

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

Consolidated Financial Statements

June 30, 2020 and 2019



WIPFLI

Independent Auditor's Report

Board of Trustees

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

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, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, consolidated cash flows, and consolidated 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 Home and Foundation as of June 30, 2020 and 2019, 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 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 24-27 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.

Wipfli LLP

Wipfli LLP

December 23, 2020

Helena, Montana

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

Consolidated Statements of Financial Position

<i>As of June 30,</i>	2020	2019
Assets		
Current assets		
Cash	\$ 364,660	\$ 158,152
Patient and accounts receivable - net	44,377	26,838
Grants receivable	66,120	136,347
Pledges receivable - current	4,380	-
Prepaid expenses and other	5,957	6,067
Total current assets	485,494	327,404
Net property and equipment	737,682	805,761
Other assets		
Investments	490,520	424,345
Cash surrender value of life insurance	70,057	69,130
Total other assets	560,577	493,475
Total assets	\$ 1,783,753	\$ 1,626,640
Liabilities and Net Assets		
Current liabilities		
Accounts payable - trade	\$ 15,018	\$ 25,659
Accrued salaries	45,347	45,202
Accrued payroll taxes	20,289	18,363
Accrued vacation	50,003	42,353
Planned gift liability	1,821	1,575
Deferred revenue - PPP	27,806	-
Total current liabilities	160,284	133,152
Long-term liabilities		
Line of credit	39,606	59,945
Total long-term liabilities	39,606	59,945
Total liabilities	199,890	193,097
Net assets		
Without donor restrictions	1,186,281	1,105,622
With donor restrictions	397,582	327,921
Total net assets	1,583,863	1,433,543
Total liabilities and net assets	\$ 1,783,753	\$ 1,626,640

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

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

Consolidated Statements of Activities and Changes in Net Assets

Year Ended June 30,	2020			2019		
	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	\$ 80,606	\$ -	\$ 80,606	\$ 40,866	\$ -	\$ 40,866
Fee for service	378,062	-	378,062	213,407	-	213,407
Agency contracts	1,296,376	-	1,296,376	805,092	-	805,092
Contributions	142,167	277,042	419,209	233,057	218,444	451,501
In-kind contributions	96,940	-	96,940	110,778	-	110,778
Special events	240,682	-	240,682	228,535	-	228,535
Interest and dividend income	18,077	-	18,077	23,514	-	23,514
Other income	48,223	-	48,223	35,208	-	35,208
Change in value of split interest agreements and cash surrender values	927	-	927	2,389	-	2,389
Realized and unrealized gains (losses) on investments	70,667	-	70,667	(886)	-	(886)
Net assets released from restrictions	207,381	(207,381)	-	201,662	(201,662)	-
Total support and revenue	2,580,108	69,661	2,649,769	1,893,622	16,782	1,910,404
Expenses:						
Program services	1,685,592	-	1,685,592	1,161,712	-	1,161,712
Management and general	661,132	-	661,132	611,600	-	611,600
Fundraising	152,725	-	152,725	220,051	-	220,051
Total expenses	2,499,449	-	2,499,449	1,993,363	-	1,993,363
Change in net assets	80,659	69,661	150,320	(99,741)	16,782	(82,959)
Net assets at beginning of year	1,105,622	327,921	1,433,543	1,205,363	311,139	1,516,502
Net assets at end of year	\$ 1,186,281	\$ 397,582	\$ 1,583,863	\$ 1,105,622	\$ 327,921	\$ 1,433,543

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

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

Consolidated Statements of Cash Flows

<i>Year Ended June 30,</i>	2020	2019
Change in cash:		
Cash flows from operating activities:		
Change in net assets	\$ 150,320	\$ (82,959)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	71,047	66,376
Realized and unrealized (gains) losses	(70,667)	886
Non-cash donation of investments	-	(55,086)
Changes in operating assets and liabilities:		
Patient and accounts receivable	(17,539)	(22,498)
Grants receivable	70,227	(102,470)
Pledges receivable	(4,380)	50
Prepaid expenses	110	(4,214)
Cash surrender value of life insurance	(927)	(2,389)
Accounts payable - trade	(10,641)	(26,968)
Accrued salaries	145	11,722
Accrued payroll taxes	1,926	9,774
Accrued vacation	7,650	5,290
Planned gift liability	246	215
Deferred revenue	27,806	-
Net cash from operating activities	225,323	(202,271)
Cash flows from investing activities:		
Proceeds from sale of investments	198,683	51,218
Payments for purchase of investments	(194,191)	(24,043)
Purchase of property and equipment	(2,968)	(96,296)
Net cash from investing activities	1,524	(69,121)
Cash flows from financing activities:		
Proceeds from line of credit	106,006	59,945
Payments on line of credit	(126,345)	-
Net cash from financing activities	(20,339)	59,945
Net change in cash	206,508	(211,447)
Cash at beginning of year	158,152	369,599
Cash at end of year	\$ 364,660	\$ 158,152
Supplemental cash flow information:		
Non-cash donations of investments	\$ -	\$ 55,086

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

**Florence Crittenton Home and Services and Florence
Crittenton Home and Services Foundation**
Consolidated Statement of Functional Expenses

<i>Years Ended June 30,</i>	2020			
	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 982,234	\$ 392,007	\$ 64,700	\$ 1,438,941
Employee benefits	60,897	30,823	5,088	96,808
Payroll taxes	99,399	32,173	5,385	136,957
Total personnel expenses	1,142,530	455,003	75,173	1,672,706
Professional services	142,863	23,530	1,681	168,074
Equipment	2,328	2,328	-	4,656
Advertising and marketing	8,640	-	855	9,495
Occupancy	38,833	6,853	-	45,686
Printing	7,166	703	6,182	14,051
Postage	3,190	483	1,160	4,833
Maintenance	25,507	2,551	283	28,341
Depreciation	71,047	-	-	71,047
Board	-	742	-	742
Insurance	32,397	3,600	-	35,997
In-kind expenses	22,296	45,562	29,082	96,940
Dues and subscriptions	2,217	8,758	111	11,086
Education and training	16,048	669	-	16,717
Incentives, gifts, rewards	-	1,798	-	1,798
Other	662	-	2,650	3,312
Facilities rent	81,070	14,306	-	95,376
Meals	39	1,933	-	1,972
Supplies	14,013	13,464	-	27,477
Special events	943	63,186	30,178	94,307
Operating	60,693	11,560	-	72,253
Travel	13,110	2,313	-	15,423
Fees	-	1,790	5,370	7,160
Total	\$ 1,685,592	\$ 661,132	\$ 152,725	\$ 2,499,449

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

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

Consolidated Statement of Functional Expenses

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

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization

Florence Crittenton Home and Services (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. There were no equivalents for the years ended June 30, 2020 and 2019.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Patient and 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, 2020 and 2019 and determined that an allowance of five percent was necessary. Bad debt expense of \$659 and \$498 is reflected as an offset to service fees in the years ended June 30, 2020 and 2019, 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, 2020 and 2019.

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 and Florence Crittenton Home and Services Foundation

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 as the donation are reported as without donor restrictions.

Advertising and Promotion

Advertising and promotion costs are charged to operations when incurred. Advertising and promotion expense was \$9,495 and \$20,138 for the years ended June 30, 2020 and 2019, respectively.

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

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, 2020 and 2019. The Home and Foundation's federal and state returns are subject to examination generally for three years after they are filed.

Accounting Standards Update

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.

Change in Accounting Policy

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. The Home applied Topic 606 on a retrospective basis and elected the practical expedient in paragraph FASB ASC 606-10-65-1(f)(1), under which an entity need not restate contracts that begin and are completed within the same annual reporting period. There was no change reported to revenue, net assets, or the change in net assets for either period presented.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Change in Accounting Policy (Continued)

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. The amendments in this update are effective for annual financial statements 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. The Home adopted this guidance as of July 1, 2019, with no effects on its recognition of contributions received.

Revenue Recognition

Fee for Service

Fee for service revenue is reported at the amount that reflects the consideration to which the Home expects to be entitled in exchange for providing patient care. These amounts are due from patients or third-party payors. Generally, the Home bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided. For revenue from services provided to patients of the Home, the performance obligation is satisfied as the patient simultaneously receives and consumes the benefits provided as the patient services are performed. In the case of these services, recognition of the obligation over time yields the same result as recognizing the obligation at a point in time. The Home believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The Home determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors. The Home determines its estimates of contractual adjustments based on contractual agreements and historical experience.

There was no change reported to revenue, net assets, or the change in net assets for either period presented.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of net activities and changes in net assets as net assets released from restrictions. 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.

There was no change reported to revenue, net assets, or the change in net assets for either period presented.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

There was no change reported to revenue, net assets, or the change in net assets for either period presented.

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Risks and Uncertainties

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID 19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the Home and Foundation have started to see adverse impacts of the CV19 Crisis in the form of decreased activity in their programs and increased costs in wages to support the youth during the school closures. The future impact of the CV19 Crisis on the Home and Foundation cannot be reasonably estimated at this time.

Subsequent Events

In accordance with ASC 855, Management has evaluated all subsequent events through December 23, 2020, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements other than noted below.

The Organization received a Paycheck Protection Plan Loan in the amount of \$312,354 that it anticipates, under current guidance, will be fully forgiven. This loan has been treated as a conditional grant to which all conditions have been met for the year ended June 30, 2020. Deferred revenue on the amount that has not been used as of the year ended June 30, 2020 was \$27,806.

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:

	2020	2019
Gross patient service revenue	\$ 156,294	\$ 91,816
Deductions - contractual allowances and bad debt	(75,688)	(50,950)
Patient service revenue - net of contractuals and bad debt	\$ 80,606	\$ 40,866

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

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

Notes to Consolidated Financial Statements

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, 2020 and 2019, and related returns for the years then ended consisted of the following:

	2020		2019	
	Cost	Market	Cost	Market
Common stock	\$ 105,165	\$ 101,028	\$ 29,182	\$ 33,977
Mutual funds	370,382	389,492	361,743	390,368
Total	\$ 475,547	\$ 490,520	\$ 390,925	\$ 424,345

Gross unrealized gains (losses) for the years ended June 30, 2020 and 2019 were \$27,230 and \$(10,905), respectively. Gross realized gains (losses) for the years ended June 30, 2020 and 2019 were \$43,437 and \$10,019, 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.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets 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;

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

Notes to Consolidated Financial Statements

Note 5: Fair Value Measurements (Continued)

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.

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.

Equity Securities - Equity securities with a readily determinable fair value are measured at fair value on a recurring basis. The fair value measurement of equity securities with a readily determinable fair value are based on the quoted price of the security and are considered a Level 1 fair value measurement. Equity securities without a readily determinable fair value are measured at fair value on a nonrecurring basis when transaction prices for identical or similar securities are identified. Fair value measurements on equity securities without a readily determinable fair value are generally considered a Level 2 fair value measurement.

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.

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
2020				
Marketable equity securities	\$ 101,028	\$ -	\$ -	\$ 101,028
Mutual funds	389,492	-	-	389,492
Total investments	\$ 490,520	\$ -	\$ -	\$ 490,520
2019				
Marketable equity securities	\$ 33,977	\$ -	\$ -	\$ 33,977
Mutual funds	390,368	-	-	390,368
Total investments	\$ 424,345	\$ -	\$ -	\$ 424,345

There were no assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2020 and 2019.

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

Notes to Consolidated Financial Statements

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>	2020	2019
Pledges receivable	\$ 4,380	\$ -
Total	\$ 4,380	\$ -

All pledges at June 30, 2020 and 2019 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 \$479,537 of financial assets available within one year of the statement of financial position date consisting of cash of \$364,660, accounts receivable of \$44,377, pledges receivable of \$4,380 and grants receivable of \$66,120. 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. Home and Foundation 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 \$185,000. As more fully described in Note 11, Home and Foundation 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.

Note 8: Property and Equipment

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

<i>As of June 30,</i>	2020	2019
Land and land improvements	\$ 62,561	\$ 62,561
Buildings and building improvements	1,748,938	1,748,938
Vehicles	106,900	106,900
Computer equipment and software	1,758	1,758
Furniture and office equipment	166,753	163,786
	2,086,910	2,083,943
Accumulated depreciation and amortization	(1,349,228)	(1,278,182)
Net property and equipment	\$ 737,682	\$ 805,761

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

Notes to Consolidated Financial Statements

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>As of June 30</i>	2020	2019
Estimated beginning present value of liability	\$ 1,575	\$ 1,360
Gain on investments	246	215
Estimated ending present value of liability	\$ 1,821	\$ 1,575

The Home has a leased space used for community services that 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, 2021.

The Home has leased office space that was initiated on February 7, 2019 and was extended through April 1, 2021. Rental payments are \$4,200 per month. This lease has an option to renew for an additional term.

Note 10: 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, 2021. The line of credit is collateralized by all machinery, equipment, furniture, fixtures, receivables and inventory. The line of credit had balances of \$39,606 and \$59,945 as of June 30, 2020 and 2019, respectively.

Note 11: 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>As of June 30</i>	2020	2019
Housing	\$ 15,319	\$ 15,922
Support programs	16,370	36,143
Other temporarily restricted funds	164,388	74,351
Total temporarily restricted	\$ 196,077	\$ 126,416

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

Notes to Consolidated Financial Statements

Note 11: Net Assets With Donor Restrictions (Continued)

Assets released from restriction due to fulfillment of donor-imposed stipulations during the years ending June 30, 2020 and 2019 include:

<i>Years Ended June 30</i>	2020	2019
Housing	\$ 603	\$ 973
Support programs	125,978	33,558
Trust funds	2,759	17,241
Other temporarily restricted funds	78,041	149,890
Total assets released from restriction	\$ 207,381	\$ 201,662

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, 2020 and 2019, respectively. The earnings on these funds are to be used for the operations of the organization.

Note 12: 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 \$7,494 and \$10,114 for the years ended June 30, 2020 and 2019, respectively.

Note 13: Related Parties

During the years ended June 30, 2020 and 2019, the Home incurred rent to the Foundation for the use of the building in the amount of \$75,000, which was forgiven in full as an in-kind donation from the Foundation in both 2020 and 2019. 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, 2020 and 2019, the Foundation had no transferred funds to the Home for its adoption trust fund.

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

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

Notes to Consolidated Financial Statements

Note 14: 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 are 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.

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, 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
Investment return:			
Investment income	17,708	-	17,708
Total investment return	17,708	-	17,708
Appropriation for expenditure	(17,708)	-	(17,708)
Endowment net assets, June 30, 2020	\$ -	\$ 201,505	\$ 201,505

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.

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

Notes to Consolidated Financial Statements

Note 14: Endowment Funds (Continued)

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 15: 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 11% and 5% of the total revenues and support of the Home and Foundation for the years ending June 30, 2020 and 2019, respectively. The related receivable amounts for the main contract were 74% and 8% of the total accounts receivable for the years ended June 30, 2020 and 2019, respectively. The contract may be terminated at any time upon the written notice of either party.

Note 16: PPP Loan - Analogizing to IAS 20

The Home applied for and received a loan of \$312,354 on April 10, 2020 pursuant to the Paycheck Protection Program, administered by the Small Business Administration (SBA). If the proceeds are used to pay for qualifying expenses and certain other criteria are met, the SBA may forgive all or a portion of the loan. The Home expects all amounts received under PPP to qualify for 100% forgiveness and views the PPP proceeds as a grant rather than a loan by analogizing to guidance in IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*. As a result, the Home has recorded PPP proceeds of \$312,354 as grant income to match the related expenses incurred during the current period. A \$27,806 amount remains on the accompanying statement of financial position as deferred revenue - PPP as of June 30, 2020.

The Home will be applying for forgiveness with its lender subsequent to June 30, 2020. Should any amounts of the PPP proceeds not be forgiven, the amounts will become payable upon the terms of required monthly payments of \$17,491 begin March 2021 until maturity of August 2022 which bears interest at 1%.

Supplementary Information

**Florence Crittenton Home and Services and
Florence Crittenton Home and Services Foundation**
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
As of June 30, 2020

See Independent Auditor's Report

	ASSETS			2020 TOTAL
	CONSOLIDATING INFORMATION			
	HOME	FOUNDATION	ELIMINATIONS	
CURRENT ASSETS				
Cash	\$ 329,647	\$ 35,013	\$ -	\$ 364,660
Patient and accounts receivable - net	180,771	-	(136,394)	44,377
Grants receivable	66,120	-	-	66,120
Pledges receivable	4,380	-	-	4,380
Prepaid expenses and other	5,957	-	-	5,957
Total current assets	586,875	35,013	(136,394)	485,494
Net property and equipment	79,210	658,472	-	737,682
OTHER ASSETS				
Investments	-	490,520	-	490,520
Cash surrender value of life insurance	70,057	-	-	70,057
Total other assets	70,057	490,520	-	560,577
TOTAL ASSETS	\$ 736,142	\$ 1,184,005	\$ (136,394)	\$ 1,783,753
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable - trade	\$ 15,018	\$ 136,394	\$ (136,394)	\$ 15,018
Accrued salaries	45,347	-	-	45,347
Accrued payroll taxes	20,289	-	-	20,289
Accrued vacation	50,003	-	-	50,003
Planned gift liability	-	1,821	-	1,821
Deferred revenue - PPP	27,806	-	-	27,806
Total current liabilities	158,463	138,215	(136,394)	160,284
LONG-TERM LIABILITIES				
Line of credit	39,606	-	-	39,606
Total long-term liabilities	39,606	-	-	39,606
TOTAL LIABILITIES	198,069	138,215	(136,394)	199,890
NET ASSETS				
Without donor restrictions	341,996	844,285	-	1,186,281
With donor restrictions	196,077	201,505	-	397,582
Total net assets	538,073	1,045,790	-	1,583,863
TOTAL LIABILITIES AND NET ASSETS	\$ 736,142	\$ 1,184,005	\$ (136,394)	\$ 1,783,753

**Florence Crittenton Home and Services and
Florence Crittenton Home and Services Foundation**
CONSOLIDATING STATEMENT 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
Patient and accounts receivable - net	155,238	-	(128,400)	26,838
Grants receivable	136,347	-	-	136,347
Pledges receivable	-	-	-	-
Prepaid expenses and other	6,067	-	-	6,067
Total current assets	411,688	44,116	(128,400)	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	\$ 584,980	\$ 1,170,060	\$ (128,400)	\$ 1,626,640
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable - trade	\$ 24,393	\$ 129,666	\$ (128,400)	\$ 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	131,241	(128,400)	133,152
TOTAL LIABILITIES	130,311	131,241	(128,400)	133,152
LONG-TERM LIABILITIES				
Line of credit	59,945	-	-	59,945
Total long-term liabilities	59,945	-	-	59,945
TOTAL LIABILITIES	190,256	131,241	(128,400)	193,097
NET ASSETS				
Without donor restrictions	268,308	837,314	-	1,105,622
With donor restrictions	126,416	201,505	-	327,921
Total net assets	394,724	1,038,819	-	1,433,543
TOTAL LIABILITIES AND NET ASSETS	\$ 584,980	\$ 1,170,060	\$ (128,400)	\$ 1,626,640

**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, 2020
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 contractals and bad debts	\$ 80,606	\$ -	\$ 80,606	\$ -	\$ -	\$ -	\$ -	\$ 80,606
Fee for service	378,062	-	378,062	-	-	-	-	378,062
Agency contracts	1,296,376	-	1,296,376	-	-	-	-	1,296,376
Contributions	142,167	277,042	419,209	-	-	-	-	419,209
In-kind contributions	96,940	-	96,940	-	-	-	-	96,940
Special events	240,682	-	240,682	-	-	-	-	240,682
Interest and dividend income	13	-	13	18,064	-	18,064	-	18,077
Other income	41,957	-	41,957	6,266	-	6,266	-	48,223
Change in value of split interest agreements and cash surrender values	927	-	927	-	-	-	-	927
Realized and unrealized gains (losses) on investments	31,713	-	31,713	38,954	-	38,954	-	70,667
Net assets released from restriction	207,381	(207,381)	-	-	-	-	-	-
Total support and revenue	2,516,824	69,661	2,586,485	63,284	-	63,284	-	2,649,769
EXPENSES								
Program services	1,639,497	-	1,639,497	46,095	-	46,095	-	1,685,592
Management and general	650,914	-	650,914	10,218	-	10,218	-	661,132
Fundraising	152,725	-	152,725	-	-	-	-	152,725
Total expenses	2,443,136	-	2,443,136	56,313	-	56,313	-	2,499,449
Change in net assets	73,688	69,661	143,349	6,971	-	6,971	-	150,320
Net assets at beginning of year	268,308	126,416	394,724	837,314	201,505	1,038,819	-	1,433,543
Net assets at end of year	\$ 341,996	\$ 196,077	\$ 538,073	\$ 844,285	\$ 201,505	\$1,045,790	\$ -	\$1,583,863

**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 contractals 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
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)
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	583,474	-	583,474	28,126	-	28,126	-	611,600
Fundraising	220,051	-	220,051	-	-	-	-	220,051
Total expenses	1,924,067	-	1,924,067	69,296	-	69,296	-	1,993,363
Change in net assets	(117,907)	16,782	(101,125)	18,166	-	18,166	-	(82,959)
Net assets at beginning of year	386,215	109,634	495,849	819,148	201,505	1,020,653	-	1,516,502
Net assets at end of year	\$ 268,308	\$ 126,416	\$ 394,724	\$ 837,314	\$ 201,505	\$1,038,819	\$ -	\$1,433,543