INDEPENDENT AUDITOR’S REPORT
AND FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018
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<th>PAGE</th>
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</tbody>
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Sherwood Center for the Exceptional Child
Kansas City, Missouri

We have audited the accompanying financial statements of Sherwood Center for the Exceptional Child (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sherwood Center for the Exceptional Child as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kansas City, Missouri
October 30, 2019
SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$3,330,996</td>
<td>$1,833,598</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>412,577</td>
<td>271,331</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>51,564</td>
<td>55,094</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>196,684</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>65,185</td>
<td>49,133</td>
</tr>
<tr>
<td>Deposit</td>
<td>1,300</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td>30,060</td>
<td>147,389</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>4,088,366</td>
<td>2,356,545</td>
</tr>
</tbody>
</table>

| PROPERTY AND EQUIPMENT | | |
| Property and equipment | 2,353,412 | 2,250,554 |
| Accumulated depreciation | (845,055) | (744,480) |
| **Total Property and Equipment** | 1,508,357 | 1,506,074 |

| OTHER ASSETS | | |
| Pledges receivable | 50,460 | - |
| Construction in progress | 980,174 | 9,500 |
| Loan origination fee, net | - | 191 |
| **Total Other Assets** | 1,030,634 | 9,691 |

| TOTAL ASSETS | | |
| **TOTAL ASSETS** | $6,627,357 | $3,872,310 |

| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $50,749 | $41,561 |
| Accrued expenses | 625,546 | 109,009 |
| Current portion of note payable | 17,550 | 582,510 |
| **Total Current Liabilities** | 693,845 | 733,080 |

| NOTE PAYABLE, less current portion | | |
| **NOTE PAYABLE, less current portion** | 469,367 | - |

| TOTAL LIABILITIES | | |
| **TOTAL LIABILITIES** | 1,163,212 | 733,080 |

| NET ASSETS | | |
| Net assets without donor restrictions | | |
| Board designated | 445,000 | - |
| Undesignated | 4,624,350 | 3,139,154 |
| Net assets with donor restrictions | 394,795 | 76 |
| **Total Net Assets** | 5,464,145 | 3,139,230 |

| TOTAL LIABILITIES AND NET ASSETS | | |
| **TOTAL LIABILITIES AND NET ASSETS** | $6,627,357 | $3,872,310 |

See Notes to Financial Statements
SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

<table>
<thead>
<tr>
<th>SUPPORT AND REVENUE</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult day and family support</td>
<td>$ 1,169,718</td>
<td>$ 1,039,646</td>
</tr>
<tr>
<td>Special education</td>
<td>2,704,798</td>
<td>2,655,770</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>146,724</td>
<td>171,406</td>
</tr>
<tr>
<td>Fundraising income</td>
<td>144,265</td>
<td>75,575</td>
</tr>
<tr>
<td>Interest income</td>
<td>48,853</td>
<td>3,423</td>
</tr>
<tr>
<td>Other income</td>
<td>320</td>
<td>16,946</td>
</tr>
<tr>
<td><strong>TOTAL SUPPORT AND REVENUE</strong></td>
<td><strong>4,214,678</strong></td>
<td><strong>3,962,766</strong></td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>1,137,641</td>
<td>29,078</td>
</tr>
<tr>
<td>****</td>
<td><strong>5,352,319</strong></td>
<td><strong>3,991,844</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>2,637,989</td>
<td>2,540,178</td>
</tr>
<tr>
<td>Fundraising</td>
<td>365,565</td>
<td>223,586</td>
</tr>
<tr>
<td>General and administrative</td>
<td>409,376</td>
<td>347,085</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>3,412,930</strong></td>
<td><strong>3,110,849</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER CHANGES IN UNRESTRICTED NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized loss on investments</td>
<td>(9,193)</td>
<td>(5,771)</td>
</tr>
<tr>
<td><strong>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</strong></td>
<td><strong>1,930,196</strong></td>
<td><strong>875,224</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS WITH DONOR RESTRICTIONS</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>1,532,360</td>
<td>23,405</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(1,137,641)</td>
<td>(29,078)</td>
</tr>
<tr>
<td><strong>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</strong></td>
<td><strong>394,719</strong></td>
<td><strong>(5,673)</strong></td>
</tr>
</tbody>
</table>

<p>| CHANGE IN NET ASSETS                   | 2,324,915       | 869,551         |
| <strong>NET ASSETS, BEGINNING OF YEAR</strong>      | <strong>3,139,230</strong>   | <strong>2,269,679</strong>   |
| <strong>NET ASSETS, END OF YEAR</strong>            | <strong>$ 5,464,145</strong> | <strong>$ 3,139,230</strong> |</p>
<table>
<thead>
<tr>
<th>Service</th>
<th>Program Services</th>
<th>Fundraising</th>
<th>General and Administrative Expenses</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$1,540,844</td>
<td>$166,304</td>
<td>$293,729</td>
<td>$2,000,877</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>114,196</td>
<td>12,486</td>
<td>20,597</td>
<td>147,279</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>301,383</td>
<td>11,463</td>
<td>22,057</td>
<td>334,903</td>
</tr>
<tr>
<td>Professional services</td>
<td>203,513</td>
<td>64,611</td>
<td>29,180</td>
<td>297,304</td>
</tr>
<tr>
<td>Office expense</td>
<td>15,019</td>
<td>11,522</td>
<td>3,625</td>
<td>30,166</td>
</tr>
<tr>
<td>Curriculum and instruction</td>
<td>49,281</td>
<td>363</td>
<td>922</td>
<td>50,566</td>
</tr>
<tr>
<td>Meals and nutrition</td>
<td>53,352</td>
<td>572</td>
<td>882</td>
<td>54,806</td>
</tr>
<tr>
<td>Information technology</td>
<td>6,391</td>
<td>6,531</td>
<td>16,154</td>
<td>29,076</td>
</tr>
<tr>
<td>Mortgage interest</td>
<td>11,041</td>
<td>-</td>
<td>3,680</td>
<td>14,721</td>
</tr>
<tr>
<td>Gas and electric</td>
<td>97,878</td>
<td>-</td>
<td>-</td>
<td>97,878</td>
</tr>
<tr>
<td>Building supplies</td>
<td>19,149</td>
<td>802</td>
<td>1,466</td>
<td>21,417</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>99,479</td>
<td>883</td>
<td>403</td>
<td>100,765</td>
</tr>
<tr>
<td>Other utility and other occupancy</td>
<td>83,801</td>
<td>2,212</td>
<td>5,349</td>
<td>91,362</td>
</tr>
<tr>
<td>Transportation</td>
<td>12,614</td>
<td>25</td>
<td>342</td>
<td>12,981</td>
</tr>
<tr>
<td>Professional development</td>
<td>10,468</td>
<td>3,245</td>
<td>3,814</td>
<td>17,527</td>
</tr>
<tr>
<td>Insurance</td>
<td>17,104</td>
<td>406</td>
<td>5,323</td>
<td>22,833</td>
</tr>
<tr>
<td>Other</td>
<td>1,742</td>
<td>1,464</td>
<td>403</td>
<td>3,609</td>
</tr>
<tr>
<td>Fundraising events</td>
<td>357</td>
<td>64,953</td>
<td>-</td>
<td>65,310</td>
</tr>
<tr>
<td>In-kind expenses</td>
<td>377</td>
<td>17,723</td>
<td>1,450</td>
<td>19,550</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$2,637,989</strong></td>
<td><strong>$365,565</strong></td>
<td><strong>$409,376</strong></td>
<td><strong>$3,412,930</strong></td>
</tr>
</tbody>
</table>

See Notes to Financial Statements
<table>
<thead>
<tr>
<th>Category</th>
<th>Program Services</th>
<th>Fundraising</th>
<th>General and Administrative</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$ 1,465,290</td>
<td>$ 80,084</td>
<td>$ 196,980</td>
<td>$ 1,742,354</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>105,618</td>
<td>5,722</td>
<td>13,904</td>
<td>125,244</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>274,724</td>
<td>10,462</td>
<td>29,686</td>
<td>314,872</td>
</tr>
<tr>
<td>Professional services</td>
<td>285,129</td>
<td>56,498</td>
<td>34,135</td>
<td>375,762</td>
</tr>
<tr>
<td>Office expense</td>
<td>12,705</td>
<td>15,689</td>
<td>2,941</td>
<td>31,335</td>
</tr>
<tr>
<td>Curriculum and instruction</td>
<td>36,999</td>
<td>414</td>
<td>979</td>
<td>38,392</td>
</tr>
<tr>
<td>Meals and nutrition</td>
<td>63,984</td>
<td>-</td>
<td>1,483</td>
<td>65,467</td>
</tr>
<tr>
<td>Information technology</td>
<td>1,839</td>
<td>3,510</td>
<td>2,744</td>
<td>8,093</td>
</tr>
<tr>
<td>Mortgage interest</td>
<td>5,296</td>
<td>-</td>
<td>16,308</td>
<td>21,604</td>
</tr>
<tr>
<td>Gas and electric</td>
<td>97,156</td>
<td>102</td>
<td>1,408</td>
<td>98,666</td>
</tr>
<tr>
<td>Building supplies</td>
<td>23,924</td>
<td>1,981</td>
<td>1,060</td>
<td>26,965</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>61,491</td>
<td>74</td>
<td>27,487</td>
<td>89,052</td>
</tr>
<tr>
<td>Other utility and other occupancy</td>
<td>70,709</td>
<td>218</td>
<td>5,114</td>
<td>76,041</td>
</tr>
<tr>
<td>Transportation</td>
<td>10,669</td>
<td>-</td>
<td>180</td>
<td>10,849</td>
</tr>
<tr>
<td>Professional development</td>
<td>9,196</td>
<td>1,477</td>
<td>3,284</td>
<td>13,957</td>
</tr>
<tr>
<td>Insurance</td>
<td>13,662</td>
<td>-</td>
<td>4,095</td>
<td>17,757</td>
</tr>
<tr>
<td>Other</td>
<td>1,727</td>
<td>1,732</td>
<td>5,297</td>
<td>8,756</td>
</tr>
<tr>
<td>Fundraising events</td>
<td>-</td>
<td>40,586</td>
<td>-</td>
<td>40,586</td>
</tr>
<tr>
<td>In-kind expenses</td>
<td>60</td>
<td>5,037</td>
<td>-</td>
<td>5,097</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$ 2,540,178</strong></td>
<td><strong>$ 223,586</strong></td>
<td><strong>$ 347,085</strong></td>
<td><strong>$ 3,110,849</strong></td>
</tr>
</tbody>
</table>
## CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in net assets</td>
<td>$2,324,915</td>
<td>$869,551</td>
</tr>
</tbody>
</table>

Adjustments to reconcile change in net assets to net cash provided by operating activities:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>100,575</td>
<td>88,594</td>
</tr>
<tr>
<td>Amortization of loan fees</td>
<td>191</td>
<td>458</td>
</tr>
<tr>
<td>Unrealized (gain) / loss on investments</td>
<td>9,193</td>
<td>5,771</td>
</tr>
<tr>
<td>Cash contributions restricted for long-term purposes</td>
<td>(337,311)</td>
<td>-</td>
</tr>
<tr>
<td>In-kind architecture construction in progress</td>
<td>(9,545)</td>
<td>(9,500)</td>
</tr>
</tbody>
</table>

Changes in:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and contributions receivable</td>
<td>(137,716)</td>
<td>(29,222)</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>(247,144)</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(16,052)</td>
<td>(3,666)</td>
</tr>
<tr>
<td>Deposit</td>
<td>(1,300)</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>9,188</td>
<td>11,547</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>516,537</td>
<td>21,555</td>
</tr>
</tbody>
</table>

**NET CASH PROVIDED BY OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,211,531</td>
<td>955,088</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net purchases and disposals of property and equipment</td>
<td>(102,858)</td>
<td>(157,416)</td>
</tr>
<tr>
<td>Net sales and purchases of investments</td>
<td>187,591</td>
<td>(119,908)</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>(1,040,584)</td>
<td>-</td>
</tr>
</tbody>
</table>

**NET CASH USED BY INVESTING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(955,851)</td>
<td>(277,324)</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net principal payments on notes payable</td>
<td>(95,593)</td>
<td>(56,470)</td>
</tr>
<tr>
<td>Contributions restricted for long-term purposes</td>
<td>337,311</td>
<td>-</td>
</tr>
</tbody>
</table>

**NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>241,718</td>
<td>(56,470)</td>
</tr>
</tbody>
</table>

## INCREASE IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,497,398</td>
<td>621,294</td>
</tr>
</tbody>
</table>

## CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,833,598</td>
<td>1,212,304</td>
</tr>
</tbody>
</table>

## CASH AND CASH EQUIVALENTS, END OF YEAR

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,330,996</td>
<td>1,833,598</td>
</tr>
</tbody>
</table>

**Supplemental disclosure of cash flow information:**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for interest</td>
<td>$14,721</td>
<td>$19,905</td>
</tr>
<tr>
<td>Non-cash contribution of architectural services</td>
<td>$9,545</td>
<td>$9,500</td>
</tr>
</tbody>
</table>
NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Sherwood Center for the Exceptional Child (the Center) is a not-for-profit social service agency. The Center provides special education, daily habilitative training and community integration services for children and adults with autism who reside in the Greater Kansas City metropolitan area.

Funding for programs and services provided by the Center is provided by the Missouri Department of Mental Health, Medicaid and state and local educational agencies. The Center also receives donations from the United Way, foundations, corporations and individuals.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to any donor-imposed restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds are maintained in perpetuity. The Organization has no net assets that must be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Center considers all liquid investments with original maturities of three months or less, including money market funds, to be cash equivalents.

At various times throughout the year, the Center’s cash and cash equivalent balances in its bank accounts exceed federally insured amounts.
NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property and Equipment

Property and equipment are stated at cost. Donated assets are recorded at fair market value on the date of
contribution. Depreciation is computed on the straight-line method over the assets’ estimated useful lives
ranging from five to 25 years. Depreciation is not recorded for artwork based on the estimated extraordinary
long useful life. The Center capitalizes additions greater than $2,000.

Revenue Recognition

Revenue from special education, daily habilitative training and community integration services is recognized in
the period the services are provided. Contributions are recognized as revenue in the period the donor makes
an unconditional promise to give to the Center. Contributions that are restricted by the donor are reported as an
increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction
expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributed Services

A substantial number of volunteers have donated significant amounts of their time to the activities of the
Center. However, these services have not been reflected in the accompanying statements as no objective
basis is available to measure the value and these do not meet the accounting standards for recording in the
financial statements.

The Center records various types of in-kind support. Contributed in-kind support is recognized if
professional services are received that (a) create or enhance long-lived assets or (b) require specialized
skills, are provided by individuals possessing those skills, and would typically need to be purchased if not
provided by donation, or (c) goods donated that can be used for the Center’s purpose. During the year,
the Center received donations of architectural services.

Income Taxes

The Center is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3)
and had no unrelated business income subject to income tax. The Center is required to file Form 990,
Return of Center Exempt from Income Tax, yearly. The information in this return is used by the Internal
Revenue Service (IRS) to substantiate the Center’s continuing tax-exempt status. The last three years of these
returns are open to IRS examination.

Functional Expenses

The Center allocates its expenses on a functional basis among programs, fund-raising, and management
expenses that can be identified with a specific program, management or fund-raising activity are
assigned directly according to their natural expenditure classification. Other expenses that are common
to several functions are allocated by management’s estimate of the resources devoted to each function.
The expenses that are allocated are personnel, depreciation, and occupancy related expenses, which are
based on estimates of time and effort.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.
NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>$1,704,448</td>
<td>$1,697,946</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>337,003</td>
<td>320,224</td>
</tr>
<tr>
<td>Artwork</td>
<td>43,000</td>
<td>43,000</td>
</tr>
<tr>
<td>Vehicles</td>
<td>268,961</td>
<td>189,384</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,353,412</td>
<td>2,250,554</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>845,055</td>
<td>744,480</td>
</tr>
<tr>
<td><strong>Property and equipment</strong></td>
<td><strong>$1,508,357</strong></td>
<td><strong>$1,506,074</strong></td>
</tr>
</tbody>
</table>

As a result of the Center’s capital campaign, the adult day services will be moved to the Ward location and the Chestnut location is currently listed for sale. The Chestnut land and building held for sale is $246,831 less accumulated depreciation of $182,685.

NOTE 3: CAPITAL CAMPAIGN PLEDGES RECEIVABLE

During the year ended June 30, 2018, the Center embarked on a capital campaign, Opportunities for a Lifetime, to raise funds for capital improvements to renovate and expand the special education school and move the adult program to the Ward Parkway Plaza location with expanded facilities. Contributions and pledges for the capital campaign were received during the year ended June 30, 2019.

Pledges receivable consisted of the following unconditional promises to give at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts due in less than one year</td>
<td>$196,684</td>
<td>$ -</td>
</tr>
<tr>
<td>Amounts due in two to four years</td>
<td>50,460</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$247,144</strong></td>
<td><strong>$ -</strong></td>
</tr>
</tbody>
</table>

Management believes that all pledges receivable are collectible and accordingly, no allowance has been recorded.

NOTE 4: NET ASSETS

Net assets with donor restrictions were as follows for the year ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programming</td>
<td>$56</td>
<td>$76</td>
</tr>
<tr>
<td>Capital campaign</td>
<td>394,739</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$394,795</strong></td>
<td><strong>$76</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programming</td>
<td>$5,020</td>
<td>$29,078</td>
</tr>
<tr>
<td>Capital campaign</td>
<td>1,132,621</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,137,641</strong></td>
<td><strong>$29,078</strong></td>
</tr>
</tbody>
</table>
NOTE 4: NET ASSETS (Continued)

Board designated net assets were as follows for the year ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital campaign</td>
<td>$445,000</td>
<td>$-</td>
</tr>
</tbody>
</table>

NOTE 5: AVAILABILITY AND LIQUIDITY

The Center strives to maintain liquid financial assets sufficient to cover operating expenditures. The following table reflects the Center’s financial assets as of June 30, 2019 and 2018, reduced by amounts that are not available to meet general expenditures because of contractual restrictions.

Financial assets at year end:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,330,996</td>
<td>$1,833,598</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>412,577</td>
<td>271,331</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>196,684</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>119,908</td>
</tr>
</tbody>
</table>

Less amounts not available to be used within one year:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board designated net assets</td>
<td>445,000</td>
<td>-</td>
</tr>
<tr>
<td>Net assets with donor restrictions</td>
<td>394,795</td>
<td>76</td>
</tr>
</tbody>
</table>

Financial assets available to meet general expenditures over the next twelve months:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3,100,462</td>
<td>$2,224,761</td>
</tr>
</tbody>
</table>

NOTE 6: NOTE PAYABLE

The Center holds a note payable to a bank payable in monthly installments of $2,997 of principal and interest. The interest rate is 3.82%. The note matures at November 29, 2023. The note is secured by a building. The outstanding balance at June 30, 2019 and 2018 is $486,917, and $582,510 respectively. Future minimum payments are:

For the year ending June 30:

<table>
<thead>
<tr>
<th>Year</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$17,550</td>
</tr>
<tr>
<td>2021</td>
<td>18,232</td>
</tr>
<tr>
<td>2022</td>
<td>18,941</td>
</tr>
<tr>
<td>2023</td>
<td>19,677</td>
</tr>
<tr>
<td>2024</td>
<td>412,517</td>
</tr>
<tr>
<td></td>
<td>$486,917</td>
</tr>
</tbody>
</table>

NOTE 7: EMPLOYEE BENEFIT PLAN

The Center implemented a 401(k) profit sharing plan for its employees with a plan effective date on March 1, 2018. All employees are eligible to participate after being employed for three months. The Center has the discretion to match each eligible employee’s contributions up to 50% of the first 4% contributed by employee. Retirement plan expense at June 30, 2019 and 2018 is $12,685 and $19,094 respectively.
NOTE 8: FAIR VALUE MEASUREMENTS

GAAP defines fair value and establishes a consistent framework for measuring fair value for certain assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current conditions, regardless of whether that price is directly observable or estimated using a valuation technique. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). An asset’s or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2 Inputs to the valuation methodology include:
   • Quoted prices for similar assets or liabilities in active markets;
   • Quoted prices for identical or similar assets or liabilities in inactive markets;
   • Inputs other than quoted prices that are observable for the asset or liability;
   • Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The methods described above may produce a fair value calculation that may not be indicative of net realizable or future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Center’s assets measured at fair value on a recurring basis as of June 30, 2019 were as follows:

<table>
<thead>
<tr>
<th>Investments:</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>$30,060</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

The Center’s assets measured at fair value on a recurring basis as of June 30, 2018 were as follows:

<table>
<thead>
<tr>
<th>Investments:</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate of deposit</td>
<td>$119,908</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Common stock</td>
<td>27,481</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Total</td>
<td>$147,389</td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Certificate of Deposit
The carrying value of these funds approximate fair value as the maturity is short term.
NOTE 8: FAIR VALUE MEASUREMENTS (Continued)

Common stock
Common stock is reported at fair value based on quoted market prices.

NOTE 9: CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Center has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 10: CONDITIONAL PROMISES TO GIVE

The Center has received conditional promises to give totaling $900,000 to be used for the capital campaign. The awards are contingent upon raising a specified amount of funds for the capital campaign. Since these promises are conditional, they are not recorded as revenue until such conditions are met.

NOTE 11: SUBSEQUENT EVENTS

In September of 2019, the Center entered into a bridge loan for the capital campaign construction with the Health and Educational Facilities Authority of the State of Missouri. The note is for $500,000 and requires monthly payments of $4,489 and matures September 3, 2029.

Future minimum payments are:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$34,956</td>
</tr>
<tr>
<td>2021</td>
<td>47,223</td>
</tr>
<tr>
<td>2022</td>
<td>47,936</td>
</tr>
<tr>
<td>2023</td>
<td>48,660</td>
</tr>
<tr>
<td>2024</td>
<td>49,395</td>
</tr>
<tr>
<td>Thereafter</td>
<td>271,830</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$500,000</strong></td>
</tr>
</tbody>
</table>

Subsequent events have been evaluated through October 30, 2019, which is the date the financial statements were available to be issued.