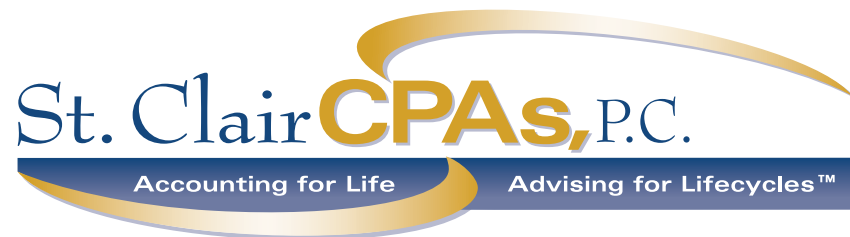


**JUDITH CREED HOMES FOR  
ADULT INDEPENDENCE**

**FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

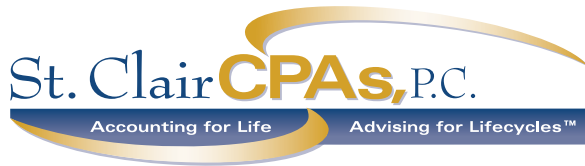


**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**JUNE 30, 2016 AND 2015**

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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, 2016 and 2015, 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**

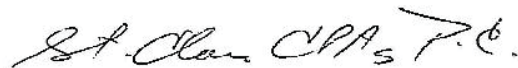
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Judith Creed Homes for Adult Independence as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America.

## **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of supporting data required by the Commonwealth of Pennsylvania shown on pages 13 - 15 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2017, 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 in internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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  
January 27, 2017

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 758,222	\$ 707,676
Receivables		
Client fees	461,291	345,810
Promises to give	39,260	132,835
Other	1,230	-
Prepaid expenses and other current assets	<u>66,819</u>	<u>54,984</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,326,822</u>	<u>1,241,305</u>
PROPERTY AND EQUIPMENT		
Land	71,000	71,000
Construction in progress - restricted for residential facility	182,190	158,851
Buildings and improvements	1,228,743	1,204,977
Furniture, fixtures and equipment	149,530	142,735
Automobile	<u>56,928</u>	<u>56,928</u>
	1,688,391	1,634,491
Less accumulated depreciation	<u>816,036</u>	<u>764,167</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>872,355</u>	<u>870,324</u>
MARKETABLE SECURITIES	<u>214</u>	<u>19,449</u>
	<u>\$ 2,199,391</u>	<u>\$ 2,131,078</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 7,554	\$ 7,249
Accounts payable and accrued expenses	220,386	207,830
Deferred client fees	26,618	19,988
Client trip deposits	<u>56,509</u>	<u>7,509</u>
<b>TOTAL CURRENT LIABILITIES</b>	311,067	242,576
LONG TERM LIABILITIES		
Long-term debt, net of current portion	<u>106,935</u>	<u>115,015</u>
<b>TOTAL LIABILITIES</b>	<u>418,002</u>	<u>357,591</u>
NET ASSETS		
Unrestricted	1,258,265	1,237,523
Temporarily restricted	<u>523,124</u>	<u>535,964</u>
<b>TOTAL NET ASSETS</b>	<u>1,781,389</u>	<u>1,773,487</u>
	<u>\$ 2,199,391</u>	<u>\$ 2,131,078</u>

See accompanying notes.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE</b>						
Client fees - private pay	\$ 1,307,318	\$ -	\$ 1,307,318	\$ 1,134,806	\$ -	\$ 1,134,806
Scholarships awarded	(415,152)	-	(415,152)	(399,769)	-	(399,769)
Client fees subsidized by County of Montgomery	130,003	-	130,003	127,243	-	127,243
Client fees subsidized by Commonwealth of Pennsylvania						
Waiver eligible	444,258	-	444,258	405,691	-	405,691
Waiver ineligible	28,984	-	28,984	33,482	-	33,482
Waiver other	325,526	-	325,526	184,341	-	184,341
Contributions and grants	40,524	254,771	295,295	31,660	258,054	289,714
Fundraising	417,064	-	417,064	426,177	-	426,177
Interest and dividend income	1,128	-	1,128	1,491	-	1,491
Other income	5,038	-	5,038	-	-	-
Unrealized and realized (loss) gain on marketable securities	(1,965)	-	(1,965)	556	-	556
Net assets released from restrictions -						
Satisfaction of restrictions	267,611	(267,611)	-	231,054	(231,054)	-
<b>TOTAL REVENUE</b>	<u>2,550,337</u>	<u>(12,840)</u>	<u>2,537,497</u>	<u>2,176,732</u>	<u>27,000</u>	<u>2,203,732</u>
<b>PROGRAM EXPENSES</b>						
Salaries and wages	1,031,729	-	1,031,729	919,375	-	919,375
Payroll taxes	50,030	-	50,030	49,146	-	49,146
Food	115,364	-	115,364	102,262	-	102,262
Employee benefits	104,362	-	104,362	103,242	-	103,242
Insurance	42,601	-	42,601	49,280	-	49,280
Outside services	250	-	250	160	-	160
Program events/supplies	214,681	-	214,681	43,754	-	43,754
Rent	219,855	-	219,855	200,012	-	200,012
Repairs and maintenance/security	57,579	-	57,579	61,294	-	61,294
Telephone	10,021	-	10,021	8,825	-	8,825
Transportation	71,690	-	71,690	82,388	-	82,388
Utilities	93,045	-	93,045	97,619	-	97,619
Training/conferences and seminars	3,960	-	3,960	1,150	-	1,150
<b>TOTAL PROGRAM EXPENSES</b>	<u>2,015,167</u>	<u>-</u>	<u>2,015,167</u>	<u>1,718,507</u>	<u>-</u>	<u>1,718,507</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>						
Salaries and wages	177,175	-	177,175	161,817	-	161,817
Payroll taxes	38,828	-	38,828	38,127	-	38,127
Bad debt	7,283	-	7,283	-	-	-
Bank charges	6,356	-	6,356	5,967	-	5,967
Depreciation	51,869	-	51,869	50,249	-	50,249
Fundraising	71,890	-	71,890	75,287	-	75,287
Employee benefits	23,077	-	23,077	24,031	-	24,031
Dues and subscriptions	5,313	-	5,313	5,364	-	5,364
Interest	5,491	-	5,491	5,388	-	5,388
Office supplies and printing	40,375	-	40,375	44,661	-	44,661
Postage and shipping	4,593	-	4,593	3,613	-	3,613
Professional fees	58,778	-	58,778	39,730	-	39,730
Rent - office	23,400	-	23,400	22,920	-	22,920
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>514,428</u>	<u>-</u>	<u>514,428</u>	<u>477,154</u>	<u>-</u>	<u>477,154</u>
<b>TOTAL EXPENSES</b>	<u>2,529,595</u>	<u>-</u>	<u>2,529,595</u>	<u>2,195,661</u>	<u>-</u>	<u>2,195,661</u>
<b>CHANGES IN NET ASSETS</b>	20,742	(12,840)	7,902	(18,929)	27,000	8,071
<b>NET ASSETS, BEGINNING</b>	<u>1,237,523</u>	<u>535,964</u>	<u>1,773,487</u>	<u>1,256,452</u>	<u>508,964</u>	<u>1,765,416</u>
<b>NET ASSETS, ENDING</b>	<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>

See accompanying notes.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 7,902	\$ 8,071
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	51,869	50,249
Realized loss (gain) on marketable securities	1,745	(219)
Unrealized loss (gain) on marketable securities	220	(337)
Contributed marketable securities included in contribution revenue	(12,165)	(29,102)
(Increase) decrease in assets		
Client fees receivable	(115,481)	(178,619)
Promises to give receivable	93,575	(104,995)
Other receivables	(1,230)	20,499
Prepaid expenses and other current assets	(11,835)	(10,503)
Increase in liabilities		
Accounts payable and accrued expenses	12,556	89,239
Deferred client fees	6,630	10,791
Client trip deposits	49,000	2,892
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>82,786</u>	<u>(142,034)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(53,900)	(44,802)
Proceeds from sale of marketable securities	29,435	26,942
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(24,465)</u>	<u>(17,860)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long-term debt	(7,775)	(6,310)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(7,775)</u>	<u>(6,310)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	50,546	(166,204)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>707,676</u>	<u>873,880</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 758,222</u>	<u>\$ 707,676</u>
<b>SUPPLEMENTARY DISCLOSURES</b>		
Interest paid	<u>\$ 5,491</u>	<u>\$ 5,388</u>

See accompanying notes.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

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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, *Financial Statements for Not-for-Profit Organizations*, 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, 2016 and 2015 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 and Contributions Made*, 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 \$182,190 and \$158,851 at June 30, 2016 and 2015, respectively, of costs incurred on the construction project for a planned new residential 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, 2016 and 2015, the value of contributed services meeting the requirements for recognition in the financial statements under FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, 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, 2016 AND 2015**

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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 2013.

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, 2016 and 2015.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

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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, 2016 and 2015 was \$214 and \$19,449, respectively.

Marketable securities as of June 30, 2016 and 2015 are summarized as follows:

	2016			2015		
	<u>Basis</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Basis</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Unrestricted - Equities	<u>\$ 215</u>	<u>\$ 214</u>	<u>\$ 214</u>	<u>\$ 19,112</u>	<u>\$ 19,449</u>	<u>\$ 19,449</u>

J/CHAI experienced unrealized and realized gains (losses) on marketable securities of \$(1,965) and \$556 classified as such in the statement of activities for the years ended June 30, 2016 and 2015, 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).

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015. Marketable securities are valued at net asset value (NAV) of shares held by J/CHAI at year end. These investments are considered Level 1 within the fair value hierarchy.

J/CHAI measures, on a recurring basis, its marketable securities at fair value according to FASB ASC 820-10. As of June 30, 2016 and 2015, these securities were classified as Level 1 totaling \$214 and \$19,449, respectively.

NOTE 4 SIGNIFICANT CONCENTRATION OF CREDIT RISK

J/CHAI has contracts for housing and services provided with residents and clients in Philadelphia and Montgomery Counties.

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.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

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NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Scholarships	\$ 56,901	\$ 56,901
Residential facility	428,723	452,063
J/CHAI at Home	<u>37,500</u>	<u>27,000</u>
	<u>\$ 523,124</u>	<u>\$ 535,964</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose by donors during the years ended June 30, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
New van	\$ -	\$ 25,000
Charity Care Campaign	204,271	179,054
J/CHAI at Home	27,000	27,000
Construction in progress - residential facility	23,340	-
Charity Care Campaign Grants	<u>13,000</u>	<u>-</u>
Total restrictions released	<u>\$ 267,611</u>	<u>\$ 231,054</u>

NOTE 6 LINE OF CREDIT

J/CHAI has a \$300,000 line of credit with a bank with an interest rate of the greater of the prime rate minus 1.00% (effectively 2.5% at June 30, 2016) or 6.00% and expires on January 18, 2018. The line of credit is collateralized by a mortgage on the real property and requires J/CHAI to meet a financial covenant. There was no outstanding balance at June 30, 2016 and 2015.

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 secured 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, 2016 AND 2015**

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NOTE 7 LONG-TERM DEBT (continued)

Aggregate principal maturities on long-term debt for the years subsequent to June 30, 2016 are as follows:

<u>Years ending June 30,</u>	
2016	\$ 7,554
2017	7,872
2018	8,204
2019	8,549
2020	8,909
Thereafter	<u>73,401</u>
	<u>\$ 114,489</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 with minimum monthly payments of \$1,910. The lease offers 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. Rent expense for the office facility was \$23,400 and \$22,920 for the years ended June 30, 2016 and 2015, 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>
2017	\$ 24,354	\$ 1	\$ 24,355
2018	12,414	1	12,415
2019	-	1	1
2020	-	1	1
2021	-	1	1
Thereafter	<u>-</u>	<u>86</u>	<u>86</u>
	<u>\$ 36,768</u>	<u>\$ 91</u>	<u>\$ 36,859</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, 2016 and 2015 was \$219,855 and \$200,012, respectively.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

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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, 2016 and 2015, no contributions were made by J/CHAI.

NOTE 10 PLANNED NEW RESIDENTIAL FACILITY

J/CHAI is in the early stages of design and construction of a new 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). Details of the agreement between JFGP and J/CHAI are still being finalized. J/CHAI will record the commitments from contributors once all facets of the project are completed and the project is ready to move forward. Included in temporarily restricted net assets is \$428,723 designated for the new residential facility (see Note 5).

NOTE 11 FUNDRAISING ACTIVITIES

The following is a summary of fundraising revenues and expenses for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Revenue		
Gala	\$ 417,064	\$ 426,177
Expenses		
Gala	70,886	74,348
Other	1,004	939
	<u>71,890</u>	<u>75,287</u>
Net fundraising activities	<u>\$ 345,174</u>	<u>\$ 350,890</u>

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

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NOTE 12 DONATIONS

The following Foundations made contributions to J/CHAI for the year ended June 30, 2016:

Abramson Center for Jewish Life  
Advisor Charitable Gift Fund  
AmazonSmile Foundation  
Ash Family Foundation  
Bacine Family Philanthropic  
David & Karen Shapira Foundation  
Goldwein Family Foundation  
The Gittis Katz Foundation  
Independence Foundation  
Jack Miller Family Foundation  
Jewish Federation of Philadelphia  
The Jill & Mark Fishman Foundation  
Kaplan Family Foundation  
Lasko Family Foundation  
Myer Goldman Foundation  
The Merck Foundation  
The Scholler Foundation  
The Schwartz Foundation  
The Steve Schwartz Family Fund  
William Goldman Foundation

NOTE 13 COST REPORT ALLOCATION METHOD AND SUPPLEMENTARY INFORMATION

J/CHAI provides services to base funded, private pay, and waiver funded individuals. Some of J/CHAI's costs are directly attributable to specific lines of business. Generally, for the methodology applied to costs for cost categories that are not directly attributable to one of the lines of business, an allocation was applied based upon the percent of base-funded, private pay and waiver funded individuals. The allocation methodology in Schedule H to the originally submitted cost report describes the allocation method in detail.

NOTE 14 SUBSEQUENT EVENTS

J/CHAI has evaluated events or transactions that have occurred after June 30, 2016 (the financial statement date) through January 27, 2017, 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.

**SUPPLEMENTARY INFORMATION**

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE**  
**SCHEDULE OF EXCLUDED NON-ALLOWABLE WAIVER EXPENSES AND ELIGIBLE**  
**EXPENSES FOR WAIVER PARTICIPANTS**  
**YEAR ENDED JUNE 30, 2016**

		E	F
		Excluded Non- Allowable Waiver Expenses	Eligible Expenses for Waiver Participants
<b>EXPENSES BY CATEGORY</b>			
<b>1</b>	Program Direct Care Staff Salary/Wages (Schedule D)	\$ -	\$ 83,779
<b>2</b>	Program Direct Care Staff ERE (Schedule D)	-	15,116
<b>3</b>	Other Program Staff Salary/Wages (Schedule D-1)	-	14,863
<b>4</b>	Other Program Staff ERE (Schedule D-1)	-	1,903
<b>5</b>	Contracted Staff (Schedule D-2)	-	-
<b>6</b>	Administrative Staff Salary/Wages (Schedule D-3)	10,420	36,214
<b>7</b>	Administrative Staff ERE (Schedule D-3)	1,405	5,425
<b>8</b>	Program Supplies (Schedule F)	-	-
<b>9</b>	Other Vehicle Expense (Schedule E-1)	-	-
<b>10</b>	Other Program Expense (Schedule F)	16,735	23,674
<b>11</b>	Transportation - Participant Motor Vehicle (Schedule E-1)	-	-
<b>12</b>	Transportation - Participant (Schedule I)	-	13,603
<b>13</b>	Other Occupancy Expense (Schedule F-1)	-	5,202
<b>14</b>	Depreciation - Buildings (Schedule E)	-	-
<b>15</b>	Depreciation - Fixed Assets/Equipment (Schedule E-2)	-	-
<b>16</b>	<b>TOTAL EXPENSES (EXCLUDING RESIDENTIAL OCCUPANCY)</b>	<b>\$ 28,560</b>	<b>\$ 199,779</b>
<b>17</b>	<b>CONTRIBUTIONS/REVENUE (EXPENSE OFFSET) (Schedule B)</b>		<b>\$ 4,777</b>
<b>18</b>	<b>EXPENSES, NET OF CONTRIBUTIONS/REVENUE</b>	<b>\$ 28,560</b>	<b>\$ 195,002</b>
<b>RESIDENTIAL OCCUPANCY</b>			
<b>24</b>	Residential Occupancy (moved to Dept. established fee on 7/1/12)		
<b>26</b>	<b>TOTAL EXPENSE (Line 16 + Line 24)</b>	<b>\$ 28,560</b>	<b>\$ 199,779</b>

See accompanying notes.



**JUDITH CREED HOMES FOR ADULT INDEPENDENCE  
RECONCILIATION OF COST REPORT WAIVER EXPENSES (SCHEDULE A, COLUMN F) TO REQUIRED  
SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016**

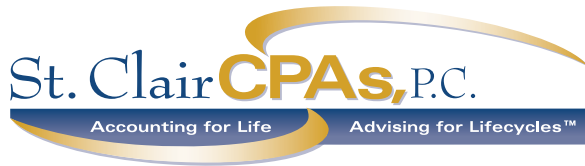
		SCHEDULE A COLUMN F		
EXPENSES BY CATEGORY		Eligible Expenses for Waiver Participants as Reported in Cost Report	As Reported in Required Supplemental Schedule	Variance
<b>1</b>	Program Direct Care Staff Salary/Wages (Schedule D)	\$ 83,779	\$ 83,779	\$ -
<b>2</b>	Program Direct Care Staff ERE (Schedule D)	15,116	15,116	-
<b>3</b>	Other Program Staff Salary/Wages (Schedule D-1)	14,863	14,863	-
<b>4</b>	Other Program Staff ERE (Schedule D-1)	1,903	1,903	-
<b>5</b>	Contracted Staff (Schedule D-2)	-	-	-
<b>6</b>	Administrative Staff Salary/Wages (Schedule D-3)	36,214	36,214	-
<b>7</b>	Administrative Staff ERE (Schedule D-3)	5,425	5,425	-
<b>8</b>	Program Supplies (Schedule F)	-	-	-
<b>9</b>	Other Vehicle Expense (Schedule E-1)	-	-	-
<b>10</b>	Other Program Expense (Schedule F)	23,674	23,674	-
<b>11</b>	Transportation - Participant Motor Vehicle (Schedule E-1)	-	-	-
<b>12</b>	Transportation - Participant (Schedule I)	13,603	13,603	-
<b>13</b>	Other Occupancy Expense (Schedule F-1)	5,202	5,202	-
<b>14</b>	Depreciation - Buildings (Schedule E)	-	-	-
<b>15</b>	Depreciation - Fixed Assets/Equipment (Schedule E-2)	-	-	-
<b>16</b>	<b>TOTAL EXPENSES (EXCLUDING RESIDENTIAL OCCUPANCY)</b>	<b>\$ 199,779</b>	<b>\$ 199,779</b>	<b>\$ -</b>
<b>17</b>	<b>CONTRIBUTIONS/REVENUE (EXPENSE OFFSET) (Schedule B)</b>	<b>\$ 4,777</b>	<b>\$ 4,777</b>	<b>\$ -</b>
<b>18</b>	<b>EXPENSES, NET OF CONTRIBUTIONS/REVENUE</b>	<b>\$ 195,002</b>	<b>\$ 195,002</b>	<b>\$ -</b>
<b>RESIDENTIAL OCCUPANCY</b>				
<b>24</b>	Residential Occupancy (moved to Dept. established fee on 7/1/12)	-	-	-
<b>26</b>	<b>TOTAL EXPENSE (Line 16 + Line 24)</b>	<b>\$ 199,779</b>	<b>\$ 199,779</b>	<b>\$ -</b>

See accompanying notes.

**JUDITH CREED HOMES FOR ADULT INDEPENDENCE  
RECONCILIATION OF COST REPORT WAIVER REVENUES (SCHEDULE B, COLUMN B) TO REQUIRED  
SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016**

		B		
REVENUES / CONTRIBUTIONS :		Total Waiver Eligible and Ineligible Revenue/ Expense as Reported in Cost Report	Total Waiver Eligible and Ineligible Revenue/Expense	Variance
1	Commonwealth of Pennsylvania:			
1a.	Waiver Revenue for Waiver Eligible Services	\$ 176,853	\$ 176,853	\$ -
1b.	Waiver Revenue for Waiver Ineligible Services	28,984	28,984	-
1c.	Waiver Revenue for Fee Schedule and Outcomes-based Services	444,707	444,707	-
1d.	Other Revenue (includes Supports Coordination, AWC and other Commonwealth programs)	-		
2	County	-		
3	Private Clients	-		
4	United Way (service fees only)			
5	Commercial Sales/Contract Sales Revenue			
6	Participant Contribution to Residential Occupancy	37,999	37,999	-
7	Investment Income	(126)	(126)	-
8	Other (Attach an itemization in Comments tab if Other Revenue is greater than 5% of total revenue)	-	-	-
9	United Way Contributions:			
9a.	Contributions <b>not</b> Restricted/Appropriated	-	-	-
9b.	Contributions Restricted/Appropriated	-	-	-
10	Other Contributions:			
	Contributions <b>not</b> Restricted/Appropriated (please list below and describe on Comments Page):			
10a.	General contributions	2,242	2,242	-
10b.	Tribute cards	120	120	-
10c.	Grant	2,541	2,541	-
	Contributions Restricted/Appropriated (please list below and describe on Comments Page):			
10d.	Restricted contributions	-	-	-
10e.	Gala restricted contributions	-	-	-
10f.		-	-	-
11	Government Grants (please list below and describe on Comments Page):			
11a.		-	-	-
11b.		-	-	-
11c.		-	-	-
12		<b>\$ 693,320</b>	<b>\$ 693,320</b>	<b>\$ -</b>
<b>EXPENSES:</b>				
13	<b>TOTAL EXPENSES (FROM SCHEDULE A)</b>	<b>\$ 731,191</b>	<b>\$ 731,191</b>	<b>\$ -</b>
14	<b>NET INCOME/(LOSS)</b>	<b>\$ (37,871)</b>	<b>\$ (37,871)</b>	<b>\$ -</b>
15	BEGINNING EQUITY OR FUND BALANCE	\$ 243,634	\$ 243,634	\$ -
16	ENDING EQUITY OR FUND BALANCE (LINE 14 +LINE 15)	\$ 205,763	\$ 205,763	\$ -
17	<b>TOTAL CONTRIBUTION/REVENUE (EXPENSE OFFSET) (LINES 7+8+9A+10A+10B+10C+11A+11B+11C)</b>	<b>\$ 4,777</b>	<b>\$ 4,777</b>	<b>\$ -</b>

See accompanying notes.



**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, 2016, 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 January 27, 2017.

**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 the 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  
January 27, 2017