Combined Financial Statements and Report of
Independent Certified Public Accountants

Eden Autism Services Foundation, Inc. and Affiliate

June 30, 2016 and 2015

Contents

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Report of Independent Certified Public Accountants

To the Board of Trustees
Eden Autism Services Foundation, Inc.

Report on the financial statements

We have audited the accompanying combined financial statements of Eden Autism Services Foundation, Inc. and Affiliate (the "Organization"), which comprise the combined statements of financial position as of June 30, 2016 and 2015, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's responsibility for the financial statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Eden Autism Services Foundation, Inc. and Affiliate as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Philadelphia, Pennsylvania

December 12, 2016

Eden Autism Services Foundation, Inc. and Affiliate

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30,

	2016	2015
ASSETS		
Cash and cash equivalents	$ 2,031,803	$ 1,310,610
Restricted cash	512,292	510,149
Investments	4,355,232	4,045,090
Accounts and note receivable, net	1,174,213	1,114,491
Grants receivable	266,042	149,884
Contributions and trust receivables	660,607	825,879
Prepaid expenses and other assets	141,614	255,660
Deferred financing costs, net	557,577	580,809
Property and equipment, net	18,261,269	18,631,270
TOTAL ASSETS	$ 27,960,649	$ 27,423,842
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 527,003	$ 662,184
Accrued expenses	842,447	1,296,712
Notes payable	4,061,792	4,281,075
Bonds payable	11,425,150	11,714,997
Refundable advances	422,001	436,454
Deferred revenue	50,168	152,363
Total liabilities	17,328,561	18,543,785
NET ASSETS		
Unrestricted	1,354,415	2,093,645
Temporarily restricted	6,783,654	4,416,373
Permanently restricted	2,494,019	2,370,039
Total net assets	10,632,088	8,880,057
TOTAL LIABILITIES AND NET ASSETS	$ 27,960,649	$ 27,423,842

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

Eden Autism Services Foundation, Inc. and Affiliate

COMBINED STATEMENT OF ACTIVITIES

For the year ended June 30, 2016

(With summarized information for the year ended June 30, 2015)

	Unrestricted	Temporarily restricted	Permanently restricted	2016	2015
SUPPORT AND OTHER REVENUES					
Medicaid	$ 166,775	$ -	$ -	$ 166,775	$ -
Contributions	989,353	2,565,361	123,980	3,678,694	1,395,282
Grants	12,135,372	-	-	12,135,372	11,832,887
Tuition and client fees	1,482,944	7,134,680	-	8,617,624	8,477,549
Other fees and program services	277,199	-	-	277,199	280,768
Rental income	57,606	-	-	57,606	137,320
Investment gain	2,207	26,435	-	28,642	58,341
Gain on sale of assets	634,518	-	-	634,518	148,734
Other revenues	10,226	-	-	10,226	27,007
Other adjustment	-	-	-	-	(61,864)
Net assets released from restrictions	7,359,195	(7,359,195)	-	-	-
Total support and other revenues	23,115,395	2,367,281	123,980	25,606,656	22,296,024
EXPENSES					
Salaries	13,733,625	-	-	13,733,625	12,998,048
Payroll taxes	1,128,099	-	-	1,128,099	1,058,732
Employee benefits	2,393,750	-	-	2,393,750	2,392,296
Respite aid to families	135,604	-	-	135,604	210,676
Facility costs	1,644,416	-	-	1,644,416	1,499,241
Food and clothing	387,428	-	-	387,428	380,071
Program expense	306,548	-	-	306,548	307,263
Materials and supplies	286,344	-	-	286,344	245,674
Insurance	190,513	-	-	190,513	212,662
Computer software	27,773	-	-	27,773	13,078
Consulting and professional	506,012	-	-	506,012	407,598
Public relations and advertising	126,522	-	-	126,522	145,813
Telephone and communications	359,740	-	-	359,740	270,717
Vehicle and transportation costs	553,536	-	-	553,536	525,050
Travel	135,448	-	-	135,448	153,549
Depreciation and amortization	744,819	-	-	744,819	790,926
Special projects and events	288,689	-	-	288,689	210,938
Interest	483,478	-	-	483,478	490,101
Endowment and planned giving	44,193	-	-	44,193	27,118
Donations	49,179	-	-	49,179	223,303
Bad debt expense	(4,003)	-	-	(4,003)	21,410
Other	332,912	-	-	332,912	421,530
Total expenses	23,854,625	-	-	23,854,625	23,005,794
CHANGE IN NET ASSETS	(739,230)	2,367,281	123,980	1,752,031	(709,770)
NET ASSETS AT BEGINNING OF YEAR	2,093,645	4,416,373	2,370,039	8,880,057	9,589,827
NET ASSETS AT END OF YEAR	$ 1,354,415	$ 6,783,654	$ 2,494,019	$ 10,632,088	$ 8,880,057

The accompanying notes are an integral part of this combined financial statement.

Eden Autism Services Foundation, Inc. and Affiliate

COMBINED STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

	Unrestricted	Temporarily restricted	Permanently restricted	2015
SUPPORT AND OTHER REVENUES				
Contributions	$ 928,497	$ 386,776	$ 80,009	$ 1,395,282
Grants	11,832,887	-	-	11,832,887
Tuition and client fees	1,629,247	6,848,302	-	8,477,549
Other fees and program services	280,768	-	-	280,768
Rental income	137,320	-	-	137,320
Investment gain	33,727	24,614	-	58,341
Other revenues	175,741	-	-	175,741
Other adjustment	-	(61,864)	-	(61,864)
Net assets released from restrictions	7,155,709	(7,155,709)	-	-
Total support and other revenues	22,173,896	42,119	80,009	22,296,024
EXPENSES				
Salaries	12,998,048	-	-	12,998,048
Payroll taxes	1,058,732	-	-	1,058,732
Employee benefits	2,392,296	-	-	2,392,296
Respite aid to families	210,676	-	-	210,676
Facility costs	1,499,241	-	-	1,499,241
Program expense	307,263	-	-	307,263
Food and clothing	380,071	-	-	380,071
Materials and supplies	245,674	-	-	245,674
Computer software	13,078	-	-	13,078
Public relations and advertising	145,813	-	-	145,813
Vehicle and transportation costs	525,050	-	-	525,050
Travel	153,549	-	-	153,549
Telephone and communications	270,717	-	-	270,717
Insurance	212,662	-	-	212,662
Special projects and events	210,938	-	-	210,938
Interest	490,101	-	-	490,101
Depreciation and amortization	790,926	-	-	790,926
Consulting and professional	407,598	-	-	407,598
Endowment and planned giving	27,118	-	-	27,118
Donations	223,303	-	-	223,303
Bad debt expense	21,410	-	-	21,410
Other	421,530	-	-	421,530
Total expenses	23,005,794	-	-	23,005,794
CHANGE IN NET ASSETS	(831,898)	42,119	80,009	(709,770)
NET ASSETS AT BEGINNING OF YEAR	2,925,543	4,374,254	2,290,030	9,589,827
NET ASSETS AT END OF YEAR	$ 2,093,645	$ 4,416,373	$ 2,370,039	$ 8,880,057

The accompanying notes are an integral part of this combined financial statement.

COMBINED STATEMENTS OF CASH FLOWS

For the year ended June 30,

	2016	2015
OPERATING ACTIVITIES		
Change in net assets	$ 1,752,031	$ (709,770)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	721,587	767,694
Amortization of deferred financing fees	23,232	23,232
Provision for bad debt	(4,003)	21,410
Gain on disposition of property and equipment	(634,518)	(148,734)
Unrealized/realized loss on investments	44,867	18,514
Contributions restricted for long-term purposes	(123,980)	(80,009)
Changes in operating assets and liabilities:		
Restricted cash	(2,143)	(3,175)
Accounts and notes receivable	(57,219)	(402,101)
Contributions and trust receivables	166,772	304,741
Prepaid expenses and other assets	114,046	(22,917)
Grants receivable	(116,158)	(111,203)
Accounts payable and accrued expenses	(589,446)	415,111
Deferred revenues	(102,195)	(128,917)
Refundable advances	(14,453)	304,983
Net cash provided by operating activities	1,178,420	248,859
INVESTING ACTIVITIES		
Net purchases/proceeds of investments	(355,009)	(554,561)
Sale of property and equipment	1,829,324	224,727
Purchases of property and equipment	(1,546,392)	(236,319)
Net cash used in investing activities	(72,077)	(566,153)
FINANCING ACTIVITIES		
New notes payable	240,000	-
Repayment of notes and bonds payable	(749,130)	(307,724)
Contributions restricted for long-term purposes	123,980	80,009
Net cash used in financing activities	(385,150)	(227,715)
NET INCREASE (DECREASE) IN CASH	721,193	(545,009)
Cash and cash equivalents at beginning of year	1,310,610	1,855,619
Cash and cash equivalents at end of year	$ 2,031,803	$ 1,310,610
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 483,478	$ 490,101

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Organization

Eden Autism Services Foundation, Inc. (the "Foundation") is a nonprofit supporting organization. The principal function of the Foundation is to raise funds which are to be used to support the affiliate organization. The affiliate, Eden Autism Services, Inc. ("Eden"), is a nonprofit organization that provides education for autistic or autistic-like language and behavioral disordered individuals, provides and maintains residential care facilities for individuals with autism located primarily in the State of New Jersey, and provides training and development of practice skills to individuals with autism. Eden was approved by the Department of Education, State of New Jersey (the "DOE") to service students classified as autistic from various public school districts.

The Foundation is related to Eden and shares the same management team. Additionally, the same individuals serve on the Foundation and Eden's Board of Trustees. The financial statements of Eden Autism Services Foundation, Inc. and Affiliate (the "Organization") represent the combined financial position and activities of the Foundation and Eden. All significant intercompany accounts and transactions have been eliminated in combination.

2. Basis of Accounting

The combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

3. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions:

- Unrestricted net assets - net assets not subject to donor-imposed stipulations.

- Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or by the passage of time.

- Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or donor-specified purposes.

4. Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. The Organization maintains cash balances which may exceed federally insured limits. It historically has not experienced any credit-related losses.

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the combined statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined statements of activities. Interest and dividend income is recognized when earned. The Organization values investments using quoted market prices in active markets for identical investments to the extent possible (Level 1). To the extent that such market prices are not available, the Organization values such investments using observable measurement criteria, including quoted market prices of similar investments in active markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Organization will develop measurement criteria based on the best information available (Level 3).

6. Contributions Receivable and Revenue

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable values. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present values of their net realizable values, using risk-adjusted interest rates (approximately 7.5%) applicable to the years in which the promises are received to discount the amounts. Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the periods received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, and are recorded at their fair values in the periods received.

Donations of property and equipment are recorded as contributions at their estimated fair values at the dates of donation. Such donations are reported as increases in unrestricted net assets, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their uses and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Organization considers all amounts receivable to be fully collectible; accordingly, no allowances for uncollectible amounts are required.

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Tuition

Tuition for public school students in the State of New Jersey is billed to their respective school districts based upon a tentative public school placement tuition rate determined by the DOE. The billing is then adjusted at year end when the actual tuition rate is determined based upon actual allowable costs plus provision for working capital needs. Tuition for school students outside the State of New Jersey is billed and recognized as unrestricted support based upon agreed-upon rates and is not adjusted based upon actual expenditures. Income received from program fees and services is deferred and recognized when the related program services are provided. State grant awards are classified as refundable advances until expended for the purpose of the grants.

8. Accounts and Grants Receivable

For accounts receivable, the change in net assets is charged with an allowance for estimated uncollectible accounts based on past experience and an analysis of current accounts receivable collectability. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. At June 30, 2016 and 2015, the Organization recorded an allowance for doubtful accounts of $19,677 and $46,448, respectively. Additionally, the Organization considers all grants receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is required.

9. Deferred Financing Costs

Bond issue costs are being amortized over the life of the bonds.

10. Property and Equipment

Buildings and improvements, equipment, vehicles and leasehold improvements costing $2,000 or more are capitalized and are depreciated or amortized on a straight-line basis, based upon an estimated useful life of 5 to 35 years for buildings and improvements and 3 to 7 years for equipment and vehicles. Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

Land and buildings acquired by grants or contracts are considered owned by the Organization while used in the program for which they were purchased or in other future authorized programs; however, the grantors have reversionary interests in certain land and buildings. Disposition of these assets, as well as ownership of any proceeds therefrom, is subject to certain regulation.

11. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of revenue, expenses, assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Income Taxes

The Foundation and Eden have received determination letters from the Internal Revenue Service concluding that they are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation and Eden have been classified as organizations that are not private foundations under Section 509(a)(2) of the Internal Revenue Code and qualify for deductible contributions as provided in Section 170(b)(1)(A).

The Organization accounts for uncertainty in income taxes recognized in the combined financial statements using a recognition threshold of more likely than not as to whether the uncertainty will be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined there were no tax uncertainties that met the recognition threshold. The Organization's federal exempt organization returns are no longer subject to examination by the Internal Revenue Service for years prior to 2013.

13. Financial Dependency

The Organization receives funding from the State of New Jersey and is economically dependent on these grant, tuition and client fee awards to carry on its operations. The State of New Jersey has approved the continuing grant awards for the year ending June 30, 2017. Additionally, the Organization will become economically dependent on Medicaid funding for Adult Services during the year ending June 30, 2017.

14. Subsequent Events

Management has evaluated subsequent events that occurred after the combined statement of financial position date, but before December 12, 2016, the date the combined financial statements were available to be issued.

NOTE B - FAIR VALUE AND INVESTMENTS

Investments carried at fair value as of June 30, 2016 and 2015, by valuation hierarchy, are as follows:

	2016		
Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money markets	$ 349,746	$ -	$ -
Mutual funds	2,302,576	-	-
Bond funds	1,403,745	-	-
Other mutual fund	299,165	-	-
	$ 4,355,232	$ -	$ -

(Continued)

NOTE B - FAIR VALUE AND INVESTMENTS - Continued

Description	2015 Quoted Prices in Active Markets (Level 1)	2015 Significant Other Observable Inputs (Level 2)	2015 Significant Unobservable Inputs (Level 3)
Money markets	$ 82,352	$ -	$ -
Mutual funds	2,265,522	-	-
Bond funds	1,411,526	-	-
Other mutual fund	285,690	-	-
	$ 4,045,090	$ -	$ -

The following table summarizes the total investment return and its classification in the combined statements of activities for the years ended June 30, 2016 and 2015:

	2016	2015
Investment returns:		
Interest and dividends	$ 73,509	$ 76,855
Realized and unrealized losses	(44,867)	(18,514)
Total investment return	$ 28,642	$ 58,341

NOTE C - CONTRIBUTIONS AND TRUST RECEIVABLES

Contributions and trust receivables consist of the following at June 30, 2016:

Due in one year or less	$ 272,897
Due 1-5 years	232,036
Charitable lead annuity trust	394,108
Total contributions receivable	899,041
Less: discount to net present value	(238,434)
Total	$ 660,607

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2016 and 2015:

	2016	2015
Land	$ 2,478,838	$ 3,249,860
Building and improvements	19,137,876	20,969,559
Equipment and vehicles	1,302,639	1,251,853
Furniture and fixtures	804,284	804,284
Construction in progress	535,372	70,309
Subtotal	24,259,009	26,345,865
Accumulated depreciation and amortization	(5,997,740)	(7,714,595)
Property and equipment, net	$ 18,261,269	$ 18,631,270

Depreciation expense was $721,587 and $767,694, respectively, for the years ended June 30, 2016 and 2015.

NOTE E - RESTRICTIONS ON NET ASSETS

1. Temporarily Restricted Net Assets

The Foundation is the beneficiary of a charitable lead annuity trust agreement entered into during the fiscal year ended June 30, 2008. The terms of the trust agreement are such that the Foundation will be paid $35,828 annually for a period of twenty years, representing an undiscounted receivable of $394,108 and $429,936, respectively, as of June 30, 2016 and 2015.

Temporarily restricted net assets are available for the following purposes at June 30, 2016 and 2015:

	2016	2015
Charitable lead annuity trust	$ 243,608	$ 255,305
Private School for Students with Disabilities working capital	1,054,872	952,670
Purpose and time restrictions	5,485,174	3,208,398
Total	$ 6,783,654	$ 4,416,373

2. Permanently Restricted Net Assets

Permanently restricted net assets are endowment funds restricted in perpetuity to continue the purpose of the Organization. Income generated by these assets can be used for operating activities.

NOTE F - ENDOWMENT POLICY

Over the past several years, the Organization has received contributions to establish endowment funds. Earnings, such as interest and dividends from the endowment are expendable but restricted in use to support programs. The change in market value of the invested funds is charged to temporarily restricted net assets.

1. Endowment Description and Interpretation of Relevant Law

The endowments may consist of domestic equity, international equity, fixed income and cash equivalents. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. In June 2009, the State of New Jersey enacted a version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") which replaced the prior Uniform Management of Institutional Funds Act ("UMIFA"). During 2010, the Board of Trustees (the "Board") interpreted the new act as allowing the Organization the powers to manage and invest the funds in good faith and with the care an ordinarily prudent person, in a like position, would exercise under similar circumstances. As a result of this interpretation, the Organization has not changed the way permanently restricted net assets are classified. The original value of all gifts donated to the endowment fund will be classified as permanently restricted net assets, with endowment earnings classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

2. Endowment Spending Policy

At this time, earnings are reinvested within the respective endowment; however, such earnings are reflected within temporarily restricted net assets for financial reporting purposes. A spending policy was adopted on November 20, 2012 which provided for a 2% spend on the three-year average market value of the endowment, subject to annual budgetary approval. Once the endowment reaches $5 million, the spend percentage will increase to 4.5%. For the years ended June 30, 2016 and 2015, no amounts were appropriated or spent on program support as a result of this endowment spending policy.

3. Endowment Investment Policies

The Organization adopted an investment policy on September 11, 2006, as revised and approved on November 20, 2012, that establishes the criteria for matching long-term objectives to an appropriate investment plan. It provides a frame of reference that will help keep it focused on long-term objectives. This focus is especially valuable during periods of market volatility when there may be a tendency to focus on short-term factors. It establishes the criteria against which progress can be measured. An Investment Sub-Committee under the Finance Committee is in the process of reviewing and updating this policy.

(Continued)

NOTE F - ENDOWMENT POLICY - Continued

Under the provisions of the UPMIFA accounting guidance, losses in the market value of donor-restricted endowment funds are required to be offset by reductions in temporarily restricted net assets or unrestricted net assets, or both. The permanently restricted net assets of such endowment funds should always equal their historic dollar value. An endowment fund that has become "underwater" will therefore result in decreases in temporarily restricted or unrestricted net assets, despite the absence of any legal obligation to restore the endowment fund for such losses. Unrestricted net assets that have been reduced because of this requirement will be restored from future gains from the endowment. Endowment activity for the years ended June 30, 2016 and 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2014	$ -	$ 726,074	$ 2,290,030	$ 3,016,104
Investment return:				
Investment income	-	57,811	-	57,811
Net depreciation	-	(33,300)	-	(33,300)
Total investment return	-	24,511	-	24,511
Contributions	-	-	80,009	80,009
Less broker fees	-	(18,112)	-	(18,112)
Endowment net assets, June 30, 2015	-	732,473	2,370,039	3,102,512
Investment return:				
Investment income	-	53,943	-	53,943
Net depreciation	-	(27,508)	-	(27,508)
Total investment return	-	26,435	-	26,435
Contributions	-	-	123,980	123,980
Less broker fees	-	(17,506)	-	(17,506)
Endowment net assets, June 30, 2016	$ -	$ 741,402	$ 2,494,019	$ 3,235,421

NOTE G - NOTES PAYABLE

The note payable collateralized by property owned in Naples, Florida was paid in full on May 31, 2016 from the proceeds of the sale of that property.

Notes payable also includes three mortgages collateralized by two properties located in New Jersey. One mortgage has monthly payments of $1,675 through September 2023, with a balloon payment $216,135 in October 2023, and an interest rate of 4.74%. The second mortgage has monthly payments of $1,262 through September 2023, with a balloon payment of $162,841 in October 2023, and an interest rate of 4.74%. The third mortgage has annual payments of $5,000 for ten years; after which the remaining balance of $190,000 will be forgiven.

Total maturities of these notes payable as of June 30, 2016 are as follows:

Year ending June 30,		
2017	$	17,761
2018		18,379
2019		19,028
2020		19,708
2021		20,420
Thereafter		627,086
Total	$	722,382

Additionally, in the event that any of the residential facilities cease to function as residential care facilities, the Organization will be liable to the State of New Jersey, Department of Human Services, for grants made to purchase land, buildings and equipment, and the return of such property or proceeds therefrom would revert to the State of New Jersey. Amounts due to the State of New Jersey pursuant to various capital funding agreements with the State of New Jersey in the amount of $3,339,410 have been reflected as a component of notes payable to the State of New Jersey in the combined statements of financial position at June 30, 2016 and 2015.

NOTE H - LINE OF CREDIT FACILITY

In August 2009, the Organization entered into a revolving line of credit facility with a bank for a total availability of $600,000, which was subsequently increased to $1,500,000 through an amended loan agreement in December 2009. Interest is charged at the option of the Foundation at either: a) LIBOR plus 1.25%, or b) the base rate, which is defined as the greater of prime or the daily LIBOR rate plus 1.25%. The effective interest rates at June 30, 2016 and 2015 were 1.65% and 1.36%, respectively, based on the LIBOR plus option. The line of credit is secured by certain property of the Foundation.

NOTE I - BONDS PAYABLE

In July 2010, the Foundation issued, with a guarantee from the Trustees of Princeton University, tax exempt bonds by the New Jersey Economic Development Authority in the amount of $12,000,000 for the construction of a new school building in the Princeton Forrestal Village. The bond indenture and guarantee agreement with Princeton University contains certain financial and other covenants. These bonds will mature on the dates and in the amounts and bear interest at the rates set forth in the agreement, which specifies interest rates and terms based on each bond Committee on Uniform Securities Identification Procedures ("CUSIP"). Interest rates vary between 1.300% and 4.125%, with maturities in the calendar years 2014 through 2040. Interest on the bonds is payable semi-annually.

Sinking fund or principal payment requirements are as follows as of June 30, 2016:

Fiscal year	
2017	$ 305,000
2018	310,000
2019	320,000
2020	330,000
2021	335,000
Thereafter	9,825,150
Total	$ 11,425,150

NOTE J - RETIREMENT PLAN

The Organization provides a defined contribution retirement plan (the "Plan") covering substantially all employees under arrangements with Principal Financial Group; this plan provides for the purchase of investments for employees. The Plan was established in July 1, 1983, as amended January 1, 2009, and is a qualified plan under and in conformity with the Employee Retirement Income Security Act of 1974 and its successor legislations. An employee becomes eligible for the Plan after completing one year of service of at least 1,000 hours and attaining age 21. Plan matching contributions are based on a discretionary match. For the years ended June 30, 2016 and 2015, the Organization made contributions to the Plan of $134,267 and $208,374, respectively.

NOTE K - CONCENTRATION OF RISK

The Organization received approximately 33% of its total support and revenues from New Jersey Public School districts for the years ended June 30, 2016 and 2015. Tuition revenue is subject to financial and compliance requirements and possible audits by the Department of Education. The Organization also received approximately 56% of its total support and revenues through grants from the State of New Jersey for the years ended June 30, 2016 and 2015.

The Organization maintains cash and investment balances that may exceed federally insured limits, but historically has not experienced any credit-related losses.

NOTE L - CONTINGENCIES

The Organization receives financial assistance from the State of New Jersey in the form of grants. Entitlement to these resources is conditional upon compliance with the terms and conditions of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Additionally, the Organization is subject to audits by the DOE for tuition and fees generated from public school students in the State of New Jersey. Entitlement to public school revenues in the State of New Jersey is based upon compliance with various mandates of the DOE, including allowable cost and maintenance of various records. As of June 30, 2016 and 2015, management estimates that no liability will result from such audits.

The Organization is a party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect the Organization's financial position.

NOTE M - REVOCABLE CHARITABLE REMAINDER TRUST

The Foundation is the revocable beneficiary of a charitable remainder trust agreement that consists of an estimated value of trust assets of $1,000,000 to be received by the Foundation after the death of the donor and a beneficiary. In the event total assets of such trust are less than $1,000,000, the Foundation will receive 50% of the value of the trust assets at such time. No amounts have been reflected in the accompanying combined financial statements.

NOTE N - FUNCTIONAL EXPENSES

Expenses by functional category for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Program services	$ 18,920,219	$ 18,252,979
Management, general and fundraising	4,934,406	4,752,815
Total	$ 23,854,625	$ 23,005,794