

Judson Center, Inc. and Subsidiaries

Consolidated Financial Statements and
Supplementary Information

September 30, 2020 and 2019

Judson Center, Inc. and Subsidiaries

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Independent Auditors' Report

To the Board of Directors of
Judson Center, Inc. and Subsidiaries

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, 2020 and 2019, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated 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, 2020 and 2019, 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 US, LLP

Southfield, Michigan
February 3, 2021

Judson Center, Inc. and Subsidiaries

Consolidated Statements of Financial Position
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,712,981	\$ 975,036
Accounts receivable, net	2,035,801	2,210,836
Prepaid expenses and other	271,044	217,781
Pledges receivable, net of long-term portion	122,849	478,594
Total current assets	<u>4,142,675</u>	<u>3,882,247</u>
Property and Equipment, Net	<u>5,785,595</u>	<u>5,881,563</u>
Other Assets		
Investments	9,286,474	9,035,212
Cash surrender value of life insurance	211,260	216,696
Beneficial interest in charitable remainder unitrust	90,871	88,180
Pledges receivable, net of discount and current portion	-	113,899
Total other assets	<u>9,588,605</u>	<u>9,453,987</u>
Total assets	<u>\$ 19,516,875</u>	<u>\$ 19,217,797</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 717,954	\$ 506,596
Accrued expenses	1,154,961	926,939
Deferred revenue	191,839	72,955
Refundable advance (PPP Loan)	3,472,275	-
Capital lease, current portion	25,446	25,446
Note payable, current portion	73,164	68,256
Pension liability, current portion	136,195	116,758
Line of credit	-	1,350,000
Total current liabilities	<u>5,771,834</u>	<u>3,066,950</u>
Long-Term Liabilities		
Capital lease, net of current portion	11,206	36,652
Note payable, net of current portion	1,293,504	1,366,668
Pension liability, net of current portion	3,728,273	3,233,566
Funds held for others	53,314	54,913
Interest rate swap liability	119,133	96,668
Total long-term liabilities	<u>5,205,430</u>	<u>4,788,467</u>
Total liabilities	<u>10,977,264</u>	<u>7,855,417</u>
Net Assets		
Without donor restrictions	7,748,356	10,125,806
With donor restrictions	791,255	1,236,574
Total net assets	<u>8,539,611</u>	<u>11,362,380</u>
Total liabilities and net assets	<u>\$ 19,516,875</u>	<u>\$ 19,217,797</u>

See notes to consolidated financial statements

Judson Center, Inc. and Subsidiaries

Consolidated Statements of Activities
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Changes In Net Assets Without Donor Restrictions		
Revenues and Support		
Grant revenue	\$ 10,724,789	\$ 10,837,361
Net autism fee revenue	4,251,290	4,672,185
Net behavioral health and primary health care fee revenue	1,383,855	1,541,368
Foster care fee revenue	1,933,008	2,035,911
Public contributions without donor restrictions	1,831,377	2,313,316
Investment income, net	790,962	327,786
Gain on disposal of property and equipment	-	13,189
Rental income	27,240	30,240
Miscellaneous	317,182	49,314
Net assets released from restrictions	<u>899,163</u>	<u>1,004,159</u>
Total revenue and support	<u>22,158,866</u>	<u>22,824,829</u>
Expenses		
Program services	19,760,735	20,464,524
Management and general	3,374,853	3,268,106
Development	<u>873,651</u>	<u>1,197,025</u>
Total expenses	<u>24,009,239</u>	<u>24,929,655</u>
Change in net assets without donor restrictions before other changes in net assets	<u>(1,850,373)</u>	<u>(2,104,826)</u>
Other Changes in Net Assets		
Change in pension liabilities	(504,612)	(567,904)
Change in fair value of interest rate swap agreement	<u>(22,465)</u>	<u>(78,408)</u>
Total other changes in net assets	<u>(527,077)</u>	<u>(646,312)</u>
Change in net assets without donor restrictions	<u>(2,377,450)</u>	<u>(2,751,138)</u>
Changes in Net Assets with Donor Restrictions		
Public contributions with donor restrictions	446,674	822,754
Unrealized gain on cash surrender value of life insurance	7,170	7,220
Net assets released from restrictions	<u>(899,163)</u>	<u>(1,004,159)</u>
Change in net assets with donor restrictions	<u>(445,319)</u>	<u>(174,185)</u>
Change in net assets	(2,822,769)	(2,925,323)
Net Assets, Beginning	<u>11,362,380</u>	<u>14,287,703</u>
Net Assets, Ending	<u>\$ 8,539,611</u>	<u>\$ 11,362,380</u>

See notes to consolidated financial statements

Judson Center, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (2,822,769)	\$ (2,925,323)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	513,405	490,837
Gain on disposal of property and equipment	-	(13,189)
Realized and unrealized (gain) loss on investments	(438,246)	125,455
Change in beneficial interest in charitable remainder unitrust	(2,691)	5,961
Change in allowance for contractual adjustments, doubtful accounts and pledge discounts	-	(463,202)
Change in pledge discounts	(21,217)	-
Unrealized gain on cash surrender value of life insurance	(7,170)	(7,220)
Interest rate swap agreement fair market value adjustment	22,465	78,408
Changes in assets and liabilities:		
Accounts receivable	175,035	1,548,542
Pledges receivable	490,861	162,392
Prepaid expenses and other	(53,263)	(70,679)
Accounts payable	211,358	78,535
Accrued expenses	228,022	120,189
Deferred revenue	118,884	(84,245)
Pension liability	514,144	544,074
Payments of funds held for others	(1,599)	(5,421)
Refundable advance (PPP Loan)	<u>3,472,275</u>	<u>-</u>
Net cash flows from operating activities	<u>2,399,494</u>	<u>(414,886)</u>
Cash Flows From Investing Activities		
Capital expenditures	(417,437)	(1,875,610)
Proceeds from sale of property and equipment	-	15,250
Purchases of investments	(1,710,000)	(1,500,000)
Proceeds from sales of investments	<u>1,909,590</u>	<u>3,151,868</u>
Net cash flows from investing activities	<u>(217,847)</u>	<u>(208,492)</u>
Cash Flows From Financing Activities		
Payments on capital lease	(25,446)	(26,964)
Payments on note payable	(68,256)	(65,076)
Net proceeds (repayments) from borrowings on the line of credit	<u>(1,350,000)</u>	<u>1,350,000</u>
Net cash flows from financing activities	<u>(1,443,702)</u>	<u>1,257,960</u>
Net change in cash and cash equivalents	737,945	634,582
Cash and Cash Equivalents, Beginning	<u>975,036</u>	<u>340,454</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,712,981</u>	<u>\$ 975,036</u>
Supplemental Cash Flow Disclosures		
Cash paid for interest	\$ 90,670	\$ 105,401

See notes to consolidated financial statements

Judson Center, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses
Years Ended September 30, 2020 and 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Development</u>	<u>2020 Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Development</u>	<u>2019 Total</u>
Salaries	\$ 12,843,529	\$ 1,786,604	\$ 399,970	\$ 15,030,103	\$ 12,672,425	\$ 1,669,167	\$ 645,756	\$ 14,987,348
Payroll taxes	1,158,513	133,418	32,419	1,324,350	1,119,100	125,686	52,535	1,297,321
Benefits	2,115,349	228,940	20,294	2,364,583	2,147,707	213,410	32,541	2,393,658
Pension	<u>335,111</u>	<u>74,623</u>	<u>17,140</u>	<u>426,874</u>	<u>303,222</u>	<u>67,292</u>	<u>22,098</u>	<u>392,612</u>
Total salaries and related expenses	16,452,502	2,223,585	469,823	19,145,910	16,242,454	2,075,555	752,930	19,070,939
Professional fees and services	619,323	561,588	197,601	1,378,512	582,930	448,548	139,979	1,171,457
Supplies, food and equipment	167,120	52,400	70,901	290,421	357,539	56,086	222,579	636,204
Utilities	288,801	53,665	16,860	359,326	267,614	84,819	10,372	362,805
Facilities maintenance and rent	909,583	46,630	24,930	981,143	620,319	83,805	12,719	716,843
Vehicle gas and insurance	398,360	5,838	2,036	406,234	662,591	15,718	996	679,305
Conferences, meetings and lunches	29,447	19,449	328	49,224	58,458	31,301	2,396	92,155
Subscriptions, training and recruitment	104,259	105,699	9,391	219,349	134,768	109,115	9,728	253,611
Medical	2,403	-	-	2,403	143,095	-	-	143,095
Bad debt	-	-	7,300	7,300	779,915	-	-	779,915
Direct client expense reimbursement	458,540	1,189	63,914	523,643	326,809	983	31,731	359,523
Miscellaneous	(60)	130,795	1,634	132,369	18,398	150,824	3,744	172,966
Depreciation	<u>330,457</u>	<u>174,015</u>	<u>8,933</u>	<u>513,405</u>	<u>269,634</u>	<u>211,352</u>	<u>9,851</u>	<u>490,837</u>
Total expenses	<u>\$ 19,760,735</u>	<u>\$ 3,374,853</u>	<u>\$ 873,651</u>	<u>\$ 24,009,239</u>	<u>\$ 20,464,524</u>	<u>\$ 3,268,106</u>	<u>\$ 1,197,025</u>	<u>\$ 24,929,655</u>

See notes to consolidated financial statements

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

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 and Primary Health Care Services

Judson is committed to providing high quality integrated behavioral health and primary health care services to children, families and adults. Services include outpatient therapy, in-home therapy for children with serious emotional disturbances, co-occurring disorders, primary health care and 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 percent 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 percent 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 percent 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.

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Revenue Recognition - Contributions

The Organization adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, during the year ending September 30, 2020, using the modified prospective transition method. Adopting ASU No. 2018-08 did not have a significant impact on the consolidated financial statements of the Organization. Unconditional contributions or grants are recognized when cash, securities, other assets, or promises to give are received. Conditional contributions or grants, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Most of the Organization's federal, state and other grants or contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. As of September 30, 2020, there was approximately \$92,000 of conditional grant revenue which is expected to be recognized in future years when the conditions are met.

All contributions restricted for a specific purpose by a donor are recorded as contributions with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as contributions without donor restrictions. When a donor restriction is met or expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All grants with government agencies are reported as without donor restrictions when the Organization satisfies any conditions.

Revenue Recognition - Fees for Services and Fees from Government Agencies and Programs

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.

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Organization identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Organization's performance in transferring control of the promised goods or services to the customer.

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 and others for services rendered. The Organization records fee revenue from insurance carriers principally from fee for service arrangements for services provided.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU No. 2014-09). During the year ending September 30, 2020, the Organization adopted ASU No. 2014-09, and all amendments. The adoption of ASU No. 2014-09 did not cause a reclassification or restatement of net assets or change in net assets. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services.

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

A portion of the Organization's revenues results from the sale of goods and services under contracts with customers. Revenue under contracts with customers is recognized when the customer obtains control of the good or service and is recognized to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

Reimbursement revenues for autism, behavioral health, vocational and primary care services the Organization provides to its customers are subsequently reimbursed for, either by patient or via third-party payers on behalf of the patient. Each patient enters into an implicit contract with the Organization when they register, detailing the service or treatment to be provided and the payment terms. Net transaction price for the contract is determined and recorded using a portfolio approach, relative to the service provided or services to be performed and the insurance status of the patient. Revenue is recognized upon the delivery of the service or performance of the treatment as the performance obligation is satisfied at that point in time.

Certain services are billed to third-party payers, including insurance companies, managed care plans, and governmental payors. Revenue for services is recognized when the services are delivered. Revenue is recorded net of estimated differences between charges and amounts expected to be collected from third-party payors to reach the net transaction price.

Patient Service Revenue - Before October 1, 2019

The Organization extended credit to recipients of its services on credit terms established for the individual patient. Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors, \$842,131 at September 30, 2019.

Patient receivables due directly from patients were carried at the original charge for the service provided, less amounts covered by third-party payors and less an estimated allowance for doubtful accounts, \$325,000 at September 30, 2019. Management determined the allowance for doubtful accounts by applying historical experience to the accounts outstanding. Patient receivables were written off against the allowance when deemed uncollectible. Recoveries of receivables previously written off were recorded as a reduction of the provision for bad debts when received. The Organization generally considered non-governmental payor accounts past due when they are outstanding beyond 60 days and governmental payor accounts past due when they are outstanding beyond 90 days. Interest is not charged on past due accounts. Payments of accounts receivable are applied to the specific invoices identified on the patient's remittance advice, or if unspecified, to the earliest unpaid invoices.

A summary of the allowance for bad debts related to patient service revenue at September 30, 2019 is as follows:

Allowance for bad debt, October 1, 2018	\$ 221,253
Provision for bad debt	141,785
Accounts written off, net of recoveries	<u>(380,388)</u>
Allowance for bad debt, September 30, 2019	<u>\$ 325,000</u>

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

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 \$131,582 and \$286,746 in September 30, 2020 and 2019, respectively, which were recorded as public contributions and expense in the consolidated statements of activities.

Cash and Cash Equivalents

The Organization defines 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.

Accounts Receivable - After October 1, 2019

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. The Organization assesses collectibility of amounts due prior to the recognition of revenues. Accounts receivable are recorded at net realizable value when the amounts are due in accordance with contracts with customers. Accounts are written-off through bad debt expense when the Organization has exhausted all collection efforts and determines accounts are impaired based on changes in credit worthiness. Accounts receivable are shown net of an allowance for doubtful accounts of \$113,212 at September 30, 2020. 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 \$635,341 at September 30, 2020.

Accounts Receivable - Before October 1, 2019

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 at September 30, 2019. 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 at September 30, 2019.

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 consolidated 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, 2020 and 2019.

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

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.

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, 2020 and 2019 were \$191,839 and \$72,955, respectively.

Refundable Advance

The Organization participated in and received funds in April 2020 under the Paycheck Protection Program (PPP) through the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of \$3,472,275. The PPP is designed to provide a direct financial incentive for small businesses to keep their workers on the payroll. The program will forgive loan balances to the extent employees are kept on the payroll and the loan principal is used for payroll, rent, mortgage interest, or utilities during the eight or twenty-four week period following receipt. Any portion of the loan that is not forgiven will carry interest at 1 percent and is due to be paid back within two years. The first payment can be deferred until ten months after the end of the twenty-four week covered period.

The Organization determined this was a conditional contribution when received and concluded that the right of return and barriers associated with forgiveness were not met prior to September 30, 2020. As a result, the Organization considers the PPP funding to be a refundable advance as of September 30, 2020. The refundable advance is reflected as a liability on the consolidated statements of financial position. The Organization's management believes that it will comply with the requirements for forgiveness and fully expects this amount to be recognized as a contribution in 2021, however, there can be no assurance as to the eventual amount of loan forgiveness that will occur.

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

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.

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 separate line item on the statement of activities. 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 percent through August 6, 2025. The notional amount was \$1,366,668 and \$1,434,924 at September 30, 2020 and 2019, 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, 2020 and 2019, the interest rate swap agreement (not designated as a hedging instrument) was reported in the consolidated statements of financial position as a liability at fair value of \$119,133 and \$96,668, respectively.

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

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.

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 percent 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.

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.

Subsequent Events

The Organization has evaluated events through February 3, 2021, which is the date the consolidated financial statements were approved and available to be issued.

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

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 consolidated statements of financial position date, at September 30:

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,712,981	\$ 975,036
Accounts receivable, net	2,035,801	2,210,836
Pledges receivable, net of long-term portion	122,849	478,594
Investments	<u>9,286,474</u>	<u>9,035,212</u>
Total financial assets	13,158,105	12,699,678
Less those unavailable for general expenditure:		
Net assets with donor restrictions	<u>(791,255)</u>	<u>(1,236,574)</u>
Financial assets available to meet cash needs for general use within one year	<u>\$ 12,366,850</u>	<u>\$ 11,463,104</u>

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 two lines of credit of \$1,500,000 and \$1,185,000 to utilize as needed. Borrowings against these line of credit were \$0 and \$1,350,000 as of September 30, 2020 and 2019, respectively.

3. Investments

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

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 86,084	\$ 41,689
Bond funds	3,526,332	2,656,281
Equity funds	<u>5,674,058</u>	<u>6,337,242</u>
Total	<u>\$ 9,286,474</u>	<u>\$ 9,035,212</u>

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

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 352,716	\$ 453,241
Net realized and unrealized gain (loss) on investments	<u>438,246</u>	<u>(125,455)</u>
Total	<u>\$ 790,962</u>	<u>\$ 327,786</u>

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

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, 2020 and 2019.

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.

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

The table below presents information about the Organization's assets that are measured at fair value on a recurring basis as of September 30, 2020 based upon the three-tier hierarchy:

	September 30, 2020			
	Total	Level 1	Level 2	Level 3
Assets:				
Money market funds	\$ 86,084	\$ 86,084	\$ -	\$ -
Bond funds	3,526,332	3,526,332	-	-
Equity funds	<u>5,674,058</u>	<u>5,674,058</u>	-	-
Total	<u>\$ 9,286,474</u>	<u>\$ 9,286,474</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:				
Interest rate swap	<u>\$ 119,133</u>	<u>\$ -</u>	<u>\$ 119,133</u>	<u>\$ -</u>

The table below presents information about 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	<u>6,337,242</u>	<u>6,337,242</u>	-	-
Total	<u>\$ 9,035,212</u>	<u>\$ 9,035,212</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:				
Interest rate swap	<u>\$ 96,668</u>	<u>\$ -</u>	<u>\$ 96,668</u>	<u>\$ -</u>

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

	September 30, 2020		September 30, 2019	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets:				
Investments	\$ 9,286,474	\$ 9,286,474	\$ 9,035,212	\$ 9,035,212
Financial liabilities:				
Variable rate debt	\$ 1,366,668	\$ 1,366,668	\$ 1,434,924	\$ 1,434,924
Interest rate swap liability	119,133	119,133	96,668	96,668

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

5. Pledges Receivable

Pledges receivable consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 122,849	\$ 499,811
Due in one to five years	-	120,000
Less discount to present value	-	(27,318)
Net pledges receivable	<u>\$ 122,849</u>	<u>\$ 592,493</u>

An allowance was not deemed necessary at September 30, 2020 and 2019.

6. Property and Equipment

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

	<u>Depreciable Lives</u>	<u>2020</u>	<u>2019</u>
Land	N/A	\$ 237,054	\$ 237,054
Buildings	25 yrs	8,883,099	8,709,030
Furniture and fixtures	10-15 yrs	814,570	784,968
Computer hardware and software	5-10 yrs	2,306,241	2,069,500
Transportation equipment	5 yrs	505,150	505,150
Phone system	10 yrs	465,902	465,902
Work in progress	N/A	<u>50,250</u>	<u>73,225</u>
Total property and equipment		13,262,266	12,844,829
Less accumulated depreciation		<u>7,476,671</u>	<u>6,963,266</u>
		<u>\$ 5,785,595</u>	<u>\$ 5,881,563</u>

Depreciation expense totaled \$513,405 and \$490,837 for the years ended September 30, 2020 and 2019, respectively. Amortization of assets under capital lease is included in depreciation expense. The net book value of property leased under capital leases is approximately \$43,000 and \$73,000, as of September 30, 2020 and 2019, respectively.

7. Capital Lease Obligations

At September 30, 2020 and 2019, 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.

Capital lease obligations consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Capital leases	\$ 36,652	\$ 62,098
Less current portion	<u>(25,446)</u>	<u>(25,446)</u>
Long-term portion	<u>\$ 11,206</u>	<u>\$ 36,652</u>

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

Future maturities of capital lease obligations are as follows:

2021	\$	25,446
2022		<u>11,206</u>
Total	\$	<u><u>36,652</u></u>

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

2021	\$	30,940
2022		<u>13,495</u>
Total minimum lease payments		44,435
Less amount representing interest		<u>(7,783)</u>
Present value of minimum lease payments		36,652
Less current portion		<u>(25,446)</u>
	\$	<u><u>11,206</u></u>

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, 2020:

Years Ending September 30,		
2021	\$	539,225
2022		461,754
2023		285,832
2024		281,103
2025		281,103
2026 and thereafter		<u>163,977</u>
Total	\$	<u><u>2,012,994</u></u>

Total lease expense under these agreements was \$539,082 and \$333,782 for the years ended September 30, 2020 and 2019, respectively.

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

9. Lines of Credit

The Organization has a line of credit agreement with a bank expiring on March 31, 2021, 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 percent (an effective rate of 2.33 percent and 4.16 percent as of September 30, 2020 and 2019, respectively), as defined by the credit agreement. The line requires monthly interest payments. The outstanding borrowings under the line of credit were \$0 and \$1,350,000 as of September 30, 2020 or 2019, respectively. The Organization plans to renew this line of credit.

During 2020, the Organization obtained another line of credit agreement with a bank expiring on April 30, 2021, under which it can borrow up to \$1,185,000. The line of credit is collateralized by all personal property and bears interest based on the daily LIBOR rate plus 2.10 percent (an effective rate of 2.28 percent as of September 30, 2020), as defined by the credit agreement. The line requires monthly interest payments. There were no outstanding borrowings under the line of credit as of September 30, 2020. The Organization plans to renew this line of credit.

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 based on the one month LIBOR plus 2.30 percent (an effective rate of 2.45 percent and 4.35 percent at September 30, 2020 and 2019, respectively, 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 \$1,366,668 and \$1,434,924 as of September 30, 2020 and 2019, respectively.

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

2021	\$	73,164
2022		77,436
2023		<u>1,216,068</u>
Total	\$	<u>1,366,668</u>

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:

	<u>2020</u>	<u>2019</u>
Interest cost	\$ 307,405	\$ 326,901
Expected return on plan assets	(326,461)	(351,635)
Amortization of actuarial loss	<u>136,195</u>	<u>116,758</u>
Net periodic pension cost	<u>\$ 117,139</u>	<u>\$ 92,024</u>

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

The following table presents the Plan's unfunded status:

	<u>2020</u>	<u>2019</u>
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	\$ 8,699,675	\$ 8,389,734
Interest cost	307,405	326,901
Actuarial loss	721,111	458,645
Benefits paid	<u>(629,728)</u>	<u>(475,605)</u>
Projected benefit obligation, end of year	<u>9,098,463</u>	<u>8,699,675</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	5,349,351	5,583,484
Actual return on plan assets	405,019	151,722
Employer contributions	109,353	89,750
Benefits paid	<u>(629,728)</u>	<u>(475,605)</u>
Fair value of plan assets, end of year	<u>5,233,995</u>	<u>5,349,351</u>
Unfunded status, end of year		
Projected benefit obligation in excess of plan assets	<u>\$ (3,864,468)</u>	<u>\$ (3,350,324)</u>

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 \$136,195. The accumulated unrecognized actuarial loss at September 30, 2020 and 2019 was \$5,687,476 and \$5,181,118, respectively.

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

	<u>Amount</u>
Years ending September 30:	
2021	\$ 388,071
2022	384,741
2023	381,561
2024	380,714
2025	382,491
2026 - 2030	2,018,876

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

	<u>2020</u>	<u>2019</u>
Discount rate	3.20%	3.70%
Expected rate of long-term return on plan assets	6.50%	6.50%
Rate of compensation increase	N/A	N/A

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

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 is set forth in the following table:

	<u>2020</u>	<u>2019</u>
Equity securities	\$ 3,210,533	\$ 3,248,126
Debt securities	2,014,565	2,018,845
Other	<u>8,897</u>	<u>82,380</u>
Total	<u>\$ 5,233,995</u>	<u>\$ 5,349,351</u>

The above investments are all considered level one within the fair value hierarchy at September 30, 2020 and 2019.

Contributions

Employer contributions to the Plan were \$109,353 and \$89,750 during the years ended September 30, 2020 and 2019, respectively.

The Organization expects to contribute \$340,000 to the plan in fiscal 2021.

12. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at September 30:

	<u>2020</u>	<u>2019</u>
Purpose restrictions	\$ 395,370	\$ 487,043
Time restrictions	168,937	249,696
Time and purpose restrictions	<u>226,948</u>	<u>499,835</u>
	<u>\$ 791,255</u>	<u>\$ 1,236,574</u>

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

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 \$309,735 and \$300,588 to the defined contribution plan during the years ended September 30, 2020 and 2019, respectively.

Judson Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
September 30, 2020 and 2019

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 \$140,516 and \$91,306 during the years ended September 30, 2020 and 2019, respectively. The market value of the endowment fund was \$2,115,226 and \$2,125,846 at September 30, 2020 and 2019, respectively. This market value is not recorded on the Organization's consolidated 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.

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 percent 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 \$90,871 and \$88,180 as of September 30, 2020 and 2019, respectively.

16. Related Party Transactions

During the years ended September 30, 2020 and 2019, the Organization paid or accrued \$261,713 and \$245,277, 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 \$0 and \$4,045, respectively, as of September 30, 2020 and 2019.

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.

17. Accounting Pronouncements

During February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* 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 statement of financial position. The Organization will be required to apply the standard for fiscal years and reporting periods beginning after December 15, 2021 (2023). 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.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (ASU No. 2020-07)*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). Early adoption is permitted. The Organization is currently assessing the effect that ASU No. 2020-07 will have on its financial statements.

Judson Center, Inc. and Subsidiaries

Consolidating Statement of Financial Position
September 30, 2020

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 1,056,659	\$ -	\$ 183	\$ 656,139	\$ -	\$ 1,712,981
Accounts receivable, net	1,823,489	233,601	-	212,312	(233,601)	2,035,801
Related party receivable	520,333	-	810	525,112	(1,046,255)	-
Prepaid expenses and other	288,139	-	-	6,400	(23,495)	271,044
Pledges receivable, net of long-term portion	28,185	-	-	94,664	-	122,849
Total current assets	<u>3,716,805</u>	<u>233,601</u>	<u>993</u>	<u>1,494,627</u>	<u>(1,303,351)</u>	<u>4,142,675</u>
Property and Equipment						
Land	237,054	-	-	-	-	237,054
Buildings and building improvements	8,883,099	-	-	-	-	8,883,099
Furniture and fixtures	1,280,472	-	-	-	-	1,280,472
Computer equipment and software	2,306,241	-	-	-	-	2,306,241
Transportation equipment	505,150	-	-	-	-	505,150
Work in progress	50,250	-	-	-	-	50,250
Total Property and Equipment	<u>13,262,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,262,266</u>
Less accumulated depreciation and amortization	<u>(7,476,671)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,476,671)</u>
Property and Equipment, Net	<u>5,785,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,785,595</u>
Other Assets						
Investments	-	9,286,474	-	-	-	9,286,474
Investment in subsidiary	9,663,658	-	-	-	(9,663,658)	-
Cash surrender value of life insurance	57,679	153,581	-	-	-	211,260
Beneficial interest in charitable remainder unitrust	90,871	-	-	-	-	90,871
Pledges receivable, net of discount and current portion	-	-	-	-	-	-
Total other assets	<u>9,812,208</u>	<u>9,440,055</u>	<u>-</u>	<u>-</u>	<u>(9,663,658)</u>	<u>9,588,605</u>
Total assets	<u>\$ 19,314,608</u>	<u>\$ 9,673,656</u>	<u>\$ 993</u>	<u>\$ 1,494,627</u>	<u>\$ (10,967,009)</u>	<u>\$ 19,516,875</u>

Judson Center, Inc. and Subsidiaries

Consolidating Statement of Financial Position
September 30, 2020

	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	\$ 698,363	\$ -	\$ -	\$ 19,591	\$ -	\$ 717,954
Related party payable	525,922	9,998	183	510,152	(1,046,255)	-
Accrued expenses	1,081,802	-	810	75,950	(3,601)	1,154,961
Deferred revenue	215,334	-	-	-	(23,495)	191,839
Refundable advance (PPP Loan)	3,472,275	-	-	-	-	3,472,275
Capital lease, current portion	25,446	-	-	-	-	25,446
Note payable, current portion	73,164	-	-	-	-	73,164
Pension liability, current portion	136,195	-	-	-	-	136,195
Total current liabilities	<u>6,228,501</u>	<u>9,998</u>	<u>993</u>	<u>605,693</u>	<u>(1,073,351)</u>	<u>5,771,834</u>
Long-Term Liabilities						
Capital lease, net of current portion	11,206	-	-	-	-	11,206
Note payable, net of current portion	1,523,504	-	-	-	(230,000)	1,293,504
Pension liability, net of current portion	3,728,273	-	-	-	-	3,728,273
Funds held for others	53,314	-	-	-	-	53,314
Interest rate swap liability	119,133	-	-	-	-	119,133
Total long-term liabilities	<u>5,435,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(230,000)</u>	<u>5,205,430</u>
Total liabilities	<u>11,663,931</u>	<u>9,998</u>	<u>993</u>	<u>605,693</u>	<u>(1,303,351)</u>	<u>10,977,264</u>
Net Assets						
Without donor restrictions	7,208,042	9,429,724	-	774,248	(9,663,658)	7,748,356
With donor restrictions	442,635	233,934	-	114,686	-	791,255
Total net assets	<u>7,650,677</u>	<u>9,663,658</u>	<u>-</u>	<u>888,934</u>	<u>(9,663,658)</u>	<u>8,539,611</u>
Total liabilities and net assets	<u>\$ 19,314,608</u>	<u>\$ 9,673,656</u>	<u>\$ 993</u>	<u>\$ 1,494,627</u>	<u>\$ (10,967,009)</u>	<u>\$ 19,516,875</u>

Judson Center, Inc. and Subsidiaries

Consolidating Statement of Financial Position
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	<u>369,699</u>	<u>-</u>	<u>-</u>	<u>108,895</u>	<u>-</u>	<u>478,594</u>
Total current assets	<u>3,367,729</u>	<u>2,000</u>	<u>862</u>	<u>1,032,897</u>	<u>(521,241)</u>	<u>3,882,247</u>
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	<u>73,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,225</u>
Total property and equipment	12,844,829	-	-	-	-	12,844,829
Less accumulated depreciation and amortization	<u>(6,963,266)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,963,266)</u>
Property and equipment, net	<u>5,881,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,881,563</u>
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	<u>19,235</u>	<u>-</u>	<u>-</u>	<u>94,664</u>	<u>-</u>	<u>113,899</u>
Total other assets	<u>9,361,323</u>	<u>9,181,624</u>	<u>-</u>	<u>94,664</u>	<u>(9,183,624)</u>	<u>9,453,987</u>
Total assets	<u>\$ 18,610,615</u>	<u>\$ 9,183,624</u>	<u>\$ 862</u>	<u>\$ 1,127,561</u>	<u>\$ (9,704,865)</u>	<u>\$ 19,217,797</u>

Judson Center, Inc. and Subsidiaries

Consolidating Statement of Financial Position
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	<u>3,519,929</u>	<u>-</u>	<u>862</u>	<u>67,400</u>	<u>(521,241)</u>	<u>3,066,950</u>
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	<u>4,788,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,788,467</u>
Total liabilities	<u>8,308,396</u>	<u>-</u>	<u>862</u>	<u>67,400</u>	<u>(521,241)</u>	<u>7,855,417</u>
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	<u>10,302,219</u>	<u>9,183,624</u>	<u>-</u>	<u>1,060,161</u>	<u>(9,183,624)</u>	<u>11,362,380</u>
Total liabilities and net assets	<u>\$ 18,610,615</u>	<u>\$ 9,183,624</u>	<u>\$ 862</u>	<u>\$ 1,127,561</u>	<u>\$ (9,704,865)</u>	<u>\$ 19,217,797</u>

Judson Center, Inc. and Subsidiaries

Consolidating Statement of Activities

Year Ended September 30, 2020

	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	\$ 10,472,369	\$ -	\$ -	\$ 264,420	\$ (12,000)	\$ 10,724,789
Net autism fee revenue	4,251,290	-	-	-	-	4,251,290
Net behavioral health and primary health care fee revenue	1,383,855	-	-	-	-	1,383,855
Foster care fee revenue	995,959	-	-	937,049	-	1,933,008
Public contributions without donor restrictions	1,579,307	-	-	522,070	(270,000)	1,831,377
Investment income, net	1,626	789,336	-	-	-	790,962
Rental income	27,240	-	-	-	-	27,240
Miscellaneous	657,573	-	39,065	52,754	(432,210)	317,182
Net assets released from restrictions	778,989	-	-	120,174	-	899,163
Total revenue and support	<u>20,148,208</u>	<u>789,336</u>	<u>39,065</u>	<u>1,896,467</u>	<u>(714,210)</u>	<u>22,158,866</u>
Expenses						
Program services	18,182,163	270,000	39,065	1,971,717	(702,210)	19,760,735
Management and general expenses	3,340,381	46,472	-	-	(12,000)	3,374,853
Development	873,651	-	-	-	-	873,651
Total expenses	<u>22,396,195</u>	<u>316,472</u>	<u>39,065</u>	<u>1,971,717</u>	<u>(714,210)</u>	<u>24,009,239</u>
Change in net assets without donor restrictions before other changes in net assets	<u>(2,247,987)</u>	<u>472,864</u>	<u>-</u>	<u>(75,250)</u>	<u>-</u>	<u>(1,850,373)</u>
Other Changes in Net Assets						
Change in pension liabilities	(504,612)	-	-	-	-	(504,612)
Change in investment in subsidiary	480,034	-	-	-	(480,034)	-
Change in fair value of interest rate swap agreement	(22,465)	-	-	-	-	(22,465)
Total other changes in net assets	<u>(47,043)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(480,034)</u>	<u>(527,077)</u>
Change in net assets without donor restrictions	<u>(2,295,030)</u>	<u>472,864</u>	<u>-</u>	<u>(75,250)</u>	<u>(480,034)</u>	<u>(2,377,450)</u>
Changes in Net Assets With Donor Restrictions						
Public contributions with donor restrictions	422,477	-	-	24,197	-	446,674
Unrealized gain on cash surrender value of life insurance	-	7,170	-	-	-	7,170
Net assets released from restrictions	(778,989)	-	-	(120,174)	-	(899,163)
Change in net assets with donor restrictions	<u>(356,512)</u>	<u>7,170</u>	<u>-</u>	<u>(95,977)</u>	<u>-</u>	<u>(445,319)</u>
Change in net assets	<u>(2,651,542)</u>	<u>480,034</u>	<u>-</u>	<u>(171,227)</u>	<u>(480,034)</u>	<u>(2,822,769)</u>
Net Assets, Beginning	<u>10,302,219</u>	<u>9,183,624</u>	<u>-</u>	<u>1,060,161</u>	<u>(9,183,624)</u>	<u>11,362,380</u>
Net Assets, Ending	<u>\$ 7,650,677</u>	<u>\$ 9,663,658</u>	<u>\$ -</u>	<u>\$ 888,934</u>	<u>\$ (9,663,658)</u>	<u>\$ 8,539,611</u>

Judson Center, Inc. and Subsidiaries

Consolidating Statement of Activities

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
Net autism fee revenue	4,672,185	-	-	-	-	4,672,185
Net behavioral health and primary health care fee revenue	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
	<u>22,766,367</u>	<u>330,026</u>	<u>99,623</u>	<u>2,088,209</u>	<u>(2,459,396)</u>	<u>22,824,829</u>
Total revenue and support						
Expenses						
Program services	19,008,264	2,038,020	99,623	1,766,013	(2,447,396)	20,464,524
Management and general	3,230,974	49,132	-	-	(12,000)	3,268,106
Development	1,197,025	-	-	-	-	1,197,025
	<u>23,436,263</u>	<u>2,087,152</u>	<u>99,623</u>	<u>1,766,013</u>	<u>(2,459,396)</u>	<u>24,929,655</u>
Total expenses						
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)
	<u>(2,400,238)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,753,926</u>	<u>(646,312)</u>
Total other changes in net assets						
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)
	<u>(394,301)</u>	<u>3,200</u>	<u>-</u>	<u>216,916</u>	<u>-</u>	<u>(174,185)</u>
Change in net assets with donor restrictions						
Change in net assets	(3,464,435)	(1,753,926)	-	539,112	1,753,926	(2,925,323)
Net Assets, Beginning	<u>13,766,654</u>	<u>10,937,550</u>	<u>-</u>	<u>521,049</u>	<u>(10,937,550)</u>	<u>14,287,703</u>
Net Assets, Ending	<u>\$ 10,302,219</u>	<u>\$ 9,183,624</u>	<u>\$ -</u>	<u>\$ 1,060,161</u>	<u>\$ (9,183,624)</u>	<u>\$ 11,362,380</u>

Judson Center, Inc. and Subsidiaries

 Consolidating Statement of Program Expenses
 September 30, 2020 (with comparative totals for September 30, 2019)

	Judson Center, Inc.												Total	
	Family Preservation	Prevention	Foster Care & Adoption	Autism	Group Homes & Respite	Supported Employment	Behavioral Health	Total	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	2020	2019
Salaries and Related Expenses														
Salaries	\$ 2,359,815	\$ 304,110	\$ 2,623,903	\$ 3,794,053	\$ 202,621	\$ 1,046,958	\$ 1,533,762	\$ 11,865,222	\$ -	\$ 35,242	\$ 978,307	\$ (35,242)	\$ 12,843,529	\$ 12,672,425
Payroll taxes	213,165	27,932	232,329	357,097	22,864	91,628	128,838	1,073,853	-	3,823	84,660	(3,823)	1,158,513	1,119,100
Benefits	588,657	87,620	485,786	308,515	57,843	250,688	181,638	1,960,747	-	-	154,602	-	2,115,349	2,147,707
Pension	67,055	6,468	71,239	83,150	5,671	29,947	51,208	314,738	-	-	20,373	-	335,111	303,222
Total salaries and related expenses	<u>3,228,692</u>	<u>426,130</u>	<u>3,413,257</u>	<u>4,542,815</u>	<u>288,999</u>	<u>1,419,221</u>	<u>1,895,446</u>	<u>15,214,560</u>	<u>-</u>	<u>39,065</u>	<u>1,237,942</u>	<u>(39,065)</u>	<u>16,452,502</u>	<u>16,242,454</u>
Other Expenses														
Professional fees and services	38,410	2,995	81,618	24,307	1,944	8,901	293,771	451,946	-	-	556,921	(389,544)	619,323	582,930
Supplies, food and equipment	24,054	5,085	39,133	64,415	9,607	5,817	18,634	166,745	-	-	375	-	167,120	357,539
Utilities	61,647	3,354	58,824	89,253	9,224	18,482	19,902	260,686	-	-	28,115	-	288,801	267,614
Facilities maintenance and rent	168,780	48,582	173,551	270,914	20,932	28,057	161,929	872,745	-	-	36,838	-	909,583	620,319
Vehicle gas and insurance	152,303	1,614	101,909	28,437	8,922	71,826	10,102	375,113	-	-	23,247	-	398,360	662,591
Conferences, meetings and lunches	1,212	-	16,976	6,197	135	4,327	38	28,885	-	-	562	-	29,447	58,458
Subscriptions, training and recruitment	5,915	208	17,069	52,644	942	5,321	12,406	94,505	-	-	9,754	-	104,259	134,768
Medical	-	-	-	25	-	-	2,378	2,403	-	-	-	-	2,403	143,095
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-	779,915
Direct client expense reimbursement	195,190	73	215,160	5,482	5,843	672	266	422,686	270,000	-	35,854	(270,000)	458,540	326,809
Miscellaneous	-	-	1,047	1,162	(159)	-	630	2,680	-	-	861	(3,601)	(60)	18,398
Total other expenses	<u>647,511</u>	<u>61,911</u>	<u>705,287</u>	<u>542,836</u>	<u>57,390</u>	<u>143,403</u>	<u>520,056</u>	<u>2,678,394</u>	<u>270,000</u>	<u>-</u>	<u>692,527</u>	<u>(663,145)</u>	<u>2,977,776</u>	<u>3,952,436</u>
Depreciation	<u>10,962</u>	<u>626</u>	<u>12,585</u>	<u>179,448</u>	<u>5,304</u>	<u>69,678</u>	<u>10,606</u>	<u>289,209</u>	<u>-</u>	<u>-</u>	<u>41,248</u>	<u>-</u>	<u>330,457</u>	<u>269,634</u>
Total program expenses	<u>\$ 3,887,165</u>	<u>\$ 488,667</u>	<u>\$ 4,131,129</u>	<u>\$ 5,265,099</u>	<u>\$ 351,693</u>	<u>\$ 1,632,302</u>	<u>\$ 2,426,108</u>	<u>\$ 18,182,163</u>	<u>\$ 270,000</u>	<u>\$ 39,065</u>	<u>\$ 1,971,717</u>	<u>\$ (702,210)</u>	<u>\$ 19,760,735</u>	<u>\$ 20,464,524</u>

Judson Center, Inc. and Subsidiaries

Consolidating Statement of Management and General Expenses
September 30, 2020 (with comparative totals for September 30, 2019)

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total	
						2020	2019
Salaries and Related Expenses							
Salaries	\$ 1,786,604	\$ -	\$ -	\$ -	\$ -	\$ 1,786,604	\$ 1,669,167
Payroll taxes	133,418	-	-	-	-	133,418	125,686
Benefits	228,940	-	-	-	-	228,940	213,410
Pension	74,623	-	-	-	-	74,623	67,292
Total salaries and related expenses	<u>2,223,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,223,585</u>	<u>2,075,555</u>
Other Expenses							
Professional fees and services	527,116	46,472	-	-	(12,000)	561,588	448,548
Supplies, food, and equipment	52,400	-	-	-	-	52,400	56,086
Utilities	53,665	-	-	-	-	53,665	84,819
Facilities maintenance and rent	46,630	-	-	-	-	46,630	83,805
Vehicle gas and insurance	5,838	-	-	-	-	5,838	15,718
Conferences, meetings, and lunches	19,449	-	-	-	-	19,449	31,301
Subscriptions, training, and recruitment	105,699	-	-	-	-	105,699	109,115
Direct client expense reimbursement	1,189	-	-	-	-	1,189	983
Miscellaneous	130,795	-	-	-	-	130,795	150,824
Total other expenses	<u>942,781</u>	<u>46,472</u>	<u>-</u>	<u>-</u>	<u>(12,000)</u>	<u>977,253</u>	<u>981,199</u>
Depreciation	<u>174,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,015</u>	<u>211,352</u>
Total management and general expenses	<u>\$ 3,340,381</u>	<u>\$ 46,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,000)</u>	<u>\$ 3,374,853</u>	<u>\$ 3,268,106</u>

Judson Center, Inc. and Subsidiaries

Consolidating Statement of Development Expenses

September 30, 2020 (with comparative totals for September 30, 2019)

	Judson Center, Inc.	Judson Center Foundation, Inc.	Judson Center Staffing Solutions, Inc.	Child Safe Michigan	Eliminations	Total	
						2020	2019
Salaries and Related Expenses							
Salaries	\$ 399,970	\$ -	\$ -	\$ -	\$ -	\$ 399,970	\$ 645,756
Payroll taxes	32,419	-	-	-	-	32,419	52,535
Benefits	20,294	-	-	-	-	20,294	32,541
Pension	17,140	-	-	-	-	17,140	22,098
Total salaries and related expenses	<u>469,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>469,823</u>	<u>752,930</u>
Other Expenses							
Professional fees and services	197,601	-	-	-	-	197,601	139,979
Supplies, food, and equipment	70,901	-	-	-	-	70,901	222,579
Utilities	16,860	-	-	-	-	16,860	10,372
Facilities maintenance and rent	24,930	-	-	-	-	24,930	12,719
Vehicle gas and insurance	2,036	-	-	-	-	2,036	996
Conferences, meetings, and lunches	328	-	-	-	-	328	2,396
Subscriptions, training, and recruitment	9,391	-	-	-	-	9,391	9,728
Bad debt expense	7,300	-	-	-	-	7,300	-
Direct client expense reimbursement	63,914	-	-	-	-	63,914	31,731
Miscellaneous	1,634	-	-	-	-	1,634	3,744
Total other expenses	<u>394,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,895</u>	<u>434,244</u>
Depreciation	<u>8,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,933</u>	<u>9,851</u>
Total development expenses	<u>\$ 873,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873,651</u>	<u>\$ 1,197,025</u>