanying notes.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 54,430	\$ 7,902
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	55,107	51,869
Realized (gain) loss on marketable securities	(75)	1,745
Unrealized loss on marketable securities	-	220
Contributed marketable securities included in contribution revenue	(23,941)	(12,165)
(Increase) decrease in assets		
Client fees receivable	99,936	(115,481)
Promises to give receivable	20,900	93,575
Other receivables	1,230	(1,230)
Prepaid expenses and other current assets	(18,070)	(11,835)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	59,026	12,556
Deferred client fees	(55)	6,630
Client trip deposits	<u>(53,999)</u>	<u>49,000</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>194,489</u>	<u>82,786</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(70,363)	(53,900)
Proceeds from sale of marketable securities	<u>24,230</u>	<u>29,435</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(46,133)</u>	<u>(24,465)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long-term debt	<u>(7,503)</u>	<u>(7,775)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(7,503)</u>	<u>(7,775)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	140,853	50,546
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>758,222</u>	<u>707,676</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 899,075</u>	<u>\$ 758,222</u>
<b>SUPPLEMENTARY DISCLOSURES</b>		
Interest paid	<u>\$ 5,038</u>	<u>\$ 5,388</u>

See accompanying notes.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Judith Creed Homes for Adult Independence (“J/CHAI”) is a not-for-profit organization created to provide people with developmental and other disabilities a place to live independently of their families.

Basis of Presentation

J/CHAI follows FASB ASC 958-205, *Presentation of Financial Statements, Not-for-Profit Organization*, to prepare its financial statements. Under FASB ASC 958-205, J/CHAI is required to report classification of net assets, revenues, expenses, gains and losses based on the existence or absence of donor imposed restrictions. It also requires that amounts for each of three classes of net assets, unrestricted, temporarily restricted and permanently restricted, be presented in the statements of activities and changes in net assets. As of June 30, 2017 and 2016 J/CHAI did not have any net assets that were permanently restricted.

Promises to Give and Restricted/Unrestricted Revenue

J/CHAI follows FASB ASC 958-605-25, *Accounting for Contributions Received*, in recording contributions received. Contributions are recognized when the donor makes a promise to give to J/CHAI that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Construction in Progress

Construction in progress consists of \$242,913 and \$182,190 at June 30, 2017 and 2016, respectively, of costs incurred on the construction project for a planned new educational facility (see Note 10).

Contributed Services

Individuals volunteer their time to perform a variety of tasks that assist J/CHAI in daily operations. During the years ended June 30, 2017 and 2016, the value of contributed services meeting the requirements for recognition in the financial statements under FASB ASC 958-605, *Accounting for Contributions Received*, was not material and has not been recorded.

Investments

J/CHAI adopted FASB ASC 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under FASB ASC 958-320, J/CHAI carries its investments in marketable securities at market value. In accordance with FASB ASC 820-10 fair value has been determined by using Level 1 inputs, quoted prices in active markets for identical assets.



**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are carried at cost. Expenditures for maintenance, repairs and betterments, which do not materially extend the useful life of an asset, are charged to operations as incurred. Renewals and betterments, which substantially extend an asset's life, are capitalized. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected in income. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings and improvements	10 - 40
Furniture, fixtures and equipment	5 - 7
Automobile	5

Tax Status

J/CHAI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The organization has been classified as a publicly supported charitable organization and is registered as required with the Pennsylvania Bureau of Charitable Organizations. J/CHAI may be liable for federal income tax on any unrelated business income.

Management of the organization feels that form 990, *Return of Organization Exempt from Income Tax*, is no longer subject to examination by the IRS for the fiscal years prior to 2014.

Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents include short-term investments in money market funds.

Grants Receivable, Contributions Receivable and Client Fees Receivable

Grants receivable, contributions receivable and client fees receivable are carried at their estimated collectible amounts. Management feels a reserve for uncollectible balances is not considered necessary. Balances are written off when they are determined to be uncollectible. Amounts billed for client fees for future periods are recorded as deferred revenue at the end of the fiscal year.

Advertising Costs

All costs associated with advertising and promotions are expensed in the year incurred. There was no advertising expense for the years ended June 30, 2017 and 2016.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

In August 2016, FASB issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the stated purpose of improving financial reporting by not-for-profit entities. Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two-net assets with donor restrictions and net assets without donor restrictions, requires the presentation of expenses in both natural and functional classifications, and eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method. This amendment is effective for fiscal years beginning after December 15, 2017, with early application permitted. J/CHAI has not adopted this amendment as of June 30, 2017.

NOTE 2 MARKETABLE SECURITIES

J/CHAI’s available for sale marketable securities are reported at fair market value, with unrealized gains and losses included in the statements of activities. The fair value of marketable securities was determined based on quoted market prices. The market value at June 30, 2017 and 2016 was \$-0- and \$214, respectively.

Marketable securities as of June 30, 2017 and 2016 are summarized as follows:

	2017			2016		
	Basis	Fair Value	Carrying Value	Basis	Fair Value	Carrying Value
Unrestricted - Equities	\$ -	\$ -	\$ -	\$ 215	\$ 214	\$ 214

J/CHAI experienced unrealized and realized gains (losses) on marketable securities of \$75 and \$(1,965) classified as such in the statement of activities for the years ended June 30, 2017 and 2016, respectively.

NOTE 3 FAIR VALUE MEASUREMENTS

FASB ASC 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Marketable securities are valued at net asset value (NAV) of shares held by J/CHAI at year end. J/CHAI measures, on a recurring basis, its marketable securities at fair value according to FASB ASC 820-10. As of June 30, 2017 and 2016, these securities were classified as Level 1 totaling \$-0- and \$214, respectively.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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NOTE 4 SIGNIFICANT CONCENTRATION OF CREDIT RISK

J/CHAI has contracts for housing and services provided with residents and clients in the five counties surrounding Philadelphia.

J/CHAI maintains cash balances at several financial institutions, which at various times during the year, may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). J/CHAI has not experienced any losses in such accounts. J/CHAI believes it is not exposed to any significant credit risk on its cash.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2017</u>	<u>2016</u>
Scholarships	\$ 56,901	\$ 56,901
Educational facility	401,381	428,723
J/CHAI at Home	37,500	37,500
	<u>\$ 495,782</u>	<u>\$ 523,124</u>

Net assets were released from donor restrictions, as follows, by incurring expenses satisfying the purpose established by donors during the years ended:

	<u>2017</u>	<u>2016</u>
Jewish Funders Network	\$ 50,000	\$ -
Charity Care Campaign	164,395	204,271
J/CHAI at Home	37,500	27,000
Construction In Progress - Educational Facility	27,342	23,340
Charity Care Campaign Grants	18,500	13,000
Total Restrictions Released	<u>\$ 297,737</u>	<u>\$ 267,611</u>

NOTE 6 LINE OF CREDIT

J/CHAI has a \$300,000 line of credit with a bank including an interest rate of the greater of the prime rate minus 1.00% or 6.00%, and maturing on January 18, 2019. The line of credit is collateralized by a mortgage on J/CHAI's real property and is subject to a financial covenant. There were no outstanding balances at June 30, 2017 and 2016.

NOTE 7 LONG-TERM DEBT

In July 2008, J/CHAI entered into a mortgage agreement on its third residence for a twenty-year term maturing on July 1, 2028. The mortgage is collateralized by the property and assignment of rents, and is payable in monthly installments of \$1,013 including interest at a fixed rate of 6.75%. Effective on each 60<sup>th</sup> month anniversary, the interest rate changes to 2.50% above the FHLB rate, which was reduced to a cumulative rate of 4.13% at August 1, 2013.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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NOTE 7 LONG-TERM DEBT (continued)

Aggregate principal maturities on long-term debt for the years subsequent to June 30, 2017 are as follows:

<u>Years ending June 30,</u>	
2018	\$ 7,872
2019	8,204
2020	8,549
2021	8,909
2022	9,284
Thereafter	<u>64,168</u>
	<u>\$ 106,986</u>

NOTE 8 COMMITMENTS

Effective January 1, 2013, J/CHAI entered into a three year lease with the Jewish Federation of Greater Philadelphia (“JFGP”) for its office facility expiring December 31, 2015 requiring minimum monthly payments of \$1,910. The lease offered an option to extend the lease term for two periods of one year each. J/CHAI exercised its option for one year expiring December 31, 2016 at a monthly payment of \$1,990 and also exercised its second option to extend the lease term to December 31, 2017 at a monthly payment of \$2,069. On November 6, 2017, J/CHAI entered into a new one-year lease with JFGP. The commencement date was December 1, 2017 and the annual base rent is \$1. Rent expense for the office facility was \$24,354 and \$23,400 for the years ended June 30, 2017 and 2016, respectively.

On August 30, 2016, J/CHAI entered into a ninety-one year lease with the JFGP for land expiring June 30, 2107 at an annual rent of \$1.

The annual minimum rental commitments are as follows:

<u>Years ending June 30,</u>	<u>Office</u>	<u>Land</u>	<u>Total</u>
2018	\$ 12,421	\$ 1	\$ 12,422
2019	-	1	1
2020	-	1	1
2021	-	1	1
2022	-	1	1
Thereafter	<u>-</u>	<u>86</u>	<u>86</u>
	<u>\$ 12,421</u>	<u>\$ 91</u>	<u>\$ 12,512</u>

J/CHAI also maintains short-term leases for residents in the names of the individuals living in apartments on a month-to-month basis. Total apartment rent expense for the years ended June 30, 2017 and 2016 was \$237,697 and \$219,855, respectively.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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NOTE 9 403(B) RETIREMENT PLAN

In 1998, J/CHAI adopted a 403(b) retirement plan providing eligible participants the ability to invest pretax dollars into selected variable annuities. There is no obligation for J/CHAI to make contributions to the plan. For the years ended June 30, 2017 and 2016, no contributions were made by J/CHAI.

NOTE 10 PLANNED NEW EDUCATIONAL FACILITY

J/CHAI is in the early stages of design and construction of a new education facility for programming and office space that is estimated to cost approximately \$3,000,000 to be built on land owned by JFGP and leased to J/CHAI (see Note 8). J/CHAI will record the commitments from contributors once all facets of the project are completed and the project is ready to move forward. At June 30, 2017, contributions included in temporarily restricted net assets designated for the new educational facility is \$401,381 (see Note 5).

NOTE 11 FUNDRAISING ACTIVITIES

The following is a summary of fundraising revenues and expenses for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Revenue		
Gala	\$ 421,361	\$ 417,064
Expenses		
Gala	79,918	70,886
Other	630	1,004
	<u>80,548</u>	<u>71,890</u>
Net fundraising activities	<u>\$ 340,813</u>	<u>\$ 345,174</u>

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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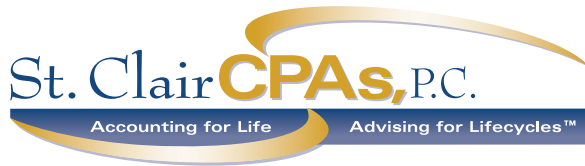
NOTE 12 DONATIONS

The following Foundations made contributions to J/CHAI for the year ended June 30, 2017:

AmazonSmile Foundation  
Gitlin, Phyllis Family Foundation  
Independence Foundation  
Jewish Federation of Philadelphia  
Kaplan Family Foundation  
Kurland Family Foundation  
Michele & Jeff Brotman Charitable Foundation  
Myer Goldman Foundation  
Samuel P. Mandell Foundation  
Schwartz Foundation  
Scholler Foundation  
Soloman & Sylvia Bronstein Foundation  
The Merck Foundation  
Tzedekah Foundation  
William Goldman Foundation  
Yentis Foundation

NOTE 13 SUBSEQUENT EVENTS

J/CHAI has evaluated events or transactions that have occurred after June 30, 2017 (the financial statement date) through April 30, 2018, the date that the financial statements were available to be issued. During this period, J/CHAI did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.



**INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Judith Creed Homes for Adult Independence  
Bryn Mawr, Pennsylvania

We have audited, in accordance with the 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, the financial statements of Judith Creed Homes for Adult Independence (“J/CHAI”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered J/CHAI’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of J/CHAI’s internal control. Accordingly, we do not express an opinion on the effectiveness of J/CHAI’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the J/CHAI’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

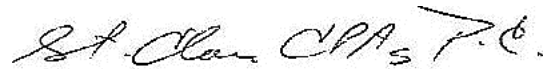
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether J/CHAI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards

## Purpose of this Report

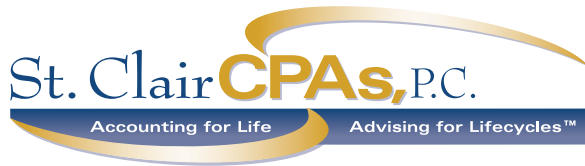
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of J/CHAI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering J/CHAI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Conshohocken, Pennsylvania  
April 30, 2018





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE MONTGOMERY COUNTY DEPARTMENT OF BEHAVIORAL HEALTH/DEVELOPMENTAL DISABILITIES PROGRAM**

To the Board of Directors  
Judith Creed Homes for Adult Independence  
Bryn Mawr, Pennsylvania

**Report on Compliance for Each Program**

We have audited Judith Creed Homes for Adult Independence (“J/CHAI”) compliance with the types of compliance requirements described in the agreement dated July 1, 2016 with the Montgomery County Department of Behavioral Health/Developmental Disabilities Program that could have a direct and material effect on J/CHAI’s program for the year ended June 30, 2017.

The compliance requirements for the Montgomery County Department of Behavioral Health/Developmental Disabilities Program are as follows:

- Verification of fee for service contract
- State licensing
- ODP announcements
- Authorized services
- Trained staff
- Progress notes
- Reimbursement from the county for the fiscal year will not exceed \$151,778

***Management’s Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its agreement with the Montgomery County Department of Behavioral Health/Developmental Disabilities Program.

***Auditors’ Responsibility***

Our responsibility is to express an opinion on compliance for J/CHAI’s program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of the agreement with the Montgomery County Department of Behavioral Health/Developmental Disabilities Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a program occurred. An audit includes examining, on a test basis, evidence about J//CHAI’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each program. However, our audit does not provide a legal determination of J/CHAI's compliance.

### ***Opinion on Program***

In our opinion, J/CHAI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its program with the Montgomery County Department of Behavioral Health/Developmental Disabilities Program for the year ended June 30, 2017.

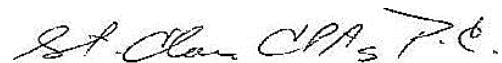
### **Report on Internal Control Over Compliance**

Management of J/CHAI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered J/CHAI's internal control over compliance with the types of requirements that could have a direct and material effect on each program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each program and to test and report on internal control over compliance in accordance with the agreement with the Montgomery County Department of Behavioral Health/Developmental Disabilities Program, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of J/CHAI's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Montgomery County Department of Behavioral Health/Developmental Disabilities Program. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

Conshohocken, Pennsylvania  
April 30, 2018