JUDSON CENTER, INC. AND SUBSIDIARIES

Farmington Hills, Michigan

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended September 30, 2019 and 2018

JUDSON CENTER, INC. AND SUBSIDIARIES

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As of and for the Years Ended September 30, 2019 and 2018

INDEPENDENT AUDITORS' REPORT

Board of Directors
Judson Center, Inc. and Subsidiaries
Farmington Hills, Michigan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Judson Center, Inc. and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information as identified in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Southfield, Michigan
January 21, 2020

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 975,036	$ 340,454
Accounts receivable, net	2,210,836	3,297,774
Prepaid expenses and other	217,781	147,102
Pledges receivable, net of discount and long-term portion	478,594	437,201
Total Current Assets	3,882,247	4,222,531
PROPERTY AND EQUIPMENT, NET	5,881,563	4,513,046
OTHER ASSETS		
Investments	9,035,212	10,812,535
Cash surrender value of life insurance	216,696	206,245
Beneficial interest in charitable remainder unitrust	88,180	94,141
Pledges receivable, net of discount and current portion	113,899	316,085
Total Other Assets	9,453,987	11,429,006
TOTAL ASSETS	$ 19,217,797	$ 20,164,583

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable	$ 506,596	$ 428,060
Accrued expenses	926,939	806,749
Deferred revenue	72,955	157,200
Capital lease, current portion	25,446	29,088
Note payable, current portion	68,256	65,076
Pension liability, current portion	116,758	120,780
Line of credit	1,350,000	-
Total Current Liabilities	3,066,950	1,606,953
LONG-TERM LIABILITIES		
Capital lease, net of current portion	36,652	70,939
Note payable, net of current portion	1,366,668	1,434,924
Pension liability, net of current portion	3,233,566	2,685,470
Funds held for others	54,913	60,334
Interest rate swap liability	96,668	18,260
Total Long-Term Liabilities	4,788,467	4,269,927
Total Liabilities	7,855,417	5,876,880
NET ASSETS		
Without donor restrictions	10,125,806	12,876,945
With donor restrictions	1,236,574	1,410,758
Total Net Assets	11,362,380	14,287,703
TOTAL LIABILITIES AND NET ASSETS	$ 19,217,797	$ 20,164,583

See accompanying notes to consolidated financial statements.

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2019 and 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND SUPPORT		
Grant revenue	$ 10,837,361	$ 10,264,390
Autism fee revenue, net of contractual adjustments ($4,516,076 and $4,914,137 at September 30, 2019 and 2018, respectively)	4,672,185	4,813,750
Behavioral health fee revenue, net of contractual adjustments ($873,523 and $481,388 at September 30, 2019 and 2018, respectively)	1,541,368	1,715,825
Foster care fee revenue	2,035,911	1,878,273
Public contributions without donor restrictions	2,313,316	2,279,611
Investment income, net	327,786	670,287
Gain on disposal of property and equipment	13,189	-
Rental income	30,240	30,490
Miscellaneous	49,314	192,924
Net assets released from restrictions	1,004,159	483,272
Total Revenue and Support	22,824,829	22,328,822
EXPENSES		
Program services	20,464,524	18,799,858
Management and general	3,268,106	3,009,035
Development	1,197,025	1,005,004
Total Expenses	24,929,655	22,813,897
Change in net assets without donor restrictions before other changes in net assets	(2,104,826)	(485,075)
OTHER CHANGES IN NET ASSETS		
Change in pension liabilities	(567,904)	319,291
Change in fair value of interest rate swap agreement	(78,408)	(18,260)
Total Other Changes in Net Assets	(646,312)	301,031
Change in Net Assets Without Donor Restrictions	(2,751,138)	(184,044)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Public contributions with donor restrictions	822,754	1,003,700
Unrealized gain on cash surrender value of life insurance	7,220	6,957
Net assets released from restrictions	(1,004,159)	(483,272)
Change in Net Assets With Donor Restrictions	(174,185)	527,385
CHANGE IN NET ASSETS	(2,925,323)	343,341
NET ASSETS - Beginning of year	14,287,703	13,944,362
NET ASSETS - END OF YEAR	$ 11,362,380	$ 14,287,703

See accompanying notes to consolidated financial statements.

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (2,925,323)	$ 343,341
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Depreciation	490,837	493,872
Gain on disposal of property and equipment	(13,189)	-
Realized and unrealized loss (gain) on investments	125,455	(236,242)
Change in beneficial interest in charitable remainder unitrust	5,961	(1,948)
Change in allowance for contractual adjustments, doubtful accounts and pledge discounts	(463,202)	557,512
Unrealized gain on cash surrender value of life insurance	(7,220)	(6,957)
Interest rate swap agreement fair market value adjustment	78,408	18,260
Changes in assets and liabilities		
Accounts receivable	1,548,542	(1,556,064)
Pledges receivable	162,392	(549,881)
Prepaid expenses and other	(70,679)	33,581
Accounts payable	78,535	103,801
Accrued expenses	120,189	90,650
Deferred revenue	(84,245)	(46,700)
Pension liability	544,074	(355,167)
Payments of funds held for others	(5,421)	(7,388)
Net Cash Flows Used in Operating Activities	(414,886)	(1,095,870)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,875,610)	(571,697)
Proceeds from sale of property and equipment	15,250	-
Purchases of investments	(1,500,000)	(3,167,132)
Proceeds from sales of investments	3,151,868	3,291,984
Net Cash Flows Used in Investing Activities	(208,492)	(446,845)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	(26,964)	(29,088)
Proceeds from note payable	-	1,500,000
Payments on note payable	(65,076)	-
Net proceeds from borrowings on the line of credit	1,350,000	-
Net Cash Flows From Financing Activities	1,257,960	1,470,912
Net Change in Cash and Cash Equivalents	634,582	(71,803)
CASH AND CASH EQUIVALENTS - Beginning of Year	340,454	412,257
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 975,036	$ 340,454
Supplemental cash flow disclosures		
Cash paid for interest	$ 105,401	$ 56,709

See accompanying notes to consolidated financial statements.

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended September 30, 2019 and 2018

	Program Services	Management and General	Development	2019 Total	Program Services	Management and General	Development	2018 Total
Salaries	$ 12,672,425	$ 1,669,167	$ 645,756	$ 14,987,348	$ 11,763,613	$ 1,527,691	$ 523,268	$ 13,814,572
Payroll taxes	1,119,100	125,686	52,535	1,297,321	1,001,493	110,358	42,449	1,154,300
Benefits	2,147,707	213,410	32,541	2,393,658	1,968,454	214,412	28,752	2,211,618
Pension	303,222	67,292	22,098	392,612	252,498	60,619	14,476	327,593
Total Salaries and Related Expenses	16,242,454	2,075,555	752,930	19,070,939	14,986,058	1,913,080	608,945	17,508,083
Professional fees and services	582,930	448,548	139,979	1,171,457	379,857	517,148	89,672	986,677
Supplies, food and equipment	357,539	56,086	222,579	636,204	385,560	49,855	230,484	665,899
Utilities	267,614	84,819	10,372	362,805	289,936	70,490	8,912	369,338
Facilities maintenance and rent	620,319	83,805	12,719	716,843	698,276	63,822	9,476	771,574
Vehicle gas and insurance	662,591	15,718	996	679,305	653,807	13,415	1,611	668,833
Conferences, meetings and lunches	58,458	31,301	2,396	92,155	50,858	26,628	1,600	79,086
Subscriptions, training and recruitment	134,768	109,115	9,728	253,611	143,857	107,131	5,460	256,448
Medical	143,095	-	-	143,095	421,331	-	-	421,331
Bad debt	779,915	-	-	779,915	258,683	-	12,000	270,683
Direct client expense reimbursement	326,809	983	31,731	359,523	238,524	17	22,072	260,613
Miscellaneous	18,398	150,824	3,744	172,966	9,667	44,565	7,228	61,460
Depreciation	269,634	211,352	9,851	490,837	283,444	202,884	7,544	493,872
Total Expenses	$ 20,464,524	$ 3,268,106	$ 1,197,025	$ 24,929,655	$ 18,799,858	$ 3,009,035	$ 1,005,004	$ 22,813,897

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

Judson Center, Inc. ("Judson") is a comprehensive, multi-faceted, community based human service center in Southeastern Michigan that has been nationally recognized for fostering independence through innovative programs, and for empowering adults, children and their families to live the best lives possible through the following programs:

Autism Services

Judson Autism Connections helps support the needs of children, teens and adults with a diagnosis of Autism Spectrum Disorders (ASD). Judson Autism Connections services offer a comprehensive array of services to include: Applied Behavior Analysis, social skills groups for children and teens, supportive services for children and families, a specialized summer program and counseling services.

Behavioral Health Services

Judson is committed to providing high quality behavioral health services to children, families and adults diagnosed with a mental health condition. Services include outpatient therapy, in-home therapy for children with serious emotional disturbances and co-occurring substance use disorders.

Child Welfare Services

Guided by the belief that every child deserves a safe, permanent, and loving family where they can grow up to be happy and productive members of their communities, Judson provides family preservation, foster care, adoption, mentoring and family reunification services for children in need.

Disability Services

Judson provides respite care and vocational rehabilitation services for adults with developmental disabilities and mental illnesses.

Principles of Presentation

Judson is organized as a Michigan 501(c)(3) corporation on a non-stock basis.

The Judson Center Foundation (the “Foundation”) is a 501(c)(3) 100% controlled subsidiary of Judson. The purpose of the Foundation is to support Judson.

Judson Center Staffing Solutions, Inc. (“Staffing”) is a 501(c)(3) 100% controlled subsidiary. The purpose of Staffing is to help adults with disabilities obtain and maintain gainful employment in the community.

Child Safe Michigan (“Child Safe”) is a 501(c)(3) 100% controlled subsidiary. The purpose of Child Safe is to meet the needs of neglected, abused and other at-risk children, and their families, with a focus on prevention, treatment, mentoring, and community outreach.

The accompanying consolidated financial statements include the accounts of Judson, Foundation, Staffing, and Child Safe. Significant interorganization accounts and transactions have been eliminated. The consolidated entity is referred to as the "Organization" in the remainder of these notes, unless otherwise noted.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Contributions, Fees from Government Agencies and Programs, and Fees for Services

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Revenue from government contracts under expense reimbursement programs is recognized in the period during which the related expenses are incurred. In cases where expenses are incurred in advance of receiving the funds, revenue and contract receivables are recorded in the period during which the expenses are incurred. Retroactive determination of allowable costs by resource providers may result in final settlements different from interim payments for reimbursable services submitted by the Organization. Revenue is reported at the estimated net realizable amounts from resource providers for services rendered, including estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Program service fees represent the estimated net realizable amounts from clients, third-party payers, and others for services rendered. The Organization records fee revenue from insurance carriers principally from fee for service arrangements for services provided.

In-Kind Contributions

The Organization reports gifts of donated goods and professional services as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Contributions are stated at fair value at the date of the gift. In-kind donations totaled $286,746 and $249,357 in September 30, 2019 and 2018, respectively, which were recorded as public contributions and expense in the consolidated statements of activities.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents as highly liquid, short-term deposits with a maturity at the date of acquisition of three months or less not held in the Organization's investment accounts. The Organization considers all money market funds to be used for current operations and certificates of deposits purchased with a maturity of three months or less to be cash equivalents. During the normal course of business, the Organization may maintain cash-on-deposit with financial institutions in excess of the federally insured limit of $250,000. The Organization maintains a policy of making investments only with high quality institutions and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Accounts Receivable

The Organization receives funding, through contracts, from various governmental agencies and organizations and from private payers and third party insurance carriers. The Organization carries its accounts receivable at the invoice amount, less an allowance for doubtful accounts and contractual adjustments. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on past collection history and current credit conditions. Accounts receivable are shown net of an allowance for doubtful accounts of $325,000 and $221,253 at September 30, 2019 and 2018, respectively. The contractual allowance is determined by calculating the amount expected to be received for the services performed from the amount actually billed based on the contracts with various insurance companies. Accounts receivable are shown net of contractual allowance of $842,131 and $1,407,481 at September 30, 2019 and 2018, respectively.

Pledges Receivable

Pledges made to Organization are recorded in the year the pledge is made. Amounts that are expected to be collected after one year are discounted using a market rate of return and are reflected in the financial statements at their net present value. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions over the period of the promise to give. An allowance for uncollectible pledges is determined based on experience. No allowance was deemed necessary at September 30, 2019 and 2018.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The Organization records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and unrealized gains or losses are included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value at date of the gift if donated. All acquisitions of property and equipment in excess of $1,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Deferred Revenue

Revenues received for special events occurring after year end are deferred until the date of the event. Deferred revenues as of September 30, 2019 and 2018 were $72,955 and $157,200, respectively.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or are required to be maintained permanently by the Organization.

Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

The Organization follows the standard relating to the accounting for uncertainty in income taxes. The tax effects from an uncertain tax position can be recognized in the consolidated financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Organization recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would be more likely than not to sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority. The Organization applies the accounting standard to all tax positions for which the statute of limitations remains open.

Based on its evaluation, the Organization has concluded that there are no significant uncertain tax positions requiring recognition in its consolidated financial statements. The Organization is not currently under examination by any taxing jurisdiction.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Accounting for Derivatives and Hedging Activities

The Organization has an interest rate swap agreement (derivative financial instrument). The Organization's purpose in entering into the swap agreement is to mitigate the risk of interest rate increases on the related variable rate debt. The Organization accounts for the swap agreement in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The swap agreement does not qualify as hedging activity, therefore, changes in the fair value are recognized as a component of net income and reflected as a component of interest expense on the statement of operations. Accounting standards require derivative financial instruments to be reflected as assets or liabilities at fair value on the balance sheet.

The Organization entered into an interest rate swap agreement with an effective date of September 6, 2018, fixing the rate on the notional amount of debt at 5.64% through August 6, 2025. The notional amount was $1,434,924 and $1,500,000 at September 30, 2019 and 2018, respectively.

The notional amount under the swap agreements decreases as principal payments are made on the debt. The counterparty on the swap agreements is the same entity as the holder of the original note. The Organization does not require collateral from the counterparty for the interest rate swap agreements. The Organization does not use derivatives for trading or speculative purposes. No derivative contracts were terminated prior to maturity.

As of September 30, 2019 and 2018, the interest rate swap agreement (not designated as a hedging instrument) was reported in the statement of financial position as a liability at fair value of $96,668 and $18,260, respectively.

Fair Value of Financial Instruments

The Organization's short-term financial instruments consist of the following: cash and cash equivalents, accounts receivable and accounts payable. The recorded values of these short-term financial instruments approximate their fair values based on the instruments' short-term nature. The Organization's long-term financial instruments consist of money market, equity and bond funds. The recorded values of these long-term financial instruments approximate their fair values based on quoted market prices.

The recorded value of the Organization's interest rate swap (used for purposes other than trading) approximates the amount that the Organization would receive, or pay, to sell or transfer to another entity with the same credit standing, this agreement at the reporting date, taking into account current interest rates and the creditworthiness of the counterparty for assets, and the creditworthiness of the Organization for liabilities.

The recorded value of the Organization's variable rate debt is estimated based on current rates for similar variable rate debt with the same remaining maturities. The Organization also considers its creditworthiness in determining the fair value of their variable rate debt.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All direct expenses are allocated 100% to the proper category. Indirect costs have been allocated between the various programs and support services based on estimates determined by management, using appropriate bases. These bases include salary allocation and usage of facilities.

Reclassification

For comparability, certain 2018 amounts have been reclassified to conform with classifications adopted in 2019. The reclassifications have no effect on reported amounts of net assets or change in net assets.

Estimates

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

Adoption of Financial Accounting Standard Board's Accounting Standards Update

In 2019, the Organization adopted the Financial Accounting Standard Board’s ("FASB") Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these financial statements accordingly. ASU No. 2016-14 has been applied retrospectively to all periods presented, with the exception of the disclosure about liquidity, availability of resources, as permitted by ASU No. 2016-14.

The new standard changes the following aspects of the financial statements:

- The unrestricted net assets class has been renamed net assets without donor restrictions;
- The temporarily restricted net asset class has been renamed net assets with donor restrictions;
- The financial statements include a disclosure about liquidity and availability of resources at September 30, 2019 (Note 2).

Subsequent Events

The Organization has evaluated events through January 21, 2020, which is the date the financial statements were approved and available to be issued.

NOTE 2 - Liquidity and Funds Available

The following reflects the Organization's financial assets reduced by amounts not available for general use or debt repayments within one year of the statements of financial position date, at September 30, 2019:

Financial Assets:	
Cash and cash equivalents	$ 975,036
Accounts receivable, net	2,210,836
Pledges receivable, net of discount and long-term portion	478,594
Investments	9,035,212
Total financial assets	12,699,678
Less those unavailable for general expenditure:	
Net assets with donor restrictions	(1,236,574)
Financial assets available to meet cash needs for general use within one year	$ 11,463,104

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, debt payments and other obligations come due. The Organization also has access to a line of credit of $1,500,000 to utilize as needed; $1,350,000 is borrowed against this at September 30, 2019.

NOTE 3 - Investments

Investments are carried at fair value and are summarized as follows at September 30:

	2019	2018
Money market funds	$ 41,689	$ 158,556
Bond funds	2,656,281	3,040,092
Equity funds	6,337,242	7,613,887
Total	$ 9,035,212	$ 10,812,535

The following schedule summarizes investment income for the years ended September 30:

	2019	2018
Interest and dividends	$ 453,781	$ 434,045
Net realized and unrealized gain (loss) on investments	(125,995)	236,242
Total	$ 327,786	$ 670,287

NOTE 4 - Fair Value of Financial Instruments

The Organization follows current authoritative guidance, which provides a framework for measuring, reporting and disclosing fair value under generally accepted accounting principles. The guidance applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis.

As defined in the guidance, 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. In determining fair value, the Organization uses various valuation methods. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimizes the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are unobservable and not corroborated by market data.

There have been no changes in the methodology used for the years ended September 30, 2019 and 2018.

The following method was used to estimate the fair value for each class of financial instrument measured at fair value:

> Money market funds: These investments are valued at fair value using quoted market prices.

> Equity and bond funds: These investments are valued at the fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

> Interest rate swap liability: This liability is valued at the approximate amount that the Organization would receive, or pay, to sell or transfer to another entity with the same credit standing and is classified as Level 2.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

NOTE 4 - Fair Value of Financial Instruments (cont.)

The table below presents information about the Organization's assets that are measured at fair value on a recurring basis as of September 30, 2019 based upon the three-tier hierarchy:

	September 30, 2019			
	Total	Level 1	Level 2	Level 3
Assets:				
Money market funds	$ 41,689	$ 41,689	$ -	$ -
Bond funds	2,656,281	2,656,281	-	-
Equity funds	6,337,242	6,337,242	-	-
Total	$ 9,035,212	$ 9,035,212	$ -	$ -
Liabilities:				
Interest rate swap	$ 96,668	$ -	$ 96,668	$ -

The table below presents information about Organization's assets that are measured at fair value on a recurring basis as of September 30, 2018 based upon the three-tier hierarchy:

	September 30, 2018			
	Total	Level 1	Level 2	Level 3
Assets:				
Money market funds	$ 158,556	$ 158,556	$ -	$ -
Bond funds	3,040,092	3,040,092	-	-
Equity funds	7,613,887	7,613,887	-	-
Total	$ 10,812,535	$ 10,812,535	$ -	$ -
Liabilities:				
Interest rate swap	$ 18,260	$ -	$ 18,260	$ -

The estimated carrying and fair values of the Organization's financial instruments are as follows:

	September 30, 2019		**September 30, 2018**	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets:				
Investments	$ 9,035,212	$ 9,035,212	$ 10,812,535	$ 10,812,535
Financial liabilities:				
Variable rate debt	$ 1,434,924	$ 1,434,924	$ 1,500,000	$ 1,500,000
Interest rate swap liability	96,668	96,668	18,260	18,260

NOTE 5 - Pledges Receivable

Pledges receivable at September 30, 2019 and 2018 consist of the following:

	2019	2018
Due in less than one year	$ 499,811	$ 446,842
Due in one to five years	120,000	335,361
Less: Discount to present value	(27,318)	(28,917)
Net Pledges Receivable	$ 592,493	$ 753,286

An allowance was not deemed necessary at September 30, 2019 and 2018.

NOTE 6 - Property and Equipment

The major categories of property and equipment at September 30 are summarized as follows:

	Depreciable Lives	2019	2018
Land	N/A	$ 237,054	$ 237,054
Buildings	25 yrs	8,709,030	7,018,951
Furniture and fixtures	10-15 yrs	784,968	770,204
Computer hardware and software	5-10 yrs	2,069,500	1,835,359
Transportation equipment	5 yrs	505,150	621,646
Phone system	10 yrs	465,902	465,902
Work in progress	N/A	73,225	139,466
Total Property and Equipment		12,844,829	11,088,582
Less: Accumulated depreciation		6,963,266	6,575,536
		$ 5,881,563	$ 4,513,046

Depreciation expense totaled $490,837 and $493,872 for the years ended September 30, 2019 and 2018, respectively. Amortization of assets under capital lease is included in depreciation expense. The net book value of property leased under capital leases is approximately $73,000 and $119,000, as of September 30, 2019 and 2018, respectively.

NOTE 7 - Capital Lease Obligations

At September 30, 2019 and 2018, the Organization is obligated under long-term vehicle leases which have been capitalized. The leases are noncancellable and are collateralized by the assets under lease. The present values have been calculated at the implicit interest rate which is approximately 14%.

Capital lease obligations consist of the following at September 30:

	2019	2018
Capital leases	$ 62,098	$ 100,027
Less: current portion	(25,446)	(29,088)
Long-Term Portion	$ 36,652	$ 70,939

Future maturities of capital lease obligations are as follows:

2020	$ 25,446
2021	25,446
2022	11,206
Total	$ 62,098

Future minimum lease payments due for the capital leases are as follows:

2020	$ 30,940
2021	30,940
2022	13,495
Total minimum lease payments	75,375
Less: Amount representing interest	(13,277)
Present value of minimum lease payments	62,098
Less: Current portion	(25,446)
	$ 36,652

NOTE 8 - Commitments

The Organization leases meeting space, regional office space and residential homes with various monthly payments expiring through April 2026. The Organization also leases other facilities and equipment on a month-to-month basis.

The following is a schedule of annual future minimum lease payments required under operating leases and maintenance commitments as of September 30, 2019:

Years Ending September 30,	
2020	$ 537,783
2021	537,142
2022	459,671
2023	283,748
2024	279,020
2025 and thereafter	441,781
Total	$ 2,539,145

Total lease expense under these agreements was $333,782 and $396,343 for the years ended September 30, 2019 and 2018, respectively.

NOTE 9 - Line of Credit

The Organization has a line of credit agreement with a bank expiring on March 31, 2020, under which it can borrow up to $1,500,000. The line of credit is collateralized by all personal property and bears interest based on the daily LIBOR rate plus 2.15% (an effective rate of 4.16% and 4.38% as of September 30, 2019 and 2018, respectively), as defined by the credit agreement. The line requires monthly interest payments. The outstanding borrowings under the line of credit were $1,350,000 and $0 as of September 30, 2019 or 2018, respectively. The Organization plans to renew the line of credit.

NOTE 10 - Note Payable

The Organization has a term note payable to a financial institution which is collateralized by all personal property of the Organization.

The note is due in monthly installments of $5,688, including interest at an effective rate of 4.35% at September 30, 2019, and with the unpaid balance of approximately $1,140,000 due on the maturity date of September 6, 2023. The outstanding balance of the note payable was $1,434,924 and $1,500,000 as of September 30, 2019 and 2018, respectively.

Maturities on the note payable for years ending September 30 are as follows:

2020	$ 68,256
2021	73,164
2022	77,436
2023	1,216,068
Total	$ 1,434,924

NOTE 11 - Pension Plan

The Organization sponsors a single-employer defined benefit retirement plan, Judson Center Defined Benefit Plan (the "Plan"). The Plan's benefits are frozen with no further benefits accruing to existing participants.

The net periodic pension cost was as follows:

	2019	2018
Interest cost	$ 326,901	$ 321,731
Expected return on plan assets	(351,635)	(351,107)
Amortization of actuarial loss	116,758	120,780
Net Periodic Pension Cost	$ 92,024	$ 91,404

The following table presents the Plan's unfunded status:

	2019	2018
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 8,389,734	$ 8,669,125
Interest cost	326,901	321,731
Actuarial loss (gain)	458,645	(187,690)
Benefits paid	(475,605)	(413,432)
Projected benefit obligation, end of year	8,699,675	8,389,734
Change in plan assets:		
Fair value of plan assets, beginning of year	5,583,484	5,507,708
Actual return on plan assets	151,722	310,698
Employer contributions	89,750	178,510
Benefits paid	(475,605)	(413,432)
Fair value of plan assets, end of year	5,349,351	5,583,484
Unfunded status, end of year		
Projected benefit obligation in excess of plan assets	$ (3,350,324)	$ (2,806,250)

US GAAP requires the Organization to recognize the unfunded status of the Plan as a liability in its consolidated statements of financial position.

The amount of net actuarial loss that arose previously, and is expected to be recognized as a component of net periodic benefit cost over the next fiscal year is $116,758. The accumulated unrecognized actuarial loss at September 30, 2019 and 2018 was $5,181,118 and $4,639,318, respectively.

NOTE 11 - Pension Plan (cont.)

Estimated future annual benefit payments expected to be paid from the Plan are as follows:

Years ending September 30,	Amount
2020	$ 369,515
2021	369,257
2022	372,481
2023	375,914
2024	381,641
2025 - 2030	2,082,106

The assumptions used to determine the above benefit obligations and fair value of Plan assets include:

	2019	2018
Discount rate	3.70 %	4.00 %
Expected rate of long-term return on plan assets	6.50 %	6.50 %
Rate of compensation increase	N/A	N/A

In determining the expected long-term rate of return on defined benefit pension plan assets, management considers the historical rates of return, the nature of investments and an expectation of future investment strategies.

Plan Assets

The composition of the Plan assets at September 30, 2019 and 2018 is set forth in the following table:

	2019	2018
Equity securities	$ 3,248,126	$ 3,347,857
Debt securities	2,018,845	2,125,074
Other	82,380	110,553
Total	$ 5,349,351	$ 5,583,484

The above investments are all considered level one within the fair value hierarchy at September 30, 2019 and 2018.

Contributions

Employer contributions to the Plan were $89,750 and $178,510 during the years ended September 30, 2019 and 2018 respectively.

The Organization expects to contribute $340,000 to the plan in fiscal 2020.

NOTE 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at September 30, 2019 and 2018:

	2019	2018
Purpose restrictions	$ 487,043	$ 337,478
Time restrictions	249,696	67,888
Time and purpose restrictions	499,835	1,005,392
	$ 1,236,574	$ 1,410,758

The purpose restrictions are primarily for the Autism, Lahser Respite and Integrated Health programs.

NOTE 13 - Defined Contribution Plan

The Organization established the Judson Center Employees' 401(k) Retirement Plan, a defined contribution plan. Employees of Judson and Child Safe are eligible to participate with respect to salary reduction contributions subsequent to the completion of three months of service and attainment of the age of 18.

The defined contribution plan has a safe harbor provision. With respect to discretionary profit sharing contributions, participants must complete one year of service and have attained the age of 18. The Organization’s contributions vest over five years of service. The Organization contributed approximately $300,588 and $236,186 to the defined contribution plan during the years ended September 30, 2019 and 2018, respectively.

NOTE 14 - Community Foundation Endowment Fund

The Organization has assets with the Community Foundation of Southeast Michigan (the "Community Foundation”) in an endowment fund. The Community Foundation will make distributions of income earned on the endowment fund to the Organization, subject to the Community Foundation’s spending policy. Distributions received totaled $91,306 and $91,119 during the years ended September 30, 2019 and 2018 , respectively. The market value of the endowment fund was $2,125,846 and $2,157,054 at September 30, 2019 and 2018, respectively. This market value is not recorded on the Organization's statement of financial position as the Community Foundation has received contributions from third party donors only and not from the Organization itself, giving the Community Foundation variance power over the assets.

NOTE 15 - Beneficial Interest in Charitable Remainder Unitrust

The Organization has been named a beneficiary in a charitable remainder unitrust for which a third party serves as trustee. The trust is irrevocable and upon death of the last remaining recipient, the organization will receive 50% of the trust net assets. The Organization is not restricted in the use of the trust assets once received. The Organization has recorded a beneficial interest in the charitable remainder unitrust totaling $88,180 and $94,141 as of September 30, 2019 and 2018, respectively.

NOTE 16 - Related Party Transactions

During the years ended September 30, 2019 and 2018, the Organization paid or accrued $245,277 and $172,160, respectively, for consulting and construction services from companies that are owned by or employ Board of Directors members. Amounts still owed to the companies were $4,045 and $598, respectively, as of September 30, 2019 and 2018.

During the year ended September 30, 2019, the Organization purchased a building for $1,500,000 from a related party. A member of the Organization's management team is on the seller's Board of Directors.

NOTE 17 - Accounting Pronouncements

During May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers". ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. During August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2018. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Organization is currently assessing the effect that ASU No. 2014-09 will have on its results of operations, financial position and cash flows.

In February 2016, FASB issued ASU No. 2016-02, "Leases" (Topic 842) ("ASU No. 2016-02") that amends the treatment for leases. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the consolidated statement of financial position. In October 2019, FASB deferred the implementation date one year for not-for-profit organizations that do not have conduit debt. The Organization will be required to apply the standard for annual periods beginning after December 15, 2020 (fiscal 2022). Early adoption is permitted. The Organization is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position and cash flows.

During November 2016, the FASB issued ASU No. 2016-18, “Restricted Cash”, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU No. 2016-18 is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, and should be applied on a retrospective transition basis. The Organization is currently evaluating the effect that ASU No. 2016-18 will have on its results of operations, financial position and cash flows.

NOTE 17 - Accounting Pronouncements (cont.)

During June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. For not-for-profit entities that have conduit debt, ASU No. 2018-08 is effective for fiscal years beginning after June 15, 2018. All other entities should apply the amendments for fiscal years beginning after December 15, 2018. The Organization is currently assessing the impact that ASU No. 2018-08 will have on its results of operations, financial position and cash flows.

SUPPLEMENTAL INFORMATION

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
As of September 30, 2019

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total
		ASSETS				
CURRENT ASSETS						
Cash and cash equivalents	$ 692,175	$ -	$ 183	$ 282,678	$ -	$ 975,036
Accounts receivable, net	2,094,291	-	-	116,545	-	2,210,836
Related party receivable	183	2,000	679	518,379	(521,241)	-
Prepaid expenses and other	211,381	-	-	6,400	-	217,781
Pledges receivable, net of discount and long-term portion	369,699	-	-	108,895	-	478,594
Total Current Assets	3,367,729	2,000	862	1,032,897	(521,241)	3,882,247
PROPERTY AND EQUIPMENT						
Land	237,054	-	-	-	-	237,054
Buildings and building improvements	8,709,030	-	-	-	-	8,709,030
Furniture and fixtures	1,250,870	-	-	-	-	1,250,870
Computer equipment and software	2,069,500	-	-	-	-	2,069,500
Transportation equipment	505,150	-	-	-	-	505,150
Work in progress	73,225	-	-	-	-	73,225
Total Property and Equipment	12,844,829	-	-	-	-	12,844,829
Less accumulated depreciation and amortization	(6,963,266)	-	-	-	-	(6,963,266)
Property and Equipment, Net	5,881,563	-	-	-	-	5,881,563
OTHER ASSETS						
Investments	-	9,035,212	-	-	-	9,035,212
Investment in subsidiary	9,183,624	-	-	-	(9,183,624)	-
Cash surrender value of life insurance	70,284	146,412	-	-	-	216,696
Beneficial interest in charitable remainder unitrust	88,180	-	-	-	-	88,180
Pledges receivable, net of discount and current portion	19,235	-	-	94,664	-	113,899
Total Other Assets	9,361,323	9,181,624	-	94,664	(9,183,624)	9,453,987
TOTAL ASSETS	$ 18,610,615	$ 9,183,624	$ 862	$ 1,127,561	$ (9,704,865)	$ 19,217,797

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION (cont.)
As of September 30, 2019

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total
	LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES						
Accounts payable	$ 491,951	$ -	$ -	$ 14,645	$ -	$ 506,596
Related party payable	521,058	-	183	-	(521,241)	-
Accrued expenses	873,505	-	679	52,755	-	926,939
Deferred revenue	72,955	-	-	-	-	72,955
Capital lease, current portion	25,446	-	-	-	-	25,446
Note payable, current portion	68,256	-	-	-	-	68,256
Pension liability, current portion	116,758	-	-	-	-	116,758
Line of credit	1,350,000	-	-	-	-	1,350,000
Total Current Liabilities	3,519,929	-	862	67,400	(521,241)	3,066,950
LONG-TERM LIABILITIES						
Capital lease, net of current portion	36,652	-	-	-	-	36,652
Note payable, net of current portion	1,366,668	-	-	-	-	1,366,668
Pension liability, net of current portion	3,233,566	-	-	-	-	3,233,566
Funds held for others	54,913	-	-	-	-	54,913
Interest rate swap liability	96,668	-	-	-	-	96,668
Total Long-Term Liabilities	4,788,467	-	-	-	-	4,788,467
Total Liabilities	8,308,396	-	862	67,400	(521,241)	7,855,417
NET ASSETS						
Without donor restrictions	9,503,072	8,956,860	-	849,498	(9,183,624)	10,125,806
With donor restrictions	799,147	226,764	-	210,663	-	1,236,574
Total Net Assets	10,302,219	9,183,624	-	1,060,161	(9,183,624)	11,362,380
TOTAL LIABILITIES AND NET ASSETS	$ 18,610,615	$ 9,183,624	$ 862	$ 1,127,561	$ (9,704,865)	$ 19,217,797

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
As of September 30, 2018

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total
			ASSETS			
CURRENT ASSETS						
Cash and cash equivalents	$ 197,558	$ -	$ -	$ 142,896	$ -	$ 340,454
Accounts receivable, net	3,128,360	-	-	169,414	-	3,297,774
Related party receivable	200,935	-	11,797	447,817	(660,549)	-
Prepaid expenses and other	139,702	-	-	7,400	-	147,102
Pledges receivable, net of discount and long-term portion	432,101	-	-	5,100	-	437,201
Total Current Assets	4,098,656	-	11,797	772,627	(660,549)	4,222,531
PROPERTY AND EQUIPMENT						
Land	237,054	-	-	-	-	237,054
Buildings and building improvements	7,018,951	-	-	-	-	7,018,951
Furniture and fixtures	1,236,106	-	-	-	-	1,236,106
Computer equipment and software	1,835,359	-	-	-	-	1,835,359
Transportation equipment	621,646	-	-	-	-	621,646
Work in progress	137,921	-	-	1,545	-	139,466
Total Property and Equipment	11,087,037	-	-	1,545	-	11,088,582
Less accumulated depreciation and amortization	(6,575,536)	-	-	-	-	(6,575,536)
Property and Equipment, Net	4,511,501	-	-	1,545	-	4,513,046
OTHER ASSETS						
Investments	-	10,812,535	-	-	-	10,812,535
Investment in subsidiary	10,937,550	-	-	-	(10,937,550)	-
Cash surrender value of life insurance	67,055	139,190	-	-	-	206,245
Beneficial interest in charitable remainder unitrust	94,141	-	-	-	-	94,141
Pledges receivable, net of discount and current portion	316,085	-	-	-	-	316,085
Total Other Assets	11,414,831	10,951,725	-	-	(10,937,550)	11,429,006
TOTAL ASSETS	$ 20,024,988	$ 10,951,725	$ 11,797	$ 774,172	$ (11,598,099)	$ 20,164,583

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION (cont.)
As of September 30, 2018

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total
	LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES						
Accounts payable	$ 411,358	$ -	$ -	$ 16,702	$ -	$ 428,060
Related party payable	459,613	14,175	-	186,761	(660,549)	-
Accrued expenses	745,292	-	11,797	49,660	-	806,749
Deferred revenue	157,200	-	-	-	-	157,200
Capital lease, current portion	29,088	-	-	-	-	29,088
Note payable, current portion	65,076	-	-	-	-	65,076
Pension liability, current portion	120,780	-	-	-	-	120,780
Total Current Liabilities	1,988,407	14,175	11,797	253,123	(660,549)	1,606,953
LONG-TERM LIABILITIES						
Capital lease, net of current portion	70,939	-	-	-	-	70,939
Note payable, net of currrent portion	1,434,924	-	-	-	-	1,434,924
Pension liability, net of current portion	2,685,470	-	-	-	-	2,685,470
Funds held for others	60,334	-	-	-	-	60,334
interest rate swap liability	18,260	-	-	-	-	18,260
Total Long-Term Liabilities	4,269,927	-	-	-	-	4,269,927
Total Liabilities	6,258,334	14,175	11,797	253,123	(660,549)	5,876,880
NET ASSETS						
Without donor restrictions	12,355,896	10,937,550	-	521,049	(10,937,550)	12,876,945
With donor restrictions	1,410,758	-	-	-	-	1,410,758
Total Net Assets	13,766,654	10,937,550	-	521,049	(10,937,550)	14,287,703
TOTAL LIABILITIES AND NET ASSETS	$ 20,024,988	$ 10,951,725	$ 11,797	$ 774,172	$ (11,598,099)	$ 20,164,583

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS						
REVENUES AND SUPPORT						
Grant revenue	$ 10,617,535	$ -	$ -	$ 231,826	$ (12,000)	$ 10,837,361
Autism fee revenue, net of contractual adjustments ($4,516,076)	4,672,185	-	-	-	-	4,672,185
Behavioral health fee revenue, net of contractual adjustments ($873,523)	1,541,368	-	-	-	-	1,541,368
Foster care fee revenue	1,058,760	-	-	977,151	-	2,035,911
Public contributions without donor restrictions	2,086,083	-	-	761,233	(534,000)	2,313,316
Investment income, net	2,346	326,006	-	(566)	-	327,786
Gain on disposal of property and equipment	13,189	-	-	-	-	13,189
Rental income	30,240	-	-	-	-	30,240
Miscellaneous	360,768	-	99,623	2,319	(413,396)	49,314
Net assets released from restrictions	2,383,893	4,020	-	116,246	(1,500,000)	1,004,159
Total Revenue and Support	22,766,367	330,026	99,623	2,088,209	(2,459,396)	22,824,829
EXPENSES						
Program services	19,008,264	2,038,020	99,623	1,766,013	(2,447,396)	20,464,524
Management and general expenses	3,230,974	49,132	-	-	(12,000)	3,268,106
Development	1,197,025	-	-	-	-	1,197,025
Total Expenses	23,436,263	2,087,152	99,623	1,766,013	(2,459,396)	24,929,655
Change in net assets without donor restrictions before other changes in net assets	(669,896)	(1,757,126)	-	322,196	-	(2,104,826)
OTHER CHANGES IN NET ASSETS						
Change in pension liabilities	(567,904)	-	-	-	-	(567,904)
Change in investment in subsidiary	(1,753,926)	-	-	-	1,753,926	-
Change in fair value of interest rate swap agreement	(78,408)	-	-	-	-	(78,408)
Total Other Changes in Net Assets	(2,400,238)	-	-	-	1,753,926	(646,312)
Change in Net Assets Without Donor Restrictions	(3,070,134)	(1,757,126)	-	322,196	1,753,926	(2,751,138)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS						
Public contributions with donor restrictions	1,989,592	-	-	333,162	(1,500,000)	822,754
Unrealized gain on cash surrender value of life insurance	-	7,220	-	-	-	7,220
Net assets released from restrictions	(2,383,893)	(4,020)	-	(116,246)	1,500,000	(1,004,159)
Change in Net Assets With Donor Restrictions	(394,301)	3,200	-	216,916	-	(174,185)
CHANGE IN NET ASSETS	(3,464,435)	(1,753,926)	-	539,112	1,753,926	(2,925,323)
NET ASSETS - Beginning of year	13,766,654	10,937,550	-	521,049	(10,937,550)	14,287,703
NET ASSETS - END OF YEAR	$ 10,302,219	$ 9,183,624	$ -	$ 1,060,161	$ (9,183,624)	$ 11,362,380

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

	Judson Center, Inc	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS						
REVENUES AND SUPPORT						
Grant revenue	$ 10,059,121	$ -	$ -	$ 217,269	$ (12,000)	$ 10,264,390
Autism fee revenue, net of contractual adjustments ($4,914,137)	4,813,750	-	-	-	-	4,813,750
Behavioral health fee revenue, net of contractual adjustments ($481,388)	1,715,825	-	-	-	-	1,715,825
Foster care fee revenue	1,024,040	-	-	854,233	-	1,878,273
Public contributions without donor restrictions	2,073,277	-	-	706,334	(500,000)	2,279,611
Investment income, net	2,135	668,152	-	-	-	670,287
Rental income	30,490	-	-	-	-	30,490
Miscellaneous	441,146	-	418,749	28,234	(695,205)	192,924
Net assets released from restrictions	425,561	5,175	-	52,536	-	483,272
Total Revenue and Support	20,585,345	673,327	418,749	1,858,606	(1,207,205)	22,328,822
EXPENSES						
Program services	17,402,340	505,175	418,749	1,668,799	(1,195,205)	18,799,858
Management and general	2,969,478	51,557	-	-	(12,000)	3,009,035
Development	1,005,004	-	-	-	-	1,005,004
Total Expenses	21,376,822	556,732	418,749	1,668,799	(1,207,205)	22,813,897
Change in net assets without donor restrictions before other changes in net assets	(791,477)	116,595	-	189,807	-	(485,075)
OTHER CHANGES IN NET ASSETS						
Change in pension liabilities	319,291	-	-	-	-	319,291
Change in investment in subsidiary	118,377	-	-	-	(118,377)	-
Change in fair value of interest rate swap agreement	(18,260)	-	-	-	-	(18,260)
Total Other Changes in Net Assets	419,408	-	-	-	(118,377)	301,031
Change in Net Assets Without Donor Restrictions	(372,069)	116,595	-	189,807	(118,377)	(184,044)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS						
Public contributions with donor restrictions	987,580	-	-	16,120	-	1,003,700
Unrealized gain on cash surrender value of life insurance	-	6,957	-	-	-	6,957
Net assets released from restrictions	(425,561)	(5,175)	-	(52,536)	-	(483,272)
Change in Net Assets With Donor Restrictions	562,019	1,782	-	(36,416)	-	527,385
CHANGE IN NET ASSETS	189,950	118,377	-	153,391	(118,377)	343,341
NET ASSETS - Beginning of year	13,576,704	10,819,173	-	367,658	(10,819,173)	13,944,362
NET ASSETS - END OF YEAR	$ 13,766,654	$ 10,937,550	$ -	$ 521,049	$ (10,937,550)	$ 14,287,703

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF PROGRAM EXPENSES
For the Year Ended September 30, 2019 (with comparative totals for September 30, 2018)

	Judson Center, Inc.												Total	
	Family Preservation	Prevention	Foster Care & Adoption	Autism	Group Homes & Respite	Supported Employment	Mental Health	Total	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	2019	2018
SALARIES AND RELATED EXPENSES														
Salaries	$ 2,340,299	$ 263,390	$ 2,775,518	$ 3,570,173	$ 220,296	$ 1,269,480	$ 1,441,479	$ 11,880,635	$ -	$ 91,058	$ 791,790	$ (91,058)	$ 12,672,425	$ 11,763,613
Payroll taxes	195,990	21,385	235,030	347,378	22,118	122,385	107,788	1,052,074	-	8,565	67,026	(8,565)	1,119,100	1,001,493
Benefits	623,352	87,536	539,818	257,029	51,694	269,590	163,494	1,992,513	-	-	155,194	-	2,147,707	1,968,454
Pension	56,811	5,426	67,841	74,007	5,833	32,055	42,818	284,791	-	-	18,431	-	303,222	252,498
Total Salaries and Related Expenses	3,216,452	377,737	3,618,207	4,248,587	299,941	1,693,510	1,755,579	15,210,013	-	99,623	1,032,441	(99,623)	16,242,454	14,986,058
OTHER EXPENSES														
Professional fees and services	20,095	2,441	92,899	20,075	2,608	11,000	242,661	391,779	-	-	504,924	(313,773)	582,930	379,856
Supplies, food and equipment	27,081	3,547	64,358	88,849	12,473	9,608	38,530	244,446	-	-	113,093	-	357,539	385,560
Utilities	52,766	2,787	67,152	73,444	9,134	19,814	24,342	249,439	-	-	18,175	-	267,614	289,936
Facilities maintenance and rent	106,359	12,046	163,198	174,653	20,367	37,356	84,190	598,169	-	-	22,150	-	620,319	698,276
Vehicle gas and insurance	219,879	1,739	220,903	38,156	7,675	128,141	16,264	632,757	-	-	29,834	-	662,591	653,807
Conferences, meetings and lunches	3,489	13	32,289	11,155	46	2,087	3,725	52,804	4,020	-	1,634	-	58,458	50,858
Subscriptions, training and recruitment	17,577	624	17,582	71,360	691	5,619	8,349	121,802	-	-	12,966	-	134,768	143,857
Medical	79	-	175	411	-	-	142,430	143,095	-	-	-	-	143,095	421,331
Bad debt	8,469	(1,104)	29,142	588,087	33,289	22,559	99,473	779,915	-	-	-	-	779,915	258,683
Direct client expense reimbursement	122,750	-	208,684	20,329	2	715	152	352,632	2,034,000	-	(25,823)	(2,034,000)	326,809	238,524
Miscellaneous	737	-	731	304	-	320	-	2,092	-	-	16,306	-	18,398	9,668
Total Other Expenses	579,281	22,093	897,113	1,086,823	86,285	237,219	660,116	3,568,930	2,038,020	-	693,259	(2,347,773)	3,952,436	3,530,356
DEPRECIATION	6,754	502	9,601	125,744	4,692	75,331	6,697	229,321	-	-	40,313	-	269,634	283,444
TOTAL PROGRAM EXPENSES	$ 3,802,487	$ 400,332	$ 4,524,921	$ 5,461,154	$ 390,918	$ 2,006,060	$ 2,422,392	$ 19,008,264	$ 2,038,020	$ 99,623	$ 1,766,013	$ (2,447,396)	$ 20,464,524	$ 18,799,858

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF MANAGEMENT AND GENERAL EXPENSES
For the Year Ended September 30, 2019 (with comparative totals for September 30, 2018)

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total 2019	Total 2018
SALARIES AND RELATED EXPENSES							
Salaries	$ 1,669,167	$ -	$ -	$ -	$ -	$ 1,669,167	$ 1,527,691
Payroll taxes	125,686	-	-	-	-	125,686	110,358
Benefits	213,410	-	-	-	-	213,410	214,412
Pension	67,292	-	-	-	-	67,292	60,619
Total Salaries & Related Expenses	2,075,555	-	-	-	-	2,075,555	1,913,080
OTHER EXPENSES							
Professional fees and services	411,416	49,132	-	-	(12,000)	448,548	517,148
Supplies, food, and equipment	56,086	-	-	-	-	56,086	49,855
Utilities	84,819	-	-	-	-	84,819	70,490
Facilities maintenance and rent	83,805	-	-	-	-	83,805	63,822
Vehicle gas and insurance	15,718	-	-	-	-	15,718	13,415
Conferences, meetings, and lunches	31,301	-	-	-	-	31,301	26,628
Subscriptions, training, and recruitment	109,115	-	-	-	-	109,115	107,131
Direct client expense reimbursement	983	-	-	-	-	983	17
Miscellaneous	150,824	-	-	-	-	150,824	44,565
Total Other Expenses	944,067	49,132	-	-	(12,000)	981,199	893,071
DEPRECIATION	211,352	-	-	-	-	211,352	202,884
TOTAL MANAGEMENT AND GENERAL EXPENSES	$ 3,230,974	$ 49,132	$ -	$ -	$ (12,000)	$ 3,268,106	$ 3,009,035

JUDSON CENTER, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF DEVELOPMENT EXPENSES
For the Year Ended September 30, 2019 (with comparative totals for September 30, 2018)

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total 2019	Total 2018
SALARIES AND RELATED EXPENSES							
Salaries	$ 645,756	$ -	$ -	$ -	$ -	$ 645,756	$ 523,268
Payroll taxes	52,535	-	-	-	-	52,535	42,449
Benefits	32,541	-	-	-	-	32,541	28,752
Pension	22,098	-	-	-	-	22,098	14,476
Total Salaries and Related Expenses	752,930	-	-	-	-	752,930	608,945
OTHER EXPENSES							
Professional fees and services	139,979	-	-	-	-	139,979	89,672
Supplies, food, and equipment	222,579	-	-	-	-	222,579	230,484
Utilities	10,372	-	-	-	-	10,372	8,912
Facilities maintenance and rent	12,719	-	-	-	-	12,719	9,476
Vehicle gas and insurance	996	-	-	-	-	996	1,611
Conferences, meetings, and lunches	2,396	-	-	-	-	2,396	1,600
Subscriptions, training, and recruitment	9,728	-	-	-	-	9,728	5,460
Bad debt expense	-	-	-	-	-	-	12,000
Direct client expense reimbursement	31,731	-	-	-	-	31,731	22,072
Miscellaneous	3,744	-	-	-	-	3,744	7,228
Total Other Expenses	434,244	-	-	-	-	434,244	388,515
DEPRECIATION	9,851	-	-	-	-	9,851	7,544
TOTAL DEVELOPMENT EXPENSES	$ 1,197,025	$ -	$ -	$ -	$ -	$ 1,197,025	$ 1,005,004