

**BERGEN'S PROMISE, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

**BERGEN'S PROMISE, INC.**

JUNE 30, 2019 AND 2018

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Bergen's Promise, Inc.  
Rochelle Park, New Jersey

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

We have audited the accompanying financial statements of Bergen's Promise, Inc. ("Organization"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 misstatements, whether due to fraud or error.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bergen's Promise, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

The Organization adopted Financial Accounting Standards Board Accounting Standards Update, *Presentation of Financial Statements of Not-for-Profit Entities*, in fiscal year 2019. Our opinion is not modified with respect to this matter.

***Prior Period Financial Statements and Summarized, Comparative Information***

The financial statements of Bergen's Promise, Inc. were audited by other auditors, whose report, dated October 30, 2018, expressed an unmodified opinion on those statements. The comparative information presented herein as of and for the year ended June 30, 2018, is consistent in all material respects, with the 2018 statements from which it has been derived.

*Sobel & Co, LLC*  
Certified Public Accountants

Livingston, New Jersey  
October 25, 2019

**BERGEN'S PROMISE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	2019	2018
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,314,695	\$ 103,138
Accounts receivable - Medicaid	977,210	965,540
Prepaid expenses and other current assets	92,552	186,435
Total Current Assets	<u>2,384,457</u>	<u>1,255,113</u>
Restricted cash	<u>103,159</u>	<u>102,848</u>
PROPERTY AND EQUIPMENT:		
Fixed assets	1,795,953	1,807,601
Less: Accumulated depreciation	<u>(1,451,738)</u>	<u>(1,344,242)</u>
Property and Equipment, Net	<u>344,215</u>	<u>463,359</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,831,831</u></u>	<u><u>\$ 1,821,320</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 751,217	\$ 735,211
Line of credit	-	50,000
Total Current Liabilities	<u>751,217</u>	<u>785,211</u>
Deferred rent	352,170	340,586
NET ASSETS:		
Without donor restrictions	1,293,577	83,033
With donor restrictions	<u>434,867</u>	<u>612,490</u>
	<u>1,728,444</u>	<u>695,523</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,831,831</u></u>	<u><u>\$ 1,821,320</u></u>

**BERGEN'S PROMISE, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>SUPPORT AND REVENUES:</b>						
Medicaid reimbursement	\$ 9,944,835	\$ -	\$ 9,944,835	\$ 8,761,755	\$ -	\$ 8,761,755
State of New Jersey Grant	398,177	2,687	400,864	318,956	145,000	\$ 463,956
Other income	65,597	-	65,597	17,344	-	17,344
Interest income	3,868	-	3,868	883	-	883
	<u>10,412,477</u>	<u>2,687</u>	<u>10,415,164</u>	<u>9,098,938</u>	<u>145,000</u>	<u>9,243,938</u>
Net assets released from restriction	180,310	(180,310)	-	487,389	(487,389)	-
Total Support and Revenue	10,592,787	(177,623)	10,415,164	9,586,327	(342,389)	9,243,938
<b>FUNCTIONAL EXPENSES:</b>						
Care management	8,118,716	-	8,118,716	7,365,088	-	7,365,088
Management and general	1,263,527	-	1,263,527	1,288,805	-	1,288,805
Total Functional Expenses	<u>9,382,243</u>	<u>-</u>	<u>9,382,243</u>	<u>8,653,893</u>	<u>-</u>	<u>8,653,893</u>
Changes in net assets	1,210,544	(177,623)	1,032,921	932,434	(342,389)	590,045
NET ASSETS - Beginning of year	<u>83,033</u>	<u>612,490</u>	<u>695,523</u>	<u>(849,401)</u>	<u>954,879</u>	<u>105,478</u>
NET ASSETS - End of year	<u>\$ 1,293,577</u>	<u>\$ 434,867</u>	<u>\$ 1,728,444</u>	<u>\$ 83,033</u>	<u>\$ 612,490</u>	<u>\$ 695,523</u>

*The accompanying notes are an integral part of these financial statements.*

**BERGEN'S PROMISE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	Year Ended June 30, 2019			Year Ended June 30, 2018		
	Care Management	Management and General	Total	Care Management	Management and General	Total
Salaries	\$ 4,915,670	\$ 763,980	\$ 5,679,650	\$ 4,228,830	\$ 775,703	\$ 5,004,533
Payroll taxes and fringe benefits	1,483,365	230,541	1,713,906	1,403,821	257,506	1,661,327
	<u>6,399,035</u>	<u>994,521</u>	<u>7,393,556</u>	<u>5,632,651</u>	<u>1,033,209</u>	<u>6,665,860</u>
Professional services	132,563	73,060	205,623	141,415	25,940	167,355
Occupancy	642,092	99,792	741,884	663,360	121,681	785,041
Telephone	105,565	16,407	121,972	67,648	12,409	80,057
Office expenses	110,009	17,097	127,106	86,332	15,836	102,168
Office equipment and internet	41,680	6,478	48,158	84,797	15,555	100,352
Staff development	86,080	10,268	96,348	36,510	6,697	43,207
Repairs and maintenance	48,592	7,552	56,144	46,374	8,506	54,880
Travel	33,944	-	33,944	50,837	-	50,837
Advertising	73,889	-	73,889	62,045	-	62,045
Printing	4,431	-	4,431	4,497	-	4,497
Insurance	82,157	13,443	95,600	82,851	15,197	98,048
Depreciation	156,056	24,254	180,310	171,019	31,370	202,389
Client expenses	200,038	-	200,038	221,641	-	221,641
Interest expense	-	655	655	13,288	2,438	15,726
Miscellaneous	2,585	-	2,585	(177)	(33)	(210)
	<u>\$ 8,118,716</u>	<u>\$ 1,263,527</u>	<u>\$ 9,382,243</u>	<u>\$ 7,365,088</u>	<u>\$1,288,805</u>	<u>\$ 8,653,893</u>

*The accompanying notes are an integral part of these financial statements.*

**BERGEN'S PROMISE**  
**STATEMENTS OF CASH FLOWS**

	<b>Year Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS PROVIDED BY:</b>		
<b><u>OPERATING ACTIVITIES:</u></b>		
Changes in net assets	\$ 1,032,921	\$ 590,045
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	180,310	202,389
Deferred rent	11,584	96,922
Changes in certain assets and liabilities:		
Accounts receivable	(11,670)	(297,050)
Prepaid expenses and other current assets	93,883	(126,470)
Accounts payable and accrued expenses	16,006	60,358
Net Cash Provided by Operating Activities	<u>1,323,034</u>	<u>526,194</u>
<b><u>INVESTING ACTIVITIES:</u></b>		
Purchase of property and equipment	(61,166)	-
Restricted cash	(311)	(228)
Net Cash Used for Investing Activities	<u>(61,477)</u>	<u>(228)</u>
<b><u>FINANCING ACTIVITIES:</u></b>		
Payments on line of credit	(50,000)	(450,000)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,211,557</b>	<b>75,966</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>103,138</u>	<u>27,172</u>
End of year	<u>\$ 1,314,695</u>	<u>\$ 103,138</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>		
Cash paid during the year for interest	<u>\$ 655</u>	<u>\$ 15,726</u>

*The accompanying notes are an integral part of these financial statements.*



**BERGEN'S PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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**NOTE 1 - NATURE OF ORGANIZATION:**

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Bergen's Promise, Inc. ("Organization") is a New Jersey private, not-for-profit corporation, established in 2001, whose primary mission is to promote "Healthy Families, Safe at Home" by creating a partnership with emotionally and behaviorally challenged children and their families in Bergen County, New Jersey, and to offer services, resources and support that afford to them the greatest opportunity to realize their highest potential in their own communities. The Organization is part of a government-led project working to improve the management and coordination of care for children with multiple needs.

Starting in July 2012, after successfully completing a request for proposal required by the New Jersey Department of Children and Families Services, the Organization become a unified care management organization, providing the best and appropriate care management services for youths and their families/caregivers in one entity. This unification resulted in a sizeable expansion in the number of children and families served by the Organization. The expanded Organization subsequently came to be known as a care management organization.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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***Basis of Accounting:***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Financial Statement Reporting for Nonprofits:***

The Organization adopted the Financial Accounting Standards Board ("FASB"), *Presentation of Financial Statements of Not-for-Profit Entities*, for the fiscal year ended June 30, 2019. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a nonprofit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for Board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classifications.

**BERGEN'S PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Financial Statement Presentation:***

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

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

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

***Cash and Cash Equivalents:***

For financial statement purposes cash and money market funds are considered to be cash equivalents.

***Accounts Receivable - Medicaid:***

The Organization utilizes the reserve method of accounting for doubtful accounts. The reserves are based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. At June 30, 2019 and 2018, an allowance was not deemed necessary.

***Property and Equipment:***

Leasehold improvements, furniture and equipment, and vehicles in excess of \$1,000 are recorded at cost. Government-funded property and equipment acquisitions are recorded as restricted support. Depreciation is being charged over the useful lives of the assets which range from three to seven years using the straight-line method.

When assets are retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Maintenance, repairs and minor replacements which do not improve or extend the life of an asset are expensed as incurred.

**BERGEN'S PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Valuation of Long-lived Assets:***

In accordance with the accounting pronouncements on impairment or disposal of long-lived assets, the Organization reviewed long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Management has determined that no impairment charge was required for the years ended June 30, 2019 and 2018.

***Deferred Rent:***

The Organization's operating space lease agreements include lease incentives and lease escalations throughout their respective terms. The Organization recognizes rent expense on a straight-line basis over the term of the lease. The differences between amounts paid and amounts charged to expense are reflected as deferred rent.

***Grant and Contract Revenues:***

Funds received from the New Jersey Department of Children and Family Services provides funding on a cost reimbursement basis up to the contract ceiling. Revenue with respect to this award is recognized to the extent of expenses incurred under the award terms.

The Organization is reimbursed by Medicaid for services provided to consumers, subject to rules and regulations of the program. Medicaid revenue is recognized when the services have been provided and billed to the Medicaid program. Related expenses offset primarily by Medicaid and, secondarily, by other state funding, are included in care management services. Revenue received under certain contracts is subject to audit and adjustment. Differences between the estimated adjustment and the amounts settled are recorded in the year of settlement.

***Advertising:***

Recruitment advertising to fill vacant positions is expensed as incurred. Advertising expenses were approximately \$74,000 and \$62,000 for the years ended June 30, 2019 and 2018, respectively.

***Reclassifications:***

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Net assets changed due to these reclassifications.

**BERGEN'S PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Income Taxes:***

The Internal Revenue Service has recognized the Organization as tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in their financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest, and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the years ended 2019 and 2018. At June 30, 2019 and 2018, there are no significant income tax uncertainties.

***Recent Accounting Pronouncements:***

The FASB issued an accounting pronouncement, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The effective date for the pronouncement is for periods beginning after December 15, 2018. The Organization is currently evaluating the effect the provisions of this pronouncement will have on the financial statements.

The FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Under this pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. The new standard is effective for annual periods beginning after December 15, 2020. The Organization is currently evaluating the effect the new standard will have on the financial statements.

***Use of Estimates:***

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Subsequent Events:***

The Organization has evaluated events subsequent to the statement of financial position date as of June 30, 2019 through October 25, 2019, the date that the financial statements were available to be issued.

**BERGEN'S PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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**NOTE 3 - ACCOUNTS RECEIVABLE - MEDICAID:**

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The Organization receives grant funding from the state of New Jersey, with the understanding that any Medicaid funds received for services provided are refunded to the state. In accordance with this understanding, Medicaid revenues are considered recoveries of grant funding and have been recorded as revenues and as refundable to the state. As per notice from the state of New Jersey, Department of Children and Families Services ("DCF"), Division of Children's System of Care, DCF has decided to exempt care management organizations ("CMOs") from certain contract policies, effective July 1, 2013. One of them being the contract close-out policy calculations that have prohibited CMOs from retaining revenue earned in excess of operational expenses. Recoveries will begin with the dollar exceeding the restricted reserves for hiring plus three months of operating expense reserves. At June 30, 2019 and 2018, accounts receivable as it relates to Medicaid was approximately \$977,000 and \$966,000, respectively.

**NOTE 4 - PROPERTY AND EQUIPMENT:**

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Property and equipment consist of the following:

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Vehicles	\$ 395,270	\$ 468,084
Equipment	703,671	642,505
Furniture and fixtures	638,425	638,425
Leasehold improvements	58,587	58,587
	<u>1,795,953</u>	<u>1,807,601</u>
Less: Accumulated depreciation	1,451,738	1,344,242
Property and Equipment, Net	<u>\$ 344,215</u>	<u>\$ 463,359</u>

Depreciation for the years ended June 30, 2019 and 2018, was \$180,310 and \$202,389, respectively.

**BERGEN'S PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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**NOTE 5 - LINE OF CREDIT:**

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The Organization has a line of credit that provides for borrowings up to \$500,000 with interest payable at a rate equal to the Wall Street Journal Prime Rate plus 0.25% (5.50% and 5%, respectively, as of June 30, 2019 and 2018). The Organization or bank may cancel the agreement at any time. There was no outstanding balance at June 30, 2019. At June 30, 2018, \$50,000 was due on the line. Interest expense for the years ended June 30, 2019 and 2018, amounted to \$655 and \$15,726, respectively. The line expired on March 1, 2019, and was renewed to March 1, 2020.

**NOTE 6 - DEFINED-CONTRIBUTION PLAN:**

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The Organization maintains a noncontributory, defined-contribution profit-sharing plan ("Plan"), which covers substantially all employees. All employees who have attained the age of 21 and have completed one year of service are eligible to participate in the Plan. Contributions to the Plan for each plan year are determined by the Organization in its sole discretion. The Organization's pension expense for the years ended June 30, 2019 and 2018, was \$138,559 and \$236,943, respectively. Pension contributions can also be made through the Organization's "Forfeiture Account" balance which represents funds contributed by the Organization to employees who are qualified for pension plan contributions and have subsequently left the Organization's employment prior to being fully vested in the pension plan. These remaining nonvested funds become part of the Organization's available pension plan balance and can be used, at the Organization's sole discretion, to fund current pension plan expenditures. It is the Organization's policy to fund the pension expense as it is incurred.

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS:**

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The following net assets with donor restrictions are available for the following purposes:

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
Investment in property and equipment to absorb subsequent depreciation expenses on assets purchased with government funds	\$ 287,180	\$ 467,490
Funds have been reserved to maintain staffing levels as required by the state	147,687	145,000
	<u>\$ 434,867</u>	<u>\$ 612,490</u>

**BERGEN'S PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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**NOTE 8 - LEASES:**

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During the year ended June 30, 2019 and 2018, the Organization leased operating space in Rochelle Park, New Jersey, that expired in May 2019, which was not renewed. The Organization also currently leases operating space in Hackensack, New Jersey, under a noncancelable lease agreement expiring February 28, 2027. Rent expense, included in occupancy costs in statements of functional expenses, amounted to approximately \$679,000 and \$617,000, for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments are as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2020	\$ 352,365
2021	360,497
2022	368,628
2023	376,760
2024	384,891
Thereafter	<u>2,556,002</u>
Total	<u>\$4,399,143</u>

The Organization has provided to the landlords irrevocable, unconditional letters of credit for the leases in the amounts of \$42,725 and \$55,565, which will expire October 2019 and January 2020, respectively.

The Organization also leases office equipment under a 5-year cancellable lease. Lease expense, included in office equipment expense in statements of functional expenses, amounted to approximately \$18,800 and \$13,900, for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments are as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2020	\$ 24,588
2021	24,588
2022	24,588
2023	24,588
2024	<u>8,196</u>
Total	<u>\$106,548</u>

**BERGEN'S PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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**NOTE 9 - SIGNIFICANT RISKS AND UNCERTAINTIES:**

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The Organization maintains its cash and cash equivalents in accounts with federally insured institutions. At times, the balances in these accounts may be in excess of federally insured limits.

The Organization is involved in litigation arising in the normal course of its operations. Management believes that the amount of losses that might be sustained beyond existing insurance coverage would not have a material effect on the accompanying financial statements.

All of Bergen's Promises, Inc.'s income is dependent on funding from either the state of New Jersey, Department of Children and Families Services and Medicaid. The loss of which would have a material effect on the Organization's ability to operate. All of the receivables are due from Medicaid.

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**NOTE 10 - CONCENTRATIONS:**

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Medicaid services account for approximately 95% of total revenues for the year ended June 30, 2019, respectively. Such support is subject to financial and compliance requirements and audits by the grantor and by Medicaid.

The Organization has a labor contract with CWA Local Union 1037, which expires on December 31, 2020.

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**NOTE 11 - FUNCTIONAL EXPENSES:**

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The costs of providing the Organization's care management, and management and general are separately summarized in the statements of functional expenses. Accordingly, certain costs have been allocated among those care management, and management and general expenses. Management and general costs include those expenses that are not directly identifiable with any other specific function but do provide for the overall support and direction of the Organization.

The financial statements contain certain categories of expense that are attributed to more than one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and related payroll expenses and fringe benefits are allocated based on position, and time and effort studies. Items that are based on the percentage of salaries are: occupancy, telephone, office expenses, office equipment, repairs and maintenance, and depreciation. All other expense are based on direct cost.



**BERGEN'S PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 - RELATED PARTY TRANSACTIONS:**

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One of the Organization's Board members provided educational consulting services for the Organization for approximately \$31,750, during the year ended June 30, 2018. There were no services rendered during the year ended June 30, 2019.

**NOTE 13 - LIQUIDITY AND AVAILABILITY:**

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The following represents the Organization's financial assets as June 30, 2019, reduced by any amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

Cash and cash equivalents	\$ 1,314,695
Accounts receivable	<u>977,210</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,291,905</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in short-term investments, such as money market accounts. Additionally, the Organization has a line of credit available up to \$500,000.