

Redwood School & Rehabilitation Center, Inc. and The Dorothy Wood Foundation, Inc.

**Consolidated Financial Statements with Supplementary Information
June 30, 2019 and 2018, and
Independent Auditors' Report**

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

June 30, 2019 and 2018

Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4 - 5
Consolidated Statements of Functional Expenses	6 - 7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 25
Supplementary Information	
Consolidating Statement of Financial Position	26
Consolidating Statement of Activities	27

Independent Auditors' Report

Board of Trustees
Redwood School & Rehabilitation Center, Inc. and
The Dorothy Wood Foundation, Inc.
Ft. Mitchell, Kentucky

We have audited the accompanying consolidated financial statements of Redwood School & Rehabilitation Center, Inc. and The Dorothy Wood Foundation, Inc. (nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Redwood School & Rehabilitation Center, Inc. and The Dorothy Wood Foundation, Inc. as of June 30, 2019 and 2018, 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.

**Independent Auditors' Report
(Continued)**

Effect of Adopting New Accounting Standard

As discussed in Note 1, Redwood School & Rehabilitation Center, Inc. and The Dorothy Wood Foundation, Inc. have adopted Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return, and other financial statement presentation items and enhanced disclosures. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 26 to 27 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Barnes, Dennig & Co., Ltd.

November 14, 2019
Cincinnati, Ohio

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Consolidated Statements of Financial Position
June 30, 2019 and 2018**

	2019	2018
Assets		
Cash and cash equivalents	\$ 1,097,911	\$ 1,266,242
Accounts receivable, net of allowances, 2019 - \$9,537 and 2018 - \$26,473	381,230	617,397
Pledges receivable, net	123,079	368,174
United Way receivable	178,400	223,000
Prepaid expenses	76,564	74,874
Investments	3,344,726	2,684,383
Property and equipment, net	4,978,336	4,870,067
Other assets, net	134,713	136,317
Beneficial interest in perpetual trusts	889,947	859,995
Total assets	\$ 11,204,906	\$ 11,100,449
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 111,494	\$ 82,990
Accrued expenses	365,794	324,265
Total liabilities	477,288	407,255
Net Assets		
Without donor restrictions:		
Undesignated	1,216,267	1,285,207
Net investment in property and equipment	4,978,336	4,870,067
Board-designated reserve fund	482,414	350,825
Board-designated endowment	853,889	887,431
Total without donor restrictions	7,530,906	7,393,530
With donor restrictions	3,196,712	3,299,664
Total net assets	10,727,618	10,693,194
Total liabilities and net assets	\$ 11,204,906	\$ 11,100,449

See accompanying notes to consolidated financial statements

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Consolidated Statement of Activities
Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support			
Program services:			
Government contracts	\$ 4,149,926	\$ -	\$ 4,149,926
Program fees	1,719,897	-	1,719,897
Contributions	550,227	198,936	749,163
United Way	178,398	178,400	356,798
Special events, net	168,456	-	168,456
Change in beneficial interest in perpetual trusts	-	4,952	4,952
Other	10,103	-	10,103
Transfer to non-endowed trust	(25,000)	25,000	-
Net assets released from restrictions	600,310	(600,310)	-
	<u>7,352,317</u>	<u>(193,022)</u>	<u>7,159,295</u>
Expenses			
Program services	6,199,297	-	6,199,297
Management and general	531,531	-	531,531
Fundraising	505,559	-	505,559
	<u>7,236,387</u>	<u>-</u>	<u>7,236,387</u>
Change in net assets before other changes	<u>115,930</u>	<u>(193,022)</u>	<u>(77,092)</u>
Other changes - Dorothy Wood Foundation			
Contributions	-	6,320	6,320
Investment return, net	21,446	83,750	105,196
	<u>21,446</u>	<u>90,070</u>	<u>111,516</u>
Change in net assets	137,376	(102,952)	34,424
Net assets, beginning of year	<u>7,393,530</u>	<u>3,299,664</u>	<u>10,693,194</u>
Net assets, end of year	<u>\$ 7,530,906</u>	<u>\$ 3,196,712</u>	<u>\$ 10,727,618</u>

See accompanying notes to consolidated financial statements

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Consolidated Statement of Activities
Year Ended June 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Program services:			
Government	\$ 4,203,041	\$ -	\$ 4,203,041
Program fees	1,535,936	-	1,535,936
Contributions	735,184	202,733	937,917
United Way	223,000	223,000	446,000
Special events, net	163,200	-	163,200
Change in beneficial interest in perpetual trusts	-	24,465	24,465
Other	17,295	-	17,295
Net assets released from restrictions	658,810	(658,810)	-
	<u>7,536,466</u>	<u>(208,612)</u>	<u>7,327,854</u>
Total revenues, gains and other support			
Expenses			
Program services	5,941,937	-	5,941,937
Management and general	891,176	-	891,176
Fundraising	378,887	-	378,887
	<u>7,212,000</u>	<u>-</u>	<u>7,212,000</u>
Total expenses			
Change in net assets before other changes	<u>324,466</u>	<u>(208,612)</u>	<u>115,854</u>
Other changes - Dorothy Wood Foundation			
Contributions	-	6,417	6,417
Investment return, net	56,233	79,884	136,117
	<u>56,233</u>	<u>86,301</u>	<u>142,534</u>
Total other changes			
Change in net assets	380,699	(122,311)	258,388
Net assets, beginning of year	<u>7,012,831</u>	<u>3,421,975</u>	<u>10,434,806</u>
Net assets, end of year	<u>\$ 7,393,530</u>	<u>\$ 3,299,664</u>	<u>\$ 10,693,194</u>

See accompanying notes to consolidated financial statements

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2019**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 3,962,161	\$ 351,584	\$ 280,220	\$ 4,593,965
Employee benefits	555,541	39,051	30,612	625,204
Payroll taxes	369,937	29,371	20,999	420,307
Total personnel expense	4,887,639	420,006	331,831	5,639,476
Supplies	326,952	21,542	103,671	452,165
Depreciation	285,719	620	10,007	296,346
Occupancy	261,518	12,288	8,541	282,347
Technology	98,399	9,707	4,075	112,181
Professional services	81,864	22,336	3,309	107,509
Training and staff development	80,279	6,078	1,679	88,036
Insurance	71,955	7,120	2,860	81,935
Taxes & fees	50,736	21,747	2,949	75,432
Marketing, printing & publications	2,484	22	28,078	30,584
Transportation	20,401	1,161	638	22,200
Dues & subscriptions	6,690	5,671	7,322	19,683
Bad debt expense	16,404	-	-	16,404
Other	8,257	3,233	599	12,089
Total	\$ 6,199,297	\$ 531,531	\$ 505,559	\$ 7,236,387

See accompanying notes to consolidated financial statements

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2018**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 3,895,790	\$ 486,877	\$ 174,376	\$ 4,557,043
Employee benefits	431,610	168,286	16,615	616,511
Payroll taxes	384,144	44,615	13,449	442,208
Total personnel expense	4,711,544	699,778	204,440	5,615,762
Supplies	345,836	17,862	116,460	480,158
Depreciation	249,164	11,118	8,608	268,890
Occupancy	248,394	17,876	8,614	274,884
Technology	56,126	6,047	8,696	70,869
Professional services	12,250	99,435	1,162	112,847
Training and staff development	85,956	4,237	865	91,058
Insurance	76,144	3,366	2,607	82,117
Taxes & fees	54,681	5,793	180	60,654
Marketing, printing & publications	57	253	14,717	15,027
Transportation	30,799	1,130	1,191	33,120
Dues & subscriptions	7,174	6,291	5,415	18,880
Bad debt expense	33,233	-	-	33,233
Other	30,579	17,990	5,932	54,501
Total	\$ 5,941,937	\$ 891,176	\$ 378,887	\$ 7,212,000

See accompanying notes to consolidated financial statements

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018**

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 34,424	\$ 258,388
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	297,950	270,494
Loss on disposal of asset	3,381	-
Bad debt expense	16,404	33,233
Net realized and unrealized gains on investments	(60,693)	(94,535)
Change in beneficial interest in perpetual trust	(4,952)	(24,465)
Contributions received restricted for long-term investment	(212,489)	(209,316)
Changes in:		
Accounts receivable	264,363	(7,991)
Pledges receivable	245,095	168,977
Prepaid expenses	(1,690)	(19,535)
Accounts payable	28,504	14,161
Accrued expenses	41,529	(10,142)
	651,826	379,269
Cash flows from investing activities		
Purchase of investments	2,060,965	577,893
Proceeds from sale of investments	(2,660,615)	(678,194)
Purchase of non-endowed trust	(25,000)	-
Purchase of property and equipment	(407,996)	(122,090)
	(1,032,646)	(222,391)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term investments	212,489	209,316
Net change in cash and cash equivalents	(168,331)	366,194
Cash and cash equivalents, beginning of year	1,266,242	900,048
Cash and cash equivalents, end of year	\$ 1,097,911	\$ 1,266,242

See accompanying notes to consolidated financial statements

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

Notes to Consolidated Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the account of Redwood School & Rehabilitation Center, Inc. ("Redwood") and The Dorothy Wood Foundation, Inc. ("Foundation"). The two entities are collectively referred to in this report as the "Organization". All material inter-organizational transactions have been eliminated.

Nature of Operations

Redwood School and Rehabilitation Center, Inc. was incorporated as a not-for-profit organization under the laws of the Commonwealth of Kentucky in 1956. Redwood's mission and principal activities are to guide children and adults with severe and multiple disabilities to achieve independence and reach their highest potential throughout their lives, by providing enriching educational, therapeutic, and vocational services. Redwood's revenues and other support are derived principally from contributions and fees for services and its activities are conducted principally in the Greater Cincinnati area.

Redwood's philosophy is that every person, regardless of the severity of his/her disability, has the ability to grow and develop. Redwood's array of services seeks to maximize this ability by providing age-appropriate rehabilitation services to promote each individual's full participation in community and family life. It is our tradition to develop new services as new needs arise.

Redwood serves children and adults with disabilities and medical fragility, including: cerebral palsy; genetic disorders, birth defects; orthopedic and neurological disorders; mental retardation; visual, hearing and tactile deficits; autism and other mental health disorders; communication delays and disorders; and other disabling conditions. Typically, Redwood serves children and adults who are difficult or impossible to serve in other settings because of the severity and complex nature of their disabling conditions.

The Organization's programs include the following:

Children Services

Early Care & Education

Children, with and without special needs, prepare for kindergarten as they actively participate in a natural flow of play, quality early learning experiences, and nurturing interactions with child development staff. The program is nationally accredited (NAEYC), has an excellent 4-star rating, and offers onsite nursing. The use of a nationally-recognized curriculum in nursery, toddler and preschool classrooms fosters the development of language, social-emotional, and physical skills.

Children develop social/emotional, language, cognitive, and physical skills required for kindergarten success. Child and teacher-directed learning activities, based on a nationally-recognized preschool curriculum, promote exploratory play, peer interaction, and the development of early literacy, math, and science concepts. A certified early childhood teacher provides preschool education to children enrolled in Prescribed Pediatric Extended Care and the Early Care & Education programs.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Nature of Operations (Continued)

School Age Child Care

Children and youth (ages 5-21) experience enriching activities, peer relationships and opportunities to develop new skills and social/emotional competencies during afterschool or out-of-school hours. Caring mentors, small group sizes, low child-to-staff ratios and a supportive learning environment help participants become increasingly independent, responsible and confident. Service learning and community outings help kids develop an understanding of their connection to the community.

Summer Program for Children

Children and youth (ages 5 -21) have fun, expand knowledge and strengthen skills as they explore theme-based adventures that include community outings, physical fitness programs, art and music, and daily living activities. Mentors guide child interactions with peers to develop and stabilize social/emotional skills required for school success. While children are benefitting from enriched respite care with small group sizes and low child-to-staff ratios, families experience a break from the caring role.

Prescribed Pediatric Extended Care (PPEC)

The PPEC program is fully integrated with the early care and school age programs. Additionally, PPEC and other children with complex medical needs receive specialized health care from registered nurses, based on physician's orders. Nurses detect and address medical issues, collaborate with other health care professionals, respond to medical emergencies, and maintain communication with families/physicians. Adapted dietary programs support nutritional well-being.

Therapeutic Intervention

Therapy

Children and adults improve communication, social interaction, cognitive skills and physical abilities required for school, daily living, and work success through the services of licensed speech, occupational, and physical therapists. Services include evaluations, direct therapy, consultation and parent/family education. Therapy addresses developmental delays, communication disorders, feeding/oral-motor concerns, social deficits, sensory integration, hand function, mobility, muscular control and other needs. Occupational and physical therapists also assist families with the acquisition and use of wheelchairs and durable medical equipment.

Assistive Technology

Children and adults benefit from the use of simple to high-tech assistive technology tools to enhance learning, encourage active participation and increase independence. Professional staff helps individuals and their families access a variety of assistive technology in the classroom, workplace or home related to education, communication, daily living, employment or community living. Professionals with expertise in assistive technology provide evaluation, consultation, training, equipment loans and other services.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Nature of Operations (Continued)

Early Intervention

Infants and toddlers reach developmental milestones through play experiences and instructional programs designed and implemented by early childhood specialists and therapists. Team-directed services help families and caregivers understand the special needs of the child and how to enhance development. Children receive early intervention services in the home or in the community (child care centers, libraries, early education classrooms). Services include developmental intervention, occupational and speech therapy as well as assistive technology services.

Adult Services

Adult Day Programs

With a focus on community inclusion, adults improve skills and benefit from social interaction by actively participating in instructional programs, leisure pastimes, sensory experiences, art/music/exercise, tasks of daily living, and community outings customized to personal preferences. Nursing care, dietary services, therapeutic approaches, and assistance for personal care enhance health, wellness, and physical function.

Young Adults Transition Program

Young adults acquire new skills and increase self-sufficiency during the early adult years. Structured activities allow exploration of personal interests; teach practical living skills; guide positive communication, social interaction and conflict resolution; and introduce vocational tasks. Young adults develop responsibility and an awareness of their connection to the community through service-learning projects and community-based training.

Computer Life Skills Program

Participants explore interests using computers with adapted keyboards, alternative mouse access, and switch-activated scanning tools to overcome physical limitations. They improve literacy, create art, interact with others through social media, engage in self-discovery through journaling, learn technical skills through simulations/work, and complete computer-based projects.

Vocational Day Training

Adults learn work and workplace skills through individualized training and subcontract work from local businesses. Wages are based on productivity and federal labor laws. Life skill training and adult enrichment programs increase knowledge, skills, and breadth of experience. Nursing care, dietary services, therapeutic methods, and assistance for personal care enhance health, wellness, and physical function.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Nature of Operations (Continued)

Community Employment Supports

Adults explore vocational interests with an employment specialist; develop an employment plan; and access training or services to develop work and workplace skills. Job development/placement services help adults find employment that matches their preferences and skill sets. With onsite coaching, adults learn the job and build supportive relationships with co-workers. Long-term support fosters job retention through supportive services provided on an intermittent basis.

Pre-ETS

Pre- Employment Transition Services (Pre-ETS) is a program geared towards Career Exploration for high school students. Pre-ETS learning goals include Job Exploration, Work Based Learning Experiences, Post-Secondary Counseling, Workplace Readiness Training, resume development, and Self-Advocacy. Students will learn skills in a variety of settings both on and off-site. Off-site includes real work experiences with local employers. Services are offered individually as well as in a group setting. At completion of the program students will earn a certificate.

Driver's Permit Training

Individuals receive instruction on the Kentucky Driver's Manual in preparation for the Driver's Permit Examination. Teaching approaches align with student learning styles. The six-week course holds weekly two-hour sessions at Redwood or local schools.

Goods @ the Woods Store

Goods @ the Woods is a social enterprise staffed by adult clients with the assistance of a community support specialist. The store offers snacks for resale as well as custom design products such as t-shirts and mugs produced by adult clients with the assistance of an employment specialist. Adults learn job skills typical to retail employment such as stocking, ordering, money exchange, design, print and package. Adults are paid minimum wage after initial training period.

Nursing Services

Nursing addresses basic life needs for medically fragile children and adults through the administration of special physician-prescribed procedures, such as intermittent catheterization, gastrostomy feedings, tracheostomy care, and medication administration. Redwood's nurses also offer first aid, health screening, and help families better understand and cope with the complex medical needs of their sons and daughters.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Nature of Operations (Continued)

Ancillary Services

Dietary Services

Dietary service offers USDA approved foods and beverages for breakfast, lunch, and snacks. Prescribed diets, special preparation (pureed, chopped, or thickened), and adapted feeding utensils/methods address the nutritional needs of children and adults who have difficulty eating due to severe disability.

Financial Statement Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019 and 2018, cash equivalents consisted primarily of money market deposit accounts. The Organization maintains its cash in bank deposit accounts which, at times, exceed these federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividends, interest, investment management fees, and realized and unrealized gains and losses on investments carried at fair value.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Investments and Investment Return (continued)

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities as net assets without donor restrictions or net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

In accordance with GAAP, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Organization believes no impairments existed at June 30, 2019 and 2018.

Contributions

The Organization records gifts of cash and other assets at their fair market value as of the date of contribution. Such donations are recorded as revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as net assets with donor restrictions and then released from restriction.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. The United Way receivable is due within one year. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. For 2019 and 2018, \$1,000 and \$-0-, respectively, was received in contributed services.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For 2019 and 2018, \$95,650 and \$112,011, respectively, was received in in-kind contributions.

Income Taxes

Both Organizations are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Kentucky law. However, both Organizations are subject to federal income tax on any unrelated business taxable income.

The Organizations' IRS Form 990's are subject to review and examination by federal and state authorities. The Organizations believe they have appropriate support for any tax positions taken, and therefore, do not have any uncertain income tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Expenses have been classified upon the actual direct expenditures and cost allocations. The most significant allocations are personnel expense, which are allocated based on an estimate of time spent by personnel, and occupancy and depreciation, which are allocated based on an estimate of square footage of space used by each function.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of Adopting a New Accounting Standard

In 2019, the Organization adopted Financial Accounting Services Board ("FASB") Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The update primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return, and other financial statement presentation items and enhanced disclosures. Net asset classifications have been reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). In addition, updated disclosure requirements are presented regarding risk exposure and availability of cash for short-term use and expenses are reported by both natural and functional classification. The Organization adopted ASU 2016-14 as of July 1, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented except for disclosing information about liquidity and availability of resources, which is permitted to be omitted for any periods presented before the period of adoption.

Reclassifications

Certain 2018 figures have been reclassified to conform to the 2019 presentation.

Subsequent Events

In preparing its financial statements, the Organization has evaluated events subsequent to the statement of financial position date through November 14, 2019, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the Organization's financial assets as of June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor imposed restrictions. Amounts not available include endowed funds described in note 10, beneficial interest in perpetual trusts described in note 5 and other contributions with donor-imposed restrictions. The Organization typically uses available, unrestricted resources to first meet annual operating requirements, second fund reserve and third, fund endowment. The Organization does maintain reserve funds which are included in financial assets available to meet cash needs for general expenditures within one year. These reserve funds are board-designated reserves to address temporary cash management needs, unexpected or unusual operational expenses and anticipated future capital needs. The Executive Director has the authority to expend reserve funds of less than \$10,000 per specific event as long as the expenditure does not exceed 50% of the reserve fund. Higher expenditures require board approval. In addition, the spending policy establishes guidelines for the reimbursement of reserve funds borrowed for temporary cash management needs within a reasonable time but no later than six months after initial draw. Lastly, the Organization has a \$300,000 line of credit described in note 7 which can be drawn upon.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2019:

Cash and cash equivalents	\$ 1,097,911
Accounts receivable, net	381,230
Pledges receivable, net	123,079
United Way receivable	178,400
Investments	3,344,726
Beneficial interest in perpetual trusts	<u>889,947</u>
Total financial assets	6,015,293
Less those unavailable for general expenditures within one year:	
Board-designated and donor-restricted endowment funds	(2,969,813)
Beneficial interest in perpetual trusts	(889,947)
Spending policy budgeted for appropriation within one year	<u>130,000</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 2,285,533</u></u>

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable as of June 30 consisted of the following:

	2019	2018
Due within one year	\$ 87,315	\$ 300,258
Due in one to five years	<u>47,515</u>	<u>84,667</u>
	134,830	384,925
Less allowance for uncollectible pledges	<u>(11,751)</u>	<u>(16,751)</u>
	<u><u>\$ 123,079</u></u>	<u><u>\$ 368,174</u></u>

There was no discount applied in 2019 and 2018.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 4 INVESTMENTS

Investments as of June 30 consisted of the following:

	2019	2018
Equity mutual funds	\$ 1,754,694	\$ 1,604,303
Fixed income mutual funds	1,018,972	971,639
Money market funds	71,060	108,441
Certificates of deposit	500,000	-
	\$ 3,344,726	\$ 2,684,383

NOTE 5 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization is the beneficiary under perpetual trusts administered by outside parties. Under the terms of the trusts, the Organization has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$889,947 and \$859,995, which represents the fair value of the trusts' assets at June 30, 2019 and 2018, respectively.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consisted of the following:

	2019	2018
Building and improvements	\$ 8,990,449	\$ 8,755,226
Furnishings and equipment	1,602,084	1,949,140
Projects in process	9,069	-
	10,601,602	10,704,366
Less accumulated depreciation	(5,623,266)	(5,834,299)
	\$ 4,978,336	\$ 4,870,067

NOTE 7 LINE OF CREDIT

The Organization has a \$300,000 line of credit with a bank that expires on December 16, 2019. As of June 30, 2019 and 2018 there were no amounts outstanding on the line of credit. The line of credit is secured by the assets of the Organization. Interest accrues at the prime rate plus .75% (6.25% at June 30, 2019) and is payable monthly.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 are available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Restricted for use in subsequent periods:		
United Way receivable	<u>\$ 178,400</u>	<u>\$ 223,000</u>
Restricted as to purpose:		
Building projects	28,259	78,596
Program activities	10,737	34,811
Scholarships	5,799	3,452
Vehicles	-	654
	<u>44,795</u>	<u>117,513</u>
Restricted for endowments:		
Living Legacy endowment pledges	<u>112,005</u>	<u>318,174</u>
Living Legacy funds - income used for operations	1,758,350	1,552,181
Robinson funds - income used for scholarships	75,113	75,113
Other endowment funds	33,152	27,950
Accumulated net appreciation of donor-restricted endowment funds subject to spending policy	<u>104,950</u>	<u>125,738</u>
	<u>1,971,565</u>	<u>1,780,982</u>
Beneficial interest in perpetual trusts	<u>889,947</u>	<u>859,995</u>
	<u><u>\$ 3,196,712</u></u>	<u><u>\$ 3,299,664</u></u>

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

	2019	2018
United Way receivable	\$ 223,000	\$ 264,228
Building projects	185,337	44,970
Program activities	82,010	249,399
Endowment earnings appropriated for expenditure	105,656	81,143
Scholarships	3,653	4,070
Vehicles	654	15,000
	\$ 600,310	\$ 658,810

NOTE 10 THE DOROTHY WOOD FOUNDATION ENDOWMENT

The Organization's endowment consists of funds held by The Dorothy Wood Foundation, Inc. (Foundation). The Foundation was established in 2008 from the termination of The Dorothy Wood Foundation Trust, which was established by Albert Wood in 1979. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides guidance on matters concerning the governance and management of donor-restricted endowment funds. Under UPMIFA, the original value of donated gifts to the donor-restricted endowment and the original value of subsequent gifts are classified as net assets with donor restrictions (a time restriction in perpetuity). Investment return from the donor-restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Board of Trustees.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 11 THE DOROTHY WOOD FOUNDATION ENDOWMENT (CONTINUED)

Endowment Net Asset Composition and Changes in Endowment Net Assets

The endowment net asset composition by type of fund was as follows as of June 30:

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,971,565	\$ 1,971,565
Board-designated endowment funds	853,889	-	853,889
	<u>\$ 853,889</u>	<u>\$ 1,971,565</u>	<u>\$ 2,825,454</u>
	2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,780,982	\$ 1,780,982
Board-designated endowment funds	887,431	-	887,431
	<u>\$ 887,431</u>	<u>\$ 1,780,982</u>	<u>\$ 2,668,413</u>

The changes in endowment net assets for the year ended June 30 were as follows:

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 887,431	\$ 1,780,982	\$ 2,668,413
Contributions	-	212,489	212,489
Interest and dividend income, net of fees	15,041	29,462	44,503
Net appreciation	6,405	54,288	60,693
Appropriations of endowment assets for expenditure	<u>(54,988)</u>	<u>(105,656)</u>	<u>(160,644)</u>
Endowment net assets, end of year	<u>\$ 853,889</u>	<u>\$ 1,971,565</u>	<u>\$ 2,825,454</u>

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 11 THE DOROTHY WOOD FOUNDATION ENDOWMENT (CONTINUED)

Endowment Net Asset Composition and Changes in Endowment Net Assets (Continued)

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 881,131	\$ 1,572,925	\$ 2,454,056
Contributions	-	209,316	209,316
Interest and dividend income, net of fees	16,359	25,223	41,582
Net appreciation	39,874	54,661	94,535
Appropriations of endowment assets for expenditure	(49,933)	(81,143)	(131,076)
Endowment net assets, end of year	<u>\$ 887,431</u>	<u>\$ 1,780,982</u>	<u>\$ 2,668,413</u>

Investment Policy

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support the programs of Redwood while seeking to maintain the purchasing power of the endowment. The Foundation has its own Investment Committee to oversee the Foundation's endowment assets. The Foundation expects endowment funds to provide an average return in excess of approximately 5.00% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives in order to provide assistance to Redwood, The Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that targets 60% equity securities and 40% fixed income securities to achieve its long-term return objectives within its prudent risk's constraints.

Spending Policy

In December 2015, the Board approved a spending policy that beginning January 2016, 8.00% of the fair value of the Foundation's assets be distributed to Redwood. This percentage reduces by 1.00% each year until it reaches 5.00% in 2019. In January 2017, the spending policy was reduced to 6.00% and in January 2018 the spending policy was reduced to 5.00%. In addition, the policy requires that the historic value of the endowment fund be preserved in order to appropriate funds for expenditure. In establishing this policy, the Foundation considered the long-term expected return on its endowment and other invested assets.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 12 FAIR VALUE MEASUREMENTS

GAAP as a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are identified as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

The following table summarizes assets measured at fair value on a recurring basis:

<u>June 30, 2019</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not subject to fair value hierarchy</u>
Investments:					
Equity mutual funds	\$ 1,754,694	\$ 1,754,694	\$ -	\$ -	\$ -
Fixed income mutual funds	1,018,972	1,018,972	-	-	-
Money market funds	71,060	-	71,060	-	-
Certificates of deposit	500,000	-	-	-	500,000
Total investments	<u>\$ 3,344,726</u>	<u>\$ 2,773,666</u>	<u>\$ 71,060</u>	<u>\$ -</u>	<u>\$ 500,000</u>
Beneficial interest in perpetual trusts	<u>\$ 889,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 889,947</u>	<u>\$ -</u>
Not subject to fair value hierarchy					
<u>June 30, 2018</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not subject to fair value hierarchy</u>
Investments:					
Equity mutual funds	\$ 1,604,303	\$ 1,604,303	\$ -	\$ -	\$ -
Fixed income mutual funds	971,639	971,639	-	-	-
Money market funds	108,441	-	108,441	-	-
Total investments	<u>\$ 2,684,383</u>	<u>\$ 2,575,942</u>	<u>\$ 108,441</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interest in perpetual trusts	<u>\$ 859,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 859,995</u>	<u>\$ -</u>

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 12 FAIR VALUE MEASUREMENTS

The following table is a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at June 30, 2019 and 2018:

	Beneficial interest in perpetual trusts
Ending balance, June 30, 2017	\$ 835,530
Change in fair value	24,465
Ending balance, June 30, 2018	859,995
Transfer to non-endowed trust	25,000
Change in fair value	4,952
Ending balance, June 30, 2019	\$ 889,947

NOTE 13 RETIREMENT PLAN

The Organization has a defined-contribution 401(k) plan covering all employees age 21 or older with at least 1 year and 1,000 hours of service. The Organization makes a matching contribution to the plan in an amount not to exceed 2% of each employee's compensation. Additional contributions are at the discretion of the Board and are limited to 5% of each employee's total compensation. Employee benefit expense under this plan was approximately \$70,512 and \$94,097 for 2019 and 2018, respectively.

NOTE 14 RECENTLY ISSUED ACCOUNTING STANDARD UPDATES

On May 28, 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers. This standard will be effective for the Organization's fiscal year ending June 30, 2020.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's fiscal year ending June 30, 2022.

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 14 RECENTLY ISSUED ACCOUNTING STANDARD UPDATES (CONTINUED)

In June 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 standard clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. The standard clarifies how an entity determines whether a resource provider is receiving commensurate value in return for the resources transferred. The standard also requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. This standard will be effective for the Organization's year ending June 30, 2020.

The Organization is currently in the process of evaluating the impact of adoption of these ASUs on the financial statements.

SUPPLEMENTARY INFORMATION

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Consolidating Statement of Financial Position
June 30, 2019**

	Redwood	DWF	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 1,084,829	\$ 13,082	\$ -	\$ 1,097,911
Accounts receivable, net of \$9,357 allowance	413,432	-	(32,202)	381,230
Pledges receivable, net	11,074	112,005	-	123,079
United Way receivable	178,400	-	-	178,400
Prepaid expenses	76,564	-	-	76,564
Investments	500,000	2,844,726	-	3,344,726
Property and equipment, net	4,978,336	-	-	4,978,336
Other assets	134,713	-	-	134,713
Beneficial interest in perpetual trusts	889,947	-	-	889,947
Total assets	\$ 8,267,295	\$ 2,969,813	\$ (32,202)	\$ 11,204,906
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 111,342	\$ 32,354	\$ (32,202)	\$ 111,494
Accrued expenses	365,794	-	-	365,794
Total liabilities	477,136	32,354	(32,202)	477,288
Net Assets				
Without donor restrictions	6,677,017	853,889	-	7,530,906
With donor restrictions	1,113,142	2,083,570	-	3,196,712
Total net assets	7,790,159	2,937,459	-	10,727,618
Total liabilities and net assets	\$ 8,267,295	\$ 2,969,813	\$ (32,202)	\$ 11,204,906

See independent auditors' report

**REDWOOD SCHOOL & REHABILITATION CENTER, INC. AND
THE DOROTHY WOOD FOUNDATION, INC.**

**Consolidating Statement of Activities
Year Ended June 30, 2019**

	<u>Redwood</u>	<u>DWF</u>	<u>Eliminations</u>	<u>Total</u>
Revenues, gains and other support				
Program services:				
Government	\$ 4,149,926	\$ -	\$ -	\$ 4,149,926
Program fees	1,719,897	-	-	1,719,897
Contributions	904,985	-	(155,822)	749,163
United Way	356,798	-	-	356,798
Special events	168,456	-	-	168,456
Beneficial interest in perpetual trust	4,952	-	-	4,952
Other	10,103	-	-	10,103
Total revenues, gains and other support	<u>7,315,117</u>	<u>-</u>	<u>(155,822)</u>	<u>7,159,295</u>
Expenses				
Program services	6,199,297	155,822	(155,822)	6,199,297
Management and general	531,531	-	-	531,531
Fundraising	500,737	4,822	-	505,559
Total expenses	<u>7,231,565</u>	<u>160,644</u>	<u>(155,822)</u>	<u>7,236,387</u>
Change in net assets before other changes	83,552	(160,644)	-	(77,092)
Other changes - Dorothy Wood Foundation				
Contributions	-	6,320	-	6,320
Investment return, net	-	105,196	-	105,196
Total other changes	<u>-</u>	<u>111,516</u>	<u>-</u>	<u>111,516</u>
Change in net assets	83,552	(49,128)	-	34,424
Net assets, beginning of year	<u>7,706,607</u>	<u>2,986,587</u>	<u>-</u>	<u>10,693,194</u>
Net assets, end of year	<u>\$ 7,790,159</u>	<u>\$ 2,937,459</u>	<u>\$ -</u>	<u>\$ 10,727,618</u>

See independent auditors' report