

SHORE COMMUNITY SERVICES, INC.

Report on Audited Financial Statements

June 30, 2016 and 2015

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

SHORE COMMUNITY SERVICES, INC.
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JUNE 30, 2016 AND 2015

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**Manning Silverman
& Company**

CERTIFIED PUBLIC ACCOUNTANTS

Home Office

175 Olde Half Day Rd, Suite 290

Lincolnshire, IL 60069

P: (847) 459-8850

F: (847) 537-8954

www.manningsilverman.com

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, 2016 and 2015 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.

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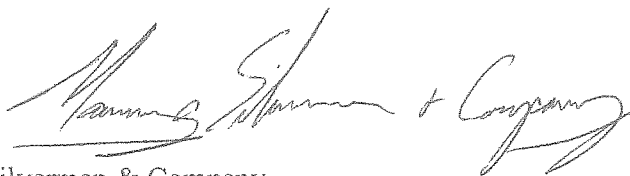
"HELPING OUR CLIENTS GROW AND PROSPER SINCE 1987"

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, 2016 and 2015 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 that reads "Manning Silverman & Company". The signature is written in black ink and is positioned above the printed name of the firm.

Manning Silverman & Company
Certified Public Accountants
Lincolnshire, Illinois

November 21, 2016

SHORE COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

	<u>Unrestricted and Board Designated</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 364,934	\$ 352,356	\$ 717,290
Investments	<u>25,000</u>	<u>1,750,110</u>	<u>1,775,110</u>
Accounts Receivable:			
Grants and Other Support	9,909	-	9,909
Fees for Service	471,090	-	471,090
Workshop Sales	13,547	-	13,547
Inter-Fund Receivable	237,865	-	237,865
Capital Improvement - Pledges	<u>-</u>	<u>328,977</u>	<u>328,977</u>
Total Accounts Receivable	<u>732,411</u>	<u>328,977</u>	<u>1,061,388</u>
Prepaid Expenses	<u>13,292</u>	<u>-</u>	<u>13,292</u>
Buildings and Other Property:			
Land	1,521,361	-	1,521,361
Building and Other Improvements	7,764,344	-	7,764,344
Furniture and Equipment	1,153,256	-	1,153,256
Vehicles	839,421	-	839,421
Less: Accumulated Depreciation	<u>(4,467,164)</u>	<u>-</u>	<u>(4,467,164)</u>
Total Buildings and Other Property	<u>6,811,218</u>	<u>-</u>	<u>6,811,218</u>
TOTAL ASSETS	<u><u>\$ 7,946,855</u></u>	<u><u>\$ 2,431,443</u></u>	<u><u>\$ 10,378,298</u></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, 2016

LIABILITIES AND NET ASSETS

	Unrestricted and Board Designated	Temporarily Restricted	Total
Liabilities:			
Accounts Payable	\$ 105,593	\$ -	\$ 105,593
Accrued Salaries and Payroll Taxes	206,618	-	206,618
Deferred Revenue	23,574	-	23,574
Tenant Security Deposits	1,778	-	1,778
Notes Payable	1,741,330	1,426,649	3,167,979
Inter-Fund Payable	237,865	-	237,865
 Total Liabilities	 2,316,758	 1,426,649	 3,743,407
 Net Assets	 5,630,097	 1,004,794	 6,634,891
 TOTAL LIABILITIES AND NET ASSETS	 \$ 7,946,855	 \$ 2,431,443	 \$ 10,378,298

See Independent Auditor's Report.
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SHORE COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

	Unrestricted and Board Designated	Temporarily Restricted	Total
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>
TOTAL ASSETS	<u><u>\$ 7,096,818</u></u>	<u><u>\$ 2,745,704</u></u>	<u><u>\$ 9,842,522</u></u>

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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>
TOTAL LIABILITIES AND NET ASSETS	<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 ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016

	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
Support, Fees and Other Revenues							
Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant-in-Aid State of Illinois	6,000	-	-	6,000	-	-	6,000
Other Grants	-	-	-	-	-	-	-
United Way Allocations	113,880	-	-	113,880	-	-	113,880
Allocated Contributions	286,316	-	-	286,316	-	-	286,316
Donations	-	-	-	-	-	-	-
Department of Rehab Services	19,500	-	-	19,500	-	-	19,500
Evanston Mental Health Board	25,056	250,968	-	276,024	-	-	276,024
U.S. Dept of Housing and Urban Development	346,606	-	-	346,606	-	-	346,606
IL Dept of Public Aid	169,520	-	-	169,520	-	-	169,520
Fundraising Events	-	-	-	-	-	-	-
Total Support	966,878	250,968	-	1,217,846	-	-	1,217,846
Fees							
IL Dept of Human Services	2,042,321	-	-	2,042,321	-	-	2,042,321
Lois Lloyd Center	-	-	-	-	-	-	-
Sheltered Workshop	1,343,869	-	-	1,343,869	-	-	1,343,869
Shore Homes	552,942	-	-	552,942	-	-	552,942
Supported Living Arrangement	-	-	-	-	-	-	-
Total Fees	3,939,132	-	-	3,939,132	-	-	3,939,132
Other Revenues							
Second Time Around	126,581	-	-	126,581	-	-	126,581
Interest Income and Dividends	-	157	-	157	-	37,954	38,111
Sales, Sheltered Workshop and Contract Labor	172,683	101,887	-	274,570	-	-	274,570
Miscellaneous and Sale of Assets	37,522	-	-	37,522	-	-	37,522
Capital Campaign	-	-	340,180	340,180	-	-	340,180
Release of Restrictions	(203,194)	588	507,157	304,551	(304,299)	(252)	-
Total Other Revenues	133,592	102,632	847,337	1,083,561	(304,299)	37,702	816,964
Total Support, Fees and Other Revenues	\$ 5,039,602	\$ 353,600	\$ 847,337	\$ 6,240,539	\$ (304,299)	\$ 37,702	\$ 5,973,942

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, 2016

	Unrestricted	Unrestricted Shore Homes - HUD Fund	Board Designated Building and Endowment Fund	Total Unrestricted Board Designated	Temporarily Restricted Building HUD and Endowment Fund	Temporarily Restricted Regenstein Fund	Total
Total Support, Fees and Other Revenues from Previous Page	\$ 5,039,602	\$ 353,600	\$ 847,337	\$ 6,240,539	\$ (304,299)	\$ 37,702	\$ 5,973,942
Expenses							
Program Services							
Lois Lloyd Center	934,466	-	9,001	943,467	-	-	943,467
Shore Training Center	1,529,038	-	66,610	1,595,648	-	-	1,595,648
Inter-Department	55,486	-	-	55,486	-	-	55,486
Supported Living Arrangement	126,632	-	23,403	150,035	-	-	150,035
Shore Homes	1,230,712	267,753	30,604	1,529,069	-	-	1,529,069
Shore Homes CILA	711,965	-	19,804	731,769	-	-	731,769
DHS Training	101,301	-	-	101,301	-	-	101,301
SLS Services 55A	26,197	-	-	26,197	-	-	26,197
Respite Care	67,447	-	-	67,447	-	-	67,447
Second Time Around	75,768	-	-	75,768	-	-	75,768
Total Program Services	4,859,012	267,753	149,422	5,276,187	-	-	5,276,187
Supporting Services							
Administrative and General Fundraising	639,733	-	-	639,733	-	6,223	645,956
	93,117	-	-	93,117	-	-	93,117
Total Supporting Services	732,850	-	-	732,850	-	6,223	739,073
Total Expenses	5,591,862	267,753	149,422	6,009,037	-	6,223	6,015,260
Net Surplus (Deficiency)	(552,260)	85,847	697,915	231,502	(304,299)	31,479	(41,318)
Interfund Transfer	-	-	-	-	-	-	-
Unrealized Gain (Loss) on Investments	-	-	-	-	-	(14,676)	(14,676)
Realized Gain (Loss) on Sale of Assets	7,178	-	-	7,178	-	-	7,178
Net Surplus (Deficiency)	(545,082)	85,847	697,915	238,680	(304,299)	16,803	(48,816)
Net Assets (Deficiency), Beginning of Year	(346,654)	(108,355)	5,846,426	5,391,417	(441,017)	1,733,307	6,083,707
Prior Period Adjustment	-	-	-	-	-	-	-
Net Assets (Deficiency), End of Year	(891,736)	(22,508)	6,544,341	5,630,097	(745,316)	1,750,110	6,634,891

See Independent Auditor's Report.
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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
Support, Fees and Other Revenues							
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	-	-	-	-	-	-	-
Evansston 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
Total Support	903,271	246,774	-	1,150,045	-	-	1,150,045
Fees							
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	-	-	-	-	-	-	-
Total Fees	3,817,616	-	-	3,817,616	-	-	3,817,616
Other Revenues							
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)	-
Total Other Revenues	445,282	108,579	1,714,344	2,268,205	(1,381,518)	(4,757)	881,930
Total Support, Fees and Other Revenues	\$ 5,166,169	\$ 355,353	\$ 1,714,344	\$ 7,235,866	\$ (1,381,518)	\$ (4,757)	\$ 5,849,591

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, 2015

	Unrestricted	Unrestricted 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	\$ 5,166,169	\$ 3,553,533	\$ 1,714,344	\$ 7,235,866	\$ (1,281,518)	\$ (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
Iner-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)
Inerfund 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	\$ 5,301,416	\$ (441,017)	\$ 1,733,307	\$ 6,683,707

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

SHORE COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
<u>Cash Flows from Operating Activities</u>		
(Decrease) in Net Assets	\$ (48,816)	\$ (96,116)
Adjustments to Reconcile (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	180,026	154,387
Unrealized Loss (Gain) on Investments	14,676	(5,862)
Realized Loss (Gain) on Investments	(7,168)	(156,594)
Prior Period Adjustment	-	(45,000)
(Increase) Decrease in:		
Construction Development Cost	-	49,556
Accounts Receivable	(23,852)	(160,352)
Prepaid Expenses	75,653	9,088
Acquisition Fund	-	17,800
Increase (Decrease) in:		
Deferred Revenue	10,149	13,425
Accrued Expenses	67,478	37,736
Accounts Payable	15,984	(58,627)
Net Cash Provided by (Used in) Operating Activities	284,130	(240,559)
<u>Cash Flows from Investing Activities</u>		
Purchase of Fixed Assets	(1,091,170)	(1,553,237)
(Purchase) Sale of Securities	201,588	42,507
Net Cash (Used in) Investing Activities	(889,582)	(1,510,730)
<u>Cash Flows from Financing Activities</u>		
Net Loan Proceeds (Payments)	506,035	1,502,148
Net Cash Provided by Financing Activities	506,035	1,502,148
Net (Decrease) in Cash and Cash Equivalents	(99,417)	(249,141)
Cash and Cash Equivalents, Beginning of Year	816,707	1,065,848
Cash and Cash Equivalents, End of Year	\$ 717,290	\$ 816,707
Supplemental Information		
Interest Paid	\$ 142,887	\$ 126,731

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, 2016

	Program Services						
	Inter - Department	Lois Lloyd Center	Shore Training Center	Supported Living Arrangement	Shore Homes	CILA Shore Homes	DHS Training
Operating Expenses							
Salaries - Staff	\$ 34,267	\$ 642,464	\$ 901,297	\$ 82,352	\$ 543,353	\$ 469,566	\$ 43,172
Salaries - Students	-	-	183,317	-	-	-	-
Payroll Taxes	2,617	46,289	65,907	5,744	38,782	33,596	3,110
Pension and Profit Sharing Expense	-	-	-	-	-	-	-
Group Insurance	17,128	99,162	165,497	17,548	84,301	32,385	6,538
Worker's Compensation	1,474	28,660	51,898	3,451	23,132	20,494	1,945
Medical Examinations	-	52	140	180	387	132	-
Conferences and Conventions	-	245	298	-	148	74	-
Telephone Allowance	-	8,215	8,064	524	4,431	3,066	331
Postage and Shipping	-	40	-	206	1,226	256	2,022
Office Supplies	-	1,145	3,947	-	552	219	200
Workshop Supplies	-	-	16,704	-	-	-	-
Other Supplies	-	7,353	14,596	-	45,206	8,545	-
Dues and Fees	-	70	1,928	-	200	35	-
Public Information and Printing	-	-	-	-	-	-	-
Books and Periodicals	-	19	56	-	-	-	-
Repairs and Minor Equipment	-	-	1,681	4,531	2,763	1,370	1,236
Audit	-	-	-	-	7,000	-	-
Insurance	-	12,719	9,012	2,492	28,715	17,631	-
Payroll Processing	-	-	-	-	-	-	11,981
Consultants Fees	-	-	-	-	-	47,152	-
Professional Growth	-	545	629	-	179	531	-
Recreational Program	-	-	-	134	980	-	-
Transportation	-	65,074	52,061	1,234	1,153	1,001	-
Vehicle Operating Expense	-	11,711	33,636	223	7,983	16,574	-
Taxes	-	-	-	-	-	-	-
Subcontracts	-	9,276	12,235	8,013	36,625	43,366	30,766
Food Supplies	-	1,406	2,292	-	55,049	15,920	-
Miscellaneous and Contingency	-	-	1,464	-	-	52	-
Fundraising Events	-	-	-	-	-	-	-
Total Operating Expenses	\$ 55,486	\$ 934,445	\$ 1,526,659	\$ 126,632	\$ 882,165	\$ 711,965	\$ 101,301

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
FOR THE YEAR ENDED JUNE 30, 2016

	Second Time Around	Respite Care	SLS 55A	Program Services Total	Supporting Services Total	Total Expenses 2016
Operating Expenses						
Salaries - Staff	\$ 51,050	\$ 19,937	\$ 18,348	\$ 2,805,801	\$ 337,166	\$ 3,142,967
Salaries - Students	-	-	-	183,317	-	183,317
Payroll Taxes	3,630	1,332	1,332	202,339	23,492	225,831
Pension and Profit Sharing Expense	-	-	-	-	-	-
Group Insurance	6	3,278	2,967	428,810	48,674	477,484
Worker's Compensation	2,209	833	833	134,929	15,073	150,002
Medical Examinations	43	-	180	1,115	44	1,159
Conferences and Conventions	-	-	-	765	6,398	7,163
Telephone	1,314	148	2,014	28,107	6,336	34,443
Professional Fees	-	-	-	-	21,136	21,136
Postage and Shipping	87	167	-	4,004	9,240	13,244
Office Supplies	75	64	260	6,462	6,204	12,666
Workshop Supplies	-	-	-	16,704	-	16,704
Other Supplies	-	14,931	-	90,631	800	91,431
Dues and Fees	2,024	-	-	4,257	28,692	32,949
Public Information and Printing	-	-	-	-	-	-
Books and Periodicals	506	-	-	581	2,061	2,642
Repairs and Minor Equipment	1,732	-	-	13,313	6,233	19,546
Audit	-	-	-	7,000	21,995	28,995
Insurance	-	-	-	70,569	18,825	89,394
Payroll Processing	-	-	-	11,981	15,719	27,700
Consultants Fees	-	-	-	47,152	361	47,513
Professional Growth	-	176	25	2,085	5,781	7,866
Recreational Program	-	-	-	1,114	-	1,114
Transportation	-	2,198	-	122,721	535	123,256
Vehicle Operating Expense	19	-	-	70,146	16,982	87,128
Taxes	12,360	-	-	12,360	38	12,398
Subcontracts	58	24,369	238	164,946	(844)	164,102
Food Supplies	-	-	-	74,667	29	74,696
Miscellaneous and Contingency	78	14	-	1,608	6,292	7,900
Fundraising Events	-	-	-	-	93,117	93,117
Total Operating Expenses	\$ 75,191	\$ 67,447	\$ 26,197	\$ 4,507,484	\$ 690,379	\$ 5,197,863

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, 2016

	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	\$ 55,486	\$ 934,445	\$ 1,526,659	\$ 126,632	\$ 882,165	\$ 711,965	\$ 101,301
Occupancy							
Salaries	-	-	-	-	29,769	-	-
Payroll Taxes	-	-	-	-	2,365	-	-
Group Insurance	-	-	-	-	9,944	-	-
Worker's Compensation	-	-	-	-	2,089	-	-
Utilities	-	-	1,800	-	164,132	-	-
Insurance	-	-	-	-	17,184	-	-
Repairs and Minor Equipment	-	21	-	-	118,225	-	-
Rent, Taxes and Leases	-	-	-	-	13,470	-	-
Maintenance and Grounds	-	-	579	-	102,011	-	-
Management Fees	-	-	-	-	25,392	-	-
Interest Expense	-	-	-	-	132,019	-	-
Total Occupancy	-	21	2,379	-	616,600	-	-
Total Expenses Before Depreciation	55,486	934,466	1,529,038	126,632	1,498,765	711,965	101,301
Regenstein Fund Expenses	-	-	-	-	-	-	-
Depreciation Expense	-	9,001	66,610	23,403	30,604	19,804	-
Building Fund Expenses	-	-	-	-	-	-	-
Second Time Around Shop Fund	-	-	-	-	-	-	-
Endowment Fund	-	-	-	-	-	-	-
Total Expenses	\$ 55,486	\$ 943,467	\$ 1,595,648	\$ 150,035	\$ 1,529,369	\$ 731,769	\$ 101,301

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, 2016

	Second Time Around	Respite Care	SLS 55A	Program Services Total	Supporting Services Total	Total Expenses 2016
Total Operating Expenses, from Previous Page	\$ 75,191	\$ 67,447	\$ 26,197	\$ 4,507,484	\$ 690,379	\$ 5,197,863
Occupancy						
Salaries	-	-	-	29,769	-	29,769
Payroll Taxes	-	-	-	2,365	-	2,365
Group Insurance	-	-	-	9,944	-	9,944
Worker's Compensation	-	-	-	2,089	-	2,089
Utilities and Scavenger Insurance	-	-	-	165,932	-	165,932
Repairs and Minor Equipment	54	-	-	118,304	598	118,902
Rent and Taxes	-	-	-	13,470	-	13,470
Maintenance and Grounds	223	-	-	102,813	401	103,214
Management Fees	-	-	-	25,392	-	25,392
Interest Expense	-	-	-	132,019	10,868	142,887
Total Occupancy	277	-	-	619,281	11,867	631,148
Total Expenses Before Depreciation	75,468	67,447	26,197	5,126,765	702,246	5,829,011
Regenstein Fund Expenses	-	-	-	-	6,223	6,223
Depreciation Expense	-	-	-	149,422	30,604	180,026
Building Fund Expenses	-	-	-	-	-	-
Second Time Around Shop Fund	-	-	-	-	-	-
Endowment Fund	-	-	-	-	-	-
Total Expenses	\$ 75,468	\$ 67,447	\$ 26,197	\$ 5,276,187	\$ 739,073	\$ 6,015,260

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

	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	<u>\$ 51,606</u>	<u>\$ 912,731</u>	<u>\$ 1,614,171</u>	<u>\$ 105,776</u>	<u>\$ 825,710</u>	<u>\$ 660,695</u>	<u>\$ 52,089</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, 2015

	Second			Program	Supporting	Total
	Time	Respite	SLS	Services	Services	Expenses
	Around	Care	55A	Total	Total	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	\$ 56,705	\$ 57,935	\$ 25,365	\$ 4,362,783	\$ 658,365	\$ 5,021,148

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

	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.
15(a)

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.
15(b)

SHORE COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

Note 1 - Organization

Shore Community Services, Inc. ("Shore") was organized in 1949, and incorporated in 1951, to develop day services for persons with developmental disabilities. Vocational and workshop programs were expanded to provide adult training centers and adult residential services to help improve the quality of life for persons with developmental disabilities 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, 2016 AND 2015

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, 2016 AND 2015

<u>Description</u>	<u>Years</u>
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 2012 and thereafter remain subject to examination by the Internal Revenue Service.

SHORE COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016 AND 2015

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, 2016 AND 2015

Note 6 - Restricted Cash Accounts

The Shore Homes - HUD Fund has \$349,898 and \$350,481 of restricted cash as of June 30, 2016 and 2015. 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 \$300,797 and \$312,150 of the restricted cash for June 30, 2016 and 2015.

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, 2017. There is \$750,000 outstanding on this line of credit at June 30, 2016.

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, 2016 of \$607,723 collateralize the note, which has a balance on that date of \$652,496.

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, 2016, \$338,835 is outstanding on this note.

SHORE COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016 AND 2015

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>
2017	\$ 39,878	\$ 842,303	\$ 882,181
2018	40,730	96,637	137,367
2019	41,592	327,221	368,813
2020	42,493	64,620	107,113
2021	43,543	1,184,702	1,228,245
Thereafter	<u>444,260</u>	<u>-</u>	<u>444,260</u>
Total	<u>\$ 652,496</u>	<u>\$ 2,515,483</u>	<u>\$ 3,167,979</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 2016 and 2015 was \$0 and \$25,000, respectively.

Note 10 - Concentrations

Shore Community Services, Inc. received significant support from the Illinois Department of Human Services in the years ended June 30, 2016 and 2015. 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 - Subsequent Events

Subsequent events have been evaluated through November 21, 2011, 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, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Cash and Cash Equivalents	\$ 199,848	\$ 79,363
Accounts Receivable		
Grants and Other Support	9,909	27,637
Fees for Service	471,090	377,943
Workshop Sales	13,547	13,958
A/R Regenstein Fund	<u>25,000</u>	<u>25,000</u>
Total Accounts Receivable	<u>519,546</u>	<u>444,538</u>
Prepaid Expenses	<u>13,292</u>	<u>88,945</u>
TOTAL ASSETS	\$ <u>732,686</u>	\$ <u>612,846</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts Payable	\$ 99,490	\$ 78,554
Accrued Salaries and Related Payroll Taxes	199,658	154,140
Deferred Revenue	23,574	13,424
Bank Note - Line of Credit	750,000	130,000
Due from Other Funds	212,865	212,865
Note Payable	<u>338,835</u>	<u>370,516</u>
Total Liabilities	1,624,422	959,499
Net Assets	<u>(891,736)</u>	<u>(346,653)</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>732,686</u>	\$ <u>612,846</u>

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, 2016 AND 2015

	ASSETS			
	2016		2015	
	Board Designated	Temporarily Restricted	Board Designated	Temporarily Restricted
Current Assets				
Cash and Cash Equivalents	\$ 127,981	\$ 2,458	\$ 314,985	\$ 40,830
Endowment Savings Account and Certificate of Deposit	-	-	-	240,953
Acquisition Fund	-	-	-	-
Accounts Receivable - Capital	-	328,977	-	380,133
Inter - Fund Receivable	212,865	-	212,865	-
Total Current Assets	<u>340,846</u>	<u>331,435</u>	<u>527,850</u>	<u>661,916</u>
Buildings and Other Property				
Land	1,211,361	-	1,211,361	-
Pre Construction Cost	-	-	-	-
Building and Other Improvements	6,709,852	-	5,717,596	-
Furniture and Equipment	986,538	-	965,783	-
Vehicles	839,421	-	817,712	-
Less: Accumulated Depreciation	<u>(3,543,677)</u>	<u>-</u>	<u>(3,393,876)</u>	<u>-</u>
Total Buildings and Other Property	<u>6,203,495</u>	<u>-</u>	<u>5,318,576</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 6,544,341</u>	<u>\$ 331,435</u>	<u>\$ 5,846,426</u>	<u>\$ 661,916</u>

LIABILITIES AND NET ASSETS

Liabilities				
Accounts Payable and Accrued Expenses	\$ -	\$ -	\$ -	\$ -
Mortgage Payable	-	1,426,649	-	1,453,414
Inter-Fund Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,426,649</u>	<u>-</u>	<u>1,453,414</u>
Net Assets	<u>6,544,341</u>	<u>(1,095,214)</u>	<u>5,866,426</u>	<u>(791,498)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,544,341</u>	<u>\$ 331,435</u>	<u>\$ 5,866,426</u>	<u>\$ 661,916</u>

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

SHORE COMMUNITY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION – SHORE HOMES – HUD FUND
JUNE 30, 2016 AND 2015

	ASSETS			
	2016		2015	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Current Assets				
Cash	\$ 37,105	\$ 349,898	\$ 31,048	\$ 350,481
Prepaid Expenses	-	-	-	-
Accounts Receivable	-	-	-	-
	<u>37,105</u>	<u>349,898</u>	<u>31,048</u>	<u>350,481</u>
Total Current Assets	37,105	349,898	31,048	350,481
Buildings and Other Property				
Land	310,000	-	310,000	-
Building - Residential Facilities	1,054,491	-	998,041	-
Furniture and Equipment	166,719	-	166,719	-
Less: Accumulated Depreciation	(923,487)	-	(893,262)	-
	<u>607,723</u>	<u>-</u>	<u>581,498</u>	<u>-</u>
Total Buildings and Other Property	607,723	-	581,498	-
TOTAL ASSETS	\$ 644,828	\$ 349,898	\$ 612,546	\$ 350,481

LIABILITIES AND NET ASSETS

Liabilities				
Accounts Payable and Accrued Expenses	\$ 13,062	\$ -	\$ 11,055	\$ -
Tenant Security Deposits	1,778	-	1,778	-
Note Payable	652,496	-	708,068	-
	<u>667,336</u>	<u>-</u>	<u>720,901</u>	<u>-</u>
Total Liabilities	667,336	-	720,901	-
Net Assets (Deficiency)	(22,508)	349,898	(108,355)	350,481
TOTAL LIABILITIES AND NET ASSETS	\$ 644,828	\$ 349,898	\$ 612,546	\$ 350,481

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

SHORE COMMUNITY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION – REGENSTEIN FUND
JUNE 30, 2016 AND 2015

	ASSETS			
	2016		2015	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Current Assets				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Investments	25,000	1,750,110	25,000	1,733,307
Market Appreciation	-	-	-	-
	<u>25,000</u>	<u>1,750,110</u>	<u>25,000</u>	<u>1,733,307</u>
Total Current Assets				
	<u>25,000</u>	<u>1,750,110</u>	<u>25,000</u>	<u>1,733,307</u>
TOTAL ASSETS	<u>\$ 25,000</u>	<u>\$ 1,750,110</u>	<u>\$ 25,000</u>	<u>\$ 1,733,307</u>

LIABILITIES AND NET ASSETS				
Liabilities				
Inter-Fund Payable	\$ 25,000	\$ -	\$ 25,000	\$ -
	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
TOTAL LIABILITIES				
	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Net Assets	<u>-</u>	<u>1,750,110</u>	<u>-</u>	<u>1,733,307</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 25,000</u>	<u>\$ 1,750,110</u>	<u>\$ 25,000</u>	<u>\$ 1,733,307</u>

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