

**Audited Consolidated Financial Statements
And Supplementary Information**

**Alzheimer's Community Care, Inc.
and Subsidiary**

June 30, 2016 and 2015

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2016 AND 2015

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CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292
FAX (561) 832-9455

info@cdlcpa.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
MICHAEL J. NALEZYTY, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

Independent Auditor's Report

To the Board of Directors
Alzheimer's Community Care, Inc. and Subsidiary
West Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Alzheimer's Community Care, Inc. and Subsidiary (the "Organization", a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses and cash flows 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 U.S. generally accepted accounting principles; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 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 financial position of Alzheimer's Community Care, Inc. and Subsidiary as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 21 through 26 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Schedule of Functional Expenses by Grant Program on pages 27 and 28 and Schedule of Expenditures of State Financial Assistance on page 31 are presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Auditor General*, and are also 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 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 U.S. generally accepted auditing standards. In our opinion, the consolidating information, Schedule of Functional Expenses by Grant Program and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2016, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Calvin Dauter, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
September 29, 2016

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 285,447	\$ 250,105
Investments	6,641,429	6,090,831
Accounts receivable, net of allowance for doubtful accounts of \$2,262 for 2016 and 2015	773,634	791,091
Current portion of contributions receivable	75,000	75,000
Prepaid expenses	96,083	62,914
TOTAL CURRENT ASSETS	<u>7,871,593</u>	<u>7,269,941</u>
PROPERTY AND EQUIPMENT, net	1,833,072	1,412,765
OTHER ASSETS		
Contributions receivable, less current portion	-	148,096
Donated assets held for resale	3,390	3,390
Deposits and other assets	8,720	13,645
	<u>12,110</u>	<u>165,131</u>
	<u>\$ 9,716,775</u>	<u>\$ 8,847,837</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 157,662	\$ 95,856
Accrued expenses	300,885	245,290
Deferred revenue	3,300	14,673
Line of credit	430,000	-
Current portion of note payable	5,917	-
TOTAL CURRENT LIABILITIES	<u>897,764</u>	<u>355,819</u>
NOTE PAYABLE, net of current portion	6,903	-
TOTAL LIABILITIES	<u>904,667</u>	<u>355,819</u>
NET ASSETS		
Unrestricted	8,473,630	7,873,884
Temporarily restricted	277,835	557,491
Permanently restricted	60,643	60,643
TOTAL NET ASSETS	<u>8,812,108</u>	<u>8,492,018</u>
	<u>\$ 9,716,775</u>	<u>\$ 8,847,837</u>

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2016 and 2015

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE AND OTHER SUPPORT				
Program services	\$ 4,273,203	\$ -	\$ -	\$ 4,273,203
Contributions	1,792,638	683,763	-	2,476,401
Government grants	626,992	-	-	626,992
United Way	147,600	-	-	147,600
Special events	167,646	-	-	167,646
Dividend and interest income	159,125	-	-	159,125
Realized and unrealized gains (losses)	(17,086)	-	-	(17,086)
Other revenue	5,910	-	-	5,910
Net assets released from restrictions	876,894	(876,894)	-	-
Total revenue and other support	8,032,922	(193,131)	-	7,839,791
EXPENSES AND LOSSES				
Program services				
Special program				
Daycare	4,701,978	-	-	4,701,978
Patient and family services				
Family consultants	1,211,425	-	-	1,211,425
Case management	302,345	-	-	302,345
Crisis line	33,517	-	-	33,517
Other services				
Education and training	513,884	-	-	513,884
Volunteer services	85,838	-	-	85,838
Total program services	6,848,987	-	-	6,848,987
Supporting services				
Management and general	216,469	-	-	216,469
Fundraising	367,720	-	-	367,720
Total supporting services	584,189	-	-	584,189
Total expenses	7,433,176	-	-	7,433,176
Write-off of pledge receivable	-	86,525	-	86,525
Total expenses and losses	7,433,176	86,525	-	7,519,701
Increase (decrease) in net assets	599,746	(279,656)	-	320,090
Net assets, beginning of year	7,873,884	557,491	60,643	8,492,018
Net assets, end of year	\$ 8,473,630	\$ 277,835	\$ 60,643	\$ 8,812,108

2015

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 4,392,158	\$ -	\$ -	\$ 4,392,158
1,349,591	451,351	-	1,800,942
674,494	-	-	674,494
164,100	-	-	164,100
242,147	-	-	242,147
105,056	-	-	105,056
36,927	-	-	36,927
5,939	-	-	5,939
462,734	(462,734)	-	-
<u>7,433,146</u>	<u>(11,383)</u>	<u>-</u>	<u>7,421,763</u>
4,338,065	-	-	4,338,065
1,112,906	-	-	1,112,906
301,592	-	-	301,592
32,845	-	-	32,845
533,269	-	-	533,269
72,361	-	-	72,361
<u>6,391,038</u>	<u>-</u>	<u>-</u>	<u>6,391,038</u>
213,274	-	-	213,274
399,805	-	-	399,805
613,079	-	-	613,079
<u>7,004,117</u>	<u>-</u>	<u>-</u>	<u>7,004,117</u>
-	-	-	-
<u>7,004,117</u>	<u>-</u>	<u>-</u>	<u>7,004,117</u>
429,029	(11,383)	-	417,646
<u>7,444,855</u>	<u>568,874</u>	<u>60,643</u>	<u>8,074,372</u>
<u>\$ 7,873,884</u>	<u>\$ 557,491</u>	<u>\$ 60,643</u>	<u>\$ 8,492,018</u>

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

	Program Services			
	Special Program	Patient and Family Services		
	Daycare	Family Consultants	Case Management	Crisis Line
Salaries	\$ 2,232,074	\$ 741,290	\$ 198,189	\$ 22,983
Contract labor	81,764	-	-	-
Employee benefits	359,332	94,877	29,233	1,202
Payroll taxes	165,930	54,671	14,705	1,645
Total personnel and related expenses	2,839,100	890,838	242,127	25,830
Interest expense	3,644	1,212	323	38
Bad debt expense	1,196	-	-	-
Professional fees	166,566	53,098	14,161	1,652
Office supplies and stationary	14,133	9,071	2,013	124
Telephone	70,911	24,362	6,844	3,005
Postage and shipping	6,757	2,161	366	43
Occupancy				
Rent	214,989	56,277	6,089	241
In-kind rent	346,436	37,026	6,851	799
Utilities and other	14,293	3,402	273	3
Equipment maintenance	211,484	54,912	8,090	609
Travel	77,852	16,835	6,161	177
Conferences and meetings	5,990	1,734	462	54
Publicity, advertising and educational outreach	25,441	10,416	2,227	266
Recruiting	12,187	4,893	519	32
Program food	348,151	-	-	-
Program supplies	183,016	24,098	329	38
Insurance	66,248	14,685	3,802	443
Miscellaneous	8,191	452	33	11
Hospitality services	102	34	9	1
Total expenses before depreciation and amortization	4,616,687	1,205,506	300,679	33,366
Depreciation and amortization	85,291	5,919	1,666	151
Total expenses	<u>\$ 4,701,978</u>	<u>\$ 1,211,425</u>	<u>\$ 302,345</u>	<u>\$ 33,517</u>

<u>Program Services</u>		<u>Supporting Services</u>				
<u>Other Services</u>		<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
<u>Education and Training</u>	<u>Volunteer Services</u>					
\$ 220,597	\$ 47,512	\$ 3,462,645	\$ 23,434	\$ 208,497	\$ 231,931	\$ 3,694,576
-	-	81,764	-	-	-	81,764
21,950	4,614	511,208	2,945	17,645	20,590	531,798
16,156	3,517	256,624	1,613	15,930	17,543	274,167
258,703	55,643	4,312,241	27,992	242,072	270,064	4,582,305
361	78	5,656	185	341	526	6,182
-	-	1,196	-	-	-	1,196
24,813	3,412	263,702	46,907	17,592	64,499	328,201
41,716	19,291	86,348	602	6,222	6,824	93,172
4,688	538	110,348	1,281	6,564	7,845	118,193
6,056	88	15,471	210	2,346	2,556	18,027
2,305	497	280,398	1,184	6,199	7,383	287,781
7,651	1,651	400,414	3,930	7,218	11,148	411,562
25	5	18,001	13	274	287	18,288
6,282	1,605	282,982	2,929	9,039	11,968	294,950
3,037	276	104,338	292	5,083	5,375	109,713
2,252	111	10,603	265	506	771	11,374
2,682	535	41,567	121,275	8,019	129,294	170,861
1,078	437	19,146	155	3,183	3,338	22,484
-	-	348,151	-	-	-	348,151
368	424	208,273	189	347	536	208,809
4,245	916	90,339	2,181	4,005	6,186	96,525
6,245	16	14,948	3,803	4,260	8,063	23,011
139,929	2	140,077	2,332	42,717	45,049	185,126
512,436	85,525	6,754,199	215,725	365,987	581,712	7,335,911
1,448	313	94,788	744	1,733	2,477	97,265
<u>\$ 513,884</u>	<u>\$ 85,838</u>	<u>\$ 6,848,987</u>	<u>\$ 216,469</u>	<u>\$ 367,720</u>	<u>\$ 584,189</u>	<u>\$ 7,433,176</u>

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2015

	Program Services			
	Special Program	Patient and Family Services		
	Daycare	Family Consultants	Case Management	Crisis Line
Salaries	\$ 2,122,964	\$ 675,000	\$ 202,750	\$ 22,778
Contract labor	89,151	-	-	-
Employee benefits	346,686	79,854	28,501	1,052
Payroll taxes	165,787	51,711	15,634	1,733
Total personnel and related expenses	2,724,588	806,565	246,885	25,563
Interest expense	2,205	706	211	24
Bad debt expense	3,516	-	-	-
Professional fees	68,244	20,309	6,085	688
Office supplies and stationary	15,887	10,795	1,991	129
Telephone	59,285	22,925	6,338	2,953
Postage and shipping	8,456	2,605	555	63
Occupancy				
Rent	179,743	49,340	5,934	238
In-kind rent	317,462	33,065	7,442	841
Utilities and other	13,366	2,215	280	4
Equipment maintenance	180,889	43,292	3,776	387
Travel	10,489	14,500	5,529	177
Conferences and meetings	8,382	1,709	498	60
Publicity, advertising and educational outreach	91,154	28,114	8,369	946
Recruiting	18,970	7,669	771	42
Program food	321,105	-	-	-
Program supplies	197,115	50,925	2,006	227
Insurance	42,969	10,052	2,947	333
Miscellaneous	9,418	2,930	370	30
Hospitality services	749	1	-	-
Total expenses before depreciation and amortization	4,273,992	1,107,717	299,987	32,705
Depreciation and amortization	64,073	5,189	1,605	140
Total expenses	\$ 4,338,065	\$ 1,112,906	\$ 301,592	\$ 32,845

<u>Program Services</u>		<u>Supporting Services</u>				
<u>Other Services</u>		<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
<u>Education and Training</u>	<u>Volunteer Services</u>					
\$ 173,818	\$ 52,818	\$ 3,250,128	\$ 25,303	\$ 229,976	\$ 255,279	\$ 3,505,407
-	-	89,151	-	-	-	89,151
15,558	4,436	476,087	3,093	25,557	28,650	504,737
12,980	4,102	251,947	1,855	17,718	19,573	271,520
202,356	61,356	4,067,313	30,251	273,251	303,502	4,370,815
182	55	3,383	112	241	353	3,736
-	-	3,516	-	-	-	3,516
97,247	1,591	194,164	140,443	6,924	147,367	341,531
44,216	287	73,305	580	7,149	7,729	81,034
3,496	568	95,565	1,152	7,159	8,311	103,876
5,692	145	17,516	294	2,855	3,149	20,665
1,811	549	237,615	1,113	6,224	7,337	244,952
6,416	1,946	367,172	3,945	8,468	12,413	379,585
32	10	15,907	20	286	306	16,213
4,000	1,195	233,539	1,813	7,393	9,206	242,745
3,050	320	34,065	292	6,730	7,022	41,087
1,012	130	11,791	264	1,400	1,664	13,455
13,574	2,188	144,345	4,436	17,753	22,189	166,534
1,057	179	28,688	190	3,776	3,966	32,654
-	-	321,105	-	-	-	321,105
10,983	522	261,778	1,059	2,440	3,499	265,277
2,541	771	59,613	1,562	3,354	4,916	64,529
7,539	70	20,357	23,126	3,279	26,405	46,762
126,997	155	127,902	1,966	39,347	41,313	169,215
532,201	72,037	6,318,639	212,618	398,029	610,647	6,929,286
1,068	324	72,399	656	1,776	2,432	74,831
<u>\$ 533,269</u>	<u>\$ 72,361</u>	<u>\$ 6,391,038</u>	<u>\$ 213,274</u>	<u>\$ 399,805</u>	<u>\$ 613,079</u>	<u>\$ 7,004,117</u>

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Increase in net assets	\$ 320,090	\$ 417,646
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	97,265	74,831
Provision for doubtful accounts	-	1,500
Write-off of pledge receivable	86,525	-
Realized and unrealized (gains) losses	17,086	(36,927)
Changes in operating assets and liabilities		
Accounts receivable	17,457	(367,753)
Contributions receivable	61,571	147,334
Prepaid expenses	(33,169)	(12)
Deposits and other assets	4,925	(5,560)
Accounts payable	61,806	3,069
Accrued expenses	55,595	39,763
Deferred revenue	(11,373)	(3,368)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>677,778</u>	<u>270,523</u>
INVESTING ACTIVITIES		
Sales and maturities of investments	440,018	388,826
Purchases of investments	(1,007,702)	(190,983)
Purchases of property and equipment	(517,572)	(404,125)
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,085,256)</u>	<u>(206,282)</u>
FINANCING ACTIVITIES		
Borrowings on note payable	17,751	-
Principal repayments on note payable	(4,931)	-
Borrowings on line of credit	705,000	1,035,000
Repayments on line of credit	(275,000)	(1,035,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>442,820</u>	<u>-</u>
Increase in cash and cash equivalents	35,342	64,241
Cash and cash equivalents, beginning of year	<u>250,105</u>	<u>185,864</u>
Cash and cash equivalents, end of year	<u><u>\$ 285,447</u></u>	<u><u>\$ 250,105</u></u>

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Organization: Alzheimer's Community Care, Inc. ("ACC") is a community-based, 501(c)(3), not-for-profit organization serving Palm Beach, Martin and St. Lucie counties and is registered with the Florida Secretary of State in Tallahassee, Florida. ACC was incorporated in October 1996 by a group of local residents who were concerned about the growing number of people affected by Alzheimer's disease. The strategic principle established by ACC is that "We place a safety net around patients and caregivers every day."

ACC is free of religious, political, national or cultural affiliations. The mission of the Organization is "to promote and provide specialized, quality, and compassionate care within a community-based environment for patients and caregivers living with Alzheimer's disease and related neurocognitive disorders.

As of December 31, 2013, ACC received accreditation by the Joint Commission, the largest international accrediting organization for healthcare providers (hospitals, nursing homes, day care, hospice, etc.), a not-for-profit organization that is highly respected for setting certain performance standards that reflect evidence based outcomes.

The evidence based outcomes that have been tested as being successful have been incorporated within ACC's "Model of Care" and are effective for preserving our families' quality of life, providing safety and security, and ensuring their well-being throughout the duration of the disease process. The disease can last for 2 to 20 years with an average of 10 years. During the years ended June 30, 2016 and 2015, ACC provided various services to patients and families affected by Alzheimer's disease and related disorders. The following are the major services provided:

Core Services

- Family Nurse Consultant Services
- 11 Specialized Adult Day Care Centers
- Professional and Community Education
- 24/7 Alzheimer's Crisis Line
- Case Management
- ID Locator Bracelet Program
- Caregiver Support Groups

Wrap Around Services

- Information and Referral
- Volunteer Services
- Quarterly Alzheimer's Magazine
- Website, SociAlz, Alzcare.org
- Specialized Disaster Preparedness/Special Needs Shelter
- Advocacy

The Alzheimer's Community Care Foundation, Inc. (the "Foundation") was incorporated in the State of Florida as a not-for-profit corporation in July 2008. The Foundation was organized exclusively for the benefit of ACC, to be the custodian of financial gifts and to promote and advise philanthropic actions for the common good of ACC. The Foundation has no members and ACC appoints the Board of the

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foundation. Accordingly, the Foundation is required by U.S. generally accepted accounting principles (GAAP) to be consolidated with ACC.

Principles of Consolidation: The accompanying financial statements are consolidated to include the accounts of ACC and the Foundation (collectively, the "Organization"). All intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Net assets and revenue, gains and losses of the Organization are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets are those currently available for use in the current operation of the Organization under the direction of the Board, and those resources invested in property and equipment.

Temporarily restricted net assets are those stipulated by donors for specific operational purposes or for the acquisition of property and equipment; or those not currently available for use until commitments regarding their use have been fulfilled.

Permanently restricted net assets are those that are permanently restricted due to donor-imposed stipulations while permitting the Organization to use part or all of the derived income (or other economic benefit).

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including Board designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

Cash and Cash Equivalents: Cash and cash equivalents include amounts on deposit with financial institutions in checking accounts and money market accounts. For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash in high quality financial institutions which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe its cash accounts are exposed to any significant credit risk. At June 30, 2016 and 2015, the deposits with all financial institutions exceeded federal deposit insurance by approximately \$3,000 and \$4,000, respectively.

Investments: Investments are presented in the consolidated financial statements at fair value, using quoted market prices for publicly traded securities and other relevant information generated by market transactions. The Organization invests in equity and fixed income exchange traded funds (ETF's) and mutual funds. The Organization contracts with an investment manager to perform ongoing investment functions. All investments are held by a trust company for the benefit of the Organization, but are not insured or collateralized. Investment transactions are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date.

Accounts Receivable: Accounts receivable consist primarily of monthly billings for the Organization's daycare clients residing in Palm Beach, Martin and St. Lucie Counties. Accounts receivable for daycare

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

operations are uncollateralized. An allowance for doubtful accounts is provided for receivables when there is a question as to ultimate collectability. Receivables are written off when management has determined that the amount will not be collected. Collections on accounts previously written off are included in other support when received.

Contributions Receivable: Contributions receivable consist of unconditional promises to give from donors that are restricted by donor-imposed time restrictions or for specific programs. Payments received on contributions are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Contributions receivable in more than one year are discounted to their estimated net present value using a risk free interest rate at the date of contribution. The discount is amortized to contribution income over the term of the receivable.

Property and Equipment: Property and equipment over \$2,500 is capitalized and stated at cost, if purchased by the Organization or at the fair value of the asset on the date of the gift, if received as a donation. Donated assets are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted net assets. Absent donor stipulations regarding how long donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is determined on a straight-line basis over the estimated useful life of the asset, generally 40 years for buildings and five to seven years for all other property and equipment. Amortization of leasehold improvements is included with depreciation expense.

Contributions, Revenue and Expenses: The Organization recognizes contributions as income in the period received. Contributions are reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Fees for patient services are recognized when the services are performed and other revenue is recognized when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

In-Kind Contributions: The Organization records various types of in-kind support including contributed meals, goods, services and facility rent. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are recognized at fair value when received by the Organization. Contributed meals and goods and services for the daycare program recorded for the years ended June 30, 2016 and 2015, totaled \$120,000 and \$122,244, respectively. Contributed facility rent recorded for the years ended June 30, 2016 and 2015, totaled \$411,562 and \$379,585, respectively.

The Organization also receives a significant amount of skilled, contributed time, which does not meet the recognition criteria described above. The contributed time not reflected in the accompanying consolidated financial statements was valued at approximately \$150,000 and \$160,000 for the years ended

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

June 30, 2016 and 2015, respectively. Concerned members of the community who occasionally sponsor fundraising events on behalf of the Organization underwrite the costs of those events. Accordingly, since no objective basis is available to measure the value of such contributions, they are not reflected in the accompanying consolidated financial statements.

Government Grants: Government grants are subject to annual renewal and periodic amendment and require the fulfillment of certain conditions as set forth in each grant agreement. Amounts received or receivable from grantor agencies may be subject to audit by those agencies and any disallowed expenses, including amounts already received, might constitute a liability of the Organization for return of those funds. Management believes that the Organization has met all requirements and objectives of the grantor agencies and considers it unlikely that any material amount of funds would be returned. In addition to revenue recorded as government grants, the Organization also received State financial assistance on a fee for service basis totaling \$2,000,000 and \$2,500,000 for the years ended June 30, 2016 and 2015, respectively, that was recorded as program service revenue. State financial assistance represented approximately 26% and 34% of total revenue and other support for the years ended June 30, 2016 and 2015, respectively.

Advertising Costs: Advertising costs are charged to expense as incurred. Total expense for the years ended June 30, 2016 and 2015, was approximately \$18,000 and \$17,000, respectively.

Compensated Absences: The Organization combines all compensated absence categories into one program called Paid Time Off (PTO). The Organization accrues unused PTO when earned by employees. Employees of the Organization may accumulate unused PTO leave after one year of service depending on their job classification and length of service. Accumulated PTO is payable to employees with five or more years of service, upon either termination or retirement with proper notice, at the pay rate on that date. If an employee separates during the first five years of employment the employee will not be paid any accumulated PTO.

Functional Allocation of Expenses: The costs of providing the various services the Organization offers 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.

Income Taxes: ACC and the Foundation are exempt from income taxes as public charities under the provisions of Internal Revenue Code Section 501(c)(3).

The Organization evaluates its uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax-exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Organization has any significant uncertain tax positions that would be material to the consolidated financial statements. The Organization's tax returns for tax years prior to 2013 are no longer subject to examination by taxing authorities.

Use of Estimates and Assumptions: Management uses estimates and assumptions in preparing consolidated financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: The Organization has evaluated subsequent events through September 29, 2016, which is the date the consolidated financial statements were available to be issued.

NOTE B - INVESTMENTS

Investments at June 30, 2016 and 2015, are summarized as follows:

	<u>2016</u>	<u>2015</u>
Mutual funds		
Equity	\$ 6,418	\$ 2,619
Fixed income	983,414	919,181
Exchange traded funds		
Equity	3,997,903	3,622,598
Fixed income	<u>1,653,694</u>	<u>1,546,433</u>
Total	<u>\$ 6,641,429</u>	<u>\$ 6,090,831</u>

The Organization's investments are exposed to various risks, such as market risk, interest rate risk, custodial credit risk, and concentration of credit risk. Due to the various risks associated with the Organization's investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Investment income for 2016 and 2015, consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividend income	\$ 159,125	\$ 105,056
Realized and unrealized gains (losses)	<u>(17,086)</u>	<u>36,927</u>
Investment income	<u>\$ 142,039</u>	<u>\$ 141,983</u>

NOTE C - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30, 2016 and 2015, total \$75,000 and \$223,096, respectively, and are expected to be collected as follows:

	<u>2016</u>	<u>2015</u>
Receivable in less than one year	\$ 75,000	\$ 75,000
Receivable in one to two years	<u>-</u>	<u>150,000</u>
Total contributions receivable	75,000	225,000
Present value discounts	<u>-</u>	<u>(1,904)</u>
Contributions receivable, net	<u>\$ 75,000</u>	<u>\$ 223,096</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE C - CONTRIBUTIONS RECEIVABLE (Continued)

The present value discount was calculated using a discount rate of 0.45%. The discount will be recognized as contribution income over future years.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2016 and 2015, are summarized as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 28,426	\$ 28,426
Buildings	838,866	838,866
Leasehold improvements	1,385,006	601,897
Furniture and equipment	375,476	279,976
Vehicle	44,251	34,707
Construction in progress	<u>19,898</u>	<u>424,069</u>
	2,691,923	2,207,941
Less accumulated depreciation and amortization	<u>(858,851)</u>	<u>(795,176)</u>
Total	<u>\$ 1,833,072</u>	<u>\$ 1,412,765</u>

NOTE E - NOTE PAYABLE

In August 2015, the Organization entered into a financing agreement for a vehicle in the amount of \$17,751. The financing agreement required payments of \$493 per month through August 2018. The interest rate on the note payable was 0% per annum and the note was secured by the purchased vehicle. The vehicle has a net book value of \$36,138 at June 30, 2016. The outstanding balance on the note payable at June 30, 2016 was \$12,820.

Aggregate principal maturities on the note payable as of June 30, 2016, were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 5,917
2018	5,917
2019	<u>986</u>
Total	<u>\$ 12,820</u>

NOTE F - LINE OF CREDIT

At June 30, 2016, the Organization had a \$500,000 line of credit with a variable interest rate equal to the LIBOR Rate Index plus 2.75% (2.9% at June 30, 2016). The line of credit had an outstanding balance of

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE F - LINE OF CREDIT (Continued)

\$430,000 and \$0 at June 30, 2016 and 2015, respectively. The Organization has pledged its personal property, receivables, inventory, investments, equipment, deposits, and other assets as defined in the collateral agreement. The line of credit matures on March 31, 2017.

The Organization incurred and paid total interest costs on all debt of \$6,182 and \$3,736 for the years ended June 30, 2016 and 2015, respectively.

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

Temporary restrictions on assets are imposed by donors and include restrictions for specified programs or purposes. In addition, contributions that are receivable over a period of time are considered temporarily restricted until the cash is received, whereupon the time restriction is released. At June 30, 2016 and 2015, temporarily restricted net assets consisted of the following:

	<u>2016</u>	<u>2015</u>
Purpose Restrictions		
Restricted for scholarships	\$ 6,960	\$ 180,406
Restricted for nursing accreditation	145,875	12,592
Restricted for day care and music therapy	<u>50,000</u>	<u>141,397</u>
Total purpose restrictions	202,835	334,395
Time Restrictions		
Contributions receivable in future years	<u>75,000</u>	<u>223,096</u>
Total	<u>\$ 277,835</u>	<u>\$ 557,491</u>

NOTE H - PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS

The Organization's endowment consists of a number of donor restricted endowment funds reported as permanently restricted net assets and consisting of contributions that must be maintained in perpetuity. The earnings on endowment assets are used to support the Organization's activities. Permanently restricted net assets totaled \$60,643 at June 30, 2016 and 2015.

FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. The State of Florida enacted a version of UPMIFA effective July 1, 2012, known as the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) that governs the investment and management of donor-restricted endowment funds by Florida not-for-profit organizations.

Absent explicit donor stipulations, FUPMIFA generally requires prudent care in investing, managing and developing spending plans for donor-restricted endowment funds. As a result, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; (c) accumulations to the

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE H - PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS (Continued)

permanent endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the endowment; and, (d) the portion of investment earnings added to the permanent endowment to maintain its purchasing power.

The Organization's current endowment funds do not require any portion of the investment earnings to be added to the endowment and, accordingly, all investment earnings are recorded as unrestricted and used to support the ongoing operations of the Organization. The Organization considers the following factors in making a determination to expend donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

There were no changes in endowment assets for the years ended June 30, 2016 and 2015.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain in perpetuity. These deficiencies generally result from unfavorable market declines in the Organization's endowment investments and are reported as reductions to unrestricted net assets. There were no endowment fund deficiencies at June 30, 2016 and 2015.

Investment Objective and Risk Parameters: The Organization has adopted investment policies for endowment assets that attempt to provide for moderate current income to fund programs supported by the endowment assets. Under the policy approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce market interest returns, while assuming a minimal level of investment risk. The Organization expects its endowment assets, over time, to provide an average rate of return of approximately 3% annually. Actual returns in any given year may vary from this amount.

Strategies for Achieving Investment Objectives: To satisfy its investment rate of return objectives, the Organization relies on a conservative strategy to produce investment returns from current earnings (interest and dividends) rather than market appreciation. The Organization targets an asset allocation that places the greatest emphasis on insured deposits to achieve its annual return objectives.

Spending Policy: The Organization does not have a policy for appropriating expenditures from endowment assets beyond investment income. This is consistent with the Organization's objective to maintain the endowment assets in perpetuity and provide additional growth through new gifts.

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Inputs are unobservable for the assets or liabilities.

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

Items Measured at Fair Value on a Recurring Basis: The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820:

Mutual funds: Valued at the net asset value ("NAV") of the shares held by the Organization at year end as reported on a national stock exchange.

Exchange traded funds: Valued at the closing price of the funds as reported on a national stock exchange.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies during the years ended June 30, 2016 and 2015.

Fair Value of Assets and Liabilities: The Organization's financial assets measured at fair value on a recurring basis at June 30, 2016 and 2015, were all Level 1 assets and are summarized as follows:

	<u>2016</u>	<u>2015</u>
Assets		
Mutual funds		
Equity	\$ 6,418	\$ 2,619
Fixed income	983,414	919,181
Exchange traded funds		
Domestic equity	2,824,968	2,570,224
International equity	1,172,935	1,052,374
Fixed income	<u>1,653,694</u>	<u>1,546,433</u>
Total Fair Value	<u>\$ 6,641,429</u>	<u>\$ 6,090,831</u>

There were no liabilities measured at fair value on a recurring basis at June 30, 2016 and 2015.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE J - RETIREMENT PLAN

The Organization administers a 401(k) retirement plan (the "Plan") that was adopted on January 1, 2007, and subsequently amended on July 1, 2009. Employees are eligible to participate in the Plan after completing one year of service and may contribute a maximum of 25% of their pre-tax annual compensation, as defined in the Plan, up to the maximum allowable limits established by the Internal Revenue Code. Participants who turn 50 during the plan year may make additional pre-tax contributions pursuant to the Catch-Up Elective Contributions of the Internal Revenue Service regulations. The Organization may make matching or discretionary contributions to the Plan. Currently, employees receive safe harbor matching contributions of 100% of salary deferrals up to 3% of total compensation, plus 50% matching contributions on salary deferrals from 3% to 5% of total compensation. The matching contributions by the Organization to the Plan for the years ended June 30, 2016 and 2015, were \$58,744 and \$61,830, respectively. No discretionary contributions were made for 2016 or 2015.

NOTE K - RELATED PARTY TRANSACTIONS

The Organization conducts general business transactions with various companies that have Board member affiliations. In addition, several board members made cash contributions to the Organization. The Board of Directors is made aware of these transactions and none of these transactions are material to the consolidated financial statements.

NOTE L - LEASE COMMITMENTS

The Organization conducts its operations from several facilities that are leased with various expiration dates through June 2035 with the option of renewing through 2045 if conditional requirements are met. Certain of the facilities leased by the Organization require annual rental payments of one dollar and reimbursement for common area maintenance expenses. The difference between the estimated fair value rental of these facilities and the one dollar rental paid by the Organization is recorded as contribution revenue and in-kind rent expense. The required rental payments are recorded as rent expense. The Organization incurred \$287,781 and \$244,952 in rent expense and recorded \$411,562 and \$379,585 for in-kind rent expense for the years ended June 30, 2016 and 2015, respectively.

The approximate minimum future rental payments, including required common area maintenance expense, under non-cancelable operating leases at June 30, 2016, are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2017	\$ 286,000
2018	257,000
2019	213,000
2020	205,000
2021	182,000
Thereafter	<u>1,236,000</u>
	<u>\$ 2,379,000</u>

CONSOLIDATING INFORMATION

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2016

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 266,810	\$ 18,637	\$ -	\$ 285,447
Investments	6,418	6,635,011	-	6,641,429
Accounts receivable, net	773,634	-	-	773,634
Current portion of contributions receivable	75,000	-	-	75,000
Prepaid expenses	96,083	-	-	96,083
TOTAL CURRENT ASSETS	<u>1,217,945</u>	<u>6,653,648</u>	<u>-</u>	<u>7,871,593</u>
PROPERTY AND EQUIPMENT, net	1,833,072	-	-	1,833,072
OTHER ASSETS				
Donated assets held for resale	3,390	-	-	3,390
Deposits and other assets	8,720	-	-	8,720
	<u>12,110</u>	<u>-</u>	<u>-</u>	<u>12,110</u>
	<u>\$ 3,063,127</u>	<u>\$ 6,653,648</u>	<u>\$ -</u>	<u>\$ 9,716,775</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 157,662	\$ -	\$ -	\$ 157,662
Accrued expenses	300,885	-	-	300,885
Deferred revenue	3,300	-	-	3,300
Line of credit	430,000	-	-	430,000
Current portion of note payable	5,917	-	-	5,917
TOTAL CURRENT LIABILITIES	<u>897,764</u>	<u>-</u>	<u>-</u>	<u>897,764</u>
NOTE PAYABLE, net of current portion	6,903	-	-	6,903
TOTAL LIABILITIES	<u>904,667</u>	<u>-</u>	<u>-</u>	<u>904,667</u>
NET ASSETS				
Unrestricted	1,880,625	6,593,005	-	8,473,630
Temporarily restricted	277,835	-	-	277,835
Permanently restricted	-	60,643	-	60,643
TOTAL NET ASSETS	<u>2,158,460</u>	<u>6,653,648</u>	<u>-</u>	<u>8,812,108</u>
	<u>\$ 3,063,127</u>	<u>\$ 6,653,648</u>	<u>\$ -</u>	<u>\$ 9,716,775</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2015

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 235,959	\$ 14,146	\$ -	\$ 250,105
Investments	2,619	6,088,212	-	6,090,831
Accounts receivable, net	791,091	-	-	791,091
Current portion of contributions receivable	75,000	-	-	75,000
Due from related parties	5,396	-	(5,396)	-
Prepaid expenses	62,914	-	-	62,914
TOTAL CURRENT ASSETS	<u>1,172,979</u>	<u>6,102,358</u>	<u>(5,396)</u>	<u>7,269,941</u>
PROPERTY AND EQUIPMENT, net	1,412,765	-	-	1,412,765
OTHER ASSETS				
Contributions receivable, less current portion	148,096	-	-	148,096
Donated assets held for resale	3,390	-	-	3,390
Deposits and other assets	13,645	-	-	13,645
	<u>165,131</u>	<u>-</u>	<u>-</u>	<u>165,131</u>
	<u>\$ 2,750,875</u>	<u>\$ 6,102,358</u>	<u>\$ (5,396)</u>	<u>\$ 8,847,837</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 95,856	\$ -	\$ -	\$ 95,856
Accrued expenses	245,290	-	-	245,290
Due to related parties	-	5,396	(5,396)	-
Deferred revenue	14,673	-	-	14,673
TOTAL CURRENT LIABILITIES	<u>355,819</u>	<u>5,396</u>	<u>(5,396)</u>	<u>355,819</u>
NET ASSETS				
Unrestricted	1,837,565	6,036,319	-	7,873,884
Temporarily restricted	557,491	-	-	557,491
Permanently restricted	-	60,643	-	60,643
TOTAL NET ASSETS	<u>2,395,056</u>	<u>6,096,962</u>	<u>-</u>	<u>8,492,018</u>
	<u>\$ 2,750,875</u>	<u>\$ 6,102,358</u>	<u>\$ (5,396)</u>	<u>\$ 8,847,837</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
REVENUE AND OTHER SUPPORT				
Program services	\$ 4,273,203	\$ -	\$ -	\$ 4,273,203
Contributions	2,019,092	737,221	(279,912)	2,476,401
Government grants	626,992	-	-	626,992
United Way	147,600	-	-	147,600
Special events	167,646	-	-	167,646
Dividend and interest income	431	158,694	-	159,125
Realized and unrealized gains (losses)	3,447	(20,533)	-	(17,086)
Other revenue	5,910	-	-	5,910
	<u>7,244,321</u>	<u>875,382</u>	<u>(279,912)</u>	<u>7,839,791</u>
EXPENSES AND LOSSES				
Program services				
Special program				
Daycare	4,701,978	-	-	4,701,978
Patient and family services				
Family consultants	1,211,425	-	-	1,211,425
Case management	302,345	-	-	302,345
Crisis line	33,517	-	-	33,517
Other services				
Education and training	513,884	-	-	513,884
Volunteer services	85,838	-	-	85,838
Total program services	<u>6,848,987</u>	<u>-</u>	<u>-</u>	<u>6,848,987</u>
Supporting services				
Management and general	177,685	38,784	-	216,469
Fundraising	367,720	-	-	367,720
Contribution to Alzheimer's Community Care, Inc.	-	279,912	(279,912)	-
Total supporting services	<u>545,405</u>	<u>318,696</u>	<u>(279,912)</u>	<u>584,189</u>
Total expenses	<u>7,394,392</u>	<u>318,696</u>	<u>(279,912)</u>	<u>7,433,176</u>
Write-off of pledge receivable	86,525	-	-	86,525
Total expenses and losses	<u>7,480,917</u>	<u>318,696</u>	<u>(279,912)</u>	<u>7,519,701</u>
Increase (decrease) in net assets	(236,596)	556,686	-	320,090
Net assets, beginning of year	<u>2,395,056</u>	<u>6,096,962</u>	<u>-</u>	<u>8,492,018</u>
Net assets, end of year	<u>\$ 2,158,460</u>	<u>\$ 6,653,648</u>	<u>\$ -</u>	<u>\$ 8,812,108</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
REVENUE AND OTHER SUPPORT				
Program services	\$ 4,392,158	\$ -	\$ -	\$ 4,392,158
Contributions	2,100,942	-	(300,000)	1,800,942
Government grants	674,494	-	-	674,494
United Way	164,100	-	-	164,100
Special events	242,147	-	-	242,147
Dividend and interest income	183	104,873	-	105,056
Realized and unrealized gains	1,120	35,807	-	36,927
Other revenue	5,939	-	-	5,939
	<u>7,581,083</u>	<u>140,680</u>	<u>(300,000)</u>	<u>7,421,763</u>
Total revenue and other support	7,581,083	140,680	(300,000)	7,421,763
EXPENSES				
Program services				
Special program				
Daycare	4,338,065	-	-	4,338,065
Patient and family services				
Family consultants	1,112,906	-	-	1,112,906
Case management	301,592	-	-	301,592
Crisis line	32,845	-	-	32,845
Other services				
Education and training	533,269	-	-	533,269
Volunteer services	72,361	-	-	72,361
Total program services	<u>6,391,038</u>	<u>-</u>	<u>-</u>	<u>6,391,038</u>
Supporting services				
Management and general	196,056	17,218	-	213,274
Fundraising	399,805	-	-	399,805
Contribution to Alzheimer's Community Care, Inc.	-	300,000	(300,000)	-
Total supporting services	<u>595,861</u>	<u>317,218</u>	<u>(300,000)</u>	<u>613,079</u>
Total expenses	<u>6,986,899</u>	<u>317,218</u>	<u>(300,000)</u>	<u>7,004,117</u>
	<u>594,184</u>	<u>(176,538)</u>	<u>-</u>	<u>417,646</u>
Increase (decrease) in net assets	594,184	(176,538)	-	417,646
Net assets, beginning of year	<u>1,800,872</u>	<u>6,273,500</u>	<u>-</u>	<u>8,074,372</u>
Net assets, end of year	<u>\$ 2,395,056</u>	<u>\$ 6,096,962</u>	<u>\$ -</u>	<u>\$ 8,492,018</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
OPERATING ACTIVITIES				
Increase (decrease) in net assets	\$ (236,596)	\$ 556,686	\$ -	\$ 320,090
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities				
Depreciation and amortization	97,265	-	-	97,265
Write-off of pledge receivable	86,525	-	-	86,525
Realized and unrealized (gains) losses	(3,447)	20,533	-	17,086
Changes in operating assets and liabilities				
Accounts receivable	17,457	-	-	17,457
Contributions receivable	61,571	-	-	61,571
Due from related parties	5,396	-	(5,396)	-
Prepaid expenses	(33,169)	-	-	(33,169)
Deposits and other assets	4,925	-	-	4,925
Accounts payable	61,806	-	-	61,806
Accrued expenses	55,595	-	-	55,595
Due to related parties	-	(5,396)	5,396	-
Deferred revenue	(11,373)	-	-	(11,373)
NET CASH PROVIDED BY OPERATING ACTIVITIES	105,955	571,823	-	677,778
INVESTING ACTIVITIES				
Sales and maturities of investments	(352)	440,370	-	440,018
Purchases of investments	-	(1,007,702)	-	(1,007,702)
Purchases of property and equipment	(517,572)	-	-	(517,572)
NET CASH USED IN INVESTING ACTIVITIES	(517,924)	(567,332)	-	(1,085,256)
FINANCING ACTIVITIES				
Borrowings on note payable	17,751	-	-	17,751
Principal repayments on note payable	(4,931)	-	-	(4,931)
Borrowings on line of credit	705,000	-	-	705,000
Repayments on line of credit	(275,000)	-	-	(275,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	442,820	-	-	442,820
Increase in cash and cash equivalents	30,851	4,491	-	35,342
Cash and cash equivalents, beginning of year	235,959	14,146	-	250,105
Cash and cash equivalents, end of year	<u>\$ 266,810</u>	<u>\$ 18,637</u>	<u>\$ -</u>	<u>\$ 285,447</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
OPERATING ACTIVITIES				
Increase (decrease) in net assets	\$ 594,184	\$ (176,538)	\$ -	\$ 417,646
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities				
Depreciation and amortization	74,831	-	-	74,831
Provision for doubtful accounts	1,500	-	-	1,500
Realized and unrealized gains	(1,120)	(35,807)	-	(36,927)
Changes in operating assets and liabilities				
Accounts receivable	(367,753)	-	-	(367,753)
Contributions receivable	147,334	-	-	147,334
Due from related parties	(5,396)	-	5,396	-
Prepaid expenses	(12)	-	-	(12)
Deposits and other assets	(5,560)	-	-	(5,560)
Accounts payable	3,163	(94)	-	3,069
Accrued expenses	39,763	-	-	39,763
Due to related parties	-	5,396	(5,396)	-
Deferred revenue	(3,368)	-	-	(3,368)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	477,566	(207,043)	-	270,523
INVESTING ACTIVITIES				
Sales and maturities of investments	456	388,370	-	388,826
Purchases of investments	-	(190,983)	-	(190,983)
Purchases of property and equipment	(404,125)	-	-	(404,125)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(403,669)	197,387	-	(206,282)
FINANCING ACTIVITIES				
Borrowing on line of credit	1,035,000	-	-	1,035,000
Repayments on line of credit	(1,035,000)	-	-	(1,035,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-	-	-
Increase (decrease) in cash and cash equivalents	73,897	(9,656)	-	64,241
Cash and cash equivalents, beginning of year	162,062	23,802	-	185,864
Cash and cash equivalents, end of year	<u>\$ 235,959</u>	<u>\$ 14,146</u>	<u>\$ -</u>	<u>\$ 250,105</u>

REPORTS ON STATE FINANCIAL ASSISTANCE

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY
SCHEDULE OF FUNCTIONAL EXPENSES BY GRANT PROGRAM

Year Ended June 30, 2016

	<u>Daycare Program Services</u>		
	State of Florida Department of Elder Affairs (DOEA) Grant Program	Non-DOEA Grant Services	Total Program Services
Functional Expenses			
Salaries	\$ 919,355	\$ 1,312,719	\$ 2,232,074
Payroll taxes and benefits	250,024	357,002	607,026
Travel	32,066	45,786	77,852
Communications and postage	31,990	45,678	77,668
Utilities	5,887	8,406	14,293
Advertising	10,479	14,962	25,441
Insurance	27,286	38,962	66,248
Equipment maintenance	87,107	124,377	211,484
Printing and supplies	5,821	8,312	14,133
Building cost	231,242	330,183	561,425
Professional fees	68,606	97,960	166,566
Program supplies	75,381	107,635	183,016
Depreciation	35,130	50,161	85,291
Food and food supplies	143,398	204,753	348,151
Other	12,896	18,414	31,310
	<u>\$ 1,936,668</u>	<u>\$ 2,765,310</u>	<u>\$ 4,701,978</u>
Total functional expenses after allocation			
	<u>193,667</u>		
Total units of service			

<u>Case Management Program Services</u>			Total
Florida			Florida
Department of	Non-DOEA	Total	Department of
Elder Affairs	Grant	Program	Elder Affairs
(DOEA) Grant	Services	Services	(DOEA) Grant
Program			Program
\$ 41,515	\$ 156,674	\$ 198,189	\$ 960,870
9,204	34,734	43,938	259,228
1,291	4,870	6,161	33,357
1,510	5,700	7,210	33,500
57	216	273	5,944
466	1,761	2,227	10,945
796	3,006	3,802	28,082
1,695	6,395	8,090	88,802
422	1,591	2,013	6,243
2,711	10,229	12,940	233,953
2,966	11,195	14,161	71,572
69	260	329	75,450
349	1,317	1,666	35,479
-	-	-	143,398
281	1,065	1,346	13,177
<u>\$ 63,332</u>	<u>\$ 239,013</u>	<u>\$ 302,345</u>	<u>\$ 2,000,000</u>
<u>2,106</u>			



CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292
FAX (561) 832-9455

info@cdlcpa.com

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
MICHAEL J. NALEZYTY, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

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Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
Alzheimer's Community Care, Inc. and Subsidiary
West Palm Beach, Florida

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Alzheimer's Community Care, Inc. and Subsidiary (the "Organization", a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cale, Douten, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
September 29, 2016

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2016

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>2016 Project Expenditures</u>	<u>Transfers to Subrecipients</u>
State Financial Assistance				
State of Florida Department of Elder Affairs				
Pass-through from Area Agency on Aging Palm Beach/Treasure Coast, Inc. Alzheimer's Disease Initiative	65.004	IZ012-9504	<u>\$ 2,000,000</u>	<u>\$ -</u>
Total State of Florida Department of Elder Affairs			<u><u>\$ 2,000,000</u></u>	<u><u>\$ -</u></u>

See notes to schedule of expenditures of state financial assistance.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO SCHEDULE OF EXPENDITURES
OF STATE FINANCIAL ASSISTANCE

June 30, 2016

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the State grant activity of Alzheimer's Community Care, Inc. and Subsidiary (the "Organization") and is presented in accordance with the requirements of the Florida Single Audit Act and Chapter 10.650, Rules of the Auditor General for the State of Florida. Grant expenditures are presented on the accrual basis of accounting.

NOTE B - SCOPE OF AUDIT

The Organization did not receive federal awards in excess of \$500,000 and is not required to have an audit of federal funds in accordance with the provisions of OMB Uniform Guidance. State Financial Assistance Projects have been audited in accordance with the Florida Single Audit Act and Chapter 10.650, Rules of the Auditor General. The Organization had one state financial assistance project with expenditures meeting the definition of a Type A program under the provisions of the Florida Single Audit Act. The following Type A program was audited as a major State financial assistance project:

<u>State Project</u>	<u>State CSFA No.</u>
State of Florida Department of Elder Affairs Pass-through from Area Agency on Aging Palm Beach/Treasure Coast, Inc. Alzheimer's Disease Initiative	65.004

NOTE C - LOCAL MATCH EXPENDITURES

There were no local match expenditures required for the state financial assistance project.

NOTE D - CONTINGENCY

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the State of Florida. Any disallowed claims, including amounts already received, might constitute a liability of the Organization for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable State laws and regulations.



CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292
FAX (561) 832-9455

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Independent Auditor's Report on Compliance for Each Major
State Project and Report on Internal Control Over Compliance
Required by Chapter 10.650, Rules of the Auditor General

To the Board of Directors
Alzheimer's Community Care, Inc. and Subsidiary
West Palm Beach, Florida

Report on Compliance for Each Major State Project

We have audited Alzheimer's Community Care, Inc. and Subsidiary's (the "Organization") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on the Organization's major State Project for the year ended June 30, 2016. The Organization's major State project is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of State statutes, regulations, and the terms and conditions of its State project applicable to its State project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major State project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major State project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major State project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State project for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance which is required to be reported in accordance with Chapter 10.650, Rules of the Auditor General, and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on the major State project is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs, and corrective action plan. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Cale, Douton, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
September 29, 2016

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE PROJECTS

Year Ended June 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified Opinion*
Internal control over financial reporting:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified that are not
considered to be material weaknesses? Yes No
Noncompliance material to financial statements noted? Yes No

State Financial Assistance Projects

Internal control over major State Financial Assistance Projects:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified that are not
considered to be material weaknesses? Yes No
Type of auditor's report issued on compliance for major State
Financial Assistance Project: *Unmodified Opinion*
Any audit findings disclosed that are required to be
reported in accordance with Chapter 10.650,
Rules of the Auditor General? Yes No

Identification of Major State Financial Assistance Project:

State Project

Florida Department of Elder Affairs
Pass-through from Area Agency on Aging
Palm Beach/Treasure Coast, Inc.
Alzheimer's Disease Initiative

State CSFA No.

65.004

Dollar threshold used to distinguish between Type A and
Type B programs:

\$ 300,000

SECTION II - FINANCIAL STATEMENT FINDINGS

None

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE PROJECTS

Year Ended June 30, 2016

SECTION III - STATE PROJECT FINDINGS AND QUESTIONED COSTS

**Finding
Number**

Finding

2016-001

Grant Reporting

Florida Department of Elder Affairs

CSFA No. 65.004 – Alzheimer's Disease Initiative

Pass-through from Area Agency on Aging Palm Beach/Treasure Coast, Inc.

Criteria: Internal controls should provide for a review process to ensure that reports required by the Grant Agreement are filed timely. In accordance with Attachment IV of the Alzheimer's Disease Initiative Grant Agreement, the Organization is required to file certain reports with the Grantor by specific due dates.

The reports to be filed include monthly *Expenditure Reports*, *Minority Vendor Reports* and a *Final Expenditure and Closeout Report*.

Condition: The Final Expenditure and Closeout Report was not filed by the due date as required by the Grant Agreement. The Final Expenditure and Closeout Report was required to be filed by August 1, 2016, but was not submitted until August 16, 2016.

Questioned Costs: None

Context: During our review of reporting and other grant requirements, we noted that the Final Expenditure and Closeout Report, was not filed until after the due date.

Effect: The Grantor may delay reimbursement of funding to the Organization.

Cause: It appears that the Final Expenditure Closeout Report was filed late due to turnover of the staff person responsible for filing the Report.

Recommendation: We recommend that management review the current procedures for submitting reports to the granting agency and implement a cross-checking procedure to verify that reports have been submitted by the due date.

Views of responsible officials and planned corrective actions: A matrix is being developed that will contain all grant awards, contract periods and all required deliverables with their due dates. This will be reviewed by the Chief Operating Officer and other personnel as appropriate to ensure that all deliverables are met in a timely manner.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE PROJECTS

Year Ended June 30, 2016

SECTION IV - OTHER ISSUES

- a) No management letter is required because there were no findings required to be reported in the management letter.

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ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CORRECTIVE ACTION PLAN - STATE PROJECTS

Year Ended June 30, 2016

STATE PROJECT

2016-001 Grant Reporting

Florida Department of Elder Affairs

CSFA No. 65.004 – Alzheimer's Disease Initiative

Pass-through from Area Agency on Aging Palm Beach/Treasure Coast, Inc.

Finding: The Final Expenditure and Closeout Report was not filed by the due date as required by the Grant Agreement. The Final Expenditure and Closeout Report was required to be filed by August 1, 2016, but was not submitted until August 16, 2016.

Recommendation: We recommend that management review the current procedures for submitting reports to the granting agency and implement a cross-checking procedure to verify that reports have been submitted by the due date.

Management Response: A matrix is being developed that will contain all grant awards, contract periods and all required deliverables with their due dates. This will be reviewed by the Chief Operating Officer and other personnel as appropriate to ensure that all deliverables are met in a timely manner.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS -
STATE PROJECTS

Year Ended June 30, 2016

**Finding
Number**

Finding

2015-001

**Grant Reporting
Florida Department of Elder Affairs
CSFA No. 65.004 – Alzheimer's Disease Initiative
Pass-through from Area Agency on Aging, Palm Beach/Treasure Coast, Inc.**

Condition: The Final Expenditure and Closeout Report was not filed by the due date as required by the Grant Agreement. The Final Expenditure and Closeout Report was required to be filed by August 1, 2015, but was not submitted until August 6, 2015.

Auditor's Recommendation: We recommend that management review the current procedures for submitting reports to the granting agency and implement a cross-checking procedure to verify that reports have been submitted by the due date.

Current Status: The Organization filed the close out report for the year ended June 30, 2015, and finding 2015-001 does not require further corrective action.