

# **SHORE COMMUNITY SERVICES, INC.**

## **Report on Audited Financial Statements**

**June 30, 2015 and 2014**

**MANNING SILVERMAN & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS  
(847) 459-8850**

**SHORE COMMUNITY SERVICES, INC.**  
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**JUNE 30, 2015 AND 2014**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Shore Community Services, Inc.  
Skokie, Illinois

We have audited the accompanying financial statements of Shore Community Services, Inc. (an Illinois not-for-profit corporation) which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audits 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 Shore Community Services, Inc. as of June 30, 2015 and 2014 and the results of its activities and changes in net assets, cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Manning Silverman & Company", is written over the printed name of the firm.

Manning Silverman & Company  
Certified Public Accountants

December 10, 2015

**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

**ASSETS**

	<u>Unrestricted and Board Designated</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 425,396	\$ 391,311	\$ 816,707
Investments	<u>25,000</u>	<u>1,974,260</u>	<u>1,999,260</u>
Accounts Receivable:			
Grants and Other Support	27,637	-	27,637
Fees for Service	377,943	-	377,943
Workshop Sales	13,958	-	13,958
Inter-Fund Receivable	237,865	-	237,865
Capital Improvement - Pledges	<u>-</u>	<u>380,133</u>	<u>380,133</u>
Total Accounts Receivable	<u>657,403</u>	<u>380,133</u>	<u>1,037,536</u>
Prepaid Expenses	<u>88,945</u>	<u>-</u>	<u>88,945</u>
Buildings and Other Property:			
Land	1,521,361	-	1,521,361
Building and Other Improvements	6,715,637	-	6,715,637
Furniture and Equipment	1,132,502	-	1,132,502
Vehicles	817,712	-	817,712
Less: Accumulated Depreciation	<u>(4,287,138)</u>	<u>-</u>	<u>(4,287,138)</u>
Total Buildings and Other Property	<u>5,900,074</u>	<u>-</u>	<u>5,900,074</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,096,818</u>	<u>\$ 2,745,704</u>	<u>\$ 9,842,522</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION (Continued)**  
**JUNE 30, 2015**

**LIABILITIES AND NET ASSETS**

	<u>Unrestricted and Board Designated</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Liabilities:			
Accounts Payable	\$ 89,609	\$ -	\$ 89,609
Accrued Salaries and Payroll Taxes	154,140	-	154,140
Deferred Revenue	13,425	-	13,425
Tenant Security Deposits	1,778	-	1,778
Notes Payable	1,208,584	1,453,414	2,661,998
Inter-Fund Payable	<u>237,865</u>	<u>-</u>	<u>237,865</u>
Total Liabilities	1,705,401	1,453,414	3,158,815
Net Assets	<u>5,391,417</u>	<u>1,292,290</u>	<u>6,683,707</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>7,096,818</u></b>	<b>\$ <u>2,745,704</u></b>	<b>\$ <u>9,842,522</u></b>

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**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2014**

**ASSETS**

	Unrestricted and Board Designated	Temporarily Restricted	Total
Cash and Cash Equivalents	\$ 713,067	\$ 352,781	\$ 1,065,848
Investments	45,000	1,998,918	2,043,918
Acquisition Fund	-	17,800	17,800
Accounts Receivable:			
Grants and Other Support	18,447	-	18,447
Fees for Service	340,113	-	340,113
Workshop Sales	18,934	-	18,934
Inter-Fund Receivable	277,865	-	277,865
Capital Improvement	-	261,825	261,825
Total Accounts Receivable	<u>655,359</u>	<u>261,825</u>	<u>917,184</u>
Prepaid Expenses	98,033	-	98,033
Construction Development Cost	-	49,556	49,556
Buildings and Other Property:			
Land	310,000	-	310,000
Building and Other Improvements	6,322,519	-	6,322,519
Furniture and Equipment	1,183,744	-	1,183,744
Vehicles	817,712	-	817,712
Less: Accumulated Depreciation	<u>(4,459,814)</u>	<u>-</u>	<u>(4,459,814)</u>
Total Buildings and Other Property	<u>4,174,161</u>	<u>-</u>	<u>4,174,161</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,685,620</u>	<u>\$ 2,680,880</u>	<u>\$ 8,366,500</u>

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**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION (Continued)**  
**JUNE 30, 2014**

**LIABILITIES AND NET ASSETS**

	Unrestricted and <u>Board Designated</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 148,236	\$ -	\$ 148,236
Accrued Salaries and Payroll Taxes	116,404	-	116,404
Deferred Revenue	-	-	-
Tenant Security Deposits	1,778	-	1,778
Notes Payable	1,159,850	-	1,159,850
Inter-Fund Payable	<u>277,865</u>	<u>-</u>	<u>277,865</u>
 Total Liabilities	 1,704,133	 -	 1,704,133
 Net Assets	 <u>3,981,487</u>	 <u>2,680,880</u>	 <u>6,662,367</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,685,620</u>	 <u>\$ 2,680,880</u>	 <u>\$ 8,366,500</u>

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**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Unrestricted	Unrestricted Shore Homes - HUD Fund	Board Designated Building and Endowment Fund	Total Unrestricted and Board Designated	Temporarily Restricted Building, HUD and Endowment Fund	Temporarily Restricted Regenstein Fund	Total
<b>Support, Fees and Other Revenues</b>							
Support							
Grant-in-Aid State of Illinois	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Grants	5,000	-	-	5,000	-	-	5,000
United Way Allocations	-	-	-	-	-	-	-
Allocated Contributions	67,727	-	-	67,727	-	-	67,727
Donations	272,450	-	-	272,450	-	-	272,450
Department of Rehab Services	-	-	-	-	-	-	-
Evanston Mental Health Board	36,850	-	-	36,850	-	-	36,850
U.S. Dept of Housing and Urban Development	25,056	246,774	-	271,830	-	-	271,830
IL Dept of Public Aid	365,509	-	-	365,509	-	-	365,509
Fundraising Events	130,679	-	-	130,679	-	-	130,679
<b>Total Support</b>	<b>903,271</b>	<b>246,774</b>	<b>-</b>	<b>1,150,045</b>	<b>-</b>	<b>-</b>	<b>1,150,045</b>
<b>Fees</b>							
IL Dept of Human Services	1,859,398	-	-	1,859,398	-	-	1,859,398
Lois Lloyd Center	-	-	-	-	-	-	-
Sheltered Workshop	1,476,345	-	-	1,476,345	-	-	1,476,345
Shore Homes	481,873	-	-	481,873	-	-	481,873
Supported Living Arrangement	-	-	-	-	-	-	-
<b>Total Fees</b>	<b>3,817,616</b>	<b>-</b>	<b>-</b>	<b>3,817,616</b>	<b>-</b>	<b>-</b>	<b>3,817,616</b>
<b>Other Revenues</b>							
Second Time Around	127,618	-	-	127,618	-	-	127,618
Interest Income and Dividends	-	223	378	601	9,741	24,998	35,340
Sales, Sheltered Workshop and Contract Labor	201,614	108,356	-	309,970	-	-	309,970
Miscellaneous and Sale of Assets	50,541	-	-	50,541	-	-	50,541
Capital Campaign	-	-	358,461	358,461	-	-	358,461
Release of Restrictions	65,509	-	1,355,505	1,421,014	(1,391,259)	(29,755)	-
<b>Total Other Revenues</b>	<b>445,282</b>	<b>108,579</b>	<b>1,714,344</b>	<b>2,268,205</b>	<b>(1,381,518)</b>	<b>(4,757)</b>	<b>881,930</b>
<b>Total Support, Fees and Other Revenues</b>	<b>\$ 5,166,169</b>	<b>\$ 355,353</b>	<b>\$ 1,714,344</b>	<b>\$ 7,235,866</b>	<b>\$ (1,381,518)</b>	<b>\$ (4,757)</b>	<b>\$ 5,849,591</b>

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**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Unrestricted	Unrestricted	Board	Total	Temporarily	Temporarily	Total
	Fund	Shore	Designated	Unrestricted	Restricted	Restricted	
		Homes -	Building	and	Building,	Regenstein	
		HUD	Endowment	Board	HUD and	Fund	Total
		Fund	Fund	Designated	Endowment		
				Fund	Fund		
Total Support, Fees and Other Revenues from Previous Page	\$ 5,166,169	\$ 355,353	\$ 1,714,344	\$ 7,235,866	\$ (1,381,518)	\$ (4,757)	\$ 5,849,591
Expenses							
Program Services							
Lois Lloyd Center	903,211	-	16,983	920,194	-	-	920,194
Shore Training Center	1,594,100	-	77,194	1,671,294	-	-	1,671,294
Inter-Department	51,606	-	-	51,606	-	-	51,606
Supported Living Arrangement	99,600	-	26,246	125,846	-	-	125,846
Shore Homes	1,353,534	252,390	7,719	1,613,643	-	-	1,613,643
Shore Homes CILA	651,278	-	26,245	677,523	-	-	677,523
DHS Training	52,089	-	-	52,089	-	-	52,089
SLS Services 55A	25,365	-	-	25,365	-	-	25,365
Respite Care	57,935	-	-	57,935	-	-	57,935
Second Time Around	56,705	-	-	56,705	-	-	56,705
Total Program Services	4,845,423	252,390	154,387	5,252,200	-	-	5,252,200
Supporting Services							
Administrative and General	637,062	-	-	637,062	1,944	6,232	645,238
Fundraising	48,269	-	-	48,269	-	-	48,269
Total Supporting Services	685,331	-	-	685,331	1,944	6,232	693,507
Total Expenses	5,530,754	252,390	154,387	5,937,531	1,944	6,232	5,945,707
Net Surplus (Deficiency)	(364,585)	102,963	1,559,957	1,298,335	(1,383,462)	(10,989)	(96,116)
Interfund Transfer	62,943	(62,943)	-	-	-	-	-
Unrealized Gain (Loss) on Investments	-	-	-	-	5,862	-	5,862
Realized Gain (Loss) on Sale of Assets	-	-	156,594	156,594	-	-	156,594
Net Surplus (Deficiency)	(301,642)	40,020	1,716,551	1,454,929	(1,377,600)	(10,989)	66,340
Net Assets (Deficiency), Beginning of Year	(13)	(148,375)	4,129,875	3,981,487	936,583	1,744,297	6,662,367
Prior Period Adjustment	(45,000)	-	-	(45,000)	-	-	(45,000)
Net Assets (Deficiency), End of Year	(346,655)	(108,355)	5,846,426	5,391,416	(441,017)	1,733,307	6,683,707

See Independent Auditor's Report.

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**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Unrestricted	Unrestricted	Board	Total	Temporarily	Temporarily	Total
	Operating	Shore	Designated	Unrestricted	Restricted	Restricted	
	Fund	Homes -	Building	and	Building,	Regenstein	
		HUD Fund	and	Board	HUD and	Fund	Total
			Endowment	Designated	Endowment		
			Fund		Fund		
Support, Fees and Other Revenues							
Support							
Grant-in-Aid State of Illinois	\$ 85,066	\$ -	\$ -	\$ 85,066	\$ -	\$ -	\$ 85,066
Other Grants	17,000	-	-	17,000	-	-	17,000
United Way Allocations	-	-	-	-	-	-	-
Allocated Contributions	77,439	-	86,761	164,200	-	-	164,200
Donations	231,828	-	17,265	249,093	4,857	-	253,950
Department of Rehab Services	21,209	-	-	21,209	-	-	21,209
Evanston Mental Health Board	43,820	-	-	43,820	-	-	43,820
U.S. Dept of Housing and Urban Development	30,752	247,348	-	278,100	-	-	278,100
IL Dept of Public Aid	509,380	-	-	509,380	-	-	509,380
Fundraising Events	118,976	-	-	118,976	-	-	118,976
Total Support	1,135,470	247,348	104,026	1,486,844	4,857	-	1,491,701
Fees							
IL Dept of Human Services	1,732,446	-	-	1,732,446	-	-	1,732,446
Lois Lloyd Center	48,077	-	-	48,077	-	-	48,077
Sheltered Workshop	1,407,070	-	-	1,407,070	-	-	1,407,070
Shore Homes	343,356	-	-	343,356	-	-	343,356
Supported Living Arrangement	49,997	-	-	49,997	-	-	49,997
Total Fees	3,580,946	-	-	3,580,946	-	-	3,580,946
Other Revenues							
Second Time Around	125,148	-	-	125,148	-	-	125,148
Interest Income and Dividends	-	264	538	802	7,812	33,145	41,759
Sales, Sheltered Workshop and Contract Labor	174,768	99,297	-	274,065	-	-	274,065
Miscellaneous and Sale of Assets	(20,805)	-	-	(20,805)	-	-	(20,805)
Capital Campaign	-	-	261,825	261,825	-	-	261,825
Total Other Revenues	279,111	99,561	262,363	641,035	7,812	33,145	681,992
Total Support, Fees and Other Revenues	\$ 4,995,527	\$ 346,909	\$ 366,389	\$ 5,708,825	\$ 12,669	\$ 33,145	\$ 5,754,639

See Independent Auditor's Report.

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

**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Unrestricted Fund	Unrestricted Shore Homes - HUD Fund	Board Designated Building and Endowment Fund	Total Unrestricted and Board Designated	Temporarily Restricted Building, HUD and Endowment Fund	Temporarily Restricted Regenstein Fund	Total
Total Support, Fees and Other Revenues from Previous Page	\$ 4,995,527	\$ 346,909	\$ 366,389	\$ 5,708,825	\$ 12,669	\$ 33,145	\$ 5,754,639
Expenses							
Program Services							
Lois Lloyd Center	903,215	-	15,670	918,885	-	-	918,885
Shore Training Center	1,528,681	-	71,226	1,599,907	-	-	1,599,907
Inter-Department	48,603	-	-	48,603	-	-	48,603
Supported Living Arrangement	87,985	-	24,217	112,202	-	-	112,202
Shore Homes	1,168,688	277,867	7,122	1,453,677	-	-	1,453,677
Shore Homes CILA	630,720	-	24,216	654,936	-	-	654,936
DHS Training	53,052	-	-	53,052	-	-	53,052
SLS Services 55A	25,989	-	-	25,989	-	-	25,989
Respite Care	67,596	-	-	67,596	-	-	67,596
Second Time Around	43,137	-	-	43,137	-	-	43,137
Total Program Services	4,557,666	277,867	142,451	4,977,984	-	-	4,977,984
Supporting Services							
Administrative and General	493,499	-	-	493,499	-	10,756	504,255
Fundraising	39,568	-	-	39,568	-	-	39,568
Total Supporting Services	533,067	-	-	533,067	-	10,756	543,823
Total Expenses	5,090,733	277,867	142,451	5,511,051	-	10,756	5,521,807
Net Surplus (Deficiency)	(95,206)	69,042	223,938	197,774	12,669	22,389	232,832
Unrealized Gain (Loss) on Investments	-	-	-	-	23,893	113,332	137,225
Realized Gain (Loss) on Sale of Assets	-	-	-	-	-	75,344	75,344
Net Surplus (Deficiency)	(95,206)	69,042	223,938	197,774	36,562	211,065	445,401
Net Assets (Deficiency), Beginning of Year	50,193	(183,491)	4,235,118	4,101,820	536,914	1,578,231	6,216,966
Interfund Transfers	45,000	(33,926)	(329,181)	(318,107)	363,107	(45,000)	-
Net Assets (Deficiency), End of Year	\$ (13)	\$ (148,375)	\$ 4,129,875	\$ 3,981,487	\$ 936,583	\$ 1,744,297	\$ 6,662,367

See Independent Auditor's Report.

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**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
<u>Cash Flows from Operating Activities</u>		
Increase (Decrease) in Net Assets	\$ (96,116)	\$ 232,832
Adjustments to Reconcile Increase in Net (Decrease) Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	154,387	171,264
Unrealized Loss (Gain) on Investments	(5,862)	(137,225)
Realized Loss (Gain) on Investments	(156,594)	(75,344)
Prior Period Adjustment	(45,000)	-
(Increase) Decrease in:		
Construction Development Cost	49,556	(49,556)
Accounts Receivable	(160,352)	(165,314)
Prepaid Expenses	9,088	(58,850)
Acquisition Fund	17,800	(17,800)
Increase (Decrease) in:		
Deferred Revenue	13,425	6,431
Accrued Expenses	37,736	3,277
Accounts Payable	(58,627)	(14,638)
Net Cash (Used in) Operating Activities	(240,559)	(104,923)
<u>Cash Flows from Investing Activities</u>		
Purchase of Fixed Assets	(1,553,237)	(87,254)
(Purchase) Sale of Securities	42,507	(297,624)
Net Cash (Used in) Investing Activities	(1,510,730)	(384,878)
<u>Cash Flows from Financing Activities</u>		
Net Loan Proceeds (Payments)	1,502,148	(96,494)
Net Cash Provided by (Used in) Financing Activities	1,502,148	(96,494)
Net Increase (Decrease) in Cash and Cash Equivalents	(249,141)	(586,295)
Cash and Cash Equivalents, Beginning of Year	1,065,848	1,652,143
Cash and Cash Equivalents, End of Year	\$ 816,707	\$ 1,065,848
<u>Supplemental Information</u>		
Interest Paid	\$ 126,731	\$ 83,865

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**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Program Services						
	Inter - Department	Lois Lloyd Center	Shore Training Center	Supported Living Arrangement	Shore Homes	CILA Shore Homes	DHS Training
Operating Expenses							
Salaries - Staff	\$ 31,618	\$ 624,894	\$ 954,139	\$ 72,988	\$ 497,808	\$ 437,528	\$ 41,514
Salaries - Students	-	-	191,049	-	-	1,925	-
Payroll Taxes	2,344	46,020	70,424	5,389	36,739	32,272	3,063
Pension and Profit Sharing Expense	-	-	1,800	-	1,200	18,500	-
Group Insurance	13,731	79,950	154,641	11,086	70,989	35,393	5,683
Worker's Compensation	1,297	25,750	46,633	2,996	19,723	18,414	1,713
Medical Examinations	-	53	293	-	87	87	-
Conferences and Conventions	-	306	3,863	-	155	30	69
Telephone	-	8,105	10,315	1,885	8,007	2,480	-
Allowance	-	-	-	-	-	-	-
Postage and Shipping	-	275	4,056	-	231	-	-
Office Supplies	-	4,512	3,908	141	25,130	67	-
Workshop Supplies	-	-	17,492	-	-	-	-
Other Supplies	-	2,328	21,513	-	18,127	3,782	-
Dues and Fees	-	-	80	-	-	-	-
Public Information and Printing	2,587	1,334	-	-	-	-	-
Books and Periodicals	-	-	201	-	-	-	47
Repairs and Minor Equipment	-	-	-	-	-	13,806	-
Audit	-	-	-	-	8,000	-	-
Insurance	-	7,852	8,419	4,041	8,419	12,139	-
Payroll Processing	-	-	12,049	-	-	-	-
Consultants Fees	-	17,538	19,157	175	25,565	5,018	-
Professional Growth	-	585	4,226	-	1,914	563	-
Recreational Program	-	767	-	5,913	1,556	-	-
Transportation	29	60,069	47,461	1,162	1,451	-	-
Vehicle Operating Expense	-	12,627	36,842	-	3,961	14,626	-
Bad Debt Expense	-	-	-	-	-	-	-
Subcontracts	-	361	1,971	-	24,343	41,056	-
Food Supplies	-	1,353	2,041	-	52,307	23,009	-
Miscellaneous and Contingency	-	18,052	1,598	-	19,998	-	-
Fundraising Events	-	-	-	-	-	-	-
Total Operating Expenses	\$ 51,606	\$ 912,731	\$ 1,614,171	\$ 105,776	\$ 825,710	\$ 660,695	\$ 52,089

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Second Time Around	Respite Care	SLS 55A	Program Services Total	Supporting Services Total	Total Expenses 2015
Operating Expenses						
Salaries - Staff	\$ 33,339	\$ 17,750	\$ 17,728	\$ 2,729,306	\$ 343,303	\$ 3,072,609
Salaries - Students	-	-	-	192,974	-	192,974
Payroll Taxes	2,455	1,307	1,307	201,320	41,412	242,732
Pension and Profit Sharing Expense	-	-	-	21,500	3,500	25,000
Group Insurance	-	2,954	3,232	377,659	53,958	431,617
Worker's Compensation	1,362	719	719	119,326	16,274	135,600
Medical Examinations	-	-	-	520	14	534
Conferences and Conventions	92	-	-	4,515	8,094	12,609
Telephone	1,169	182	451	32,594	5,452	38,046
Allowance	-	-	-	-	-	-
Postage and Shipping	-	-	-	4,562	6,867	11,429
Office Supplies	4,746	129	243	38,876	13,894	52,770
Workshop Supplies	-	-	-	17,492	-	17,492
Other Supplies	-	15,708	-	61,458	-	61,458
Dues and Fees	260	-	-	340	25,834	26,174
Public Information and Printing	960	-	-	4,881	6,239	11,120
Books and Periodicals	813	-	-	1,061	1,489	2,550
Repairs and Minor Equipment	-	-	-	13,806	13,276	27,082
Audit	-	-	-	8,000	16,000	24,000
Insurance	-	-	-	40,870	18,620	59,490
Payroll Processing	-	-	-	12,049	16,889	28,938
Consultants Fees	-	-	-	67,453	9,636	77,089
Professional Growth	-	238	318	7,844	268	8,112
Recreational Program	-	-	-	8,236	-	8,236
Transportation	-	795	1,367	112,334	1,135	113,469
Vehicle Operating Expense	-	-	-	68,056	3,716	71,772
Bad Debt Expense	-	-	-	-	-	-
Subcontracts	-	17,982	-	85,713	-	85,713
Food Supplies	-	-	-	78,710	-	78,710
Miscellaneous and Contingency	11,509	171	-	51,328	4,226	55,554
Fundraising Events	-	-	-	-	48,269	48,269
Total Operating Expenses	<u>\$ 56,705</u>	<u>\$ 57,935</u>	<u>\$ 25,365</u>	<u>\$ 4,362,783</u>	<u>\$ 658,365</u>	<u>\$ 5,021,148</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.  
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**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Program Services						
	Inter - Department	Lois Lloyd Center	Shore Training Center	Supported Living Arrangement	Shore Homes	CILA Shore Homes	DHS Training
Total Operating Expenses, from Previous Page	\$ 51,606	\$ 912,731	\$ 1,614,171	\$ 105,776	\$ 825,710	\$ 660,695	\$ 52,089
Occupancy							
Salaries	-	-	-	-	33,066	-	-
Payroll Taxes	-	-	-	-	-	-	-
Group Insurance	-	-	-	-	-	-	-
Worker's Compensation	-	-	-	-	-	-	-
Utilities	-	-	-	-	163,207	-	-
Insurance	-	-	-	-	25,241	-	-
Repairs and Minor Equipment	-	-	-	-	122,933	-	-
Rent, Taxes and Leases	-	-	-	-	123,171	-	-
Maintenance and Grounds	-	-	-	-	142,430	-	-
Management Fees	-	-	-	-	25,217	-	-
Interest Expense	-	-	-	-	126,731	-	-
Total Occupancy	-	-	-	-	761,996	-	-
Total Expenses Before Depreciation	51,606	912,731	1,614,171	105,776	1,587,706	660,695	52,089
Regenstein Fund Expenses	-	-	-	-	-	-	-
Depreciation Expense	-	7,463	57,123	20,070	25,937	16,828	-
Building Fund Expenses	-	-	-	-	-	-	-
Second Time Around Shop Fund	-	-	-	-	-	-	-
Endowment Fund	-	-	-	-	-	-	-
Total Expenses	\$ 51,606	\$ 920,194	\$ 1,671,294	\$ 125,846	\$ 1,613,643	\$ 677,523	\$ 52,089

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.



**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Second Time Around	Respite Care	SLS 55A	Program Services Total	Supporting Services Total	Total Expenses 2015
Total Operating Expenses, from Previous Page	\$ 56,705	\$ 57,935	\$ 25,365	\$ 4,362,783	\$ 658,365	\$ 5,021,148
Occupancy						
Salaries	-	-	-	33,066	-	33,066
Payroll Taxes	-	-	-	-	-	-
Group Insurance	-	-	-	-	-	-
Worker's Compensation	-	-	-	-	-	-
Utilities	-	-	-	163,207	-	163,207
Insurance	-	-	-	25,241	-	25,241
Repairs and Minor Equipment	-	-	-	122,933	-	122,933
Rent and Taxes	-	-	-	123,171	-	123,171
Maintenance and Grounds	-	-	-	142,430	-	142,430
Management Fees	-	-	-	25,217	-	25,217
Interest Expense	-	-	-	126,731	-	126,731
Total Occupancy	-	-	-	761,996	-	761,996
Total Expenses Before Depreciation	56,705	57,935	25,365	5,124,779	658,365	5,783,144
Regenstein Fund Expenses	-	-	-	-	6,232	6,232
Depreciation Expense	-	-	-	127,421	26,966	154,387
Building Fund Expenses	-	-	-	-	-	-
Second Time Around Shop Fund	-	-	-	-	-	-
Endowment Fund	-	-	-	-	1,944	1,944
Total Expenses	\$ 56,705	\$ 57,935	\$ 25,365	\$ 5,252,200	\$ 693,507	\$ 5,945,707

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Program Services						
	Inter - Department	Lois Lloyd Center	Shore Training Center	Supported Living Arrangement	Shore Homes	CILA Shore Homes	DHS Training
Operating Expenses							
Salaries - Staff	\$ 31,162	\$ 620,420	\$ 911,162	\$ 67,937	\$ 471,072	\$ 414,666	\$ 42,235
Salaries - Students	-	-	186,871	-	-	32,810	-
Payroll Taxes	2,467	49,090	71,901	5,316	37,317	6,116	3,337
Pension and Profit Sharing Expense	603	8,820	14,571	729	7,169	33,222	599
Group Insurance	11,279	66,049	125,448	872	44,126	15,874	5,213
Worker's Compensation	1,975	23,543	44,727	2,476	13,127	191	1,285
Medical Examinations	-	-	87	-	173	-	-
Conferences and Conventions	-	135	316	-	487	2,643	215
Telephone	-	8,904	8,141	3,345	12,265	-	-
Allowance	-	-	-	-	-	-	-
Postage and Shipping	-	377	4,423	-	362	-	-
Office Supplies	-	1,233	6,043	111	11,214	897	-
Workshop Supplies	-	-	15,078	-	-	-	-
Other Supplies	-	7,817	7,417	190	40,954	11,441	-
Dues and Fees	-	150	230	-	19,354	400	-
Public Information and Printing	1,117	-	-	-	-	-	-
Books and Periodicals	-	68	68	-	68	68	-
Repairs and Minor Equipment	-	1,633	3,374	-	1,816	7,104	-
Audit	-	-	-	-	6,500	-	-
Insurance	-	4,082	4,082	2,041	4,249	6,124	-
Payroll Processing	-	-	12,272	-	-	-	-
Consultants Fees	-	19,655	21,461	183	28,663	5,544	-
Professional Growth	-	555	3,254	-	1,567	513	44
Recreational Program	-	478	-	3,724	981	-	-
Transportation	-	57,725	37,002	1,061	1,951	21	24
Vehicle Operating Expense	-	15,220	44,018	-	4,821	13,306	-
Bad Debt Expense	-	-	241	-	-	-	100
Subcontracts	-	1,083	2,826	-	34,918	58,777	-
Food Supplies	-	1,149	2,310	-	56,497	20,861	-
Miscellaneous and Contingency	-	15,029	1,358	-	27,670	142	-
Fundraising Events	-	-	-	-	-	-	-
Total Operating Expenses	<u>\$ 48,603</u>	<u>\$ 903,215</u>	<u>\$ 1,528,681</u>	<u>\$ 87,985</u>	<u>\$ 827,321</u>	<u>\$ 630,720</u>	<u>\$ 53,052</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Second Time Around	Respite Care	SLS 55A	Program Services Total	Supporting Services Total	Total Expenses 2014
Operating Expenses						
Salaries - Staff	\$ 27,626	\$ 14,367	\$ 19,599	\$ 2,620,246	\$ 285,618	\$ 2,905,864
Salaries - Students	-	-	-	186,871	-	186,871
Payroll Taxes	2,156	1,020	1,350	206,764	22,556	229,320
Pension and Profit Sharing Expense	-	117	68	38,792	6,208	45,000
Group Insurance	-	1,863	1,864	289,936	39,338	329,274
Worker's Compensation	-	533	458	103,998	12,819	116,817
Medical Examinations	43	-	-	494	-	494
Conferences and Conventions	-	-	-	1,153	2,146	3,299
Telephone	762	414	284	36,758	5,290	42,048
Allowance	-	-	-	-	-	-
Postage and Shipping	-	-	-	5,162	4,439	9,601
Office Supplies	1,735	-	212	21,445	7,234	28,679
Workshop Supplies	-	-	-	15,078	-	15,078
Other Supplies	-	16,799	-	84,618	-	84,618
Dues and Fees	260	-	-	20,394	26,518	46,912
Public Information and Printing	-	-	-	1,117	12,749	13,866
Books and Periodicals	427	-	-	699	930	1,629
Repairs and Minor Equipment	250	-	-	14,177	10,370	24,547
Audit	-	-	-	6,500	13,600	20,100
Insurance	-	-	-	20,578	9,432	30,010
Payroll Processing	-	-	-	12,272	16,337	28,609
Consultants Fees	-	-	-	75,506	10,748	86,254
Professional Growth	-	188	305	6,426	225	6,651
Recreational Program	-	-	-	5,183	-	5,183
Transportation	123	2,972	1,849	102,728	539	103,267
Vehicle Operating Expense	-	-	-	77,365	2,515	79,880
Bad Debt Expense	-	-	-	341	-	341
Subcontracts	-	25,151	-	122,755	-	122,755
Food Supplies	-	-	-	80,817	-	80,817
Miscellaneous and Contingency	9,755	141	-	54,095	3,591	57,686
Fundraising Events	-	-	-	-	39,568	39,568
Total Operating Expenses	<u>\$ 43,137</u>	<u>\$ 63,565</u>	<u>\$ 25,989</u>	<u>\$ 4,212,268</u>	<u>\$ 532,770</u>	<u>\$ 4,745,038</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.  
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**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Program Services						
	Inter - Department	Lois Lloyd Center	Shore Training Center	Supported Living Arrangement	Shore Homes	CILA Shore Homes	DHS Training
Total Operating Expenses, from Previous Page	\$ 48,603	\$ 903,215	\$ 1,528,681	\$ 87,985	\$ 827,321	\$ 630,720	\$ 53,052
Occupancy							
Salaries	-	-	-	-	33,103	-	-
Payroll Taxes	-	-	-	-	2,532	-	-
Group Insurance	-	-	-	-	10,958	-	-
Worker's Compensation	-	-	-	-	2,284	-	-
Utilities	-	-	-	-	152,339	-	-
Insurance	-	-	-	-	33,950	-	-
Repairs and Minor Equipment	-	-	-	-	58,365	-	-
Rent and Taxes	-	-	-	-	-	-	-
Maintenance and Grounds	-	-	-	-	193,450	-	-
Management Fees	-	-	-	-	19,872	-	-
Interest Expense	-	-	-	-	83,568	-	-
Total Occupancy	-	-	-	-	590,421	-	-
Total Expenses Before Depreciation	48,603	903,215	1,528,681	87,985	1,417,742	630,720	53,052
Regenstein Fund Expenses	-	-	-	-	-	-	-
Depreciation Expense	-	10,276	65,080	22,264	28,813	18,839	-
Building Fund Expenses	-	-	-	-	-	-	-
Second Time Around Shop Fund	-	-	-	-	-	-	-
Endowment Fund	-	-	-	-	-	-	-
Total Expenses	<u>\$ 48,603</u>	<u>\$ 913,491</u>	<u>\$ 1,593,761</u>	<u>\$ 110,249</u>	<u>\$ 1,446,555</u>	<u>\$ 649,559</u>	<u>\$ 53,052</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Second Time Around	Respite Care	SLS 55A	Program Services Total	Supporting Services Total	Total Expenses 2014
Total Operating Expenses, from Previous Page	\$ 43,137	\$ 63,565	\$ 25,989	\$ 4,212,268	\$ 532,770	\$ 4,745,038
Occupancy						
Salaries	-	-	-	33,103	-	33,103
Payroll Taxes	-	-	-	2,532	-	2,532
Group Insurance	-	-	-	10,958	-	10,958
Worker's Compensation	-	-	-	2,284	-	2,284
Utilities	-	-	-	152,339	-	152,339
Insurance	-	-	-	33,950	-	33,950
Repairs and Minor Equipment	-	-	-	58,365	-	58,365
Rent and Taxes	-	4,031	-	4,031	-	4,031
Maintenance and Grounds	-	-	-	193,450	-	193,450
Management Fees	-	-	-	19,872	-	19,872
Interest Expense	-	-	-	83,568	297	83,865
Total Occupancy	-	4,031	-	594,452	297	594,749
Total Expenses Before Depreciation	43,137	67,596	25,989	4,806,720	533,067	5,339,787
Regenstein Fund Expenses	-	-	-	-	10,756	10,756
Depreciation Expense	-	-	-	145,272	25,992	171,264
Building Fund Expenses	-	-	-	-	-	-
Second Time Around Shop Fund	-	-	-	-	-	-
Endowment Fund	-	-	-	-	-	-
Total Expenses	\$ 43,137	\$ 67,596	\$ 25,989	\$ 4,951,992	\$ 569,815	\$ 5,521,807

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**SHORE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 1 - Organization**

Shore Community Services, Inc. ("Shore") was organized in 1949, and incorporated in 1951, to develop day services for handicapped children. Vocational and workshop programs were expanded to provide adult training centers and adult residential services to help improve the quality of life for mentally retarded citizens through community-based services.

**Note 2 - Summary of Significant Accounting Policies**

Basis of Accounting

The accounts of Shore are maintained on the accrual basis.

Information regarding the financial position and activities of Shore are reported in three classes of net assets (as applicable): unrestricted, temporarily restricted or permanently restricted, the latter two of which are based on the existence or absence of externally (donor) imposed restrictions on contributions. Accordingly, net assets of Shore and changes therein are classified and reported as follows:

- Unrestricted Net Assets – Unrestricted net assets are not subject to donor-imposed stipulations. They include all activities of Shore, except for those that are temporarily or permanently restricted by donors. Board designated amounts are part of unrestricted net assets.
- Temporarily Restricted Net Assets – Temporarily restricted net assets are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of Shore (purpose restrictions).
- Permanently Restricted Net Assets – Permanently restricted net assets are subject to the restrictions imposed by donors who require that the principal of this class of net assets be retained in perpetuity as an endowment with only the income to be reclassified to unrestricted net assets.

Cash and Cash Equivalents

Shore considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, excluding those amounts contained in the investment portfolios.

**SHORE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015 AND 2014**

Fair Value Measurements

Under GAAP, *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Shore utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

Shore's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to measurements involving significant unobservable inputs (Level III measurements). The three levels of fair value hierarchy are as follows:

Level I Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level II Valuation based on inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level III Valuation based on inputs that are unobservable for an asset or liability and should be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input, therefore, reflects Shore's assumptions about what market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Property and Equipment

Property and equipment is recorded at historical cost. Shore capitalizes fixed asset additions over \$2,000. Depreciation is computed using the straight-line method for all property and equipment. The estimated useful lives in computing depreciation are as follows:

**SHORE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015 AND 2014**

Description	Years
Furniture and Office Equipment	5 - 7
Buildings	40
Leasehold Improvements	40

Maintenance and repairs, which neither materially add to the value of property nor appreciably prolong the lives, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in the statements of activities and changes in net assets.

Contributions, Grants and Contracts

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor, grantor or contracting agency. Amounts received that are designated for future periods or are restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Unconditional promises to give, which do not state a due date, are presumed to be unrestricted net assets.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities and changes in net assets as net assets released from restrictions. Permanently restricted net assets include the principal amount of contributions accepted with the stipulations from the donors that the principal be maintained in perpetuity, with only the income therefrom to be expended for either general purposes or a purpose specified by the donor.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Expenses that are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. Certain costs have been allocated among the programs and supporting services benefited based on time devoted to the functional areas and other appropriate methods.

Income Taxes

Shore is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation. It is also required to recognize or derecognize in its financial statements positions taken or expected to be taken in a tax return on a "more likely than not" threshold. Shore does not believe its financial statements include any uncertain tax positions. Shore's income tax filings for the years 2011 and thereafter remain subject to examination by the Internal Revenue Service.



**SHORE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015 AND 2014**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the relevant period. Actual results could differ from those estimates.

**Note 3 - Concentrations of Credit Risk**

Financial instruments, which potentially subject the entity to concentrations of credit risk, consist of money market accounts and investment securities.

Shore places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. Shore maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. Shore has not experienced any losses in such accounts.

Shore has significant investments in stocks, bonds, and mutual funds and, therefore, is subject to concentrations of credit risk. Investments are made by the investment managers engaged by Shore, and the investments are monitored for Shore by an investment advisor. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of Shore and its beneficiaries.

**Note 4 - Support from Governmental Units and Contingencies**

Shore receives a significant amount of its support from federal, state and local governments. A substantial reduction in the level of this support, if it were to occur, could have a significant effect on Shore's programs and activities.

Various programs are subject to review by government agency grantors or their representatives. The reviews of certain of these programs for the year ended June 30, 2015 have not been conducted. Accordingly, Shore's compliance with applicable requirements will be established at some future date. The amount, if any, of expenditure that may be disallowed by the government agencies cannot be determined at this time, although Shore expects such amounts, if any, to be immaterial.

**Note 5 - Compensated Absences**

Employees of Shore are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. Shore's policy is to recognize the costs of compensated absences when actually paid to employees.

**SHORE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015 AND 2014**

**Note 6 - Restricted Cash Accounts**

The Shore Homes - HUD Fund has \$350,481 and \$316,351 of restricted cash as of June 30, 2015 and 2014. The cash is restricted as to its use in accordance with the regulatory agreement entered into by Shore with HUD. HUD approval is required to obtain withdrawals for \$312,150 and \$287,637 of the restricted cash for June 30, 2015 and 2014.

**Note 7 - Commitments**

The Lois Lloyd Center is located on land leased through the year 2016 at an annual rate of \$1,100 with a monthly increase of \$100 each February through January 2016.

**Note 8 - Debt**

Line of Credit

Shore entered into an agreement with Chase Bank for a \$1,200,000 line of credit. The line bears interest at prime minus 1.00%, is secured by a JP Morgan Regenstein Fund Investment account and a blanket lien on all business assets and is due on October 31, 2014. There is \$130,000 outstanding on this line of credit at June 30, 2015.

Shore Homes - HUD Fund

In 1983, Shore entered into an agreement with the United States Department of Housing and Urban Development (HUD) for the construction of two residential care facilities. In connection with this agreement, Shore incurred a note which is payable in monthly installments of \$9,110 through May 1, 2024, including interest at 9.25%. The Shore Homes residential facilities, with a net carrying value at June 30, 2015 of \$581,498 collateralize the note, which has a balance on that date of \$708,068.

Shore - Operating Fund Loan

Shore entered into an agreement with Chase Bank for a loan of \$600,000 as of August 5, 2010. Shore incurred a note which is payable in monthly installments of \$6,139, including interest of 3.884%, through August 5, 2015 with a balloon payment at maturity. The training center property collateralizes this note. As of June 30, 2015, \$370,516 is outstanding on this note.

**SHORE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015 AND 2014**

Aggregate maturities of long-term debt are as follows:

Year Ending <u>June 30,</u>	<u>HUD Fund</u>	<u>Operating Fund Loans</u>	<u>Total Notes Payable</u>
2016	\$ 39,114	\$ 500,516	\$ 539,630
2017	39,878	-	39,878
2018	40,730	-	40,730
2019	41,592	-	41,592
2020	42,493	-	42,493
Thereafter	<u>504,261</u>	<u>1,453,414</u>	<u>1,957,675</u>
Total	<u>\$ 708,068</u>	<u>\$ 1,953,930</u>	<u>\$ 2,661,998</u>

**Note 9 - Pension and Profit Sharing Plan**

Shore has adopted a defined contribution, noncontributory profit sharing plan covering substantially all employees. Shore funds all costs accrued. Retirement expense charged to operations in fiscal 2015 and 2014 was \$10,000 and \$45,000, respectively.

**Note 10 - Concentrations**

Shore Community Services, Inc. received significant support from the Illinois Department of Human Services in the years ended June 30, 2015 and 2014. Illinois Department of Human Services provided 75% and 75%, respectively, of the Agency's total support.

**Note 11 - Regenstein Fund**

The Regenstein Foundation granted Shore Community Services, Inc. \$1,600,000 to be held to enhance salaries and benefits for Shore employees. Earnings and net appreciation in value of the fund are available for use by the Board of Directors at their discretion.

**Note 12 - Prior Period Adjustment**

A \$45,000 prior period adjustment was made to correct a prior year fund transfer for retirement benefits.

**Note 13 - Subsequent Events**

Subsequent events have been evaluated through December 10, 2015 which is the date the financial statements were available to be issued; there are no subsequent events requiring recognition and/or disclosure.

**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION – OPERATING FUND**  
**JUNE 30, 2015 AND 2014**

**ASSETS**

	2015	2014
	<u>Unrestricted</u>	<u>Unrestricted</u>
Cash and Cash Equivalents	\$ 79,363	\$ 363,621
Accounts Receivable		
Grants and Other Support	27,637	18,447
Fees for Service	377,943	340,113
Workshop Sales	13,958	18,934
A/R Regenstein Fund	<u>25,000</u>	<u>45,000</u>
Total Accounts Receivable	<u>444,538</u>	<u>422,494</u>
Prepaid Expenses	<u>88,945</u>	<u>92,427</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>612,846</u></b>	<b>\$ <u>878,542</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities		
Accounts Payable	\$ 78,554	\$ 129,113
Accrued Salaries and Related Payroll Taxes	154,140	116,404
Deferred Revenue	13,424	-
Bank Note - Line of Credit	130,000	-
Due from Other Funds	212,865	232,865
Note Payable	<u>370,516</u>	<u>400,173</u>
Total Liabilities	959,499	878,555
Net Assets	<u>(346,653)</u>	<u>(13)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>612,846</u></b>	<b>\$ <u>878,542</u></b>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION – BUILDING AND ENDOWMENT FUND**  
**JUNE 30, 2015 AND 2014**

	ASSETS			
	2015		2014	
	Board Designated	Temporarily Restricted	Board Designated	Temporarily Restricted
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 314,985	\$ 40,830	\$ 333,160	\$ 36,430
Endowment Savings Account and Certificate of Deposit	-	240,953	-	254,621
Acquisition Fund	-	-	-	17,800
Accounts Receivable - Capital	-	380,133	-	261,825
Inter - Fund Receivable	212,865	-	232,865	-
<b>Total Current Assets</b>	<u>527,850</u>	<u>661,916</u>	<u>566,025</u>	<u>570,676</u>
<b>Buildings and Other Property</b>				
Land	1,211,361	-	-	-
Pre Construction Cost	-	-	-	49,556
Building and Other Improvements	5,717,596	-	5,324,478	-
Furniture and Equipment	965,783	-	1,017,025	-
Vehicles	817,712	-	817,712	-
Less: Accumulated Depreciation	(3,393,876)	-	(3,595,365)	-
<b>Total Buildings and Other Property</b>	<u>5,318,576</u>	<u>-</u>	<u>3,563,850</u>	<u>49,556</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,846,426</u>	<u>\$ 661,916</u>	<u>\$ 4,129,875</u>	<u>\$ 620,232</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	\$ -	\$ -	\$ -	\$ -
Mortgage Payable	-	1,453,414	-	-
Inter-Fund Payable	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>1,453,414</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<u>5,866,426</u>	<u>(791,498)</u>	<u>4,129,875</u>	<u>620,232</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,866,426</u>	<u>\$ 661,916</u>	<u>\$ 4,129,875</u>	<u>\$ 620,232</u>

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**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION – SHORE HOMES – HUD FUND**  
**JUNE 30, 2015 AND 2014**

	ASSETS			
	2015		2014	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Current Assets				
Cash	\$ 31,048	\$ 350,481	\$ 16,286	\$ 316,351
Prepaid Expenses	-	-	5,606	-
Accounts Receivable	-	-	-	-
Total Current Assets	<u>31,048</u>	<u>350,481</u>	<u>21,892</u>	<u>316,351</u>
Buildings and Other Property				
Land	310,000	-	310,000	-
Building - Residential Facilities	998,041	-	998,041	-
Furniture and Equipment	166,719	-	166,719	-
Less: Accumulated Depreciation	<u>(893,262)</u>	<u>-</u>	<u>(864,449)</u>	<u>-</u>
Total Buildings and Other Property	<u>581,498</u>	<u>-</u>	<u>610,311</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 612,546</u>	<u>\$ 350,481</u>	<u>\$ 632,203</u>	<u>\$ 316,351</u>

**LIABILITIES AND NET ASSETS**

Liabilities				
Accounts Payable and Accrued Expenses	\$ 11,055	\$ -	\$ 19,123	\$ -
Tenant Security Deposits	1,778	-	1,778	-
Note Payable	<u>708,068</u>	<u>-</u>	<u>759,677</u>	<u>-</u>
Total Liabilities	<u>720,901</u>	<u>-</u>	<u>780,578</u>	<u>-</u>
Net Assets (Deficiency)	<u>(108,355)</u>	<u>350,481</u>	<u>(148,375)</u>	<u>316,351</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 612,546</u>	<u>\$ 350,481</u>	<u>\$ 632,203</u>	<u>\$ 316,351</u>

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**SHORE COMMUNITY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION – REGENSTEIN FUND**  
**JUNE 30, 2015 AND 2014**

	ASSETS			
	2015		2014	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Current Assets				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Investments	25,000	1,733,307	45,000	1,473,672
Market Appreciation	-	-	-	270,625
	<u>25,000</u>	<u>1,733,307</u>	<u>45,000</u>	<u>1,744,297</u>
Total Current Assets				
	<u>25,000</u>	<u>1,733,307</u>	<u>45,000</u>	<u>1,744,297</u>
TOTAL ASSETS	<u>\$ 25,000</u>	<u>\$ 1,733,307</u>	<u>\$ 45,000</u>	<u>\$ 1,744,297</u>

**LIABILITIES AND NET ASSETS**

Liabilities				
Inter-Fund Payable	\$ 25,000	\$ -	\$ 45,000	\$ -
	<u>25,000</u>	<u>-</u>	<u>45,000</u>	<u>-</u>
TOTAL LIABILITIES				
	<u>25,000</u>	<u>-</u>	<u>45,000</u>	<u>-</u>
Net Assets	<u>-</u>	<u>1,733,307</u>	<u>-</u>	<u>1,744,297</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 25,000</u>	<u>\$ 1,733,307</u>	<u>\$ 45,000</u>	<u>\$ 1,744,297</u>

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