Financial Statements and Independent Auditors' Report

Eden Autism Services Foundation, Inc.

June 30, 2019 and 2018

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Independent Auditors' Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of Eden Autism Services Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these 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 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.

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Independent Auditors' Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation 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.

Mercadien, P.C.
Certified Public Accountants

November 14, 2019

Eden Autism Services Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 & 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,782,028	$ 1,732,067
Investments	11,326,697	10,632,594
Contribution and trust receivables, current portion	187,961	212,616
Due from related entity	1,008,744	1,501,657
Prepaid expenses and other assets	596	9,967
Total Current Assets	14,306,026	14,088,901
Property and equipment, net	10,698,008	11,105,333
Contribution and trust receivables, noncurrent portion	197,678	263,598
Total Non-Current Assets	10,895,686	11,368,931
TOTAL ASSETS	25,201,712	25,457,832
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Current Liabilities		
Accrued expenses	225,156	216,947
Deferred revenue	6,115	4,228
Bonds payable, short term	320,000	310,000
Total Current Liabilities	551,271	531,175
Bonds payable, long-term - net of bond issuance costs	9,707,119	10,003,887
Total Non-Current Liabilities	9,707,119	10,003,887
TOTAL LIABILITIES	10,258,390	10,535,062
NET ASSETS:		
Without donor restrictions	11,882,020	11,586,478
With donor restrictions	3,061,302	3,336,292
Total net assets	14,943,322	14,922,770
TOTAL LIABILITIES AND NET ASSETS	$ 25,201,712	$ 25,457,832

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

STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2019 Total
SUPPORT AND OTHER REVENUES			
Contributions	$ 739,393	$ 333,191	$ 1,072,584
Rental income	872,904	-	872,904
Investment income, net of investment expenses	697,968	-	697,968
Other revenues	1,975	-	1,975
Net assets released from restrictions	608,181	(608,181)	-
Total support and other revenues	2,920,421	(274,990)	2,645,431
EXPENSES			
Salaries & wages	343,958	-	343,958
Payroll taxes	26,720	-	26,720
Employee benefits	63,477	-	63,477
Consultants & professional fees	50,687	-	50,687
Materials & supplies	24,206	-	24,206
Facility cost	64,745	-	64,745
Depreciation & amortization	407,917	-	407,917
Bond & mortgage interest	449,712	-	449,712
Transportation	667	-	667
Information technology	58,453	-	58,453
Travel & employee services	9,486	-	9,486
Marketing & recruitment	17,269	-	17,269
Special event expenses	286,604	-	286,604
Donations	820,978	-	820,978
Total expenses	2,624,879	-	2,624,879
CHANGE IN NET ASSETS	295,542	(274,990)	20,552
NET ASSETS AT BEGINNING OF YEAR	11,586,478	3,336,292	14,922,770
NET ASSETS AT END OF YEAR	$ 11,882,020	$ 3,061,302	$ 14,943,322

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

STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	2018 Total
SUPPORT AND OTHER REVENUES			
Contributions	$ 3,034,524	$ 448,526	$ 3,483,050
Rental income	1,024,656	-	1,024,656
Investment income, net of investment expenses	546,924	-	546,924
Other revenues	-	10,620	10,620
Net assets released from restrictions	200,064	(200,064)	-
Total support and other revenues	4,806,168	259,082	5,065,250
EXPENSES			
Salaries & wages	387,522	-	387,522
Payroll taxes	34,406	-	34,406
Employee benefits	55,786	-	55,786
Consultants & professional fees	91,423	-	91,423
Materials & supplies	20,790	-	20,790
Facility cost	80,355	-	80,355
Depreciation & amortization	460,572	-	460,572
Bond & mortgage interest	457,325	-	457,325
Transportation	406	-	406
Information technology	44,109	-	44,109
Travel & employee services	9,698	-	9,698
Marketing & recruitment	34,599	-	34,599
Special event expenses	286,684	-	286,684
Donations	498,472	-	498,472
Total expenses	2,462,147	-	2,462,147
CHANGE IN NET ASSETS	2,344,021	259,082	2,603,103
NET ASSETS AT BEGINNING OF YEAR	9,242,457	3,077,210	12,319,667
NET ASSETS AT END OF YEAR	$ 11,586,478	$ 3,336,292	$ 14,922,770

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

Eden Autism Services Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

EXPENSES	**Program**	**Management & General**	**Fundraising**	**Total**
Salaries & Wages	$ -	$70,469	$273,489	$343,958
Payroll Taxes	-	5,204	21,516	26,720
Employee Benefits	-	13,269	50,208	63,477
Consultants & Professional Fees	-	8,263	42,424	50,687
Materials & Supplies	-	1,025	23,181	24,206
Facility Cost	1,030	6,008	57,707	64,745
Depreciation & Amortization	407,511	93	313	407,917
Bond & Mortgage Interest	449,712	-	-	449,712
Transportation	-	366	301	667
Information Technology	-	8,931	49,522	58,453
Travel & Employee Services	-	2,734	6,752	9,486
Marketing & Recruitment	-	2,887	14,382	17,269
Special Event Expense	-	-	286,604	286,604
Donations	820,978	-	-	820,978
Total	**$ 1,679,231**	**$ 119,249**	**$826,399**	**$2,624,879**

The accompanying notes are an integral part of these financial statements

Eden Autism Services Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

EXPENSES	Program	Management & General	Fundraising	Total
Salaries & Wages	$ -	$83,028	$304,494	$387,522
Payroll Taxes	-	5,834	28,572	34,406
Employee Benefits	-	13,604	42,182	55,786
Consultants & Professional Fees	-	10,582	80,841	91,423
Materials & Supplies	-	1,386	19,404	20,790
Facility Cost	14,182	8,466	57,707	80,355
Depreciation & Amortization	460,153	106	313	460,572
Bond & Mortgage Interest	457,325	-	-	457,325
Transportation	-	339	67	406
Information Technology	-	6,089	38,020	44,109
Travel & Employee Services	-	3,253	6,445	9,698
Marketing & Recruitment	-	3,965	30,634	34,599
Special Event Expense	-	-	286,684	286,684
Donations	498,472	-	-	498,472
Total	**$1,430,132**	**$136,652**	**$895,363**	**$2,462,147**

The accompanying notes are an integral part of these financial statements

Eden Autism Services Foundation, Inc.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2019 and 2018

	2019	2018
OPERATING ACTIVITIES:		
Change in net assets	$ 20,552	$ 2,603,103
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	407,917	460,572
Amortization of deferred financing fees	23,232	23,232
Unrealized gain on investments	(370,659)	(348,308)
Contributions restricted for long-term purposes	(44,428)	(18,224)
Change in operating assets and liabilities:		
Contributions and other receivables	90,575	220,389
Prepaid expenses and other assets	9,371	8,307
Accounts payable and accrued expenses	8,209	(10,494)
Deferred revenues	1,887	(15,592)
Net cash provided by operating activities	146,656	2,922,985
INVESTING ACTIVITIES:		
Net purchases/proceeds of investments	(323,444)	(2,120,159)
Repayments from related entities	492,913	700,242
Purchase of property and equipment	(592)	(458)
Net cash from investing activities	168,877	(1,420,375)
FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	44,428	18,224
Repayment of notes and bonds payable	(310,000)	(305,132)
Line of credit repayments	-	(958,000)
Net cash from financing activities	(265,572)	(1,244,908)
Net change in cash and cash equivalents	49,961	257,702
Cash and cash equivalents at beginning of year	1,732,067	1,474,365
Cash and cash equivalents at end of year	$ 1,782,028	$ 1,732,067
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 426,480	$ 434,093

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

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 Eden Autism Services, Inc.'s ("Services") mission to provide education and services to individuals living with autism.

The Foundation is related to Services, which shares the same management and provides education and services to individuals living with autism. The financial position and activities of the related organization are not included in the accompanying financial statements.

2. Basis of Presentation

The financial statements of the Foundation 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 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 Foundation 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 Foundation. These net assets may be used at the discretion of the Foundation'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 Foundation 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 Foundation 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	$5,122,010	$5,122,010		$5,122.,010
Temporarily restricted	7,273,098	6,464,468	808,630	7,273,098
Permanently restricted	2,527,662		2,527,662	2,527,662
Totals	$14,922,770	$11,586,478	$3,336,292	$14,922,770

Lease accounting, FASB ASU 2016-02, Topic 842

In February 2016, 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 Foundation has adopted this new standard as of July 1, 2018, and has used the modified retrospective method of adoption. The Foundation has made an accounting policy election to account for 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 Statement of Financial Position, by recognizing those lease payments in the Statement of Activities on a straight-line basis over the lease term. The adoption of ASU 2016-02 did not have a material impact on the Foundation's financial statements.

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

The Foundation 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 Foundation's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840. The Foundation has elected this transition provision. The Foundation has no operating leases as of June 30, 2019.

5. Accounting Pronouncements Issued, But Not Yet Effective

Revenue Recognition

In May 2014, 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 Foundation 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 not-for-profit organizations ("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 Foundation beginning with the year ending June 30, 2020.

6. Cash and Cash Equivalents

All highly liquid investments with original maturities of ninety days or less are considered to be cash equivalents. The Foundation maintains cash balances which may exceed federally insured limits. The Foundation 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.

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

7. 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	$ 1,782,028
Investments	11,326,697
Due from related entity	1,008,744
Contribution and trust receivable	187,961
Borrowings available under line of credit agreement	1,500,000
Total financial assets available within one (1) year	15,805,430
Less amounts unavailable for general expenditures within one (1) year	
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	(12,350,085)
Total financial assets available within one (1) year	$ 3,455,345

The Foundation 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 and collections of donors' pledges. The Foundation maintains its surplus operating cash in interest-bearing accounts as well as in liquid investments. In addition, the Foundation has available net assets without donor restrictions that, while the Foundation 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.

8. Investments

The Foundation 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 Foundation 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 Foundation 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 Foundation will develop measurement criteria based on the best information available (Level 3).

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

9. Contributions Receivable and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Foundation 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.

Support that is restricted by the donor is reported as an increase in net assets without donor restriction 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 restriction, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction 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.

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 Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

10. Net Assets Without Donor Restrictions

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

As of June 30,	2019	2018
Undesignated	$ 9,067,402	$ 8,796,894
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 Foundation's spending policy and Board appropriation	1,304,732	1,066,274
Total net assets without donor restrictions	$11,882,020	$11,586,478

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

11. Net Assets With Donor Restrictions

Net Assets with donor restriction – 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	-
Reserves for Charitable Gift Annuity	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

12. 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 not any underwater endowment funds.

13. Contributions Receivable and Revenue Recognition

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

14. Deferred Financing Costs

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

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

15. 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 5 to 35 years for buildings and improvements. 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 Foundation 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.

16. 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 and functional expense allocations. Accordingly, actual results could differ from those estimates.

17. Income Taxes

The Foundation received a determination letter from the Internal Revenue Service concluding that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for deductible contributions as provided in Section 170(b)(1)(A).

The Foundation accounts for uncertainty in income taxes recognized in the 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 Foundation’s federal exempt organization returns are no longer subject to examination by the Internal Revenue Service for years prior to 2016.

The Foundation 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 statements of activities for the years then ended. If the Foundation 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.

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

18. Cost Allocation Methods

The Foundation 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 & General Costs (Indirect Costs) are allocated based on the Direct Costs for each program or cost center.

19. Subsequent Events

Management has evaluated subsequent events that occurred after the statement of financial position date and through November 14, 2019 the date the 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

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	$ 1,290,802	$ 1,290,802
Building and improvements	13,808,516	13,808,516
Equipment and vehicles	755,343	755,343
Furniture and fixtures	804,284	804,284
Subtotal	16,658,945	16,658,945
Accumulated depreciation and amortization	(5,960,937)	(5,553,612)
Property and equipment, net	$ 10,698,008	$ 11,105,333

NOTE E - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was $407,917 and $460,572 for the years ended June 30, 2019 and 2018, respectively.

NOTE F - NOTE PAYABLE

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 Foundation 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 Foundation made contributions to the Plan of $10,797 and $11,783, respectively.

NOTE H - CONCENTRATION OF RISK

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

NOTE I - RELATED ENTITY

On November 1, 2011, the Foundation entered into a 20-year agreement to lease a facility and equipment to Services to be used for a school for children living with autism and administrative offices. In addition, the Foundation leases a second facility to Services (on month-to-month basis) to run a Day Program for adults living with autism. These agreements result in annual rental income of $872,904. Required annual rental payments from the Eden School may be reduced due to related-party rental payment limitations imposed by the New Jersey Department of Education. Rental income under the aforementioned agreements totaled $872,904 and $1,024,656 for the years ended June 30, 2019 and 2018, respectively. The two (2) facilities that are leased have an original cost of $12,680,428 as of June 30, 2019, and are included in property and equipment, net in the accompanying statements of financial position.

During the years ended June 30, 2019 and 2018, the Foundation provided program support to its related entity, which is included in the accompanying statements of activities as donations. For the years ended June 30, 2019 and 2018, the Foundation donated $820,978 and $498,472, respectively, to Services.

NOTE I - RELATED ENTITY (CONTINUED)

In addition, the Foundation makes payments on behalf of its related entity for which it is reimbursed and it may advance funds to Services for cash flow purposes, which funds are repaid conditional upon future cash flow availability of Services. Repayment of amounts due to related parties is conditional upon future cash flow availability of Services. As of June 30, 2019 and 2018, $1,008,744 and $1,501,657, respectively was due from Services to the Foundation for various operating purposes and to fund certain acquisitions of property.

During the year ended June 30, 2014, the Foundation became a guarantor for two mortgages secured in September of 2013, in conjunction with Services purchasing two group homes in Ewing, NJ and Robbinsville, NJ. The mortgages will be paid by Services with funds generated from Fee-For-Service revenues.

NOTE J - SPECIAL EVENTS

During the years ended June 30, 2019 and 2018, the Foundation incurred expenses directly related to certain fundraising events that are included in donations, special projects and special events in the accompanying 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 K - ENDOWMENT POLICY

Over the past several years, the Foundation 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 Foundation 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 Foundation 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 restriction subject to Board appropriation for expenditure.

NOTE K - ENDOWMENT POLICY (CONTINUED)

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 Foundation 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.

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

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.

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