

Florence Crittenton Home and Services
and
Florence Crittenton Home and Services Foundation

Consolidated Financial Statements

June 30, 2019 and 2018

WIPFLi^{LLP}
CPAs and Consultants



Independent Auditor's Report

Board of Trustees
Florence Crittenton Home and Services
Helena, Montana

We have audited the accompanying consolidated financial statements of Florence Crittenton Home and Services (the "Home") and Florence Crittenton Home and Services Foundation (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Florence Crittenton Home and Services and Florence Crittenton Home and Services Foundation as of June 30, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

**Report on Comparative Information**

We have previously audited the Home's 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated April 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the period ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information appearing on pages 21-24 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

December 6, 2019

Helena, Montana

Florence Crittenton Home and Services

Consolidated Statements of Financial Position

<i>As of June 30,</i>	2019	2018
Assets		
Current assets		
Cash	\$ 158,152	\$ 369,599
Accounts receivable - net	26,838	4,340
Grants receivable	136,347	33,877
Pledges receivable - current	-	50
Prepaid expenses and other	6,067	1,853
Total current assets	327,404	409,719
Net property and equipment	805,761	775,841
Other assets		
Investments	424,345	397,320
Cash surrender value of life insurance	69,130	66,741
Total other assets	493,475	464,061
Total assets	\$ 1,626,640	\$ 1,649,621
Liabilities and Net Assets		
Current liabilities		
Accounts payable - trade	\$ 25,659	\$ 52,627
Accrued salaries	45,202	33,480
Accrued payroll taxes	18,363	8,589
Accrued vacation	42,353	37,063
Planned gift liability	1,575	1,360
Total current liabilities	133,152	133,119
Long-term liabilities		
Line of credit	59,945	-
Total long-term liabilities	59,945	-
Total liabilities	193,097	133,119
Net assets		
Without donor restrictions	1,105,622	1,205,363
With donor restrictions	327,921	311,139
Total net assets	1,433,543	1,516,502
Total liabilities and net assets	\$ 1,626,640	\$ 1,649,621

The accompanying notes are an integral part of these financial statements.

Florence Crittenton Home and Services

Consolidated Statements of Activities and Changes in Net Assets

Years Ended June 30,	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
	Support and Revenue:					
Patient service fees, net of contractuels and bad debts	\$ 40,866	\$ -	\$ 40,866	\$ 12,640	\$ -	\$ 12,640
Fee for service	213,407	-	213,407	73,991	-	73,991
Agency contracts	805,092	-	805,092	315,909	-	315,909
Contributions	233,057	218,444	451,501	476,537	292,884	769,421
Grants	-	-	-	75,000	-	75,000
In-kind contributions	110,778	-	110,778	162,447	-	162,447
Special events	228,535	-	228,535	250,952	-	250,952
Interest and dividend income	23,514	-	23,514	2,457	-	2,457
Other income	35,208	-	35,208	22,213	-	22,213
Change in value of split interest agreements and cash surrender values	2,389	-	2,389	2,162	-	2,162
Realized and unrealized gains (losses) on investments	(886)	-	(886)	(8,164)	-	(8,164)
Gain (loss) on asset disposal	-	-	-	801	-	801
Net assets released from restrictions	201,662	(201,662)	-	234,901	(234,901)	-
Total support and revenue	1,893,622	16,782	1,910,404	1,621,846	57,983	1,679,829
Expenses:						
Program services	1,161,712	-	1,161,712	1,059,088	-	1,059,088
Management and general	611,600	-	611,600	401,777	-	401,777
Fundraising	220,051	-	220,051	185,529	-	185,529
Total expenses	1,993,363	-	1,993,363	1,646,394	-	1,646,394
Change in net assets	(99,741)	16,782	(82,959)	(24,548)	57,983	33,435
Net assets at beginning of year	1,205,363	311,139	1,516,502	1,229,911	253,156	1,483,067
Net assets at end of year	\$ 1,105,622	\$ 327,921	\$ 1,433,543	\$ 1,205,363	\$ 311,139	\$ 1,516,502

The accompanying notes are an integral part of these financial statements.

Florence Crittenton Home and Services

Consolidated Statements of Cash Flows

<i>Years Ended June 30,</i>	2019	2018
Change in cash:		
Cash flows from operating activities:		
Change in net assets	\$ (82,959)	\$ 33,435
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Total depreciation	66,376	60,743
Realized and unrealized (gains) losses	886	8,164
(Gain) loss on sale of assets	-	(801)
Non-cash donation of investments	(55,086)	(126,917)
Changes in operating assets and liabilities:		
Accounts receivable	(22,498)	-
Grants receivable	(102,470)	274,001
Pledges receivable	50	1,095
Prepaid expenses	(4,214)	350
Cash surrender value of life insurance	(2,389)	(2,162)
Accounts payable	(26,968)	26,591
Accrued salaries	11,722	(12,013)
Accrued payroll taxes	9,774	(8,757)
Accrued vacation	5,290	(10,997)
Other accrued compensation	-	(4,833)
Accrued expenses	-	(907)
Planned gift liability	215	635
Net cash from operating activities	(202,271)	237,627
Cash flows from investing activities:		
Proceeds from sale of investments	51,218	46,287
Payments for purchase of investments	(24,043)	(79,404)
Purchase of property and equipment	(96,296)	(17,182)
Net cash from investing activities	(69,121)	(50,299)
Cash flows from financing activities:		
Proceeds from line of credit	59,945	-
Net cash from financing activities	59,945	-
Net change in cash	(211,447)	187,328
Cash at beginning of year	369,599	182,271
Cash at end of year	\$ 158,152	\$ 369,599
Supplemental cash flow information:		
Non-cash donations of investments	\$ 55,086	\$ 126,917

The accompanying notes are an integral part of these financial statements.

Florence Crittenton Home and Services

Statements of Functional Expenses

<i>Years Ended June 30,</i>	2019			2018	
	Program	Management and General	Fund Raising	Total	Total
Salaries and wages	\$ 651,136	\$ 372,303	\$ 103,966	\$ 1,127,405	\$ 788,858
Employee benefits	52,597	29,362	15,404	97,363	69,813
Payroll taxes	54,169	25,131	9,227	88,527	66,646
Total personnel expenses	757,902	426,796	128,597	1,313,295	925,317
Professional services	123,061	20,268	1,448	144,777	122,707
Equipment	1,330	1,330	-	2,660	8,075
Advertising and marketing	18,326	-	1,812	20,138	9,066
Occupancy	40,069	7,071	-	47,140	38,343
Printing	6,664	654	5,751	13,069	14,964
Postage	3,669	556	1,334	5,559	6,229
Maintenance	12,981	1,298	144	14,423	19,458
Depreciation	66,376	-	-	66,376	60,743
Board	-	874	-	874	74
Insurance	30,945	3,438	-	34,383	30,798
In-kind expenses	25,776	52,672	33,621	112,069	159,847
Dues and subscriptions	1,988	7,851	99	9,938	10,617
Education and training	7,234	301	-	7,535	2,714
Incentives, gifts, rewards	-	662	-	662	317
Other	657	-	2,628	3,285	51,242
Facilities rent	30,332	5,353	-	35,685	27,982
Meals	71	3,473	-	3,544	2,452
Supplies	14,288	13,727	-	28,015	13,745
Special events	834	55,845	26,672	83,351	88,941
Program	4,167	794	-	4,961	24,193
Travel	15,042	2,655	-	17,697	15,676
Fees	-	5,982	17,945	23,927	12,894
Total	\$ 1,161,712	\$ 611,600	\$ 220,051	\$ 1,993,363	\$ 1,646,394

The accompanying notes are an integral part of these financial statements.

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization

Florence Crittenton Home and Services (the Home) provides a trauma informed, two generation approach to supporting young families through comprehensive services. Services include residential treatment, transitional living, early home visiting, community parenting education and support, high quality childcare, targeted case management and permanent supportive housing. Programs include more integrated co-occurring treatment for both mental health and substance abuse.

The Florence Crittenton Home and Services Foundation (Foundation) was formed in July 1987, for the purpose of raising funds for future projects and acquiring a building for the Home. The By-Laws of the Home and Foundation were revised at the end of Fiscal Year 2007 to reflect a combined board of the Home and Foundation. Therefore, according to the By-Laws, each Director of the Foundation will be a member of the Board of Trustees of the Florence Crittenton Home and Services, Inc., of Helena.

Basis of Accounting

The consolidated financial statements of the Home and Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

Basis of Consolidation

For financial reporting purposes, the consolidated financial statements include the accounts of the Florence Crittenton Home and Services and Florence Crittenton Home and Services Foundation. All material intercompany transactions and accounts have been eliminated.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates and assumptions made by management include, but are not limited to, the allowance for doubtful accounts. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Home considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

The Home provides an allowance for doubtful accounts when the collectability of the accounts are determined to be impaired. The Home has analyzed accounts receivable at June 30, 2019 and 2018 and determined that an allowance of five percent was necessary. Bad debt expense of \$498 and \$(992) is reflected as an offset to service fees in the years ended June 30, 2019 and 2018, respectively.

Patient Service Fees

The Home has agreements with third-party payors that provide for reimbursement to the Home at amounts different from its established rates. Net treatment fee revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Services rendered to Medicaid patients are reimbursed at scheduled rates. Services rendered to insurance subscribers are reimbursed at billed charges less any contractual discounts and patient responsibility.

Donated Materials

Donated materials are reflected as contributions at their estimated value at date of receipt and are recorded as in-kind expenses for Home operations for the years ending June 30, 2019 and 2018.

Investments

The Foundation carries investments in marketable securities with readily determined fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Quoted market prices in active markets are used as the basis of measurement. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities and changes in net assets.

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Investment income or loss and unrealized gains or losses are included in the consolidated statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Planned Gift Liabilities

Various planned giving instruments commit the Foundation to future payments to designated beneficiaries as part of the contribution. The following summarizes the types of planned giving instruments and associated liabilities carried by the Foundation:

Charitable and Deferred Gift Annuities: Charitable gift annuities require annual payments at a fixed rate specified in the contract to a designated beneficiary over the beneficiary's lifetime, with payments commencing upon contribution. The payment is based on the value of the assets at the date of donation. Deferred gift annuities are similar but delay the start of annual payments to a future date. The financial statements include a liability representing the present value of the payments required by those contracts over the beneficiaries' expected lives as determined by IRS mortality tables.

Property, Equipment and Depreciation

Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The Home and Foundation capitalizes property and equipment with a value greater than or equal to \$1,500 and a useful life of greater than one year.

The Home and Foundation reports gifts of property and equipment as support without restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Home reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Recognition of Donor Restrictions

The Home and Foundation report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Restrictions met within the same fiscal period are reported as without donor restrictions.

Advertising and Promotion

Advertising and promotion costs are charged to operations when incurred. Advertising and promotion expense was \$20,138 and \$9,066 for the years ended June 30, 2019 and 2018, respectively.

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Home and Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Home and Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Home and Foundation qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations.

Penalties and interest assessed by income taxing authorities are included in management and general expenses, if applicable. The Home and Foundation have no interest and penalties related to income taxes for the years ended June 30, 2019 and 2018. The Home and Foundation's federal and state returns are subject to examination generally for three years after they are filed.

Reclassification

Certain amounts in the prior periods have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

Accounting Standards Update

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Home is currently evaluating the impact of the provisions of ASC 606.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This ASU provides guidance on the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and new disclosures on key information about leasing arrangements. The new standard supersedes current lease accounting requirements in FASB Accounting Standards Codification (ASC) Topic 840, *Leases*. When adopted, the amendments in the ASU must be applied using a modified retrospective approach. ASU No. 2016-02 is effective for nonpublic companies for annual periods beginning after December 15, 2021. The Home is currently evaluating the impact of the provisions of ASC 842.

On June 21, 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 this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional.

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounting Standards Update (Continued)

The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in this update is permitted. The Home is still evaluating the impact of the provisions of ASU Topic 958.

Change in Accounting Policy

On August 18, 2016, FASB issued 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 Home has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 7). The Home has elected under the standard's adoption guidance to omit the liquidity disclosures for the year ended June 30, 2018.

The changes have the following effect on net assets at July 1, 2018:

<i>Net Asset Class</i>	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 1,205,363	\$ -
Temporarily restricted net assets	109,634	-
Permanently restricted net assets	201,505	-
Net assets without donor restrictions	-	1,205,363
Net assets with donor restrictions	-	311,139
Total net assets	\$ 1,516,502	\$ 1,516,502

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Home and Foundation have evaluated events and transactions for potential recognition or disclosure in the financial statements through December 6, 2019, which is the date the financial statements were available to be issued. No items requiring additional disclosure have been noted.

Note 2: Patient Service Revenue - Net of Contractuals and Bad Debt

The following table sets forth the detail of patient service revenue - net of contractuals and bad debts for the years ended June 30:

	2019	2018
Gross patient service revenue	\$ 91,816	\$ 14,890
Deductions - contractual allowances	(50,950)	(2,250)
Patient service revenue - net of contractuals and bad debt	\$ 40,866	\$ 12,640

100% of gross patient service revenue is from Medicaid revenues.

Note 3: Concentration of Credit Risk

The Home and Foundation maintain cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. The Home and Foundation use a combination of interest bearing and non-interest bearing accounts at their bank. At certain times during the year, cash balances may be in excess of FDIC coverage. The Home and Foundation have not experienced any losses in such accounts, and believes they are not exposed to any significant credit risk on cash.

Note 4: Investments

Investments at June 30, 2019 and 2018, and related returns for the years then ended consisted of the following:

	2019		2018	
	Cost	Market	Cost	Market
Common stock	\$ 29,182	\$ 33,977	\$ 33,401	\$ 36,185
Mutual funds	361,743	390,368	326,352	361,135
Total	\$ 390,925	\$ 424,345	\$ 359,753	\$ 397,320

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 4: Investments (Continued)

Gross unrealized gains (losses) for the years ended June 30, 2019 and 2018 were \$(10,905) and \$(3,851), respectively. Gross realized gains (losses) for the years ended June 30, 2019 and 2018 were \$10,019 and \$(4,313), respectively.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the consolidated financial statements.

Note 5: Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value.

Quoted market prices are used to determine the fair value of investments in publicly traded equity securities (common and preferred stock). Money market funds, equity funds, and fixed income funds are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical asset or liabilities in active markets that the Home and Foundation have the ability to access, and where transactions occur within.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;
Quoted prices for identical or similar assets or liabilities in inactive markets;
Inputs, other than quoted prices, that are observable for the asset or liability;
Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology reflect management's assumptions about significant unobservable inputs that market participants would use in pricing the asset or liability.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Home and Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 5: Fair Value Measurements (Continued)

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy:

<i>As of June 30,</i>	Level 1	Level 2	Level 3	Total
2019				
Marketable equity securities	\$ 33,977	\$ -	\$ -	\$ 33,977
Mutual funds	390,368	-	-	390,368
Total investments	\$ 424,345	\$ -	\$ -	\$ 424,345
2018				
Marketable equity securities	\$ 36,185	\$ -	\$ -	\$ 36,185
Mutual funds	361,135	-	-	361,135
Total investments	\$ 397,320	\$ -	\$ -	\$ 397,320

There were no assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2019 and 2018.

Note 6: Pledges Receivable (or Unconditional Promises to Give)

The Foundation pledges receivable (unconditional promises to give) consist of the following at June 30:

<i>As of June 30,</i>	2019	2018
Pledges receivable	\$ -	\$ 50
Total	\$ -	\$ 50

All pledges at June 30, 2019 and 2018 were due in less than one year. Management determined that it was not necessary to have an allowance for uncollectible pledges.

Note 7: Liquidity and Availability of Financial Resources

Florence Crittenton Home and Services has \$327,404 of financial assets available within one year of the statement of financial position date consisting of cash of \$158,152, accounts receivable of \$26,838, grants receivable of \$136,347, and prepaid expenses of \$6,067. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Florence Crittenton Home and Services has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 30 days of normal operating expenses, which are, on average, approximately \$155,000. As more fully described in Note 11, Florence Crittenton Home and Services also has a committed line of credit in the amount of \$121,209, which it could draw upon in the event of an unanticipated liquidity need.

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 8: Property and Equipment

A summary of property and equipment is as follows as of June 30:

<i>As of June 30,</i>	2019	2018
Land and land improvements	\$ 62,561	\$ 62,561
Buildings and building improvements	1,748,938	1,684,438
Vehicles	106,900	80,300
Computer equipment and software	1,758	1,758
Furniture and office equipment	163,786	158,590
	2,083,943	1,987,647
Accumulated depreciation and amortization	(1,278,182)	(1,211,806)
Total	\$ 805,761	\$ 775,841

Note 9: Planned Gift Liabilities

The liability for each type of planned gift changes each year with receipt of new gifts, payments under contracts, change in trust asset values, and the change in the present value of required payments to beneficiaries. The present value of the future payments over the beneficiaries' estimated remaining lives was calculated using the original discount rates at the date of the gift and applicable mortality tables.

The following table summarizes the change in planned gift liabilities:

<i>Years Ended June 30</i>	2019	2018
Estimated beginning present value of liability	\$ 1,360	\$ 725
Gain on investments	215	635
Estimated ending present value of liability	\$ 1,575	\$ 1,360

Note 10: Commitments

The Home has a leased space used for community services from the Helena Housing Authority. The lease was initiated on December 1, 2014. Rental payments are \$1,630 per month with an option to renew for an additional term. This lease was extended through June 30, 2020. This lease has been extended on a month to month basis with the intent to renew.

The Home has leased office space from Clover Land Co Inc. The lease was initiated on February 7, 2019 and expires April 1, 2020. Rental payments are \$4,200 per month with the first two months at no charge. This lease has an option to renew for an additional term.

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 11: Line of Credit

The Home maintains a line of credit with First Interstate Bank in the amount of \$121,209 with interest at 4.75%. The line of credit matures July 26, 2020. The line of credit is collateralized by all machinery, equipment, furniture, fixtures, receivables and inventory. The line of credit had balances of \$59,945 and \$0 for the years ended June 30, 2019 and 2018, respectively.

Note 12: Net Assets With Donor Restrictions

Net assets with donor restrictions due to a temporary restriction results from contributions whose use is restricted for the purpose intended by the donor. Net assets with temporary donor-imposed restrictions consist of the following:

<i>Years Ended June 30</i>	2019	2018
Housing	\$ 15,922	\$ 16,896
Support positions CEC/ORC	36,143	18,043
Other temporarily restricted funds	74,351	74,695
Total temporarily restricted	\$ 126,416	\$ 109,634

Assets released from restriction due to fulfillment of donor-imposed stipulations during the years ending June 30, 2019 and 2018 include:

<i>Years Ended June 30</i>	2019	2018
Housing	\$ 973	\$ -
Strategic Growth	-	13,185
ARC Position	-	7,468
Support positions CEC/ORC/PTS	33,558	46,611
Trust funds	17,241	3,453
Other temporarily restricted funds	149,890	164,184
Total assets released from restriction	\$ 201,662	\$ 234,901

Net assets with permanent donor-imposed restrictions result from contributions whose use is restricted by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled by actions of the organization.

Net assets with permanent donor-imposed restrictions for the Foundation were \$201,505 as of June 30, 2019 and 2018, respectively. The earnings on these funds are to be used for the operations of the organization.

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 13: Endowment Funds

The Board of Trustees has interpreted Montana’s adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with permanent donor imposed restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds in excess of the original fair value that is not classified in net assets with permanent donor-imposed restrictions is classified as net assets with temporary donor-imposed restrictions until those amounts are appropriated for expenditure by the Home or Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. If the market value of the net assets with permanent donor-imposed restrictions at year-end is below the original fair value, the deficit is recorded as an unrealized loss from net assets with temporary donor-imposed restrictions.

Endowment net asset composition by type of fund is as follows:

	With Donor Restrictions - Temporary	With Donor Restrictions - Permanent	Total
Endowment net assets, June 30, 2017	\$ 3,688	\$ 201,505	\$ 205,193
Investment return:			
Investment income	17,575	-	17,575
Total investment return	17,575	-	17,575
Appropriation for expenditure	(21,263)	-	(21,263)
Endowment net assets, June 30, 2018	-	201,505	201,505
Investment return:			
Investment income	23,003	-	23,003
Total investment return	23,003	-	23,003
Appropriation for expenditure	(23,003)	-	(23,003)
Endowment net assets, June 30, 2019	\$ -	\$ 201,505	\$ 201,505

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 13: Endowment Funds (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Home and Foundation to retain as a fund of perpetual duration.

Return Objectives and Risk Parameters

The Home and Foundation have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Home and Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to preserve endowment capital, and to provide a minimum annual target rate of return of at least inflation, plus the Foundation's spending policy, plus a real rate of return net of fees. The Home and Foundation expects the endowment funds, over time, to provide a reasonable current rate of return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Home and Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Home and Foundation target a diversified asset allocation including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

Note 14: Retirement Plan

During the year ended June 30, 2016, the Home entered into a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Home. The Home matches contributions, up to 3% of gross salaries, to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Plan expenses were \$10,114 and \$16,645 for the years ended June 30, 2019 and 2018, respectively.

Note 15: Related Parties

During the years ended June 30, 2019 and 2018, the Home incurred rent to the Foundation for the use of the building in the amount of \$75,000 and \$75,000, respectively, which was forgiven in full as an in-kind donation from the Foundation in both 2019 and 2018. The in-kind amount is the estimated fair value of rent income and expense that would have been received by the Foundation and paid by the Home.

During the years ended June 30, 2019 and 2018, the Foundation transferred funds to the Home for its adoption trust fund, in the amounts of \$0 and \$3,453, respectively.

All intercompany transactions have been eliminated in the consolidated financial statements.

Florence Crittenton Home and Services

Notes to Consolidated Financial Statements

Note 16: Major Funding Source

The Home has several contracts with the Montana State Department of Public Health and Human Services Child and Family Services Division. The contract terms are generally annual or bi-annual. The revenue generated by the main contract comprised 5% and 1% of the total revenues and support of the Home and Foundation for the years ending June 30, 2019 and 2018, respectively. The related receivable amounts for the main contract were 18% and 74% of the total accounts receivable for the years ended June 30, 2019 and 2018, respectively. The contract may be terminated at any time upon the written notice of either party.

Supplementary Information

**Florence Crittenton Home and Services and
Florence Crittenton Home and Services Foundation**
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
As of June 30, 2019

See Independent Auditor's Report

	ASSETS			2019 TOTAL
	HOME	FOUNDATION	ELIMINATIONS	
CURRENT ASSETS				
Cash	\$ 114,036	\$ 44,116	\$ -	\$ 158,152
Accounts receivable - net	148,269	-	(121,431)	26,838
Grants receivable	136,347	-	-	136,347
Pledges receivable	-	-	-	-
Prepaid expenses and other	6,067	-	-	6,067
Total current assets	404,719	44,116	(121,431)	327,404
Net property and equipment	104,162	701,599	-	805,761
OTHER ASSETS				
Investments	-	424,345	-	424,345
Cash surrender value of life insurance	69,130	-	-	69,130
Total other assets	69,130	424,345	-	493,475
TOTAL ASSETS	\$ 578,011	\$ 1,170,060	\$ (121,431)	\$ 1,626,640
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable - trade	\$ 24,393	\$ 122,697	\$ (121,431)	\$ 25,659
Accrued salaries	45,202	-	-	45,202
Accrued payroll taxes	18,363	-	-	18,363
Accrued vacation	42,353	-	-	42,353
Planned gift liability	-	1,575	-	1,575
Total current liabilities	130,311	124,272	(121,431)	133,152
LONG-TERM LIABILITIES				
Line of credit	59,945	-	-	59,945
Total long-term liabilities	59,945	-	-	59,945
TOTAL LIABILITIES	190,256	124,272	(121,431)	193,097
NET ASSETS				
Without donor restrictions	261,339	844,283	-	1,105,622
With donor restrictions	126,416	201,505	-	327,921
Total net assets	387,755	1,045,788	-	1,433,543
TOTAL LIABILITIES AND NET ASSETS	\$ 578,011	\$ 1,170,060	\$ (121,431)	\$ 1,626,640

**Florence Crittenton Home and Services and
Florence Crittenton Home and Services Foundation**
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
As of June 30, 2018

See Independent Auditor's Report

	ASSETS			2018 TOTAL
	HOME	FOUNDATION	ELIMINATIONS	
CURRENT ASSETS				
Cash	\$ 336,872	\$ 32,727	\$ -	\$ 369,599
Accounts receivable - net	89,378	-	(85,038)	4,340
Grants receivable	33,877	-	-	33,877
Pledges receivable	50	-	-	50
Prepaid expenses and other	1,853	-	-	1,853
Total current assets	462,030	32,727	(85,038)	409,719
Net property and equipment	97,570	678,271	-	775,841
OTHER ASSETS				
Investments	-	397,320	-	397,320
Cash surrender value of life insurance	66,741	-	-	66,741
Total other assets	66,741	397,320	-	464,061
TOTAL ASSETS	\$ 626,341	\$ 1,108,318	\$ (85,038)	\$ 1,649,621

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accounts payable - trade	\$ 51,361	\$ 86,304	\$ (85,038)	\$ 52,627
Accrued salaries	33,480	-	-	33,480
Accrued payroll taxes	8,589	-	-	8,589
Accrued vacation	37,063	-	-	37,063
Planned gift liability	-	1,360	-	1,360
Total current liabilities	130,493	87,664	(85,038)	133,119
TOTAL LIABILITIES	130,493	87,664	(85,038)	133,119
NET ASSETS				
Without donor restrictions	386,214	819,149	-	1,205,363
With donor restrictions	109,634	201,505	-	311,139
Total net assets	495,848	1,020,654	-	1,516,502
TOTAL LIABILITIES AND NET ASSETS	\$ 626,341	\$ 1,108,318	\$ (85,038)	\$ 1,649,621

**Florence Crittenton Home and Services and
Florence Crittenton Home and Services Foundation**
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
for the year ended June 30, 2019
See Independent Auditor's Report

	HOME			FOUNDATION			ELIMINATIONS	TOTAL
	Without Donor Restrictions	With Donor Restrictions	TOTAL	Without Donor Restrictions	With Donor Restrictions	TOTAL		
SUPPORT AND REVENUE								
Service fees, net of contractuales and bad debts	\$ 40,866	\$ -	\$ 40,866	\$ -	\$ -	\$ -	\$ -	\$ 40,866
Fee for service	213,407	\$ -	\$ 213,407	-	\$ -	\$ -	\$ -	213,407
Agency contracts	805,092	-	805,092	-	-	-	-	805,092
Contributions	182,978	218,444	401,422	50,079	-	50,079	-	451,501
Grants	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-
In-kind contributions	110,778	-	110,778	-	-	-	-	110,778
Special events	228,535	-	228,535	-	-	-	-	228,535
Interest and dividend income	135	-	135	23,379	-	23,379	-	23,514
Other income	19,621	-	19,621	15,587	-	15,587	-	35,208
Change in value of split interest agreements and cash surrender values	2,389	-	2,389	-	-	-	-	2,389
Realized and unrealized gains (losses) on investments	697	-	697	(1,583)	-	(1,583)	-	(886)
Gain (loss) on asset disposal	-	-	-	-	-	-	-	-
Net assets released from restriction	201,662	(201,662)	-	-	-	-	-	-
Total support and revenue	1,806,160	16,782	1,822,942	87,462	-	87,462	-	1,910,404
EXPENSES								
Program services	1,120,542	-	1,120,542	41,170	-	41,170	-	1,161,712
Management and general	590,442	-	590,442	21,158	-	21,158	-	611,600
Fundraising	220,051	-	220,051	-	-	-	-	220,051
Total expenses	1,931,035	-	1,931,035	62,328	-	62,328	-	1,993,363
Change in net assets	(124,875)	16,782	(108,093)	25,134	-	25,134	-	(82,959)
Net assets at beginning of year	386,214	109,634	495,848	819,149	201,505	1,020,654	-	1,516,502
Net assets at end of year	\$ 261,339	\$ 126,416	\$ 387,755	\$ 844,283	\$ 201,505	\$1,045,788	\$ -	\$1,433,543

**Florence Crittenton Home and Services and
Florence Crittenton Home and Services Foundation**
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
for the year ended June 30, 2018
See Independent Auditor's Report

	HOME			FOUNDATION			ELIMINATIONS	TOTAL
	Without Donor Restrictions	With Donor Restrictions	TOTAL	Without Donor Restrictions	With Donor Restrictions	TOTAL		
SUPPORT AND REVENUE								
Service fees, net of contractuales and bad debts	\$ 12,640	\$ -	\$ 12,640	\$ -	\$ -	\$ -	\$ -	\$ 12,640
Fee for service	73,991	-	73,991	-	-	-	-	73,991
Agency contracts	315,909	-	315,909	-	-	-	-	315,909
Contributions	374,848	287,884	662,732	101,689	5,000	106,689	-	769,421
Grants	75,000	-	75,000	-	-	-	-	75,000
Rental income	-	-	-	-	-	-	-	-
In-kind contributions	162,447	-	162,447	-	-	-	-	162,447
Special events	250,952	-	250,952	-	-	-	-	250,952
Interest and dividend income	241	-	241	2,216	-	2,216	-	2,457
Other income	16,011	-	16,011	6,202	-	6,202	-	22,213
Change in value of split interest agreements and cash surrender values	2,162	-	2,162	-	-	-	-	2,162
Realized and unrealized gains (losses) on investments	-	-	-	(8,164)	-	(8,164)	-	(8,164)
Gain (loss) on asset disposal	801	-	801	-	-	-	-	801
Net assets released from restriction	226,213	(226,213)	-	8,688	(8,688)	-	-	-
Total support and revenue	1,511,215	61,671	1,572,886	110,631	(3,688)	106,943	-	1,679,829
EXPENSES								
Program services	1,019,638	-	1,019,638	39,450	-	39,450	-	1,059,088
Management and general	341,826	-	341,826	59,951	-	59,951	-	401,777
Fundraising	185,529	-	185,529	-	-	-	-	185,529
Total expenses	1,546,993	-	1,546,993	99,401	-	99,401	-	1,646,394
Change in net assets	(35,778)	61,671	25,893	11,230	(3,688)	7,542	-	33,435
Net assets at beginning of year	421,992	47,963	469,955	807,919	205,193	1,013,112	-	1,483,067
Net assets at end of year	\$ 386,214	\$ 109,634	\$ 495,848	\$ 819,149	\$ 201,505	\$1,020,654	\$ -	\$1,516,502