Combined Financial Statements and Independent Auditors' Report

Eden Autism Services Foundation, Inc. and Affiliate

June 30, 2019 and 2018

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Independent Auditors' Report

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

Report on the Combined 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, 2019 and 2018, the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

Independent Auditors' Report (Continued)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

December 13, 2019

Eden Autism Services Foundation, Inc. and Affiliate

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

EXPENSES	Program	Management & General	Fundraising	Total
Salaries and wages	$16,851,497	$2,097,064	$273,489	$19,222,050
Payroll taxes	1,327,948	154,860	21,516	1,504,324
Employee benefits	2,691,838	394,883	50,208	3,136,929
Consultants and professional fees	450,844	245,878	42,424	739,146
Materials and supplies	1,002,898	30,465	23,181	1,056,544
Facilities	1,402,671	178,786	57,707	1,639,164
Depreciation and amortization	649,249	2,765	313	652,327
Bond and debt interest	470,905	-	-	470,905
Transportation	797,688	10,882	301	808,871
Information technology	563,749	265,756	49,522	879,027
Travel and employee services	185,054	81,343	6,752	273,149
Specific assistance to participants	239,559	-	-	239,559
Marketing	41,343	85,921	14,382	141,646
Special event expense	-	-	286,604	286,604
Donations	100,623	-	-	100,623
Total	**$26,775,866**	**$3,548,603**	**$826,399**	**$31,150,868**

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

Eden Autism Services Foundation, Inc. and Affiliate

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

EXPENSES	Program	Management & General	Fundraising	Total
Salaries and wages	$13,535,551	$1,780,874	$304,494	$15,620,919
Payroll taxes	1,078,960	126,579	28,572	1,234,111
Employee benefits	2,426,005	295,151	42,182	2,763,338
Consultants and professional fees	350,837	229,605	80,841	661,283
Materials and supplies	844,677	30,088	19,404	894,169
Facilities	1,475,328	183,689	57,707	1,716,724
Depreciation and amortization	658,313	2,304	313	660,930
Bond and debt interest	479,603	-	-	479,603
Transportation	638,414	7,356	67	645,837
Information technology	518,443	132,182	38,020	688,645
Travel and employee services	193,919	70,585	6,445	270,949
Specific assistance to participants	214,843	-	-	214,843
Marketing	20,202	86,024	30,634	136,860
Special event expense	-	-	286,684	286,684
Donations	155,374	-	-	155,374
Total	**$22,590,469**	**$2,944,437**	**$895,363**	**$26,430,269**

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

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Organization

Eden Autism Services Foundation, Inc. (the "Foundation"), formerly Eden Institute Foundation, Inc., is a nonprofit organization whose principal function is to raise funds to support the affiliate organization. The affiliate, Eden Autism Services, Inc. ("Eden"), is a nonprofit organization that provides education and services to individuals living with autism and behavioral disorders, provides Day Program Services and maintains residential care facilities for individuals living with autism located primarily in the State of New Jersey, and also provides training and development of practical 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, as detailed below, have been eliminated in combination.

The Foundation leases facilities and equipment to Eden under various lease agreements. Rent incurred by Eden and paid to the Foundation under these lease agreements totaled $872,904 and $1,024,656 for the years ended June 30, 2019 and 2018, respectively. During the year ended June 30, 2019 and 2018, the Foundation donated $820,978 and $498,472, respectively, to Services. The Foundation makes payments on behalf of Eden for which it is reimbursed, and may advance funds to Eden for cash flow purposes, which are repaid conditional upon the future cash flow availability of Eden. As of June 30, 2019 and 2018, $1,008,744 and $1,501,657, respectively, was due from Eden to the Foundation.

2. Basis of Presentation

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. Classification and Reporting of Net Assets

Financial reporting by not-for-profit organizations ("NFPs") requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. Based on the existence of donor-imposed restrictions, the Organization classifies resources into two categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of trustees. In addition, net assets without donor restrictions includes board designated endowment funds.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Accounting Pronouncements Adopted in the Current Year

Not-for-profit reporting model

During the year ended June 30, 2019, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standard Update ("ASU") 2016-14 – *Not-for-profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-profit Entities.* This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and presentation of expenses by both their natural and functional classification. Management evaluated specific designations and restrictions associated with the reclassification of net assets and reclassified certain net assets previously classified as temporarily restricted as net assets without donor restrictions based on a review of original documentation. A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018, is as follows:

Net Assets Classifications as Previously Presented as of June 30, 2018		Reclassification as per ASU 2016-14		
	Total Net Assets	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Unrestricted	$ 6,851,540	$ 6,851,540	$ -	$ 6,851,540
Temporarily restricted	8,536,514	7,727,884	808,630	8,536,514
Permanently restricted	2,736,329	208,667	2,527,662	2,736,329
Totals	$ 18,124,383	$ 14,788,091	$ 3,336,292	$ 18,124,383

Lease accounting, FASB ASU 2016-02, Topic 842

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The main difference between the guidance in ASU 2016-02 and what was previously required under GAAP ("legacy GAAP") is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under legacy GAAP. Under ASU 2016-02, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented. The Organization has adopted this new standard as of July 1, 2018, and has used the modified retrospective method of adoption. The Organization has made an accounting policy election to keep leases with an initial term of 12 months or less as well as leases for equipment with a fair market value of $5,000 or less off of the statements of financial position, and recognize those lease payments in the statements of activities on a straight-line basis over the lease term. However, if the equipment is exclusively used for school-related activities, then the Organization capitalizes leases for equipment with a fair market value of $2,000 or more in order to comply with regulations from the NJ Department of Education.

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Accounting Pronouncements Adopted in the Current Year (Continued)

The Organization does not believe the new standard will have a notable impact on its liquidity. The standard will have no impact on its debt-covenant compliance under its current agreements. In January 2018, the FASB issued ASU 2018-01, which permits an entity to elect an optional transition practical expedient to not evaluate land easements that exist or expire before the Organization's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840. The Organization has elected this transition provision. The adoption of ASU 2016-02 had a material effect on the statements of financial position as of June 30, 2019 and 2018.

5. Accounting Pronouncements Issued, But Not Yet Effective

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* which provides a comprehensive new revenue recognition model that requires a company to recognize revenue in an amount that reflects the consideration it expects to receive for the transfer of promised goods or services to its customers. The standard also requires additional disclosure regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU, which was deferred by ASU 2015-14, is effective for annual periods and interim periods beginning after December 15, 2018. The ASU is to be applied retrospectively or using a cumulative effect transition method. Early adoption is permitted. ASU 2015-14 will be effective for the Organization beginning with the year ending June 30, 2020.

Contribution Revenue Recognition

In July 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 FASB is issuing this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by NFPs because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. This ASU is effective for annual periods and interim periods beginning after December 15, 2018. ASU 2018-08 will be effective for the Organization beginning with the year ending June 30, 2020.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Leases

The Organization has operating leases for most of its fleet of vehicles and two (2) office facilities where it operates two (2) Day Programs. The leases have remaining terms for 1 to 10 years, some of which include options to extend the leases for up to 5 years.

Future minimum undiscounted lease payments under non-cancellable operating leases as of June 30, 2019, are as follows:

2020	$	586,906
2021		579,173
2022		482,536
2023		388,051
2024		358,111
Thereafter		1,702,064
Total	$	4,096,841

7. Cash and Cash Equivalents

All highly liquid investments with original maturities of ninety days or less are considered to be cash equivalents. The Organization maintains cash balances which may exceed federally insured limits. The Organization does not believe it has significant exposure to credit losses. Restricted cash of $534,176 and $522,932 as of June 30, 2019 and 2018, respectively, has been included in cash and cash equivalents and are restricted per the terms of the bond agreement.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Liquidity and Availability of Resources

As of June 30, 2019, financial assets and liquidity resources available within one (1) year for general expenditure, such as operating expenses, are as follows:

Financial assets:	
Cash and cash equivalents	$ 5,431,271
Investments	11,326,697
Accounts receivable, net	3,155,334
Contribution and trust receivable	187,961
Borrowings available under line of credit agreement	1,500,000
Total financial assets available within one (1) year	21,601,263
Less amounts unavailable for general expenditures within one (1) year	
Accounts receivable related to School Districts expected to be collected after 1 year	(1,100,395)
Restricted by donors for specific purposes	(489,212)
Restricted by donors for Endowment Fund	(2,572,090)
Restricted cash to comply with Bond's covenants	(534,176)
Investment funds unavailable to management without Board's approval	(8,754,607)
Total amounts unavailable for general expenditures within one (1) year	(13,450,480)
Total financial assets available within one (1) year	$ 8,150,783

The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. The timing of cash flows primarily fluctuates based on specials events, collections from billing to Medicaid and School Districts, and collections of donors' pledges. The Organization maintains its surplus operating cash in interest-bearing accounts as well as in liquid investments. In addition, the Organization has available net assets without donor restrictions that, while the Organization does not intend to use these funds, the amounts could be made available for current operations, if necessary, with the approval from the Board of Trustees.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. 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 statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying 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).

10. Contributions Receivable, Support and Revenue Recognition

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 value of future cash flows, using risk-adjusted interest rates (approximately 7.5%) applicable to the years in which the promises were received. Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied.

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.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the 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 that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the periods received.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Contributions Receivable, Support and Revenue Recognition (Continued)

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 net assets without donor restriction, 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 donor-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. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

11. Net Assets Without Donor Restrictions

Net assets without donor restrictions – the part of net assets that is not subject to donor-imposed restrictions as of June 30, 2019 and 2018, is as follows:

As of June 30,	2019	2018
Undesignated	$ 16,418,861	$ 11,998,507
Board designated for building improvement and fixed assets	641,318	668,264
Building and other fixed assets (Net)	670,890	791,449
Charitable Lead Trust (NPV)	197,678	263,597
Portion of the Adult Services Endowment subject to the Organization's spending policy and Board appropriation	1,304,732	1,066,274
Total net assets without donor restrictions	$ 19,233,479	$ 14,788,091

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Net Assets With Donor Restrictions

Net assets with donor restrictions – the part of net assets that is subject to donor-imposed restrictions as of June 30, 2019 and 2018, is as follows:

Subject to expenditure for specified purpose:	2019	2018
Operating and capital expenditure for the Residential Program	$ 94,260	$ 155,103
Operating and capital expenditure for the Day Program	128,058	422,014
Operating and capital expenditure for the Eden School	66,894	81,513
Develop a video about Eden Autism Services, Inc.	50,000	-
Charitable gift annuity - restricted by insurance regulations	150,000	150,000
Total subject to expenditure for specified purpose	489,212	808,630
Adult Services Endowment principal/original amount restricted in perpetuity	2,572,090	2,527,662
Total endowments	2,572,090	2,527,662
Total net assets with donor restrictions	$3,061,302	$3,336,292

13. Underwater Endowment

Underwater endowment funds – a donor-restricted endowment fund for which the fair value of the fund at the reporting date is less than either the original gift amount or the amount required to be maintained by the donor or by law. As of June 30, 2019 and 2018, there were no underwater endowment funds.

14. Contributions Receivable, Accounts Receivable and Revenue Recognition

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

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 an allowance in the year they are deemed uncollectible. The Organization considers all accounts receivable to be fully collectible; accordingly no allowance for uncollectible amounts is required.

15. Deferred Financing Costs

Bond issue costs are being amortized using the effective interest method over the life of the bonds.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. Property and Equipment

Buildings and improvements, equipment, vehicles and leasehold improvements costing over $5,000 are capitalized and are depreciated or amortized on a straight-line basis, based upon an estimated useful life of 3 to 35 years for buildings and improvements. However, if the equipment is exclusively used for school-related activities, then the Organization capitalizes equipment with a fair market value of $2,000 or more in order to comply with regulations from the NJ Department of Education. 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.

17. 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 revenues, 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. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts, useful lives of property and equipment, estimates of reserves under self-insured insurance programs and functional expense allocations. Accordingly, actual results could differ from those estimates.

18. 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 2016.

The Organization did not record any interest or penalties on uncertain tax positions in the accompanying statements of financial position as of June 30, 2019 or 2018, or in the accompanying combined statements of activities for the years then ended. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

19. 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, 2020. Additionally, the Organization became economically dependent on Medicaid funding for Adult Services during the year ended June 30, 2018.

20. Cost Allocation Methods

The Organization allocates health insurance and other employee benefits as well as payroll taxes based on the direct wages and salaries for each program and cost center. Rental and other facilities costs are allocated based on the square footage utilized by each program or cost center. Management and General Costs (Indirect Costs) are allocated based on the Direct Costs for each program or cost center.

21. Subsequent Events

Management has evaluated subsequent events that occurred after the statement of financial position date and through December 13, 2019, the date the combined financial statements were available to be issued. No items were determined by management to require disclosure.

NOTE B - CONTRIBUTION AND TRUST RECEIVABLES

Contribution and trust receivables consist of the following as of June 30, 2019 and 2018:

	2019	2018
Due in one year or less	$ 187,961	$ 212,616
Charitable lead annuity trust	304,538	340,366
Total contribution and trust receivables	492,499	552,982
Less: discount to net present value	(106,860)	(76,768)
Total	$ 385,639	$ 476,214

NOTE C - RESTRICTIONS ON NET ASSETS

Net assets were released from donor restrictions as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Adult Residential Program	$ 94,495	$ 53,759
Adult Day/Employment Program	443,798	33,262
Eden School	69,888	101,043
Other	-	12,000
Total	$ 608,181	$ 200,064

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE D - FAIR VALUE AND INVESTMENTS

Investments carried at fair value as of June 30, 2019, by valuation hierarchy, are as follows:

Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds/equity	$ 6,676,587	$ -	$ -
Bond funds/fixed income	4,650,110	-	-
	$ 11,326,697	$ -	$ -

Investments carried at fair value as of June 30, 2018, by valuation hierarchy, are as follows:

Description	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds/Equity	$ 6,629,309	$ -	$ -
Bond funds/Fixed Income	4,003,285	-	-
	$ 10,632,594	$ -	$ -

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2019 and 2018:

	2019	2018
Land	$ 3,073,807	$ 2,943,104
Building and improvements	20,916,250	20,267,474
Equipment and vehicles	1,318,875	1,206,254
Furniture and fixtures	804,284	804,284
Construction in progress	108,117	46,120
Subtotal	26,221,333	25,267,236
Accumulated depreciation and amortization	(7,322,268)	(6,732,027)
Property and equipment, net	$ 18,899,065	$ 18,535,209

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE E - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was $652,327 and $660,930 for the years ended June 30, 2019 and 2018, respectively.

NOTE F – LINE OF CREDIT

Line of Credit Facility

In August 2009, the Foundation 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. There were no balances outstanding on the line of credit at June 30, 2019, or June 30, 2018. Interest is charged at a rate of the Daily LIBOR rate plus 1.25%. The line of credit is secured by certain property of the Foundation.

NOTE G - 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 on July 1, 1983, and 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 the age of 21. Plan matching contributions are based on a discretionary match. For the years ended June 30, 2019 and 2018, the Organization made contributions to the Plan of $272,523 and $214,430, respectively.

NOTE H - CONCENTRATION OF RISK

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

The Organization received approximately 27% of its total support and revenues from New Jersey Public School districts for the year ended June 30, 2019, and 29% in 2018. Tuition revenue is subject to financial and compliance requirements and possible audits by the Department of Education. The Organization also received approximately 1% of its total support and revenues through grants from the State of New Jersey for the year ended June 30, 2019, and 20% in 2018. The Organization received approximately 63% of its total support and revenues from Medicaid for the year ended June 30, 2019, and 36% in 2018. The Organization maintains cash and investment balances that may exceed federally insured limits, but historically has not experienced any credit-related losses.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE I - SPECIAL EVENTS

During the years ended June 30, 2019 and 2018, the Organization incurred expenses directly related to certain fundraising events that are included in donations, special projects and special events in the accompanying combined statements of activities as follows:

	2019	2018
Eden Dreams	$ 153,374	$ 134,741
5K Race	43,260	31,574
Eden Raffle	34,956	57,040
Other	55,014	63,329
Total	$ 286,604	$ 286,684

NOTE J - 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.

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 donor restricted net assets are classified. The original value of all gifts donated to the Endowment Fund is classified as net assets with donor restrictions while the endowment earnings and capital appreciation are classified as net assets without donor restrictions subject to Board appropriation for expenditure.

2. Endowment Spending Policy

At this time, earnings are reinvested within the respective endowment; however, such earnings are reflected within net assets without donor restrictions 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, 2019 and 2018, 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.

NOTE J - ENDOWMENT POLICY (CONTINUED)

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.

Under the provisions of the FASB's ASU 2016-14, underwater endowments are reported within the net assets with donor restrictions rather than reducing net assets without donor restrictions for the amounts by which endowment funds are underwater. An endowment fund that has become "underwater" will therefore result in decreases in net assets with donor restrictions, despite the absence of any legal obligation to restore the endowment fund for such losses. Net assets with donor restrictions that have been reduced because of this requirement will be restored from future gains from the endowment.

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2017	$ 787,997	$ 2,509,438	$ 3,297,435
Investment return:			
Investment Income	$ 83,170	$ -	$ 83,170
Net appreciation	150,754		150,754
Total Investment Return	233,924	-	233,924
Contributions	-	18,224	18,224
Less broker fees	(9,559)	-	(9,559)
Endowment net assets, June 30, 2018	$ 1,012,362	$ 2,527,662	$ 3,540,024
Investment return:			
Investment Income	135,433	-	135,433
Net appreciation	164,611	-	164,611
Total Investment Return	300,044	-	300,044
Contributions		44,428	44,428
Less broker fees	(7,674)	-	(7,674)
Endowment net assets, June 30, 2019	$ 1,304,732	$ 2,572,090	$ 3,876,822

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE K - NOTES PAYABLE

Notes payable consists of five (5) mortgages collateralized by five (5) properties located in New Jersey. One mortgage has monthly payments of $1,675 through August 2023, with a balloon payment of $213,040 in September 2023, and an interest rate of 4.74%. The second mortgage has monthly payments of $1,262 through August 2023, with a balloon payment of $160,510 in September 2023, and an interest rate of 4.74%. The third mortgage, totaling $240,000, has 10 annual payments of $5,000 from January 2017 through January 2026, interest-free. The remaining balances of $190,000 will be forgiven by the County of Mercer after the payment of these ten installments. The fourth mortgage is also issued by the County of Mercer, totaling $240,000, and has ten annual payments of $5,000 from January 2018 through January 2027, interest-free. The remaining balance of $190,000 will also be forgiven by the County of Mercer after the payment of these ten installments. The fifth mortgage is from the New Jersey Housing and Mortgage Finance Agency. This loan is a 30-year interest-free loan with repayment subject to available cash flow as defined. This loan will be repaid from 25% of the available cash flow remaining after the payment of operating expenses on the Schenk Place group home.

Total maturities of these notes payable as of June 30, 2019, are as follows:

Year ending June 30,	
2020	$ 24,707
2021	25,420
2022	26,168
2023	26,951
2024	389,734
Thereafter	785,000
Total	$ 1,277,980

NOTE L - 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 Security 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.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

NOTE L - BONDS PAYABLE (CONTINUED)

Sinking fund or principal payment requirements are as follows as of June 30, 2019:

Fiscal year	
2020	$ 320,000
2021	330,000
2022	335,000
2023	350,000
2024	360,000
Thereafter	8,820,000
Subtotal	10,515,000
Less: Bond issuance costs	(487,881)
Total	$ 10,027,119

NOTE M - 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, 2019 and 2018, management estimates that no liability will result from such audits.

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 $3,458,410 have been reflected as a component of notes payable to the State of New Jersey in the statements of financial position at both June 30, 2019 and 2018.

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.