

The Community Family, Inc.

Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

December 31, 2014 and 2013

The Community Family, Inc.

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10
Supplementary Information	
Schedules of Revenue and Expenses - Everett Facility	28
Schedules of Functional Expenses - Everett Facility	29
Schedules of Revenue and Expenses - Medford Facility	30
Schedules of Functional Expenses - Medford Facility	31
Schedules of Revenue and Expenses - Lowell Facility	32
Schedules of Functional Expenses - Lowell Facility	33
Schedules of Revenue and Expenses - Home Office	34
Schedules of Functional Expenses - Home Office	35

Independent Auditor's Report

To the Board of Directors
The Community Family, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Community Family, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of The Community Family, Inc. as of December 31, 2014, and the results of its operations, changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of The Community Family, Inc. as of December 31, 2013 were audited by other auditors whose report dated April 9, 2014 expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2014 financial statements taken as a whole. The accompanying supplementary information shown on pages 28 to 35 is presented for purposes of additional analysis and is not a required part of the 2014 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 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2014 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 financial statements or to the 2014 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 2014 financial statements as a whole.

The 2013 supplementary information shown on pages 28 to 35 is related to the Organization's 2013 financial statements which were audited by other auditors whose report on the 2013 supplementary information dated April 9, 2014 expressed an opinion that such supplementary information was fairly stated in all material respects in relation to the 2013 financial statements as a whole.



Boston, Massachusetts
May 6, 2015

The Community Family, Inc.

Statements of Financial Position
December 31, 2014 and 2013

	<u>Assets</u>	
	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents - operating	\$ 1,797,817	\$ 1,772,477
Accounts and pledges receivable, net	503,023	533,785
Prepaid expenses	25,268	23,125
	<u>2,326,108</u>	<u>2,329,387</u>
Total current assets		
Property and equipment		
Land	861,745	861,745
Buildings	3,078,922	3,078,922
Furniture, fixtures and equipment	786,996	742,289
Motor vehicles	450,519	450,519
Miscellaneous fixed assets	12,289	12,289
	<u>5,190,471</u>	<u>5,145,764</u>
Less - accumulated depreciation	<u>(1,746,118)</u>	<u>(1,532,105)</u>
	<u>3,444,353</u>	<u>3,613,659</u>
Net property and equipment		
Other assets		
Accounts and pledges receivable, long-term	40,000	60,000
Investments - board-designated	1,054,666	1,019,501
Deferred financing costs, net of accumulated amortization of \$2,685 and \$2,347, respectively	4,580	4,918
	<u>1,099,246</u>	<u>1,084,419</u>
Total other assets		
Total assets	<u>\$ 6,869,707</u>	<u>\$ 7,027,465</u>

The Community Family, Inc.

**Statements of Financial Position
December 31, 2014 and 2013**

Liabilities and Net Assets

	2014	2013
Current liabilities		
Current maturities of long-term debt	\$ 322,666	\$ 44,008
Accounts payable and accrued expenses	86,275	78,887
Accrued payroll, vacation and payroll taxes	124,628	150,641
Deferred revenue	13,490	36,815
Total current liabilities	547,059	310,351
Long-term debt		
Mortgage notes payable, net of current maturities	560,248	1,129,587
Total liabilities	1,107,307	1,439,938
Net assets		
Unrestricted net assets		
Unrestricted	4,597,734	4,456,121
Board-designated for purpose	1,054,666	1,019,501
Temporarily restricted net assets	110,000	111,905
Total net assets	5,762,400	5,587,527
Total liabilities and net assets	\$ 6,869,707	\$ 7,027,465

See Notes to Financial Statements.

The Community Family, Inc.

**Statements of Activities
Years Ended December 31, 2014 and 2013**

	2014	2013
Unrestricted net assets		
Support and revenue		
Program	\$ 2,182,436	\$ 2,365,828
Transportation	796,258	787,833
USDA income	135,325	144,524
Interest and dividend income	47,069	34,501
Miscellaneous income	428	901
Grants and donations	85,588	155,750
Net assets released from restrictions	51,905	13,095
Total support and revenue	3,299,009	3,502,432
Functional expenses		
Program services	2,470,600	2,610,825
General and administrative	645,149	628,473
Development	330	1,226
Total functional expenses	3,116,079	3,240,524
Subtotal	182,930	261,908
Realized and unrealized gain (loss) on investments	(6,152)	74,056
Increase (decrease) in unrestricted net assets	176,778	335,964
Temporarily restricted net assets		
Contributions	50,000	125,000
Net assets released from restrictions	(51,905)	(13,095)
Increase (decrease) in temporarily restricted net assets	(1,905)	111,905
Total increase (decrease) in net assets	174,873	447,869
Net assets, beginning of year	5,587,527	5,139,658
Net assets, end of year	\$ 5,762,400	\$ 5,587,527

See Notes to Financial Statements.

The Community Family, Inc.

Statements of Functional Expenses
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Program services		
Payroll	\$ 1,469,261	\$ 1,590,017
Payroll taxes	112,459	113,640
Activities	21,619	21,807
Depreciation and amortization	207,774	225,010
Food	150,315	147,867
Fringe benefits	104,475	129,595
Insurance	85,810	77,745
Medical supplies	12,250	14,405
Staff training	1,757	954
Supplies	19,260	13,696
Taxes - other	-	4,488
Transportation	222,661	220,660
Travel	449	472
Utilities	62,510	50,469
Total program services	<u>2,470,600</u>	<u>2,610,825</u>
General and administrative		
Payroll	205,895	199,177
Payroll taxes	16,142	14,899
Advertising - employment	1,714	3,338
Advertising - marketing	647	1,074
Audit	19,334	17,150
Bad debt	10,689	1,004
Board expense	5,579	4,296
Casual labor	837	1,428
Cleaning and janitorial	62,140	73,666
Consulting	13,739	18,780
Depreciation and amortization	6,577	8,968
Dues and subscriptions	14,395	14,142
Equipment leases	9,321	8,806
Food	48	79
Fringe benefits	30,979	15,533
Insurance	9,765	8,589
Interest	54,249	75,952
Legal	10,332	3,438
Office supplies and expenses	39,529	51,757
Payroll service and bank charges	23,649	25,413
Postage	6,178	7,749
Repairs and maintenance	56,133	52,483
Staff training	300	235
Telephone	20,259	19,172
Travel	869	1,345
Miscellaneous	25,850	-
Total general and administrative	<u>645,149</u>	<u>628,473</u>

The Community Family, Inc.

**Statements of Functional Expenses
Years Ended December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Development		
Dues and subscriptions	330	275
Fundraising	-	951
	<u>330</u>	<u>1,226</u>
Total development		
	<u>\$ 3,116,079</u>	<u>\$ 3,240,524</u>
Total functional expenses		

See Notes to Financial Statements.

The Community Family, Inc.

**Statements of Cash Flows
Years Ended December 31, 2014 and 2013**

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 174,873	\$ 447,869
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	214,013	233,640
Amortization	338	338
Net realized and unrealized (gains) losses on investments	6,152	(74,056)
Contributions restricted for long-term purposes	(50,000)	-
Changes in assets and liabilities		
(Increase) decrease in assets		
Accounts and pledges receivable	50,762	(77,736)
Prepaid expenses	(2,143)	18,233
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	7,388	(11,644)
Accrued payroll, vacation and payroll taxes	(26,013)	17,564
Deferred revenue	(23,325)	10,147
	<u>352,045</u>	<u>564,355</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Purchase of investments	(813,086)	(37,346)
Sale or maturity of investments	771,769	8,141
Purchases of property and equipment	(44,707)	(37,476)
	<u>(86,024)</u>	<u>(66,681)</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities		
Mortgage principal payments	(290,681)	(292,614)
Collections on contributions restricted for long-term purposes:		
Van purchase	50,000	-
	<u>50,000</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(240,681)</u>	<u>(292,614)</u>
Net increase (decrease) in cash and cash equivalents	25,340	205,060
Cash and cash equivalents, beginning of year	<u>1,772,477</u>	<u>1,567,417</u>
Cash and cash equivalents, end of year	<u>\$ 1,797,817</u>	<u>\$ 1,772,477</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ (55,529)</u>	<u>\$ (76,038)</u>

See Notes to Financial Statements.

The Community Family, Inc.

Notes to Financial Statements December 31, 2014 and 2013

Note 1 - Organization

The Community Family, Inc. (the "Organization") was formed in 1978 as a tax-exempt corporation under Chapter 180 of the laws of the Commonwealth of Massachusetts. The Organization provides adult day-care services in Everett, Massachusetts. The Organization also has two adult day-care centers, with a primary function of caring for clients suffering from Alzheimer's disease, located in Medford and Lowell, Massachusetts. The Organization provides transportation services for some of its clients.

The Organization is subject to revenue rates as established by the Division of Health Care Finance and Policy of the Commonwealth of Massachusetts for its Adult and Alzheimer's Disease Day Care Program contracts. The Commonwealth of Massachusetts Division of Medical Assistance has certified the Organization as a provider of Adult Day Health Care.

Note 2 - Summary of significant accounting policies

Financial statement presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets, in accordance with guidance issued by the Financial Accounting Standards Board ("FASB"). Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets Net assets that are not subject to donor-imposed restrictions;

Temporarily restricted net assets Net assets subject to explicit or implicit donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time; and

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

Grants which are limited to the use of various Organization programs are reflected as unrestricted revenue if these funds are received and spent during the same year and if they support the activities of the Organization within the limits of the Organization's Articles of Organization. At December 31, 2014 and 2013, the Organization has no permanently restricted net assets.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Community Family, Inc.

Notes to Financial Statements December 31, 2014 and 2013

Risks and uncertainties

The Organization maintains an investment portfolio consisting of a combination of corporate bonds and mutual funds that are invested in equity securities, bonds, money market and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term and such changes could materially affect the Organization's account balances.

The Organization receives reimbursements from federal funding agencies, including Medicaid and USDA, and third party service providers which are public agencies for providing adult day health program services. Reimbursement rates are set by geographic region, federal and state regulations, and federal and state budgets. Due to the level of risk associated with certain reimbursement providers due to federal and state budgetary cuts, it is at least reasonably possible that changes in reimbursement rates will occur in the near term and such changes could materially affect the Organization's account balances.

Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less, as well as investments in interest bearing money market accounts, to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value.

Investments and investment pools

The Organization's investments consist of investments in marketable securities with readily determinable fair values and investments in debt securities which are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the changes in net assets. Gains and losses on the disposition of investments are determined based on the average cost method for mutual funds and specific identification of securities sold for corporate bonds. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Endowment

The Organization's endowment consists of approximately 21 individual funds that are restricted by the Board of Directors as a working capital reserve. No funds have been restricted by donors to function as endowments as of December 31, 2014 and 2013. In conformity with accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors 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 Directors has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (the "Act"), governing the Organization's net asset classification of

The Community Family, Inc.

Notes to Financial Statements December 31, 2014 and 2013

restricted endowment funds, as requiring the preservation of the fair value of the restricted endowment funds absent of explicit stipulations to the contrary.

As a result of this interpretation, the Organization may accumulate so much of the annual net income as is deemed prudent to meet (1) the long- and short-term needs to the Organization in carrying out its mission, (2) problems specific to the Organization, (3) present and anticipated financial requirements, (4) expected total return on its investments, (5) price level trends, and (6) general economic conditions. In addition, the Organization may hold any or all such accumulated income for subsequent expenditure for the uses and purposes for which the endowment was established or may add any or all of the accumulated income to the principal endowment fund that is deemed prudent.

In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate restricted endowment funds: (i) the duration and preservation of the fund, (ii) the purposes of the Organization and the restricted endowment fund, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the Organization, and (vii) the investment policies of the Organization.

Investment and spending policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods as well as board-designated funds. At December 31, 2014 and 2013, there were no donor-restricted endowment funds. Under the investment and spending policies, as approved by the Board of Directors, the endowment assets are invested in a pre-approved listing of different types of securities that aim to preserve principal, generate income and provide the opportunity for conservative growth. The Organization expects its endowment funds, over time, to provide an average annual rate of return of approximately 4% - 5%. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk restraints.

The Organization has not adopted a policy to appropriate a portion of its endowment for distribution each year as the Organization's intent is to hold the endowment in perpetuity until such a time arises when the Board of Directors specifies a use for the funds. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through investment return.

The Community Family, Inc.

Notes to Financial Statements December 31, 2014 and 2013

Accounts and pledges receivable

Accounts and pledges receivable are stated at the amount the Organization expects to collect from outstanding balances. Organization management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on historical collection experience and its assessment of current economic conditions. Balances that are still outstanding after Organization management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

The Organization does not have any policies requiring collateral or other security to secure accounts receivable. Federal funding agencies, including Medicaid and USDA, and third party providers which are public agencies, do not permit collateralization of their accounts. Consequently, the Organization does not believe any policy is necessary.

Property and equipment

Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. All acquisitions of property and equipment and expenditures for repairs, maintenance, renewals, and betterments in excess of \$500 that materially prolong the useful lives of assets are capitalized. Building and improvements are being depreciated over their estimated useful lives ranging from 20 to 40 years utilizing the straight line method. Furnishings and equipment and motor vehicles are being depreciated over their estimated useful lives ranging from 5 to 7 years utilizing the straight line method.

At December 31, 2014 and 2013, property and equipment with an original cost of approximately \$692,900 and \$507,500, respectively, was fully depreciated and still in service.

Deferred financing costs

Costs related to obtaining the mortgage debt financing for the Lowell, Massachusetts facility and Everett, Massachusetts facility are amortized over the term of the related debt using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Estimated annual amortization expense for each of the ensuing years through December 31, 2019 is \$338 per year.

Impairment of long-lived assets

The Organization's long-lived assets are reviewed for impairment when events or changes in circumstances indicate that such assets may be impaired. An evaluation is performed by measuring the estimated future undiscounted cash flows (without interest charges) associated with the asset to the asset's carrying amount to determine if a write-down to fair value is required. If an impairment is present, the assets are reported at the lower of carrying value or fair value.

The Community Family, Inc.

Notes to Financial Statements December 31, 2014 and 2013

In 2014 and 2013, no events or circumstances occurred or existed which indicated that the Organization's long-lived assets might be impaired; accordingly no such loss provision has been included in the accompanying financial statements.

Contract revenue and client fees

Contract revenue and client fees are recognized as revenue in the year in which the services are performed. Contract revenue and client fees received in advance are deferred and reflected as prepaid revenue until the service is provided.

Contributions

Contributions, including grants, are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, the net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Unconditional promises to give are reported at net realizable value if at the time the promise is made collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are reported at fair value using present value techniques and a discount rate determined by management of the Organization. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions in the form of property and equipment and other assets are recorded at fair value on the date the donation is received.

Contributed services

Contributed services that require specialized skills are recognized as revenue at the estimated fair value when the service is received. During the years ended December 31, 2014 and 2013, the value of contributed services meeting the requirements for recognition in the financial statements under the FASB's accounting standards was not material and has not been recorded. In addition, individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

The Community Family, Inc.

Notes to Financial Statements December 31, 2014 and 2013

General and administrative expenses

The Organization allocates general and administrative expenses directly to programs for which separately identifiable costs can be attributed. All other general and administrative expenses are paid by the Home Office and allocated among program sites based on service units provided by location.

During the years ended December 31, 2014 and 2013, the allocations of general and administrative expenses were approximately as follows:

	<u>2014</u>	<u>2013</u>
Everett	44%	44%
Medford	29%	26%
Lowell	<u>27%</u>	<u>30%</u>
	<u>100%</u>	<u>100%</u>

Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising and marketing

Advertising and marketing costs are expensed when incurred. Amounts incurred for the years ended December 31, 2014 and 2013 were \$647 and \$1,074, respectively.

Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization had no unrelated business income for the years ended December 31, 2014 and 2013. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within 12 months of December 31, 2014. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Organization's income tax returns are subject to examination by taxing authorities generally for the years ended December 31, 2011, 2012 and 2013.

The Community Family, Inc.

**Notes to Financial Statements
December 31, 2014 and 2013**

Note 3 - Accounts and pledges receivable

Accounts and pledges receivable consists of the following at December 31, 2014 and 2013:

	2014	2013
Trade receivables		
Medicaid	\$ 272,684	\$ 294,047
Veterans Administration	46,870	48,899
Other providers	102,067	101,496
Private pay	48,784	65,090
USDA	11,866	22,501
Subtotal	482,271	532,033
Less: Allowance for doubtful accounts	(18,248)	(18,248)
	464,023	513,785
Grants and donations receivable	69,000	80,000
Other receivables	10,000	-
Total accounts receivable, net	\$ 543,023	\$ 593,785

Grants and donations receivable are due as follows at December 31, 2014:

	Unrestricted	Temporarily restricted	Total
Receivables due in less than one year	\$ 9,000	\$ 20,000	\$ 29,000
Receivables due in one to five years	-	40,000	40,000
Receivables due in more than five years	-	-	-
	\$ 9,000	\$ 60,000	\$ 69,000

The Community Family, Inc.

**Notes to Financial Statements
December 31, 2014 and 2013**

Grants and donations receivable are due as follows at December 31, 2013:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Receivables due in less than one year	\$ -	\$ 20,000	\$ 20,000
Receivables due in one to five years	-	60,000	60,000
Receivables due in more than five years	-	-	-
	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>

Note 4 - Investments

The Organization maintains a portfolio of investments. The cost and fair market value of these investments at December 31, 2014 and 2013 are as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Fair market value</u>	<u>Cost</u>	<u>Fair market value</u>
Mutual funds				
Fixed income	\$ 297,676	\$ 303,411	\$ 350,531	\$ 362,105
Equities	593,050	626,853	360,791	505,536
Other securities				
Real estate investment trusts	86,908	83,304	81,454	81,722
Short-term investments and money market funds	41,098	41,098	70,138	70,138
	<u>\$ 1,018,732</u>	<u>\$ 1,054,666</u>	<u>\$ 862,914</u>	<u>\$ 1,019,501</u>

Realized and unrealized gains (losses) on investments for the years ended December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Realized gain (loss) on investments	\$ 114,307	\$ -
Unrealized gain (loss) on investments	<u>(120,459)</u>	<u>74,056</u>
Net realized and unrealized gain (loss) on investments	<u>\$ (6,152)</u>	<u>\$ 74,056</u>

The Community Family, Inc.

**Notes to Financial Statements
December 31, 2014 and 2013**

For the years ended December 31, 2014 and 2013, investment activity for the portfolio was as follows:

	2014	2013
Investments, beginning of year	\$ 1,019,501	\$ 916,240
Investment income		
Dividends and interest, net of expenses totaling \$9,088 and \$8,141, respectively	41,317	29,205
Realized and unrealized gains (losses)	(6,152)	74,056
Deposits	-	-
	\$ 1,054,666	\$ 1,019,501

The investments are invested in several funds and industry segments. At December 31, 2014 and 2013, funds comprising greater than 10% of the fair value of investments were as follows:

	2014	2013
Vanguard ST Gov't Fixed Income #49	*	17.58%
AMG Managers PIMCO Bond Fund	14.08%	13.85%
Fidelity ADV New Insights - A	*	10.86%
Invesco Select Companies CL R5	12.29%	11.67%
Ishares Trust Minvolatility ETF USA	16.01%	*
JP Morgan Equity Income Select	*	11.15%

* Does not represent greater than 10% of investments at year-end.

The endowment net asset composition by type of fund as of December 31, 2014 was as follows:

Fund type	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment	\$ -	\$ -	\$ -	\$ -
Board-designated endowment	1,054,666	-	-	1,054,666
	\$ 1,054,666	\$ -	\$ -	\$ 1,054,666

The Community Family, Inc.

**Notes to Financial Statements
December 31, 2014 and 2013**

Changes in the endowment net assets for the year ended December 31, 2014 was as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,019,501	\$ -	\$ -	\$ 1,019,501
Investment return:				50,405
Investment Income	50,405	-	-	
Appreciation (depreciation), realized and unrealized	<u>(6,152)</u>	<u>-</u>	<u>-</u>	<u>(6,152)</u>
Total investment return	1,063,754	-	-	1,063,754
Contributions	-	-	-	
Appropriation of endowment assets for expenditure	-	-	-	-
Investment management fees	<u>(9,088)</u>	<u>-</u>	<u>-</u>	<u>(9,088)</u>
Endowment net assets, end of year	<u>\$ 1,054,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,054,666</u>

The endowment net asset composition by type of fund as of December 31, 2013 was as follows:

<u>Fund type</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment	\$ -	\$ -	\$ -	\$ -
Board-designated endowment	<u>1,019,501</u>	<u>-</u>	<u>-</u>	<u>1,019,501</u>
	<u>\$ 1,019,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019,501</u>

The Community Family, Inc.

**Notes to Financial Statements
December 31, 2014 and 2013**

Changes in the endowment net assets for the year ended December 31, 2013 was as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 916,240	\$ -	\$ -	\$ 916,240
Investment return:				37,346
Investment income	37,346	-	-	
Appreciation (depreciation), realized and unrealized	<u>74,056</u>	<u>-</u>	<u>-</u>	<u>74,056</u>
Total investment return	1,027,642	-	-	1,027,642
Contributions	-	-	-	
Appropriation of endowment assets for expenditure	-	-	-	-
Investment management fees	<u>(8,141)</u>	<u>-</u>	<u>-</u>	<u>(8,141)</u>
Endowment net assets, end of year	<u>\$ 1,019,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019,501</u>

Note 5 - Fair value measurements

The Organization follows FASB's guidance on fair value measurements. The guidance framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants. The guidance establishes a three-level hierarchy based upon observable and non-observable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The fair value hierarchy under the guidance is as follows:

- Level 1 - Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 - Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance requires the use of observable data if such data is available without undue cost and effort.

The Community Family, Inc.

**Notes to Financial Statements
December 31, 2014 and 2013**

The fair value of assets measured on a recurring basis at December 31, 2014 are as follows:

	<u>Fair value</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Investments - endowment				
Money market funds	\$ 41,098	\$ 41,098	\$ -	\$ -
Fixed income	303,411	303,411	-	-
Equities	626,853	626,853	-	-
Real estate investment trust	<u>83,304</u>	<u>-</u>	<u>83,304</u>	<u>-</u>
Total assets	<u>\$ 1,054,666</u>	<u>\$ 971,362</u>	<u>\$ 83,304</u>	<u>\$ -</u>

The fair value of assets measured on a recurring basis at December 31, 2013 are as follows:

	<u>Fair value</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Investments - endowment				
Money market funds	\$ 70,138	\$ 70,138	\$ -	\$ -
Fixed income	362,105	362,105	-	-
Equities	505,536	505,536	-	-
Real estate investment trust	<u>81,722</u>	<u>-</u>	<u>81,722</u>	<u>-</u>
Total assets	<u>\$ 1,019,501</u>	<u>\$ 937,779</u>	<u>\$ 81,722</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices for Level I inputs and other relevant information generated by market transactions for Level II inputs.

There were no assets measured at fair value on a recurring basis using significant unobservable inputs (Level III inputs) at December 31, 2014 and 2013.

The Community Family, Inc.

**Notes to Financial Statements
December 31, 2014 and 2013**

Note 6 - Mortgage notes payable

Long-term debt consists of the following at December 31:

	<u>2014</u>	<u>2013</u>
<p>Mortgage note payable, Everett Cooperative Bank, secured by real estate in Everett, Massachusetts and other assets of the Organization. Final draws totaling \$215,600 were received during 2010 resulting in a total loan of \$1,376,958. Payments of principal and interest, at a fixed rate of 6.50%, in monthly installments of \$9,456 commenced in April 2010. During January 2014, the Organization made an optional prepayment in the amount of \$250,000. During March 2013, the Organization made an optional prepayment in the amount of \$250,000. The loan is scheduled to mature in October 2034. Interest of \$39,781 and \$60,403 was incurred during 2014 and 2013, respectively. There was no accrued interest payable at December 31, 2014 and 2013.</p>	\$ 574,883	\$ 838,974
<p>Mortgage note payable, Lowell Five Cent Savings Bank, secured by real estate in Lowell, Massachusetts and maturing October 2024. The rate will be adjusted every five years to a rate equal to the bank's prime rate plus 1.25% and was last reset in October 2011. In October 2011, the interest rate was changed to 4.5% per annum and the monthly payment was changed to \$3,257. Interest of \$14,468 and \$15,549 was incurred during 2014 and 2013, respectively. There was no accrued interest payable at December 31, 2014. Accrued interest payable at December 31, 2013 totaled \$1,280. The Lowell Five Cent Savings Bank loan requires funds equal to 20% of the outstanding balance to be maintained at the bank as additional collateral. This requirement has been met by funds held at the financial institution in a cash account at December 31, 2014 and 2013 in the amount of \$408,358 and \$106,964, respectively. In February 2015, the Board of Directors voted to approve the payment of the mortgage note in full during 2015. As of the report date, the loan has not yet been repaid.</p>	308,031	334,621

The Community Family, Inc.

**Notes to Financial Statements
December 31, 2014 and 2013**

	2014	2013
Total mortgage notes payable	\$ 882,914	\$ 1,173,595
Current portion	\$ 322,666	\$ 44,008
Long-term portion	560,248	1,129,587
Total mortgage notes payable	\$ 882,914	\$ 1,173,595

In accordance with the mortgage note payable with Everett Cooperative Bank, the Organization is required to maintain a debt service coverage ratio, as defined in the note. The debt service coverage ratio was met for the year-ended December 31, 2014.

Estimated annual principal payments on the mortgage notes payable for the next five years and in the aggregate as of December 31, 2014 are as follows:

2015	\$ 322,666
2016	15,512
2017	16,655
2018	17,770
2019	18,960
Thereafter	491,351
Total mortgage notes payable	\$ 882,914

Note 7 - Restricted and board-designated assets

Temporarily restricted

Temporarily restricted net assets are available for the following purposes at December 31:

	2014	2013
Program activities	\$ 60,000	\$ 100,000
Van purchase	50,000	-
Operations	-	11,905
Total	\$ 110,000	\$ 111,905

The Community Family, Inc.

**Notes to Financial Statements
December 31, 2014 and 2013**

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by the donor during the years ended December 31, 2014 and 2013 as follows:

	2014	2013
Program activities	\$ 40,000	\$ -
Operations	11,905	13,905
Total	\$ 51,905	\$ 13,905

Board-designated - unrestricted

At December 31, 2014 and 2013, \$1,054,666 and \$1,019,501, respectively, of investments are held in a Board designated endowment fund as a working capital reserve.

Note 8 - Operating lease commitments

Office equipment

The Organization leases certain office equipment under various operating leases. Terms of the leases generally are for terms ranging from 48-60 months and expire at various dates through December 2018. Payments range from \$76 to \$184 per month plus excess usage charges. Total office equipment lease expense for the years ended December 31, 2014 and 2013 totaled \$9,321 and \$8,806, respectively.

Note 9 - Concentrations of economic risk

A significant portion of total support and revenue is derived from the Commonwealth of Massachusetts Division of Medical Assistance and various agencies of the Commonwealth. Billings for these services are rendered on a semi-monthly or monthly basis. The 2014 and 2013 earned revenues and accounts receivable at December 31, 2014 and 2013 from these payors were approximately as follows:

	2014	2013
Percent of earned revenue		
Medicaid/USDA	45%	58%
Veterans Administration	4%	8%
Other	16%	17%
	65%	83%
Percent of accounts receivable		
Medicaid/USDA	61%	62%
Veterans Administration	10%	10%
Other	22%	20%
	93%	92%

The Community Family, Inc.

**Notes to Financial Statements
December 31, 2014 and 2013**

Note 10 - Commitments and contingencies

The Organization receives a significant portion of its funding from contracts with governmental agencies and third-party payors. These contracts are subject to laws and regulations governing the programs contractual agreements and medical assessment; all of which are subject to interpretation. The contracts provide the appropriate agencies the right to audit the Organization, and could result in the recapture of revenue previously reported by the Organization.

In the opinion of management, the results of such audits, if any, should not have a material effect on the Organization's financial position or results of operations.

During the year ended December 31, 2014, the Commonwealth of Massachusetts, Executive Office of Health and Human Services ("MassHealth") performed a review over compliance at each of the Organization's adult day centers. MassHealth found several areas of non-compliance at each center during their review and as a result, charged the Organization a total of \$25,850, comprised of \$9,400 in fines and \$16,450 for recoupment of overpayments received. The Organization disagrees with a number of the compliance findings and filed an appeal in December 2014; however, no settlement has been reached as of the report date, May 6, 2015. As a result and in accordance with professional accounting standards, the entire amount has been accrued and is included in accounts payable and accrued expenses on the statements of financial position as of December 31, 2014.

Note 11 - Concentration of credit risk

The Organization maintains operating cash balances at financial institutions located in Massachusetts. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000.

In addition, the Organization's financial institutions participate in either the Share Insurance Fund ("SIF"), which insures all deposits at co-operative banks in Massachusetts above FDIC limits or the Depositors Insurance Fund, which insures all deposits above FDIC limits at Massachusetts chartered savings banks. As of December 31, 2014 and 2013, the Organization's cash balances were fully insured under these programs.

The Organization has not experienced any losses on its accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business.

Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and cash equivalent balances.

Note 12 - Subsequent events

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after

The Community Family, Inc.

**Notes to Financial Statements
December 31, 2014 and 2013**

the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through May 6, 2015 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements, except as disclosed in Note 6.

Supplementary Information

The Community Family, Inc.
Schedules of Revenue and Expenses
Everett Facility
Years Ended December 31, 2014 and 2013

	2014	2013
Unrestricted net assets		
Support and revenue		
Program	\$ 923,674	\$ 1,002,775
Transportation	392,642	395,436
USDA income	71,483	74,354
Miscellaneous income	-	-
Grants and donations	65,738	40,171
Total support and revenue	1,453,537	1,512,736
Functional expenses		
Program services	1,021,250	1,057,627
General and administrative	292,398	231,154
Development	-	475
Total functional expenses	1,313,648	1,289,256
Increase (decrease) in net assets	\$ 139,889	\$ 223,480

See Independent Auditor's Report.

The Community Family, Inc.

Schedules of Functional Expenses
Everett Facility
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Program services		
Payroll	\$ 592,566	\$ 631,688
Payroll taxes	44,873	44,296
Activities	11,623	11,339
Depreciation and amortization	95,759	97,197
Food	72,421	71,185
Fringe benefits	51,032	62,269
Insurance	35,801	32,163
Medical supplies	8,300	7,162
Staff training	560	374
Supplies	10,676	5,816
Taxes - other	-	4,488
Transportation	80,627	74,592
Utilities	17,012	15,058
	<u>1,021,250</u>	<u>1,057,627</u>
General and administrative		
Advertising - employment	1,379	1,435
Advertising - marketing	-	368
Bad debt	8,333	-
Casual labor	537	375
Cleaning and janitorial	28,298	33,575
Dues and subscriptions	2,347	3,576
Equipment leases	3,330	3,187
Home office allocation	164,600	100,181
Interest	33,301	52,907
Office supplies and expenses	5,454	7,025
Payroll service and bank charges	3,318	3,269
Postage	-	92
Repairs and maintenance	21,801	18,719
Telephone	6,908	6,445
Miscellaneous	12,792	-
	<u>292,398</u>	<u>231,154</u>
Development		
Fundraising	-	475
	<u>-</u>	<u>475</u>
Total development	<u>-</u>	<u>475</u>
Total functional expenses	<u>\$ 1,313,648</u>	<u>\$ 1,289,256</u>

See Independent Auditor's Report.

The Community Family, Inc.
Schedules of Revenue and Expenses
Medford Facility
Years Ended December 31, 2014 and 2013

	2014	2013
Unrestricted net assets		
Support and revenue		
Program	\$ 670,043	\$ 649,015
Transportation	193,761	189,791
USDA income	33,774	34,634
Miscellaneous income	192	505
Grants and donations	51,800	82,294
Total support and revenue	949,570	956,239
Functional expenses		
Program services	701,876	750,499
General and administrative	182,374	134,683
Development	-	376
Total functional expenses	884,250	885,558
Increase (decrease) in unrestricted net assets	\$ 65,320	\$ 70,681

See Independent Auditor's Report.

The Community Family, Inc.
Schedules of Functional Expenses
Medford Facility
Years Ended December 31, 2014 and 2013

	2014	2013
Program services		
Payroll	\$ 447,769	\$ 484,800
Payroll taxes	34,402	34,698
Activities	6,804	7,163
Depreciation and amortization	51,516	62,762
Food	45,168	40,370
Fringe benefits	15,591	17,660
Insurance	26,912	24,512
Medical supplies	2,295	5,675
Staff training	370	275
Supplies	3,875	3,463
Transportation	47,253	52,847
Utilities	19,921	16,274
	<u>701,876</u>	<u>750,499</u>
 Total program services		
General and administrative		
Advertising - employment	335	1,483
Advertising - marketing	-	68
Bad debt	2,356	407
Casual labor	-	403
Cleaning and janitorial	16,214	22,463
Dues and subscriptions	2,145	3,826
Equipment leases	3,436	2,633
Home office allocation	109,164	59,809
Interest	-	1,022
Office supplies and expenses	5,504	6,857
Payroll service and bank charges	3,439	3,161
Postage	778	734
Repairs and maintenance	27,678	26,288
Telephone	5,907	5,529
Miscellaneous	5,418	-
	<u>182,374</u>	<u>134,683</u>
 Total general and administrative		
Development		
Fundraising	-	376
	<u>-</u>	<u>376</u>
 Total development		
	<u>-</u>	<u>376</u>
 Total functional expenses	<u>\$ 884,250</u>	<u>\$ 885,558</u>

See Independent Auditor's Report.

The Community Family, Inc.
Schedules of Revenue and Expenses
Lowell Facility
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted net assets		
Support and revenue		
Program	\$ 588,719	\$ 714,038
Transportation	209,855	202,606
USDA income	30,068	35,536
Miscellaneous income	236	396
Grants and donations	<u>18,050</u>	<u>33,285</u>
Total support and revenue	<u>846,928</u>	<u>985,861</u>
Functional expenses		
Program services	747,474	802,699
General and administrative	164,625	132,340
Development	<u>-</u>	<u>100</u>
Total functional expenses	<u>912,099</u>	<u>935,139</u>
Increase (decrease) in net assets	<u><u>\$ (65,171)</u></u>	<u><u>\$ 50,722</u></u>

See Independent Auditor's Report.

The Community Family, Inc.

**Schedules of Functional Expenses
Lowell Facility
Years Ended December 31, 2014 and 2013**

	2014	2013
Program services		
Payroll	\$ 428,926	\$ 473,529
Payroll taxes	33,184	34,646
Activities	3,192	3,305
Depreciation and amortization	60,499	65,051
Food	32,726	36,312
Fringe benefits	37,852	49,666
Insurance	23,097	21,070
Medical supplies	1,655	1,568
Staff training	827	305
Supplies	4,709	4,417
Transportation	94,781	93,221
Travel	449	472
Utilities	25,577	19,137
	<u>747,474</u>	<u>802,699</u>
General and administrative		
Advertising - employment	-	420
Advertising - marketing	397	388
Audit	-	-
Bad debt	-	597
Casual labor	300	650
Cleaning and janitorial	17,628	17,628
Dues and subscriptions	1,953	2,003
Equipment leases	1,371	1,371
Home office allocation	100,722	69,630
Interest	14,468	15,549
Office supplies and expenses	5,524	8,172
Payroll service and bank charges	2,605	2,651
Postage	882	1,650
Repairs and maintenance	6,654	7,476
Telephone	4,481	4,155
Miscellaneous	7,640	-
	<u>164,625</u>	<u>132,340</u>
Development		
Fundraising	-	100
	<u>-</u>	<u>100</u>
Total development	<u>-</u>	<u>100</u>
Total functional expenses	<u>\$ 912,099</u>	<u>\$ 935,139</u>

See Independent Auditor's Report.

The Community Family, Inc.
Schedules of Revenue and Expenses
Home Office
Years Ended December 31, 2014 and 2013

	2014	2013
Unrestricted net assets		
Support and revenue		
Interest and dividend income	\$ 47,069	\$ 34,501
Miscellaneous income	-	-
Grants and donations	-	-
Net assets released from restriction	51,095	13,095
Total support and revenue	98,164	47,596
Functional expenses		
General and administrative	380,238	359,916
Development	330	275
Total functional expenses	380,568	360,191
Less: home office allocation	(374,486)	(229,620)
Subtotal	6,082	130,571
Realized and unrealized gain (loss) on investments	(6,152)	74,056
Increase (decrease) in unrestricted net assets	85,930	(8,919)
Temporarily restricted net assets		
Contributions	-	125,000
Net assets released from restrictions	(51,095)	(13,095)
Increase (decrease) in temporarily restricted net assets	(51,095)	111,905
Increase (decrease) in net assets	\$ 34,835	\$ 102,986

See Independent Auditor's Report.

The Community Family, Inc.

**Schedules of Functional Expenses
Home Office
Years Ended December 31, 2014 and 2013**

	2014	2013
General and administrative		
Payroll	\$ 205,895	\$ 199,177
Payroll taxes	16,142	14,899
Advertising - marketing	250	250
Audit	19,334	17,150
Board expense	5,579	4,296
Casual labor	-	-
Consulting	13,739	18,780
Depreciation and amortization	6,577	8,968
Dues and subscriptions	7,950	4,737
Equipment leases	1,184	1,615
Food	48	79
Fringe benefits	30,979	15,533
Insurance	9,765	8,589
Interest	6,480	6,474
Legal	10,332	3,438
Office supplies and expenses	23,047	29,703
Payroll service and bank charges	14,287	16,332
Postage	4,518	5,273
Repairs and maintenance	-	-
Staff training	300	235
Telephone	2,963	3,043
Travel	869	1,345
	<u>380,238</u>	<u>359,916</u>
Development		
Dues and subscriptions	330	275
	<u>330</u>	<u>275</u>
Total development		
	<u>330</u>	<u>275</u>
Total functional expenses	<u>\$ 380,568</u>	<u>\$ 360,191</u>
Less home office allocation:		
Everett	\$ 164,600	\$ 100,181
Medford	109,164	59,809
Lowell	100,722	69,630
	<u>374,486</u>	<u>229,620</u>
Total home office allocation		
	<u>374,486</u>	<u>229,620</u>
Total expenses after allocation	<u>\$ 6,082</u>	<u>\$ 130,571</u>

See Independent Auditor's Report.