

Respite Care, Inc.
Financial Statements and
Independent Auditor's Report
June 30, 2018 and 2017

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Independent Auditor's Report

To the Board of Directors
Respite Care, Inc.
Fort Collins, Colorado

We have audited the accompanying financial statements of Respite Care, Inc. (a 501(c)(3) nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Respite Care, Inc.
Board of Directors
December 5, 2018

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Respite Care, Inc. as of June 30, 2018 and 2017, 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.

Andrew Bush + Associates P.C.

Fort Collins, Colorado
December 5, 2018

Respite Care, Inc.
Statements of Financial Position
June 30, 2018 and 2017

Assets	<u>2018</u>	<u>2017</u>
Cash	\$ 654,578	\$ 560,838
Certificates of deposit	439,724	435,798
Pledges receivable - net of allowance of \$84,756 and \$32,305 for 2018 and 2017	553,183	569,367
Prepaid assets	6,710	7,925
Accounts receivable	60,502	69,817
Investments	2,274,780	2,076,982
Property and equipment - net of accumulated depreciation of \$995,840 and \$905,695 for 2018 and 2017	<u>1,866,744</u>	<u>1,901,672</u>
 Total assets	 <u>\$ 5,856,221</u>	 <u>\$ 5,622,399</u>
 Liabilities and Net Assets		
Liabilities		
Accrued wages and payroll taxes	\$ 56,333	\$ 61,087
Accounts payable	42,793	8,888
Accrued paid time off	22,699	19,006
United Way payroll deduction	-	1,489
Deferred income	<u>10,500</u>	<u>19,500</u>
 Total liabilities	 <u>132,325</u>	 <u>109,970</u>
 Commitments and contingencies		
Net Assets		
Unrestricted	3,290,764	3,200,788
Temporarily restricted	<u>2,433,132</u>	<u>2,311,641</u>
 Total net assets	 <u>5,723,896</u>	 <u>5,512,429</u>
 Total liabilities and net assets	 <u>\$ 5,856,221</u>	 <u>\$ 5,622,399</u>

See Accompanying Notes to the Financial Statements.

Respite Care, Inc.
Statement of Activities
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support			
Program revenue	\$ 212,654	\$ -	\$ 212,654
Grants and allocations	67,486	5,165	72,651
Individual and business contributions	343,822	236,938	580,760
Fund-raising income	1,039,115	-	1,039,115
Costs of direct benefits to donors	(84,501)	-	(84,501)
Interest and dividend income	5,578	33,706	39,284
Net realized and unrealized gains	-	114,093	114,093
Net assets released from restrictions	<u>268,411</u>	<u>(268,411)</u>	<u>-</u>
 Total revenue and support	 <u>1,852,565</u>	 <u>121,491</u>	 <u>1,974,056</u>
Expenses			
Program services	1,268,343	-	1,268,343
Management and general	45,073	-	45,073
Fundraising	<u>449,173</u>	<u>-</u>	<u>449,173</u>
 Total expenses	 <u>1,762,589</u>	 <u>-</u>	 <u>1,762,589</u>
Changes in net assets:	<u>89,976</u>	<u>121,491</u>	<u>211,467</u>
 Net assets, beginning of year	 <u>3,200,788</u>	 <u>2,311,641</u>	 <u>5,512,429</u>
 Net assets, end of year	 <u>\$ 3,290,764</u>	 <u>\$ 2,433,132</u>	 <u>\$ 5,723,896</u>

See Accompanying Notes to the Financial Statements.

Respite Care, Inc.
Statement of Activities
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support			
Program revenue	\$ 224,031	\$ -	\$ 224,031
Grants and allocations	71,043	15,289	86,332
Individual and business contributions	276,956	179,670	456,626
Fund-raising income	1,120,829	-	1,120,829
Costs of direct benefits to donors	(63,639)	-	(63,639)
Interest and dividend income	4,068	31,834	35,902
Net realized and unrealized gains	-	150,974	150,974
Net assets released from restrictions	<u>209,136</u>	<u>(209,136)</u>	<u>-</u>
 Total revenue and support	 <u>1,842,424</u>	 <u>168,631</u>	 <u>2,011,055</u>
Expenses			
Program services	1,290,366	-	1,290,366
Management and general	42,682	-	42,682
Fundraising	<u>343,070</u>	<u>-</u>	<u>343,070</u>
 Total expenses	 <u>1,676,118</u>	 <u>-</u>	 <u>1,676,118</u>
Changes in net assets:	<u>166,306</u>	<u>168,631</u>	<u>334,937</u>
 Net assets, beginning of year	 <u>3,034,482</u>	 <u>2,143,010</u>	 <u>5,177,492</u>
 Net assets, end of year	 <u>\$ 3,200,788</u>	 <u>\$ 2,311,641</u>	 <u>\$ 5,512,429</u>

See Accompanying Notes to the Financial Statements.

Respite Care, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Total
Supporting Services				
Salaries and wages	\$ 823,750	\$ 33,319	\$ 132,856	\$ 989,925
Fundraising	-	-	229,362	229,362
Depreciation	86,640	3,505	-	90,145
Payroll taxes	62,410	2,437	9,943	74,790
Bad debt expense	-	-	64,616	64,616
Contributed childcare	60,397	-	-	60,397
Professional fees	35,853	1,450	-	37,303
Food and project	35,100	-	-	35,100
Insurance	32,257	1,305	315	33,877
Supplies	29,648	1,199	-	30,847
Repairs	28,200	-	-	28,200
Training, staff and board	23,269	-	-	23,269
Employee benefits	13,417	543	2,164	16,124
Utilities	15,467	626	-	16,093
Contract services	450	-	9,048	9,498
Computer expense	8,050	326	-	8,376
Miscellaneous	4,432	-	-	4,432
Travel expenses	2,824	114	456	3,394
Telephone	2,452	99	-	2,551
Marketing	1,612	65	260	1,937
Dues and subscriptions	1,165	47	-	1,212
Postage	950	38	153	1,141
	<u>950</u>	<u>38</u>	<u>153</u>	<u>1,141</u>
Total functional expenses	\$ <u>1,268,343</u>	\$ <u>45,073</u>	\$ <u>449,173</u>	\$ <u>1,762,589</u>

See Accompanying Notes to the Financial Statements.

Respite Care, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2017

Supporting Services	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 857,077	\$ 32,071	\$ 94,681	\$ 983,829
Fundraising	-	-	217,733	217,733
Depreciation	84,504	3,162	-	87,666
Payroll taxes	64,993	2,347	7,100	74,440
Contributed childcare	67,045	-	-	67,045
Food and project	41,543	-	-	41,543
Insurance	33,307	1,246	315	34,868
Supplies	29,164	1,091	-	30,255
Professional fees	25,322	948	-	26,270
Training, staff and board	18,092	-	-	18,092
Repairs	16,617	-	-	16,617
Utilities	14,697	550	-	15,247
Employee benefits	12,986	486	1,435	14,907
Bad debt expense	-	-	13,838	13,838
Computer expense	9,169	343	-	9,512
Contract services	600	-	6,971	7,571
Travel expenses	5,513	206	609	6,328
Miscellaneous	3,549	-	-	3,549
Marketing	2,190	82	242	2,514
Telephone	1,968	74	-	2,042
Postage	1,321	49	146	1,516
Dues and subscriptions	<u>709</u>	<u>27</u>	<u>-</u>	<u>736</u>
Total functional expenses	\$ <u>1,290,366</u>	\$ <u>42,682</u>	\$ <u>343,070</u>	\$ <u>1,676,118</u>

See Accompanying Notes to the Financial Statements.

Respite Care, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flow from operating activities:		
Change in net assets	\$ 211,467	\$ 334,937
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt	64,616	13,838
Depreciation	90,145	87,666
Interest income included in certificates of deposit	(3,926)	(2,857)
Earnings on Community Foundation agency fund	(147,798)	(182,806)
Changes in working capital items:		
(Increase) in pledges receivable - net	(48,432)	(20,925)
(Increase) decrease in accounts receivable	9,315	(9,443)
Decrease in prepaid assets	1,215	21,454
Increase (decrease) in accounts payable	33,905	(2,428)
Increase in accrued paid time off	3,691	3,415
(Decrease) in United Way payroll deduction	(1,487)	(481)
Increase (decrease) in accrued wages and payroll taxes	(4,754)	2,723
Increase (decrease) in deferred income	<u>(9,000)</u>	<u>13,500</u>
Net cash provided by operating activities	<u>198,957</u>	<u>258,593</u>
Cash flows from investing activities:		
Purchase of property and equipment	(55,217)	(142,906)
Assets restricted to investment	-	23,005
Investments into endowment fund	<u>(50,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(105,217)</u>	<u>(119,901)</u>
Increase (decrease) in cash during the year	93,740	138,692
Cash, beginning of year	<u>560,838</u>	<u>422,146</u>
Cash, end of year	<u>\$ 654,578</u>	<u>\$ 560,838</u>

See Accompanying Notes to the Financial Statements.

Respite Care, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 1 - Nature of Activities and Significant Accounting Policies

NATURE OF ACTIVITIES

Respite Care, Inc. (the Organization) is a 501(c)(3) non-profit organization in Larimer County, Colorado whose sole function is to provide short-term quality care for developmentally disabled children and respite to their families enabling them to enhance their quality of life. All expenses which are not specifically designated as administrative or fund raising are dedicated to fulfilling this function.

FUND ACCOUNTING

To ensure observance of limitations and restrictions placed on the use of the resources available to the Organization, the accounts are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, funds temporarily restricted by outside sources are so indicated and are distinguished from unrestricted funds designated for specific purposes by action of the Board of Directors. Externally restricted funds may only be utilized in accordance with the purposes established by the sources of such and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

RECOGNITION OF DONOR RESTRICTIONS

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance unconditional. Contributions that are not restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Respite Care, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 1 - Nature of Activities and Significant Accounting Policies (continued)

Respite Care, Inc. uses the allowance method to determine uncollectible unconditional promises receivable. This allowance is based on management analysis of specific promises and any communication received from donors over the course of the year. As of the year ended June 30, 2018, the allowance for uncollectible pledges totaled \$84,756 with a corresponding bad debt expense of \$64,616. As of the year ended June 30, 2017, the allowance for uncollectible pledges totaled \$32,305 with corresponding bad debt expense of \$13,838. The unconditional promises are recorded after being discounted to the anticipated net present value of future cash flows. The Organization determined the discounted net present value of future cash flows was immaterial to these financial statements, and as such, no discounts were recorded for the years ended June 30, 2018 or June 30, 2017.

RECOGNITION OF PROGRAM SERVICE FEES

Revenue from program services is recognized as it is earned based upon hours of childcare provided to developmentally disabled children. Such fees are invoiced on a monthly basis. Management performs an analysis to determine if any program services fees are uncollectible and reserves for such amount. For the years ended June 30, 2018 and 2017, there was no allowance or corresponding bad debt expense necessary for program services.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

INCOME TAXES

Respite Care, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Contributions to Respite Care, Inc. are tax deductible. The Organization's evaluation as of June 30, 2018 revealed no tax positions that would have a material impact on the financial statements. The 2015 through 2017 tax years remain subject to examination by the Internal Revenue Service (IRS). As of the date of the financial statements, the IRS has not commenced any examinations. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

CASH AND CASH EQUIVALENTS

Respite Care, Inc. maintains its cash in bank deposit accounts at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had cash balances of \$141,033 and \$93,575 in excess of the insured limit as of June 30, 2018 and 2017, respectively. The Organization considers all unrestricted and highly liquid investments to be cash equivalents that have an initial maturity of three months or less.

Respite Care, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 1 - Nature of Activities and Significant Accounting Policies (continued)

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Donations of property and equipment are reported at their estimated fair value and are unrestricted unless the donor has restricted the donated asset or cash for a specific purpose or purchase. Assets and cash donated with stipulations regarding the use of those assets are reported as restricted. If there is no stipulation for the length of time those assets donated or acquired are to be maintained, Respite Care, Inc. reports the restriction as expiring when the asset is placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at the time they are placed in service. All tangible personal property with a useful life of more than one year and a unit acquisition cost of \$500 or more is capitalized and depreciated over its useful life using the straight-line method. The Company expenses the full acquisition cost of tangible personal property below this threshold in the year of purchase. Estimated useful lives of property and equipment are 5-7 years for autos and furniture and fixtures, 7-39 years for improvements, and 39 years for buildings.

CLASSIFICATION OF ASSETS AND LIABILITIES

The assets and liabilities have not been classified as current or noncurrent based upon the related party nature of the majority of the respective assets and liabilities presented in the statement of financial position.

CONCENTRATIONS

The Organization's operations are concentrated in the area of child care in Larimer County, Colorado. As such, the Organization's accounts receivable and revenues are concentrated wholly in this industry and area.

RESTRICTED DONATIONS AND GRANTS

As of June 30, 2018 and June 30, 2017, the Organization had no new additions of assets that had been temporarily restricted by donors for future use. Pledges receivable are temporarily restricted until the pledge has been received by Respite Care. The endowment (Note 5) is also included within temporarily restricted net assets.

As of June 30, 2018, the Organization has \$5,165 of grants that have been temporarily restricted for future uses. For the year ended June 30, 2018, \$15,289 from grants has been released from restriction.

As of June 30, 2017, the Organization has \$15,289 of grants that have been temporarily restricted for future uses. For the year ended June 30, 2017, \$13,546 from grants has been released from restriction.

Respite Care, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 1 - Nature of Activities and Significant Accounting Policies (continued)

RECLASSIFICATION

Certain 2017 amounts have been reclassified to conform with the 2018 presentation.

Note 2 - Property and Equipment

Property and equipment consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Buildings	\$ 1,744,921	\$ 1,744,921
Land	300,000	300,000
Capital improvements	178,356	178,356
Operating equipment	151,457	144,965
Parking lot	125,957	125,957
Lift	110,183	110,183
Vehicles	85,015	85,015
Improvements	119,915	71,190
Office equipment	38,900	38,900
Website	7,880	7,880
	<u>2,862,584</u>	<u>2,807,367</u>
Less accumulated depreciation	<u>(995,840)</u>	<u>(905,695)</u>
	<u>\$ 1,866,744</u>	<u>\$ 1,901,672</u>

Note 3 - In Kind and Non Cash Contributions

Respite Care, Inc., receives time, service, and items contributed by individuals, groups and organizations and have been recorded as follows for the years ended June 30:

Services:

	<u>2018</u>	<u>2017</u>
Wages - volunteer	\$ 60,397	\$ 67,045
Repairs and maintenance	10,119	20,000
Fundraising events	46,100	39,955
Other	53,050	40,575
Computer expense	700	700
Food	837	4,068
	<u>\$ 171,203</u>	<u>\$ 172,343</u>

Respite Care, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 3 - In Kind and Non Cash Contributions (continued)

Certain in-kind donations have been received but not recognized as revenue as they do not meet the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not For Profit Entities*. Such donations for volunteer non-essential wages and board of directors services totaled \$4,093 and \$21,680 for the year ended June 30, 2018, respectively, and \$15,208 and \$15,540 for the year ended June 30, 2017, respectively.

Note 4 - Future Promises to Give

The City of Loveland, the United Way, and the City of Fort Collins have agreed to terms with Respite Care Inc. for reimbursement of program expenses for the July 1, 2018 to June 30, 2019 fiscal year. To receive these funds, the Organization must incur program expense and perform its service requirement to receive such funds. Revenue will be recognized as the expenses are incurred. The United Way, City of Loveland and the City of Fort Collins have made available \$40,500, \$10,600 and \$32,607 respectively from which the Organization can invoice for services provided in the July 1, 2018 to June 30, 2019 time period.

Note 5 - Community Foundation Funds

The Organization has two agreements with the Community Foundation of Northern Colorado (the Foundation). The first agreement is an Agency Fund, in which the Organization donated cash to the Foundation. The primary purpose of the Agency Fund is to provide future annual endowment income to the Organization. Because the fund is an Agency Endowment naming Respite Care, Inc. as the beneficiary, the assets, earnings, and expenses of the Agency Fund are recognized on the Organization's financial statements at fair market value as discussed in Note 6. The Organization has elected the Foundation's Balance Pool Fund which provides long-term growth of capital and generation of income by investing in a diversified mix of domestic and foreign equities and fixed income securities. This pool is appropriate for donors who seek moderate growth paired with stability. This pool is managed by First National Wealth Management ("FNWM"), and Dimensional Fund Advisors ("DFA"). The overall allocation of the Balanced Pool is 60% equities and 40% fixed income, plus or minus 10%. Assets held in the Agency Fund totaled \$2,274,780 and \$2,076,982 in 2018 and 2017, respectively.

The second agreement sets up a Designated Fund. The agreement gives the Foundation the unilateral power to redirect the use of the assets away from the Organization (variance power). The assets, earnings, and expenses of the Designated Fund have not been recognized on the Organization's financial statements. Assets held in the Designated Fund totaled \$317,141, and \$248,168 in 2018 and 2017, respectively. The assets in the Designated Fund were donated directly to the Foundation on the Organization's behalf. The Organization received no funds from either the Agency or Designated Fund for the years ended June 30, 2018 or 2017.

Respite Care, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 5 - Community Foundation Funds (continued)

<u>Community Foundation of Northern Colorado</u>	<u>2018</u>	<u>2017</u>
Beginning Fund Balance	\$ 2,076,982	\$ 1,894,176
Gifts received	50,000	-
Investment activity		
Interest and dividends	49,838	46,666
Realized gain/(loss)	35,207	(4,250)
Unrealized gain/(loss)	78,885	155,222
Administrative fees	<u>(16,132)</u>	<u>(14,832)</u>
Ending Fund Balance	<u>\$ 2,274,780</u>	<u>\$ 2,076,982</u>

Note 6 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under Topic 820 are described as follows:

Level 1 Fair Value Measurements - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market which the Organization has the ability to access at the measurement date.

Level 2 Fair Value Measurements - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in an active market;
- Quoted prices for identical or similar assets or liabilities in an inactive market;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Respite Care, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 6 - Fair Value Measurements (continued)

Level 3 Fair Value Measurements - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018, and 2017.

Pooled separate accounts: Valued at net asset value as determined by observable quoted pricing inputs or by quoted prices for similar assets in active or non-active markets. While some pooled separate accounts may have publicly quoted pricing inputs, the account values of separate accounts are not publicly quoted.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2018, and 2017:

	<u>Assets at Fair Value as of June 30, 2018</u>			<u>Total</u>
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
Total assets in the fair value hierarchy	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Investments measured at net asset value	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,274,780</u>
Investments at fair value	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,274,780</u>

Respite Care, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 6 - Fair Value Measurements (continued)

	Assets at Fair Value as of June 30, 2017			
	(Level 1)	(Level 2)	(Level 3)	Total
Total assets in the fair value hierarchy	\$ -	\$ -	\$ -	\$ -
Investments measured at net asset value	-	-	-	<u>2,076,982</u>
Investments at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,076,982</u>

Transfers between Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

For years ended June 30, 2018, and 2017, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

Fair Value of Investments that Calculate Net Asset Value

The following table summarizes investments for which fair value is measured using the net asset value (NAV) per share practical expedient as of June 30, 2018 and 2017, respectively. There are no redemption restrictions for these investments.

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
<u>June 30, 2018</u>				
Investment In Pooled Separate Accounts	<u>\$ 2,274,780</u>	n/a	Daily	n/a
Total	<u>\$ 2,274,780</u>			
<u>June 30, 2017</u>				
Investment In Pooled Separate Accounts	<u>\$ 2,076,982</u>	n/a	Daily	n/a
Total	<u>\$ 2,076,982</u>			

Respite Care, Inc.
Notes to the Financial Statements
June 30, 2018 and 2017

Note 7 - Pledges Receivable

Pledges receivable to be collected in the next five years, net of allowance, are as follows for the year ended June 30:

2019	\$	306,641
2020		133,438
2021		101,054
2022		65,048
2023		16,923
Thereafter		<u>14,835</u>
		637,939
Allowance for doubtful accounts		<u>(84,756)</u>
	\$	<u>553,183</u>

Note 8 - Subsequent Events

The Organization has evaluated all subsequent events through December 5, 2018, the date the financial statements were available to be issued.