

**JUDITH CREED HORIZONS**  
**FOR ACHIEVING INDEPENDENCE**  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2019 AND 2018  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE

JUNE 30, 2019 AND 2018

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## Independent Auditor's Report

To: The Board of Directors  
Judith Creed Horizons for Achieving Independence  
Bryn Mawr, PA

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of ***Judith Creed Horizons for Achieving Independence*** (a non-profit organization) which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, functional expenses, 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free of 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 auditor's 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 Horizons for Achieving Independence** as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Renzi, Bernardi, Puz & Co*

Cherry Hill, NJ  
January 2, 2020

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30,

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets		
Cash	\$ 699,029	\$ 2,110,610
Client fees receivable	494,171	481,663
Pledges receivable, capital campaign	983,642	1,300,000
Prepaid expenses	<u>34,505</u>	<u>29,126</u>
Total current assets	<u>2,211,347</u>	<u>3,921,399</u>
Property and equipment, net of accumulated depreciation	587,379	623,822
Construction in progress	<u>2,952,959</u>	<u>1,057,350</u>
Total property and equipment	<u>3,540,338</u>	<u>1,681,172</u>
Other assets		
Security deposits and other	<u>99,951</u>	<u>28,733</u>
Total assets	<u><u>\$ 5,851,636</u></u>	<u><u>\$ 5,631,304</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 93,701	\$ 156,574
Accrued wages	201,585	146,064
Deferred revenue	16,184	67,743
Long term debt, current portion	<u>8,113</u>	<u>7,629</u>
Total current liabilities	<u>319,583</u>	<u>378,010</u>
Long term debt, net of current portion	<u>83,447</u>	<u>91,533</u>
Total liabilities	<u>403,030</u>	<u>469,543</u>
Net assets		
Without donor restrictions	4,265,633	2,040,589
With donor restrictions	<u>1,182,973</u>	<u>3,121,172</u>
Total net assets	<u>5,448,606</u>	<u>5,161,761</u>
Total liabilities and net assets	<u><u>\$ 5,851,636</u></u>	<u><u>\$ 5,631,304</u></u>

The accompanying notes are an integral part of this statement.

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

<u>REVENUE AND SUPPORT</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Client fees - private pay, net of scholarships awarded of \$433,152	\$ 1,062,999	\$ -	\$ 1,062,999
Client fees - Commonwealth of Pennsylvania	797,697	-	797,697
- Montgomery county	246,319	-	246,319
Contributions and grants	374,083	151,792	525,875
Fundraising	505,797	-	505,797
In-kind revenue	16,900	-	16,900
Interest and dividend income	4,168	-	4,168
Other	3,381	-	3,381
Net assets released from restrictions: Satisfaction of program restrictions	<u>152,692</u>	<u>(152,692)</u>	<u>-</u>
Total revenue and support	<u>3,164,036</u>	<u>(900)</u>	<u>3,163,136</u>
 <u>EXPENSES</u>			
Program services	<u>2,373,972</u>	<u>-</u>	<u>2,373,972</u>
Supporting services			
Management and general	284,718	-	284,718
Fundraising and development	<u>159,010</u>	<u>-</u>	<u>159,010</u>
Total supporting services	<u>443,728</u>	<u>-</u>	<u>443,728</u>
Total expenses	<u>2,817,700</u>	<u>-</u>	<u>2,817,700</u>
Changes in net assets after other income and expenses	346,336	(900)	345,436
 <u>OTHER INCOME AND EXPENSES</u>			
Pledges - capital campaign, net of expenses of \$140,931	<u>-</u>	<u>(58,591)</u>	<u>(58,591)</u>
Net assets released from restrictions: Satisfaction of program restrictions	<u>1,878,708</u>	<u>(1,878,708)</u>	<u>-</u>
Changes in net assets after other income and expenses	1,878,708	(1,937,299)	(58,591)
Changes in net assets	2,225,044	(1,938,199)	286,845
Net assets, beginning of fiscal year	<u>2,040,589</u>	<u>3,121,172</u>	<u>5,161,761</u>
Net assets, end of fiscal year	<u>\$ 4,265,633</u>	<u>\$ 1,182,973</u>	<u>\$ 5,448,606</u>

The accompanying notes are an integral part of this statement.

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

<u>REVENUE AND SUPPORT</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Client fees - private pay, net of scholarships awarded of \$433,296	\$ 949,920	\$ -	\$ 949,920
Client fees - Commonwealth of Pennsylvania	831,505	-	831,505
- Montgomery county	187,552	-	187,552
Contributions and grants	142,459	206,380	348,839
Fundraising	502,132	-	502,132
Interest and dividend income	8,983	-	8,983
Other	3,207	-	3,207
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>856,978</u>	<u>(856,978)</u>	<u>-</u>
Total revenue and support	<u>3,482,736</u>	<u>(650,598)</u>	<u>2,832,138</u>
 <u>EXPENSES</u>			
Program services	<u>2,262,440</u>	<u>-</u>	<u>2,262,440</u>
Supporting services			
Management and general	376,588	-	376,588
Fundraising and development	<u>143,156</u>	<u>-</u>	<u>143,156</u>
Total supporting services	<u>519,744</u>	<u>-</u>	<u>519,744</u>
Total expenses	<u>2,782,184</u>	<u>-</u>	<u>2,782,184</u>
Changes in net assets before other income	700,552	(650,598)	49,954
 <u>OTHER INCOME</u>			
Pledges - capital campaign, net of expenses of \$163,840	<u>-</u>	<u>3,275,988</u>	<u>3,275,988</u>
Changes in net assets after other income	-	3,275,988	3,275,988
Changes in net assets	700,552	2,625,390	3,325,942
Net assets, beginning of fiscal year	<u>1,340,037</u>	<u>495,782</u>	<u>1,835,819</u>
Net assets, end of fiscal year	<u>\$ 2,040,589</u>	<u>\$ 3,121,172</u>	<u>\$ 5,161,761</u>

The accompanying notes are an integral part of this statement.

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	Supporting Services			Total
	Program Services	Management and General	Fundraising and Development	
Salaries	\$ 1,204,838	\$ 96,798	\$ 47,314	\$ 1,348,950
Payroll taxes	84,316	14,222	3,048	101,586
Employee benefits	71,125	5,817	1,454	78,396
<b>Total personnel costs</b>	<b>1,360,279</b>	<b>116,837</b>	<b>51,816</b>	<b>1,528,932</b>
Credit card and bank fees	4,181	6,380	4,181	14,742
Depreciation	53,297	5,922	-	59,219
Dues and subscriptions	2,146	5,928	-	8,074
Equipment lease	-	5,686	-	5,686
Food and supplies	178,688	13,077	451	192,216
Fundraising expense	-	-	92,178	92,178
IT Services	19,513	11,929	5,140	36,582
Insurance	90,898	2,869	-	93,767
Interest expense	5,396	-	-	5,396
Miscellaneous	748	6,309	2,203	9,260
Office expense	4,162	4,537	2,678	11,377
Professional fees	20,570	64,619	363	85,552
Program expenses	545,299	815	-	546,114
Rent	-	17,863	-	17,863
Repairs and maintenance	51,290	9,401	-	60,691
Telephone	-	7,069	-	7,069
Training expense	4,572	1,608	-	6,180
Travel and mileage	32,933	1,748	-	34,681
Utilities	-	2,121	-	2,121
<b>Total expenses</b>	<b>\$ 2,373,972</b>	<b>\$ 284,718</b>	<b>\$ 159,010</b>	<b>\$ 2,817,700</b>

The accompanying notes are an integral part of this statement.



JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	Supporting Services			Total
	Program Services	Management and General	Fundraising and Development	
Salaries	\$ 1,101,056	\$ 189,998	\$ 43,092	\$ 1,334,146
Payroll taxes	83,870	14,147	3,031	101,048
Employee benefits	83,820	7,282	1,780	92,882
<b>Total personnel costs</b>	<b>1,268,746</b>	<b>211,427</b>	<b>47,903</b>	<b>1,528,076</b>
Credit card and bank fees	3,147	677	3,147	6,971
Depreciation	51,108	5,679	-	56,787
Dues and subscriptions	6,356	2,820	-	9,176
Equipment lease	-	8,095	-	8,095
Food and supplies	158,617	12,517	1,842	172,976
Fundraising expense	-	-	81,714	81,714
IT Services	16,784	13,626	4,631	35,041
Insurance	94,883	2,484	-	97,367
Interest expense	4,473	-	-	4,473
Miscellaneous	-	2,888	2,175	5,063
Office expense	5,584	4,469	1,530	11,583
Professional fees	15,466	59,002	214	74,682
Program expenses	542,239	-	-	542,239
Rent	-	13,845	-	13,845
Repairs and maintenance	42,457	18,107	-	60,564
Telephone	-	5,527	-	5,527
Training expense	4,907	2,155	-	7,062
Travel and mileage	47,673	6,500	-	54,173
Utilities	-	6,770	-	6,770
<b>Total expenses</b>	<b>\$ 2,262,440</b>	<b>\$ 376,588</b>	<b>\$ 143,156</b>	<b>\$ 2,782,184</b>

The accompanying notes are an integral part of this statement.

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30,

CASH FLOWS FROM OPERATING ACTIVITIES

	2019	2018
Changes in net assets	\$ 286,845	\$ 3,325,942
Adjustments to reconcile changes in net assets:		
Depreciation and amortization expense	59,219	56,787
(Increase) decrease in:		
Client fees receivable	(12,508)	(120,308)
Pledges receivable, capital campaign	316,358	(1,281,640)
Prepaid expenses	(5,379)	25,932
Security deposits and other	(71,218)	1,096
(Decrease) increase in:		
Accounts payable and accrued expenses	(62,873)	11,766
Accrued wages	55,521	11,462
Deferred revenue	(51,559)	38,670
Net cash provided by operating activities	514,406	2,069,707

CASH FLOWS FROM INVESTING ACTIVITIES

Construction in progress	(1,895,609)	(814,438)
Purchase of property and equipment	(22,776)	(35,910)
Net cash (used in) investing activities	(1,918,385)	(850,348)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of long term debt	(7,602)	(7,824)
Net cash (used in) investing activities	(7,602)	(7,824)
Net (decrease) increase in cash	(1,411,581)	1,211,535
Cash, beginning of fiscal year	2,110,610	899,075
Cash, end of fiscal year	\$ 699,029	\$ 2,110,610

SUPPLEMENTAL INFORMATION

Interest paid	\$ 5,396	\$ 4,473
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The accompanying notes are an integral part of this statement.

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2019 AND 2018

1. NATURE OF ACTIVITIES

***Judith Creed Horizons for Achieving Independence*** (the "Organization"), founded in 1987, is a not-for-profit organization under Pennsylvania Nonprofit Corporation Law. The Organization was created to provide people with developmental disabilities a place to live independently.

The Organization's vision is to provide a supportive environment that helps adults with developmental disabilities live and flourish in the community. This is done through supportive living, transition programs, and opportunities to teach and strengthen vocational and independent living skills.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU-2016-14 and has adjusted the presentation in these financial statements accordingly.

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recently Issued Accounting Standard Updates Not Presently Effective

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending December 31, 2021 and later. The Organization is currently in the process of evaluating the impact of adoption of this ASU on their financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958); *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made*. The amendments in the Update provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU will also help an entity evaluate whether contributions are considered to be conditional or unconditional. This standard will be effective for the fiscal year ending December 31, 2019 and later. The Organization is currently in the process of evaluating the impact of adoption of this ASU on their financial statements.

Use of Estimates

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

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The Organization capitalizes all equipment expenditures over \$1,000. Major renewals and betterments are charged to the capital accounts while maintenance and repairs which do not improve or extend the life of the respective assets are expensed.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Construction in Progress

Construction in progress consists of \$2,952,959 and \$1,057,350 at June 30, 2019 and 2018, respectively. These costs were incurred on the construction project for a new educational facility.

Deferred Revenue

Deferred revenue consists of payments received in advance for upcoming events. Revenue will be recognized once the event has occurred.

Cash and Cash Equivalents

Cash and cash equivalents represent cash in bank and short-term certificates of deposit. For purposes of the statement of cash flows, management considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization had no cash equivalents for the years ended June 30, 2019 and 2018.

Advertising Costs

All costs associated with advertising and promotions are expensed in the year incurred. There was no advertising expense for the year ended June 30, 2019 and 2018.

Income Taxes

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

Management has adopted the accounting standard, "Accounting for Uncertainty in Income Taxes". This standard clarifies the accounting and reporting for uncertainties in income tax positions taken or expected to be taken in filings with taxing jurisdictions, using minimum recognition and measurement thresholds.

Management has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. These tax filings are subject to examination, generally for three years after they are filed.

Should settlement of an examination or other event result in a change in management's evaluation of a tax position taken or expected to be taken in filings that have not been closed by statute or examination, any interest and penalties related to the unrecognized tax benefit as a result of the uncertain tax position would be included in interest expense and administrative expenses, respectively.

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Credit and Market Risk

Financial instruments which subject the Organization to concentrations of credit and market risk consist principally of cash and receivables. From time to time, the Organization may have amounts on deposit in excess of the federally insured deposit limit at one bank. The Organization places its cash with high quality financial institutions.

Allocation of Functional Expenses

Directly identifiable expenses are charged to programs, supporting services and fundraising. Any expenditures not directly chargeable have been allocated among program and supporting services on the basis of employees' time records and estimates made by the Organization's management. Management and general 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.

3. LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year for general expenditures are as follows:

	2019	2018
Cash	\$ 699,029	\$ 2,110,610
Client fees receivable	494,171	481,663
Pledges receivable	983,642	1,300,000
 Total financial assets	 2,176,842	 3,892,273
 Donor-imposed restrictions:		
Restricted funds	(1,182,973)	(3,121,172)
 Financial assets available to meet cash needs		
For general expenditures within one year	\$ 993,869	\$ 771,101

The Organization manages its liquidity by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. During the years ended June 30, 2019 and 2018, the Organization has been able to meet cash needs for general expenditures within each respective year.

In addition to these available financial assets, a significant portion of the Organization's annual expenditures will be funded by current year operating revenues, including grant and contract income, fundraising events, and other income.

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2019 AND 2018

4. PLEDGES RECEIVABLE – CAPITAL CAMPAIGN

The Organization is currently constructing 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 Jewish Federation of Greater Philadelphia and leased to the Organization (See Note 9). As of June 30, 2019 and 2018, pledges receivable related to this project were \$983,642 and \$1,300,000. Pledges receivable due in more than one year have not been discounted due to the immateriality of the amount.

5. PROPERTY AND EQUIPMENT

Property and equipment at June 30 consist of the following:

	2019	2018
Land	\$ 71,000	\$ 71,000
Buildings and improvements	1,247,130	1,238,096
Furniture, fixtures, and equipment	199,470	185,728
Automobiles	56,928	56,928
	1,574,528	1,551,752
Less: accumulated depreciation	(987,149)	(927,930)
Property and equipment, net	\$ 587,379	\$ 623,822

Depreciation expense for the years ended June 30, 2019 and 2018 was \$59,219 and \$56,787, respectively.

6. NET ASSETS WITH DONOR RESTRICTIONS

A summary of net assets with donor restrictions at June 30 is as follows:

	2019	2018
Educational Facility	\$ 1,089,472	\$ 3,026,771
Scholarships	56,901	56,901
J/CHAI at Home	36,600	37,500
Total	\$ 1,182,973	\$ 3,121,172

JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2019 AND 2018

7. EMPLOYEE RETIREMENT PLAN

In 1998, the Organization adopted a 403(b) retirement plan providing eligible participants the ability to invest pretax dollars into selected variable annuities. There is no obligation for the Organization to make contributions to the plan. For the years ended June 30, 2019 and 2018, no contributions were made by the Organization.

8. LONG TERM DEBT

The Organization has a mortgage payable with a local bank. The loan is collateralized by the property at 1090 Welsh Road, Philadelphia, PA. Terms call for repayment in 240 monthly installments. Every 60<sup>th</sup> month the loan interest rate will be adjusted to 2.5% above the Federal Home Loan Bank rate. Effective July 2018 the interest rate is 5.6%.

Long-term debt as of June 30 is as follows:

	2019
Mortgage payable, bank, due in monthly installments of \$1,083, including interest at 5.6%	\$ 91,560
Total	91,560
Less: current maturities	(8,113)
Long-term debt	\$ 83,447

Maturities of long-term debt are as follows:

Year ended June 30,	Amount
2020	\$ 8,113
2021	8,576
2022	9,065
2023	9,582
2024	10,128
Thereafter	46,096
Total	\$ 91,560



JUDITH CREED HORIZONS FOR ACHIEVING INDEPENDENCE  
NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2019 AND 2018

9. COMMITMENTS AND CONTINGENCIES

The Organization leases space from the Jewish Federation of Greater Philadelphia. In January 2017, the Organization entered into a one-year lease for office space. Monthly rent for this office space was \$2,069. Upon expiration, an agreement was reached to renew the lease with a monthly rent of \$989 and a promise to "build-out" the offices and bathrooms at a cost of \$9,500. Rent expense for the year ended June 30, 2019 and 2018 was \$17,863 and \$13,845, respectively.

In August 2016, the Organization entered into a ninety-one-year land lease with Jewish Federation of Greater Philadelphia. Annual rent is \$1.

In January 2016, the Organization entered into a lease for office equipment. The term of the lease is 63 months with monthly payments of \$280.

Future minimum annual payments for the years ended June 30 are as follows:

2020	\$ 2,521
2021	1
2022	1
2023	1
2024	1
Thereafter	<u>84</u>
Total	<u>\$ 2,609</u>

10. SUBSEQUENT EVENTS

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through January 2, 2020, the date the financial statements were available to be issued. The Organization had no significant or material subsequent events through January 2, 2020.

Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance Required by the Montgomery County Department of  
Behavioral Health/Developmental Disabilities Program

To: The Board of Directors  
Judith Creed Horizons for Achieving Independence  
Bryn Mawr, Pennsylvania

We have audited ***Judith Creed Horizons for Achieving Independence*** (the "Organization") for compliance with the requirements described in the agreement dated July 1, 2018 with the ***Montgomery County Department of Behavioral Health/Developmental Disabilities Program*** that could have a direct and material effect on the Organization's program for the year ended June 30, 2019.

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

- Verification of fee for service contract
- Invoicing based on the terms and conditions in the contract
- Authorized services
- Progress notes
- Evaluation of accounting and administrative controls
- Reimbursement from the county for the fiscal year will not exceed \$253,910

***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***.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Organization'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 and 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 the Organization's compliance with those requirements and performing other procedures as we considered necessary.

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 the Organization's compliance.

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

In our opinion, the Organization 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, 2019.

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

Management of the Organization 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 the Organization'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 the Organization'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.

*Renz, Bernali, Pugh & Co*

Cherry Hill, NJ  
January 2, 2020