

**LIFE UNLIMITED, INC. AND AFFILIATES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

# LIFE UNLIMITED, INC. AND AFFILIATES

YEARS ENDED JUNE 30, 2021 AND 2020

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## **Independent Auditor's Report**

Board of Directors  
Life Unlimited, Inc. and Affiliates  
Liberty, Missouri

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Life Unlimited, Inc. and Affiliates (the Organization), which comprise the combined statement of financial position as of June 30, 2021, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Combined Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of Immacolata Manor Homes, Inc. and CCI Apartment Corporation, related entities, whose statements each reflect total assets of \$647,795 and \$910,309, respectively, and total revenues of \$92,912 and \$107,813, respectively, of the related combined totals. Those statements were audited by other auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Immacolata Manor Homes, Inc. and CCI Apartment Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Life Unlimited, Inc. and Affiliates as of June 30, 2021, and the combined changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Prior Period Financial Statements**

The financial statements of Life Unlimited, Inc. and Affiliates as of and for the year ended June 30, 2020, were audited by House Park Dobratz & Wiebler, P.C., who merged with UHY, LLP as of November 11, 2021, and whose report dated January 7, 2021, expressed an unmodified opinion on those statements.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying supplementary information on pages 19 and 20 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*UHY LLP*

Kansas City, Missouri  
February 8, 2022

**LIFE UNLIMITED, INC. AND AFFILIATES**

**COMBINED STATEMENTS OF FINANCIAL POSITION**

JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash	\$ 5,184,649	\$ 5,570,415
Accounts receivable	1,879,035	1,442,325
Other receivables	192,829	793,901
Prepaid expenses	<u>20,883</u>	<u>49,013</u>
Total current assets	7,277,396	7,855,654
Investments	842,936	978,072
Funds held in escrow and reserve	205,054	173,854
Property and equipment, net	6,664,341	6,566,926
Other assets	<u>12,628</u>	<u>12,416</u>
	<u>\$ 15,002,355</u>	<u>\$ 15,586,922</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 290,314	\$ 104,700
Accrued payroll-related expenses and withholdings	735,844	844,556
Current portion of long-term debt	120,203	1,263,396
Other liabilities	<u>8,128</u>	<u>7,916</u>
Total current liabilities	<u>1,154,489</u>	<u>2,220,568</u>
Long-term debt, less current portion	<u>222,481</u>	<u>1,924,485</u>
Net assets:		
Without donor restriction:		
Undesignated	12,857,483	10,752,463
Board-designated funds	<u>600,000</u>	<u>600,000</u>
	13,457,483	11,352,463
With donor restriction	<u>167,902</u>	<u>89,406</u>
Total net assets	<u>13,625,385</u>	<u>11,441,869</u>
	<u>\$ 15,002,355</u>	<u>\$ 15,586,922</u>

**LIFE UNLIMITED, INC. AND AFFILIATES**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

YEAR ENDED JUNE 30, 2021

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Revenues and support:			
Program services	\$ 16,814,925		\$ 16,814,925
Rent revenue	406,714		406,714
Contributions and grants	3,452,449	\$ 134,920	3,587,369
In-kind donations from Thrift Store	54,500		54,500
Special events, net of direct expenses of \$22,770	198,676		198,676
Investment income	114,679		114,679
Other revenue	47,188		47,188
Net assets released from donor restrictions	<u>56,424</u>	<u>( 56,424)</u>	<u>                    </u>
Total revenues and gains	<u>21,145,555</u>	<u>78,496</u>	<u>21,224,051</u>
Program services	15,605,293		15,605,293
Management and general	3,072,481		3,072,481
Fundraising	<u>362,761</u>		<u>362,761</u>
Total expenses	<u>19,040,535</u>		<u>19,040,535</u>
Change in net assets	2,105,020	78,496	2,183,516
Net assets, beginning of year	<u>11,352,463</u>	<u>89,406</u>	<u>11,441,869</u>
Net assets, end of year	<u>\$ 13,457,483</u>	<u>\$ 167,902</u>	<u>\$ 13,625,385</u>

See notes to financial statements.

**LIFE UNLIMITED, INC. AND AFFILIATES**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

YEAR ENDED JUNE 30, 2020

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
<b>Revenues and support:</b>			
Program services	\$ 16,706,516		\$ 16,706,516
Rent revenue	358,327		358,327
Contributions and grants	1,440,217	\$ 42,500	1,482,717
In-kind donations from Thrift Store	74,000		74,000
Special events, net of direct expenses of \$4,417	197,215		197,215
Investment income	76,425		76,425
Other revenue	80,582		80,582
Net assets released from donor restrictions	<u>50,759</u>	<u>( 50,759)</u>	
Total revenues and support	<u>18,984,041</u>	<u>( 8,259)</u>	<u>18,975,782</u>
<b>Expenses:</b>			
Program services	13,379,539		13,379,539
Management and general	4,252,746		4,252,746
Fundraising	<u>315,132</u>		<u>315,132</u>
Total expenses	<u>17,947,417</u>		<u>17,947,417</u>
Change in net assets	1,036,624	( 8,259)	1,028,365
Net assets, beginning of year	<u>10,315,839</u>	<u>97,665</u>	<u>10,413,504</u>
Net assets, end of year	<u>\$ 11,352,463</u>	<u>\$ 89,406</u>	<u>\$ 11,441,869</u>

See notes to financial statements.

**LIFE UNLIMITED, INC. AND AFFILIATES**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2021

	Life Unlimited, Inc.	Immacolata Manor Homes, Inc.	CCI Apartment Corporation	Total	Management and general	Fundraising	Total
Salaries	\$ 11,323,729			\$ 11,323,729	\$ 1,780,136	\$ 273,818	\$ 13,377,683
Employee benefits	2,473,114			2,473,114	388,773	59,800	2,921,688
Communications	128,684			128,684	20,230	3,112	152,025
Contract staff	27,410			27,410			27,410
Depreciation	60,210	\$ 39,356	\$ 34,013	133,579	233,403		366,982
Insurance	186,003	9,328	8,489	203,820	28,417	4,371	236,608
Interest	16,911			16,911	6,466		23,377
Maintenance and repairs	81,264	27,791	20,650	129,705	4,717		134,422
Marketing and public relations						7,050	7,050
Material and supplies	286,869			286,869	108,325	6,935	402,130
Other	20,972			20,972	154,992		175,964
Professional fees	28,174			28,174	174,693	675	203,541
Program services	241,180			241,180	10,933	190	252,303
Rent	67,836			67,836	113,037		180,873
Staff recognition	129,000			129,000	20,279	3,119	152,399
Transportation	154,638			154,638	8,320	1,280	164,237
Utilities	179,477	26,894	33,301	239,672	19,759	2,412	261,843
	15,405,471	103,369	96,453	15,605,293	3,072,481	362,761	19,040,535
Special events direct expenses						22,770	22,770
	<u>\$ 15,405,471</u>	<u>\$ 103,369</u>	<u>\$ 96,453</u>	<u>\$ 15,605,293</u>	<u>\$ 3,072,481</u>	<u>\$ 385,531</u>	<u>\$ 19,063,305</u>

See notes to financial statements.

**LIFE UNLIMITED, INC. AND AFFILIATES**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2020

	<u>Life Unlimited, Inc.</u>	<u>Immacolata Manor Homes, Inc.</u>	<u>CCI Apartment Corporation</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 9,615,794		\$ 9,615,794	\$ 2,441,817	\$ 194,531	\$ 12,252,142
Employee benefits	1,913,558		1,913,558	735,392	49,958	2,698,908
Communications	107,319		107,319	5,721		113,040
Contract staff	206,613		206,613	32,039	4,590	243,242
Depreciation	97,610	\$ 40,921	\$ 34,691	186,900		360,122
Insurance	194,569	10,075	8,428	55,182	1,661	269,915
Interest	13,284		13,284	5,562		18,846
Maintenance and repairs	138,859	47,256	44,707	19,544		250,366
Material and supplies	38,521		38,521	102,282	6,019	146,822
Other	33,543		33,543	209,287	971	243,801
Professional fees	306		306	181,846	50,849	233,001
Program services	251,239		251,239	91,091	2,571	344,901
Rent	180,031		180,031	9,931		189,962
Staff recognition	1,346		1,346	118,144	2,504	121,994
Transportation	219,654		219,654	50,237	1,478	271,369
Utilities	<u>127,028</u>	<u>21,731</u>	<u>32,456</u>	<u>7,771</u>		<u>188,986</u>
	13,139,274	119,983	120,282	4,252,746	315,132	17,947,417
Special events direct expenses					<u>4,417</u>	<u>4,417</u>
	<u>\$ 13,139,274</u>	<u>\$ 119,983</u>	<u>\$ 120,282</u>	<u>\$ 4,252,746</u>	<u>\$ 319,549</u>	<u>\$ 17,951,834</u>

See notes to financial statements.

**LIFE UNLIMITED, INC. AND AFFILIATES**

**COMBINED STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,183,516	\$ 1,028,365
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	366,982	360,122
PPP loan forgiveness	( 2,821,500)	
Realized gain on investments	( 38,087)	( 13,705)
Unrealized gain on investments	( 66,058)	( 7,427)
Changes in assets and liabilities:		
Accounts receivable	( 436,710)	122,922
Other receivables	601,072	( 762,585)
Prepaid expenses	28,130	44,349
Other assets	( 212)	222
Accounts payable	185,614	( 49,666)
Accrued payroll-related expenses and withholdings	( 108,712)	107,076
Other liabilities	<u>212</u>	<u>( 222)</u>
Net cash provided (used) by operating activities	<u>( 105,753)</u>	<u>829,451</u>
Cash flows from investing activities:		
Sale of investments, net	239,281	1,384,987
Decrease (increase) in funds held in escrow and reserve	( 31,200)	10,450
Purchase of property and equipment	<u>( 464,397)</u>	<u>( 810,206)</u>
Net cash provided (used) by investing activities	<u>( 256,316)</u>	<u>585,231</u>
Cash flows from financing activities:		
Proceeds from long-term debt		2,827,563
Payments on long-term debt	<u>( 23,697)</u>	<u>( 280,218)</u>
Net cash provided (used) by financing activities	<u>( 23,697)</u>	<u>2,547,345</u>
Net increase (decrease) in cash	( 385,766)	3,962,027
Cash, beginning of year	<u>5,570,415</u>	<u>1,608,388</u>
Cash, end of year	<u>\$ 5,184,649</u>	<u>\$ 5,570,415</u>

See notes to financial statements.

**LIFE UNLIMITED, INC. AND AFFILIATES**

**COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)**

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<i>Supplemental disclosure of cash flow information:</i>		
Cash paid for interest	<u>\$ 23,377</u>	<u>\$ 18,846</u>
Long-term debt refinanced		<u>\$ 226,166</u>

**LIFE UNLIMITED, INC. AND AFFILIATES**  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020

**1. Organization and summary of significant accounting policies:**

*Organization:*

Effective July 1, 2016, Immacolata Manor (the Manor) and Concerned Care, Inc. (Concerned Care) merged operations under the name Life Unlimited, Inc. by combining all assets and liabilities. The combined entities provide residential and day habilitation services for individuals with developmental disabilities, regardless of their race, religion, or economic background. The programs are designed to maximize individual development, enabling each resident to live as independently as possible. The Missouri Department of Mental Health provides funding for most of the residents. Additional support is received through direct donor contributions.

Both the Manor and Concerned Care had related organizations through agreements with the U.S. Department of Housing and Urban Development (HUD). Immacolata Manor Homes, Inc. and CCI Apartment Corporation (hereinafter collectively referred to as the HUD Projects) continue to operate as separate entities. The HUD Projects are related to Life Unlimited, Inc. by virtue of the same Boards of Directors. The HUD Projects' construction of homes and apartments were funded by capital advances under Section 811 of the National Affordable Housing Act (Note 7). The HUD Projects are regulated by HUD. The HUD Projects receive Project Rental Assistance under 40-year contracts with HUD. Project Rental Assistance covers the difference between the HUD-approved operating cost per unit and the amount the tenant pays, which is determined in accordance with HUD regulations.

*Principles of combination:*

The financial statements include the accounts of Life Unlimited, Inc. and the HUD Projects (hereinafter collectively referred to as the Organization). All intercompany accounts have been eliminated.

*Income taxes:*

All of the entities within the Organization are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's accounting policy is to provide liabilities for uncertain income tax provisions when a liability is probable and estimable. The Organization has no uncertain tax positions for the years ended June 30, 2021 and 2020 and is not aware of any violation of its tax status as organizations exempt from income taxes.

*Basis of accounting:*

The Organization's financial statements have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Organization reports information regarding its financial position and activities according to the following net asset groups:

Net assets without donor restrictions:

The net assets without donor restrictions represent resources over which the Organization's management and Board have discretionary control and are used to carry out operations of the Organization. This included Board-designated net assets.

## LIFE UNLIMITED, INC. AND AFFILIATES

### NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

#### 1. Organization and summary of significant accounting policies (continued):

##### *Basis of accounting (continued):*

##### Net assets with donor restrictions:

Net assets with donor restrictions represent resources available for use currently or in the future, but expendable only for purposes specified by the donor or within a donor-designated time period. Donor-restricted contributions or grants whose restrictions are satisfied in the same reporting year are reported as contributions without donor restrictions in the statement of activities and changes in net assets.

##### *Use of estimates:*

The preparation of financial statements in conformity with U.S. 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### *Concentration of risk:*

The Organization derived approximately 73% and 81% of its revenues through the State Medicaid program for the years ended June 30, 2021 and 2020, respectively. Approximately 90% and 92% of accounts receivable as of June 30, 2021 and 2020, respectively, are due from the State Medicaid program. Management does not believe there is any significant business or collection risk.

##### *Accounts receivable:*

Accounts receivable consists of amounts due to the Organization from residents or through various governmental programs on their behalf. Accounts receivable are carried at cost, less allowance for doubtful accounts, if any.

##### *Revenue recognition:*

Revenue from program services and rent is recognized when services have been performed. Revenue from contributions and grants are recognized once formally pledged or received and are recognized when conditions are substantially met. Special event revenue is recognized upon occurrence of the event. In-kind donations from the Thrift Store are recognized as items are received.

# LIFE UNLIMITED, INC. AND AFFILIATES

## NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

### 1. Organization and summary of significant accounting policies (continued):

#### *Property and equipment and depreciation:*

Property and equipment are stated at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the assets. The Organization capitalizes asset additions greater than \$5,000 that have a useful life of more than one year.

Depreciation is on a straight-line basis over the following useful lives:

	<u>Years</u>
Buildings and improvements	5 – 40
Office furniture and equipment	3 – 15
Vehicles	5

#### *Investments and concentrations of credit risk:*

The Organization accounts for pooled investment funds at the Greater Kansas City Community Foundation at fair value. The underlying holdings in these funds are valued by the respective managers or custodians using quoted market prices for publicly traded securities and fair value for other investments using methodologies relevant to each asset class. The valuations are routinely evaluated by management, and management believes such values are reasonable.

Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to these risks, it is at least reasonably possible that changes in value could occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

The Organization maintains its primary bank accounts at institutions where deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization utilizes a sweep account to minimize exposure to uninsured funds.

#### *Expense allocation:*

Expenses that are directly identifiable are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

#### *Subsequent events:*

Subsequent events have been evaluated through February 8, 2022, which is the date the financial statements were available to be issued.

**LIFE UNLIMITED, INC. AND AFFILIATES**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

**2. Investments:**

Investments as of June 30, are summarized as follows:

	<u>Cost</u>	<u>Fair value</u>	<u>Excess of fair value (cost)</u>
June 30, 2021:			
GKCCF money market pool	\$ 83,165	\$ 83,165	
GKCCF equity securities	224,805	340,746	
GKCCF fixed income securities	<u>362,868</u>	<u>419,025</u>	
Balance, end of year	<u>\$ 670,838</u>	<u>\$ 842,936</u>	\$172,098
Balance, beginning of year	<u>\$ 872,032</u>	<u>\$ 978,072</u>	<u>106,040</u>
Unrealized gain included in the statement of activities			<u>\$ 66,058</u>
June 30, 2020:			
Certificates of deposit	\$ 245,777	\$ 245,777	
GKCCF money market pool	107,901	107,901	
GKCCF equity securities	216,155	297,439	
GKCCF fixed income securities	<u>302,199</u>	<u>326,955</u>	
Balance, end of year	<u>\$ 872,032</u>	<u>\$ 978,072</u>	\$106,040
Balance, beginning of year	<u>\$ 2,243,314</u>	<u>\$ 2,341,927</u>	<u>98,613</u>
Unrealized loss included in the statement of activities			<u>\$ 7,427</u>

Investment income for the years ended June 30, is summarized as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 17,289	\$ 61,568
Realized gains	38,087	13,705
Unrealized gains	66,058	7,427
Investment fees	<u>( 6,755)</u>	<u>( 6,275)</u>
	<u>\$ 114,679</u>	<u>\$ 76,425</u>

LIFE UNLIMITED, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

**2. Investments (continued):**

The Organization values investments at fair value. Fair value is defined as the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs including quoted prices in active markets for similar assets and Level 3 inputs consist of unobservable inputs that are supported by little or no market activity and have the lowest priority. At June 30, 2021 and 2020, all of the Organization's investments were in Level 1 of the fair value hierarchy.

**3. Funds held in escrow and reserve:**

Funds held in escrow and reserve as of June 30, are as follows:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Reserve for replacements	\$ 122,241	\$ 103,708
Residual receipts	<u>82,813</u>	<u>70,146</u>
	<u>\$ 205,054</u>	<u>\$ 173,854</u>

*(a) Reserve for replacements:*

According to the terms of the regulatory agreements with HUD, the HUD Projects are required to make specified monthly deposits in restricted bank accounts. All disbursements from these funds are restricted for the replacement and maintenance of rental property and require prior written approval from HUD.

*(b) Residual receipts:*

The regulatory agreement also requires the HUD Projects to fund certain, defined amounts in residual receipts accounts after each operating period. Withdrawals from these accounts are required to be approved in writing by HUD.

**LIFE UNLIMITED, INC. AND AFFILIATES**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

**4. Property and equipment:**

	June 30,	
	2021	2020
Land	\$ 817,982	\$ 735,014
Buildings and improvements	8,909,028	8,435,213
Office furniture and equipment	488,171	488,171
Vehicles	999,453	998,295
	11,214,634	10,656,693
Accumulated depreciation	( 4,873,077)	( 4,570,537)
	6,341,557	6,086,156
Construction in progress	322,784	480,770
	\$ 6,664,341	\$ 6,566,926

Depreciation expense was \$366,982 and \$360,122 for the years ended June 30, 2021 and 2020, respectively. Construction in progress as of June 30, 2021 includes costs related to renovations to the administrative building. The Organization has obtained financing (Note 5) for the renovation of its administrative building.

**5. Long-term debt:**

	June 30,	
	2021	2020
Construction loan, administrative building. *	\$ 223,830	\$ 232,229
Note payable, due in monthly installments of \$915 including interest at 5.5%, maturing in October 2024, collateralized by a deed of trust on related property	30,114	40,515
Note payable, due in monthly installments of \$816 including interest at 4.98%, maturing in July 2033, collateralized by a deed of trust on related property	88,740	93,637
Note payable, Paycheck Protection Program **	342,684	2,821,500
Less current portion	120,203	3,187,881
	\$ 222,481	\$ 1,924,485

\* In May 2020, the Organization entered into a construction loan to refinance a note payable on its administrative building and to finance the renovation of the building. The total loan is not to exceed \$2,524,500. Funds will be drawn down on the construction loan as needed during the renovation period. As of June 30, 2021, a total of \$223,830 has been drawn. Interest on the loan is 3.95%. Interest costs will be capitalized during the construction period. Interest and principal payments started in June 2021. Assuming the full amount is drawn, monthly principal and interest payments of \$15,543 will be due continuing through May 2030, at which time all remaining principal and interest will be due. The loan is collateralized by a deed of trust on the building.

**LIFE UNLIMITED, INC. AND AFFILIATES**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

**5. Long-term debt (continued):**

\*\*In April 2020, the Organization received a loan in the amount of \$2,821,500 administered by a Small Business Administration (SBA) approved by a local bank. The Organization received loan forgiveness from the SBA in June 2021 that is included in contributions and grants on the combined statement of activities and changes in net assets.

Scheduled annual maturities on the long-term debt are as follows:

Year ending June 30,	<u>Amount</u>
2022	\$ 120,203
2023	125,409
2024	27,757
2025	7,738
2026	7,949
Thereafter	<u>53,628</u>
	<u>\$ 342,684</u>

Interest expense was \$23,377 and \$18,846 for the years ended June 30, 2021 and 2020, respectively.

**6. Net assets:**

Net assets with donor restrictions are restricted for the following purposes:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Program expenses, Area Regional Council resident support	\$ 79,837	\$ 53,734
Resident expenses, emergency medical fund	4,750	5,672
Employee assistance fund	53,315	
Endowment held in perpetuity	<u>30,000</u>	<u>30,000</u>
	<u>\$ 167,902</u>	<u>\$ 89,406</u>

Net assets were released from restrictions for the following purposes:

	<u>Years ending June,</u>	
	<u>2021</u>	<u>2020</u>
Area Regional Council, resident support	\$ 33,896	\$ 30,161
Emergency medical fund	5,923	20,598
Resident support	<u>16,605</u>	<u>          </u>
	<u>\$ 56,424</u>	<u>\$ 50,759</u>

## LIFE UNLIMITED, INC. AND AFFILIATES

### NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

#### **6. Net assets (continued):**

##### *Endowment:*

The Organization's endowment consists of funds set aside to establish a fund to support future operations. The Organization's policy requires the preservation of the fair value as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization includes the original value of the gifts to the endowment, the fair value of any subsequent gifts to the endowment fund, and any accumulations required to be made by donor stipulation. The Organization's policy is for the investment earnings from these funds be utilized for unrestricted operating activities.

#### **7. Capital advances:**

The capital advances provided by HUD under Section 811 to the HUD Projects were to construct homes and apartments. The total advances of \$2,546,700 bear no interest and need not be repaid so long as the group homes and apartment units remain available as housing for very low-income, developmentally disabled persons for at least 40 years. Failure to keep the housing available for very low-income, developmentally disabled persons would result in HUD taking possession of the property, or declaring the indebtedness immediately due and payable and proceeding with foreclosure of the mortgage. The capital advances are included in net assets without donor restrictions in the accompanying financial statements as management has determined it is unlikely that they will be required to be repaid.

#### **8. Retirement plan:**

The Organization has a 401(k) plan. The Plan covers all full-time employees with at least one year of service. The Plan allows for employee contributions equal to the maximum percentage of the employee's annual compensation allowed by law. The Organization may make discretionary matching contributions. The Organization's total contributions to the Plan were \$144,431 and \$75,823 for the years ended June 30, 2021 and 2020, respectively.

#### **9. Leases:**

The Organization leases two office locations, solar panels, and certain office equipment. Total rent expense for the various properties and equipment was \$180,873 and \$189,962 for the years ended June 30, 2021 and 2020, respectively.

**LIFE UNLIMITED, INC. AND AFFILIATES**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

**9. Leases (continued):**

Future annual lease payments under noncancelable leases as of June 30, 2021 are summarized as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 168,158
2023	146,547
2024	34,592
2025	16,200
2026	16,200
Thereafter	<u>125,250</u>
	<u>\$ 506,947</u>

**10. Liquidity and availability of resources:**

Financial assets available for general expenditures that is, without restrictions limiting their use, within one year of the statement of financial position date comprise the following:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash	\$ 4,030,160	\$ 3,349,847
Accounts receivable and other receivables	2,071,864	2,236,226
Investments	<u>675,034</u>	<u>888,666</u>
Total financial assets available within one year	<u>\$ 6,777,058</u>	<u>\$ 6,474,739</u>

The Organization maintains funds to meet current obligations and invests excess cash in investment funds with the ability to redeem its interest on short notice.

**11. Contingency:**

The Organization's operations may be affected by the ongoing outbreak of COVID-19. Management cannot reasonably estimate the extent to which COVID-19 may impact the Organization's financial position, results of operations, and cash flows.

**SUPPLEMENTARY INFORMATION**

LIFE UNLIMITED, INC. AND AFFILIATES

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

	Life Unlimited, Inc.	Immacolata Manor Homes, Inc.	CCI Apartment Corporation	Eliminations	Combined totals
Current assets:					
Cash	\$ 5,178,391		\$ 6,258		\$ 5,184,649
Accounts receivable	1,879,035				1,879,035
Other receivables	243,010			(\$ 50,181)	192,829
Prepaid expenses	20,883				20,883
Total current assets	<u>7,321,319</u>		<u>6,258</u>	<u>( 50,181)</u>	<u>7,277,396</u>
Investments	842,936				842,936
Funds held in escrow and reserve		\$ 103,585	101,469		205,054
Property and equipment, net	5,325,677	540,650	798,014		6,664,341
Other assets	<u>4,500</u>	<u>3,560</u>	<u>4,568</u>		<u>12,628</u>
	<u>\$ 13,494,432</u>	<u>\$ 647,795</u>	<u>\$ 910,309</u>	<u>(\$ 50,181)</u>	<u>\$ 15,002,355</u>

LIABILITIES AND NET ASSETS

Current liabilities:					
Current portion of long-term debt	\$ 120,203				\$ 120,203
Accounts payable	289,935	\$ 379			290,314
Accrued payroll-related expenses and withholdings	735,844				735,844
Other liabilities		3,560	\$ 4,568		8,128
Total current liabilities	<u>1,145,982</u>	<u>3,939</u>	<u>4,568</u>		<u>1,154,489</u>
Long-term debt, less current portion	<u>222,481</u>	<u>50,181</u>		<u>(\$ 50,181)</u>	<u>222,481</u>
Net assets:					
Without donor restrictions	11,958,067	593,675	905,741		13,457,483
With donor restrictions	167,902				167,902
Total net assets	<u>12,125,969</u>	<u>593,675</u>	<u>905,741</u>		<u>13,625,385</u>
	<u>\$ 13,494,432</u>	<u>\$ 647,795</u>	<u>\$ 910,309</u>	<u>(\$ 50,181)</u>	<u>\$ 15,002,355</u>

LIFE UNLIMITED, INC. AND AFFILIATES

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

YEAR ENDED JUNE 30, 2021

	Life Unlimited, Inc.	Immacolata Manor Homes, Inc.	CCI Apartment Corporation	Eliminations	Combined totals
Program services	\$ 16,814,925				\$ 16,814,925
Rent revenue	206,292	\$ 92,765	\$ 107,657		406,714
Contributions and grants	3,452,449				3,452,449
In-kind donations from Thrift Store	54,500				54,500
Special events, net	198,676		156		198,676
Investment income	114,376	147			114,679
Other revenue	99,201			(\$ 52,013)	47,188
Net assets released from donor restrictions	56,424				56,424
	<u>20,996,843</u>	<u>92,912</u>	<u>107,813</u>	<u>( 52,013)</u>	<u>21,145,555</u>
Salaries	13,377,683	16,359	16,716	( 33,075)	13,377,683
Employee benefits	2,921,688				2,921,688
Communications	152,025				152,025
Contract staff	2,045	9,209	16,156		27,410
Depreciation	293,613	39,356	34,013		366,982
Insurance	218,791	9,328	8,489		236,608
Interest	23,377				23,377
Maintenance and repairs	130,576	3,846			134,422
Marketing and public relations	7,050				7,050
Material and supplies	402,130				402,130
Other	175,157	578	229		175,964
Professional services	189,943	16,521	16,015	( 18,938)	203,541
Program services	252,303				252,303
Rent	180,873				180,873
Staff recognition	152,399				152,399
Transportation	164,237				164,237
Utilities	182,418	41,630	37,795		261,843
	<u>18,826,308</u>	<u>136,827</u>	<u>129,413</u>	<u>( 52,013)</u>	<u>19,040,535</u>
Change in net assets without donor restrictions	2,170,535	( 43,915)	( 21,600)		2,105,020
Net assets without donor restrictions, beginning of year	9,787,532	637,590	927,341		11,352,463
Net assets without donor restrictions, end of year	\$ 11,958,067	\$ 593,675	\$ 905,741	\$ --	\$ 13,457,483