



SHERIDAN HOUSE
ANSWERS FOR TODAY'S FAMILY

**SHERIDAN HOUSE FAMILY MINISTRIES,
INC. AND AFFILIATES**

**Consolidated Financial Statements
With Independent Auditors' Report**

December 31, 2018 and 2017 (restated)

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sheridan House Family Ministries, Inc. and Affiliates
Davie, Florida

We have audited the accompanying consolidated financial statements of Sheridan House Family Ministries, Inc. (a Florida nonprofit corporation) and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017 (restated), 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 Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Sheridan House Family Ministries, Inc. and Affiliates
Davie, Florida

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sheridan House Family Ministries, Inc. and Affiliates as of December 31, 2018 and 2017 (restated), and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the consolidated financial statements, Sheridan House Family Ministries, Inc. and Affiliates has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This has had a material effect on the presentation of the December 31, 2018 and 2017 (restated) financial statements. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the consolidated financial statements, management made corrections to record noncash contributions donated in the prior year consolidated financial statements for the year ended December 31, 2017 (restated). Accordingly, amounts reported for noncash contributions support and program expenses have been restated in the 2017 consolidated financial statements now presented. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Lawrenceville, Georgia
April 30, 2019

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidated Statements of Financial Position

	December 31,	
	2018	2017 (Restated)
ASSETS:		
Cash and cash equivalents	\$ 3,968,879	\$ 1,645,465
Prepaid expenses and other assets	199,866	211,929
Property held for sale	-	1,700,000
Property and equipment—net	15,282,333	14,967,028
Investments held for long-term purposes	761,729	823,230
Beneficial interest in trusts	470,300	643,100
	<u>\$ 20,683,107</u>	<u>\$ 19,990,752</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 77,711	\$ 72,896
Notes payable	1,577,299	1,621,501
	<u>1,655,010</u>	<u>1,694,397</u>
Net assets:		
Without donor restrictions:		
Undesignated	3,738,301	3,127,019
Equity in property and equipment	13,705,034	13,345,527
	<u>17,443,335</u>	<u>16,472,546</u>
With donor restrictions:		
Restricted by purpose or time	1,047,702	1,286,749
Restricted in perpetuity	537,060	537,060
	<u>19,028,097</u>	<u>18,296,355</u>
Total Liabilities and Net Assets	<u>\$ 20,683,107</u>	<u>\$ 19,990,752</u>

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidated Statement of Activities

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUES:			
Support:			
Contributions	\$ 2,351,773	\$ 563,640	\$ 2,915,413
Noncash contributions	1,555,244	186,953	1,742,197
Revenue:			
Special events revenue	912,871	-	912,871
Counseling revenue	327,643	-	327,643
Rental income	11,950	-	11,950
Interest income	28,282	-	28,282
Loss on sale of property and equipment	(12,389)	-	(12,389)
Other income	138,416	-	138,416
Total Operating Support and Revenues	5,313,790	750,593	6,064,383
RECLASSIFICATIONS:			
	760,840	(760,840)	-
EXPENSES:			
Program services:			
Residential care services	1,540,108	-	1,540,108
Community services	538,798	-	538,798
Single parent ministries	1,271,062	-	1,271,062
Counseling services	577,869	-	577,869
	3,927,837	-	3,927,837
Supporting activities:			
Management and general	546,047	-	546,047
Fundraising	445,475	-	445,475
Special events	184,482	-	184,482
Total Expenses	5,103,841	-	5,103,841
Change in Net Assets from Operations	970,789	(10,247)	960,542

(continued)

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidated Statement of Activities

(continued)

Year ended December 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
NONOPERATING ACTIVITIES:			
Loss on investments held for long-term purposes	-	(56,000)	(56,000)
Change in value of beneficial interest in trusts	-	(172,800)	(172,800)
Change in Net Assets from Nonoperating Activities	<u>-</u>	<u>(228,800)</u>	<u>(228,800)</u>
Change in Net Assets	970,789	(239,047)	731,742
Net Assets, Beginning of Year	<u>16,472,546</u>	<u>1,823,809</u>	<u>18,296,355</u>
Net Assets, End of Year	<u>\$ 17,443,335</u>	<u>\$ 1,584,762</u>	<u>\$ 19,028,097</u>

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidated Statement of Activities

Year Ended December 31, 2017 (restated)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUES:			
Support:			
Contributions	\$ 1,622,450	\$ 364,309	\$ 1,986,759
Noncash contributions	1,542,123	74,880	1,617,003
Revenue:			
Special events revenue	1,001,583	-	1,001,583
Counseling revenue	235,754	-	235,754
Rental income	189,700	-	189,700
Interest income	3,852	-	3,852
Gain on sale of property and equipment	3,896,477	-	3,896,477
Other income	137,712	-	137,712
Total Operating Support and Revenues	8,629,651	439,189	9,068,840
RECLASSIFICATIONS:			
Satisfaction of purpose/time restrictions	400,853	(400,853)	-
EXPENSES:			
Program services:			
Residential care services	1,549,247	-	1,549,247
Community services	584,902	-	584,902
Single parent ministries	1,055,883	-	1,055,883
Counseling services	580,359	-	580,359
	3,770,391	-	3,770,391
Supporting activities:			
Management and general	585,900	-	585,900
Fundraising	450,540	-	450,540
Special events	188,311	-	188,311
Total Expenses	4,995,142	-	4,995,142
Change in Net Assets from Operations	4,035,362	38,336	4,073,698

(continued)

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidated Statement of Activities

(continued)

Year ended December 30, 2017 (restated)

	Without Donor Restrictions	With Donor Restrictions	Total
NONOPERATING ACTIVITIES:			
Gain on property held for sale	1,114,928	-	1,114,928
Income on investments held for long-term purposes	-	85,887	85,887
Change in value of beneficial interest in trusts	-	(19,600)	(19,600)
Change in Net Assets from Nonoperating Activities	<u>1,114,928</u>	<u>66,287</u>	<u>1,181,215</u>
Change in Net Assets	5,150,290	104,623	5,254,913
Net Assets, Beginning of Year	<u>11,322,256</u>	<u>1,719,186</u>	<u>13,041,442</u>
Net Assets, End of Year	<u>\$ 16,472,546</u>	<u>\$ 1,823,809</u>	<u>\$ 18,296,355</u>

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services				Supporting Activities				Total Expenses
	Residential Care Services	Community Services	Single Parent Ministries	Counseling Services	Total Program Services	Management and General	Fundraising	Special Events	
Salaries, taxes, and benefits	\$ 772,150	\$ 136,930	\$ 227,555	\$ 159,054	\$ 1,295,689	\$ 265,700	\$ 231,147	\$ -	\$ 1,792,536
Facilities and occupancy	54,270	5,341	10,835	6,074	76,520	13,451	8,664	-	98,635
Depreciation	188,617	15,190	125,227	35,145	364,179	24,153	9,545	-	397,877
Insurance	67,516	9,831	21,880	11,959	111,186	33,810	15,014	-	160,010
Repairs and maintenance	67,136	1,671	3,162	1,900	73,869	113,405	2,710	-	189,984
Food and household	48,105	-	-	-	48,105	1,026	-	-	49,131
Education and recreation	28,993	-	-	-	28,993	-	-	-	28,993
Vehicles expenses	11,632	754	1,270	858	14,514	9,732	1,224	-	25,470
Interest expense	34,444	2,951	23,810	6,113	67,318	4,758	1,484	-	73,560
Technology costs	22,936	4,308	7,256	4,900	39,400	8,445	6,989	-	54,834
Direct benefits to donors	-	-	-	-	-	-	-	177,943	177,943
Cost of goods sold	-	-	-	-	-	-	-	6,539	6,539
Development costs	-	-	-	-	-	-	164,022	-	164,022
Office supplies and expense	2,598	223	1,796	461	5,078	33,285	112	-	38,475
Contract and professional services	21,147	2,814	25,544	3,200	52,705	29,073	4,564	-	86,342
Public service advertisements	218,688	190,923	290,283	65,871	765,765	-	-	-	765,765
Distributed food and clothing	1,876	167,862	532,444	282,334	984,516	9,209	-	-	993,725
Totals	\$ 1,540,108	\$ 538,798	\$ 1,271,062	\$ 577,869	\$ 3,927,837	\$ 546,047	\$ 445,475	\$ 184,482	\$ 5,103,841

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Statement of Functional Expenses

Year Ended December 31, 2017 (restated)

	Program Services				Supporting Activities				Total Expenses
	Residential Care Services	Community Services	Single Parent Ministries	Counseling Services	Total Program Services	Management and General	Fundraising	Special Events	
Salaries, taxes, and benefits	\$ 765,459	\$ 116,250	\$ 208,730	\$ 167,847	\$ 1,258,286	\$ 260,708	\$ 209,958	\$ -	\$ 1,728,952
Facilities and occupancy	54,091	4,363	7,993	6,334	72,781	12,843	7,734	-	93,358
Depreciation	199,322	62,753	12,567	69,772	344,414	44,151	16,148	-	404,713
Insurance	72,524	9,824	17,701	14,194	114,243	35,325	17,151	-	166,719
Repairs and maintenance	26,359	1,709	3,131	2,482	33,681	83,923	3,030	-	120,634
Food and household	51,521	-	-	-	51,521	994	-	-	52,515
Education and recreation	25,026	-	-	-	25,026	-	-	-	25,026
Vehicles expenses	11,078	657	1,203	954	13,892	8,636	1,164	-	23,692
Interest expense	88,856	32,269	3,325	33,917	158,367	21,730	7,481	-	187,578
Property taxes and other	-	-	-	-	-	36,289	-	-	36,289
Technology costs	26,270	4,154	7,609	6,030	44,063	9,279	7,364	-	60,706
Direct benefits to donors	-	-	-	-	-	-	-	163,211	163,211
Cost of goods sold	-	-	-	-	-	-	-	25,100	25,100
Development costs	-	-	-	-	-	-	173,252	-	173,252
Office supplies and expense	2,421	879	91	924	4,315	32,303	204	-	36,822
Contract and professional services	23,710	4,423	4,732	5,640	38,505	26,621	4,836	-	69,962
Public service advertisements	176,110	151,236	240,254	39,200	606,800	-	-	-	606,800
Distributed food and clothing	150	186,816	547,561	223,007	957,534	6,654	-	-	964,188
Bad debt expense	26,350	9,569	986	10,058	46,963	6,444	2,218	-	55,625
Totals	\$ 1,549,247	\$ 584,902	\$ 1,055,883	\$ 580,359	\$ 3,770,391	\$ 585,900	\$ 450,540	\$ 188,311	\$ 4,995,142

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidated Statement of Cash Flows

	Year Ended December 31,	
	2018	2017 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 731,742	\$ 5,254,913
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	397,877	404,713
Loss (gain) on sale of property and equipment	12,388	(3,898,894)
Gain on property held for sale	-	(1,114,928)
Non-cash donations of property and equipment	(196,299)	(113,683)
Contributions restricted for long-term purposes	(533,640)	(364,309)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	12,063	39,418
Beneficial interest in trusts	172,800	19,600
Accounts payable and accrued expenses	4,815	38,928
Net Cash Provided by Operating Activities	601,746	265,758
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(531,571)	(486,845)
Purchases of investments	61,501	(80,449)
Proceeds from sale of property held for sale	1,700,000	-
Proceeds from sale of property and equipment	2,300	1,020,694
Net Cash Provided by Investing Activities	1,232,230	453,400
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	533,640	364,309
Repayments of notes payable	(44,202)	(151,662)
Net Cash Provided by Financing Activities	489,438	212,647
Net Change in Cash and Cash Equivalents	2,323,414	931,805
Cash and Cash Equivalents, Beginning of Year	1,645,465	713,660
Cash and Cash Equivalents, End of Year	\$ 3,968,879	\$ 1,645,465
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ 73,561	\$ 188,317
NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Repayment of debt from proceeds from sale of property and equipment	\$ -	\$ 3,944,008
Reclassification of property and equipment-net as held for sale	\$ -	\$ 585,072

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

1. NATURE OF ORGANIZATION:

Sheridan House Family Ministries, Inc. and Affiliates (the Organization) is the consolidated financial reporting entity for Sheridan House Family Ministries, Inc. (Sheridan House Family Ministries) and its subsidiaries, Sheridan House, Inc. (Sheridan House), and 54th Court Investments, LLC (54th Court LLC).

Sheridan House Family Ministries was incorporated in 2007 as a Florida not-for-profit corporation and is exempt from federal income tax on related activities under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable State law. Sheridan House Family Ministries is classified as a publicly supported organization, which is not a private foundation under section 509(a)(1) of the Code, and contributions to it are tax deductible within the limitations prescribed by the Code.

Sheridan House Family Ministries exists to honor Christ by serving the needs of children and families. Sheridan House Family Ministries accomplishes its objectives through the following program services:

Residential care services—our chief objective is to provide the structure and environment that allows the child to make the life changes necessary to accept responsibility for their behavior at home and school and develop essential life skills. It is also our desire to equip and educate the parents of our children so the child can graduate and re-enter the home successfully. Our deepest hope is that during this process each family member will come to know Jesus Christ as their Lord and Savior and experience the personal love that God has for each of them.

Community services—Sheridan House Family Ministries presents marriage and parenting seminars all across North America. These seminars are conducted for corporations, businesses, churches, public and private schools. We also have resources necessary to navigate marriage and parenting from a healthy, biblical perspective. Sheridan House Family Ministries provides a number of resources including marriage and parenting books, CDs and DVDs.

Single parent ministries—since 1992, Sheridan House Family Ministries has partnered with local churches to serve single moms in need. We believe that single moms are this generation’s “widows and orphans.” Whether the need is spiritual, emotional, or financial, we strive to help meet the individual single mom in her specific area of need. Specifically, we currently provide food and clothing on an ongoing basis to single moms. In an effort to better meet needs, we offer intensive group training in areas such as finances, parenting, resume preparation, and interviewing skills, as well as meal planning on a budget and more. Our goal is that through this training we can help to equip these moms with the knowledge necessary for them to succeed in life.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

1. NATURE OF ORGANIZATION, continued:

Counseling services—if you or someone you know is facing a life challenge, the Sheridan Family House Ministries' Counseling Center is a safe place to turn to for guidance and support. Our staff consists of Christian licensed mental health professionals. For decades, our counseling center has provided confidential and professional services to people of all walks of life. We are careful to respond to each person's needs with love, honesty, respect, and integrity. The Counseling Center offers individual, marital, and family counseling to people seeking assistance with a full range of presenting issues.

Sheridan House was incorporated in 1969 as a Florida not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Code and comparable State law. The purpose of Sheridan House is to support the ministries of Sheridan House Family Ministries. Sheridan House is classified as a publicly supported organization, which is not a private foundation under section 509(a)(1) of the Code, and contributions to it are tax deductible within the limitations prescribed by the Code. It is also classified as a Type II supporting organization under Section 509(a)(3). Control of Sheridan House by Sheridan House Family Ministries is complete because a majority of the Sheridan House board of directors are members of the Sheridan House Family Ministries board of directors.

54th Court LLC was incorporated in 2015 as a Florida limited liability company. The purpose of 54th Court LLC is to hold certain contributed funds until their ultimate disposition. Control of 54th Court LLC by Sheridan House is complete because Sheridan House is the sole voting member of 54th Court LLC. 54th Court LLC owns 5% of a certain for-profit entity, the earnings of which are contributed to a certain unrelated non-profit foundation for the benefit of the Organization. The for-profit entity is not consolidated in these consolidated financial statements due to a lack of control by the Organization. There was no activity for 54th Court LLC for both years ended December 31, 2018 and 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of Sheridan House Family Ministries, Sheridan House, and 54th Court LLC. All significant inter-company balances and transactions have been eliminated.

OPERATING AND NONOPERATING ACTIVITIES

The consolidated statements of activities present the change in net assets of the Organization from operating and nonoperating activities. Operating revenues and expenses relate primarily to donations, both cash and noncash, received from the general public and payment for counseling services. Nonoperating revenues relate primarily to the change in value of the beneficial interest in trusts, income from investments held for long-term purposes and gains on property held for sale.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking, savings, certificates of deposits and other highly liquid accounts with original maturities of less than 90 days. While occasionally deposits may be in excess of federally insured limits, the Organization has not experienced any losses in such accounts, and management believes that it is not exposed to any significant credit risk on cash and cash equivalents. All cash held in investment brokerage accounts is considered investments for purposes of the consolidated financial statements. At December 31, 2018 and 2017, the Organization's cash balances exceeded federally insured limits by \$3,353,817 and \$1,087,580, respectively.

PROPERTY HELD FOR SALE

During the year ended December 31, 2017, the board of directors of the Organization committed to a plan to sell a certain piece of property located in the city of Southwest Ranches, Florida. The property was available immediately for sale and was actively marketed at a price that was reasonable in relation to its current fair value. Fair market value was determined to be \$1,700,000 based on active offers. The property and equipment-net was adjusted to this fair market value and presented as held for sale in the accompanying consolidated statements of financial position with the resulting gain being presented in the accompanying consolidated statements of activities. The property was sold during the year ended December 31, 2018, for substantially the same amount that it was recorded.

PROPERTY AND EQUIPMENT-NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. Repairs and maintenance and small equipment purchases are expensed as incurred. Expenditures that significantly increase asset value or extend useful lives are capitalized. Acquisitions of property and equipment in excess of \$400 that meet the capitalization requirements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains or losses are included in the consolidated statements of activities.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS HELD FOR LONG-TERM PURPOSES

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Investment income (loss) is from investments held for long-term purposes in excess of amounts utilized for operations as defined by the Organization's spending policy. Other investments are reported at cost. Donated investments are recorded at market value at the date of donation and thereafter carried in conformity with the stated policy.

BENEFICIAL INTEREST IN TRUSTS

The Organization is the beneficiary of certain irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, the Organization has the irrevocable right to receive the remaining assets at the termination of the trust. The Organization's estimate of fair value is based on fair value information received from the trustees. These assets are not subject to the control or direction of the Organization. Gains and losses, which are not distributed by the trusts, are reflected as change in value of beneficial interest in trusts in the consolidated statements of activities. Distributions received from the trustee are with donor restrictions. The Organization recognizes an asset for the estimated present value of its benefits under the arrangements. Periodic adjustments are made for changes in estimated present value using applicable mortality tables and discount rates.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board of directors for use in operations. Equity in property and equipment represent amounts invested in property and equipment net of related debt.

Net assets with donor restrictions—restricted by purpose or time are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

Net assets with donor restrictions—restricted in perpetuity are contributed with donor restrictions requiring that they be held in perpetuity with income used for general ministry purposes.

All contributions are considered available without donor restriction unless specifically restricted by the donor or subject to other legal restrictions.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Organization.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as reclassifications.

The Organization reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated goods (including securities) are recorded at fair value at the date of the gift. Donated goods consist primarily of food and beverages donated from area grocery stores for use in the residential care services and single parent ministries programs as well as donated air-time from local radio and television stations airing public service advertisements on behalf of the Organization.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include certain administrative salaries and benefits, information technology, telephone, utility, and insurance expenses, all allocated based on time spent by staff in each service area. Depreciation and interest expense are allocated based on square footage.

RECENTLY ISSUED ACCOUNTING STANDARD

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Organization adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and the availability of resources (see Note 3), and disclosures related to functional allocation of expenses were expanded (see Note 2).

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Organization's financial assets as December 31, 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities of honoring Christ by serving the needs of children and families as well as the conduct of services undertaken to support those activities to be general expenditures.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

Financial assets:	
Cash and cash equivalents	\$ 3,968,879
Accounts receivable	403
Cash surrender value of life insurance policies	94,476
Investments held for long-term purposes	761,729
Beneficial interest in trusts	470,300
Financial assets, at year-end	<u>5,295,787</u>
Less those not available for general expenditure within one year:	
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	(761,729)
Cash surrender value of life insurance policies	(94,476)
Beneficial interest in trusts	(470,300)
	<u>(1,326,505)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,969,282</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has \$212,321 in net assets with donor restrictions for various project support. These funds are considered available to meet needs for general expenditures within one year.

The Organization has a \$300,000 revolving working capital line of credit that was due on demand, subject to renewal in September 2018, and bore interest at a variable rate of the published Wall Street Journal prime plus 100 basis points, with a floor of 4.25%. Borrowings under this line of credit were not collateralized. For the years ended December 31, 2018 and 2017, there were no outstanding borrowings under this line of credit. As of September 30, 2018, this line of credit was not renewed.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

4. INVESTMENTS HELD FOR LONG-TERM PURPOSES:

Investments held for long-term purposes consist of:

	December 31,	
	2018	2017
Held at cost:		
Cash and cash equivalents	\$ 21,389	\$ 17,301
	21,389	17,301
Held at fair value:		
Mutual funds	459,041	496,499
Equities	281,299	309,430
	740,340	805,929
	\$ 761,729	\$ 823,230

5. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of:

	December 31,	
	2018	2017
Cash surrender value of life insurance policies	\$ 94,476	\$ 85,766
Prepaid expenses	61,574	66,284
Other assets	43,413	48,431
Accounts receivable	403	11,448
	\$ 199,866	\$ 211,929

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, consist of:

	December 31,	
	2018	2017
Land and improvements	\$ 10,052,586	\$ 10,052,586
Buildings and improvements	8,279,237	7,472,095
Furniture, fixtures, and equipment	1,041,328	993,290
	19,373,151	18,517,971
Less accumulated depreciation	(4,651,672)	(4,255,618)
	14,721,479	14,262,353
Construction in progress	560,854	704,675
Property and equipment–net	15,282,333	14,967,028
Less note payable–net	(1,577,299)	(1,621,501)
	\$ 13,705,034	\$ 13,345,527

7. NOTES PAYABLE:

Notes payable consists of:

	December 31,	
	2018	2017
<p>Promissory note payable to a certain financial institution with an original balance of \$6,745,699; collateralized by certain real property; bears interest at a fixed rate of 4.5%; monthly payments of principal and interest in the amount of \$9,093, with a final payment of all unpaid principal and accrued interest due at maturity in February 2022.</p>	\$ 1,573,977	\$ 1,610,357
<p>Vehicle note payable; collateralized by certain vehicle; bears interest at a fixed rate of 2.74%; monthly payments of principal and interest through maturity in May 2019.</p>	3,322	11,144
	\$ 1,577,299	\$ 1,621,501

Per the promissory note payable, the Organization is required to meet certain time covenants. As of December 31, 2018 and 2017, all time covenants have been met.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

7. NOTES PAYABLE, continued:

Notes payable are estimated to mature as follows:

Years Ending December 31,	Amounts
2019	\$ 48,353
2020	41,151
2021	43,042
2022	1,444,753
	\$ 1,577,299

8. NET ASSETS:

Net assets consist of:

	December 31,	
	2018	2017
Without donor restrictions:		
Undesignated	\$ 3,738,301	\$ 3,127,019
Equity in property and equipment	13,705,034	13,345,527
	17,443,335	16,472,546
With donor restrictions:		
Restricted by purpose or time:		
Beneficial interest in trusts	470,300	643,100
Capital projects	169,985	264,179
Gift-in-kind donations (capital projects)	140,412	74,880
Counseling center	42,336	18,420
Unexpended endowment earnings	224,669	286,170
	1,047,702	1,286,749
Restricted in perpetuity:		
Endowment funds	537,060	537,060
	1,584,762	1,823,809
	\$ 19,028,097	\$ 18,296,355

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

9. EMPLOYEE BENEFIT PLAN:

The Organization offers all eligible employees the opportunity to participate in a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) Plan (the Plan). The Plan allows voluntary employee contributions and includes employer matching contributions of up to 3%. For the years ended December 31, 2018 and 2017, the Organization made contributions of \$30,485 and \$34,910 to the Plan, respectively.

10. COMMITMENTS:

OPERATING LEASES

The Organization leases certain office equipment and property under non-cancelable operating lease agreements. Rental and lease expenses totaled \$11,204 and \$8,720 for the years ended December 31, 2018 and 2017. Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2018, are as follows:

<u>Years Ending December 31,</u>	<u>Amounts</u>
2019	\$ 13,204
2020	9,711
2021	7,644
2022	1,443
2023	361
	<u>\$ 32,363</u>

11. ENDOWMENT FUNDS:

The Organization's endowment consists of three donor gifts restricted for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are classified as net assets with donor restrictions.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

11. ENDOWMENT FUNDS, continued:

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment in perpetuity, and (c) accumulations to the endowment in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions for purpose or time until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization 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 Organization
7. The investment policies of the Organization

Endowment net asset composition by type of fund as of December 31, 2018:

	With donor restrictions			
Original gift amount*	Accumulated gains (losses) and other	Total with donor restrictions	Total funds	
Donor-restricted endowment funds	\$ 537,060	\$ 224,669	\$ 761,729	\$ 761,729

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

11. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended December 31, 2018:

	With donor restrictions			Total funds
	Original gift amount*	Accumulated gains (losses) and other	Total with donor restrictions	
Endowment net assets, January 31, 2018	\$ 537,060	\$ 286,170	\$ 823,230	\$ 823,230
Investment return, net	-	(56,000)	(56,000)	(56,000)
Contributions	-	-	-	-
Other	-	(5,501)	(5,501)	(5,501)
Endowment net assets, December 31, 2018	\$ 537,060	\$ 224,669	\$ 761,729	\$ 761,729

Endowment net asset composition by type of fund as of December 31, 2017:

	With donor restrictions			Total funds
	Original gift amount*	Accumulated gains (losses) and other	Total with donor restrictions	
Donor-restricted endowment funds	\$ 537,060	\$ 286,170	\$ 823,230	\$ 823,230

Changes in endowment net assets for the year ended December 31, 2017:

	With donor restrictions			Total funds
	Original gift amount*	Accumulated gains (losses) and other	Total with donor restrictions	
Endowment net assets, January 1, 2017	\$ 537,060	\$ 205,723	\$ 742,783	\$ 742,783
Investment return, net	-	85,887	85,887	85,887
Contributions	-	-	-	-
Other	-	(5,440)	(5,440)	(5,440)
Endowment net assets, December 31, 2017	\$ 537,060	\$ 286,170	\$ 823,230	\$ 823,230

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

11. ENDOWMENT FUNDS, continued:

- * This is the portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA.

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 or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of that nature as of December 31, 2018 and 2017.

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board, the endowment assets are invested with the primary objective of preservation of corpus and the secondary objective of reasonable earnings that are consistent with prudent levels of risk.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy: The Organization appropriates earnings each year based upon the stated purpose and policy established for each endowment fund. The amount of the appropriation is consistent with maintaining the corpus of the endowment plus inflation as measured by the Consumer Price Index on an accrued basis. When earnings for any year are less than the amount designated for appropriation, the amount of appropriation is reduced or eliminated in order to preserve the corpus plus inflation.

12. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification (FASB ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 and Level 2 inputs are not available.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

12. FAIR VALUE MEASUREMENTS, continued:

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018 and 2017, respectively:

	Fair Value Measurements at			
	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Investments held for long-term purposes, at fair value:				
Mutual funds:				
Global equity	\$ 129,648	\$ 129,648	\$ -	\$ -
Fixed income	218,290	218,290	-	-
Other	111,103	111,103	-	-
	459,041	459,041	-	-
Equities:				
International	133,995	-	133,995	-
Large-cap	147,304	147,304	-	-
	281,299	147,304	133,995	-
Total investments held for long-term purposes, at fair value	\$ 740,340	\$ 606,345	\$ 133,995	\$ -
Beneficial interest in trusts	\$ 470,300	\$ -	\$ -	\$ 470,300

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

12. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at			
	December 31, 2017			
	Total	Level 1	Level 2	Level 3
Investments held for long-term purposes, at fair value:				
Mutual funds:				
Global equity	\$ 121,793	\$ 121,793	\$ -	\$ -
Fixed income	286,170	286,170	-	-
Other	88,536	88,536	-	-
	496,499	496,499	-	-
Equities:				
International	96,839	18,855	77,984	-
Large-cap	110,395	110,395	-	-
Mid-cap	65,991	65,991	-	-
Other	36,205	36,205	-	-
	309,430	231,446	77,984	-
Total investments held for long-term purposes, at fair value	\$ 805,929	\$ 727,945	\$ 77,984	\$ -
Beneficial interest in trusts	\$ 643,100	\$ -	\$ -	\$ 643,100

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

12. FAIR VALUE MEASUREMENTS, continued:

The following tables provide further details of the Level 3 fair value measurements for beneficial interest in trusts held by others:

	December 31,	
	2018	2017
Beginning balance	\$ 643,100	\$ 662,700
Contributions of beneficial interests	-	-
Distributions of beneficial interests	-	-
Change in value of beneficial interest in trusts held by others	(172,800)	(19,600)
Ending balance	<u>\$ 470,300</u>	<u>\$ 643,100</u>

Methods and assumptions used by the Organization in estimating fair values are as follows:

Valuation techniques: Fair values for mutual funds and equities are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of beneficial interest in trusts held by others is based on the value of the Organization's proportional share of the overall assets held by the other organizations.

Changes in valuation techniques: None.

13. RELATED PARTY TRANSACTIONS:

A certain director of the Organization's board is also the owner of a construction firm, which provided services to the Organization during the years ended December 31, 2018 and 2017. Total payments made to the construction firm during the years ended December 31, 2018 and 2017 were \$90,783 and \$75,492, respectively. This relationship was approved by the Organization's board of directors.

14. CORRECTION OF ERROR:

The Organization receives donated radio and television advertisements. In the year ended December 31, 2017 previously issued consolidated financial statements, management had not recorded the revenue an expense associated with these noncash contributions. However, during the year ended December 31, 2018, management determined and recorded the noncash donated revenue and expenses and restated the year ended December 31, 2017 consolidated financial statements. The effect of the correcting adjustment on the previously reported support and revenue and expenses as of December 31, 2017, is presented in the table below. There was no impact to the change in net assets for the year ended December 31, 2017.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

14. CORRECTION OF ERROR, continued:

	Year Ended December 31, 2017		
	Previously stated	To record non-cash gifts	Restated
Statement of Activities:			
Operating Support and Revenues:			
Noncash contributions, related to:			
Without donor restrictions	\$ 935,323	\$ 606,800	\$ 1,542,123
With donor restrictions	74,880	-	74,880
	<u>\$ 1,010,203</u>	<u>\$ 606,800</u>	<u>\$ 1,617,003</u>
Total Operating Support and Revenues, related to:			
Without donor restrictions	\$ 4,126,374	\$ 606,800	\$ 4,733,174
With donor restrictions	525,076	-	525,076
	<u>\$ 4,651,450</u>	<u>\$ 606,800</u>	<u>\$ 5,258,250</u>
Expenses:			
Program services:			
Residential care services	\$ 1,373,137	\$ 176,110	\$ 1,549,247
Community services	433,666	151,236	584,902
Single parent ministries	815,629	240,254	1,055,883
Counseling services	541,159	39,200	580,359
	<u>\$ 3,163,591</u>	<u>\$ 606,800</u>	<u>\$ 3,770,391</u>
Total expenses, related to:			
Program services	\$ 3,163,591	\$ 606,800	\$ 3,770,391
Management and general	585,900	-	585,900
Fundraising and special events	638,851	-	638,851
	<u>\$ 4,388,342</u>	<u>\$ 606,800</u>	<u>\$ 4,995,142</u>

(continued)

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2018 and 2017 (restated)

14. CORRECTION OF ERROR, continued:

	Year Ended December 31, 2017		
	Previously stated	To record non-cash gifts	Restated
Statement of Functional Expenses:			
Program services:			
Residential care services:			
Public service advertisements	\$ -	\$ 176,110	\$ 176,110
Community services:			
Public service advertisements	\$ -	\$ 151,236	\$ 151,236
Single parent ministries:			
Public service advertisements	\$ -	\$ 240,254	\$ 240,254
Counseling services:			
Public service advertisements	\$ -	\$ 39,200	\$ 39,200

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 30, 2019, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
Sheridan House Family Ministries, Inc. and Affiliates
Davie, Florida

We have audited the consolidated financial statements of Sheridan House Family Ministries, Inc. and Affiliates as of and for the years ended December 31, 2018 and 2017, and our report thereon dated April 30, 2019, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities (the Information) are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the Information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Lawrenceville, Georgia
April 30, 2019

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Financial Position

December 31, 2018

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
ASSETS:					
Cash and cash equivalents	\$ 1,360,071	\$ 2,608,808	\$ -	\$ -	\$ 3,968,879
Prepaid expenses and other assets	199,866	1,509,456	-	(1,509,456)	199,866
Property and equipment–net	134,436	15,147,897	-	-	15,282,333
Investments held for long-term purposes	-	761,729	-	-	761,729
Beneficial interest in trusts	-	470,300	-	-	470,300
Total Assets	\$ 1,694,373	\$ 20,498,190	\$ -	\$ (1,509,456)	\$ 20,683,107
LIABILITIES AND NET ASSETS:					
Liabilities:					
Accounts payable and accrued expenses	\$ 1,585,585	\$ 1,582	\$ -	\$ (1,509,456)	\$ 77,711
Notes payable	3,322	1,573,977	-	-	1,577,299
	1,588,907	1,575,559	-	(1,509,456)	1,655,010
Net assets:					
Without donor restriction:					
Undesignated	(67,984)	3,806,285	-	-	3,738,301
Equity in property and equipment	131,114	13,573,920	-	-	13,705,034
	63,130	17,380,205	-	-	17,443,335
With donor restriction:					
Restricted by purpose or time	42,336	1,005,366	-	-	1,047,702
Restricted in perpetuity	-	537,060	-	-	537,060
	105,466	18,922,631	-	-	19,028,097
Total Liabilities and Net Assets	\$ 1,694,373	\$ 20,498,190	\$ -	\$ (1,509,456)	\$ 20,683,107

See independent auditors' report on supplementary information

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Financial Position

December 31, 2017

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
ASSETS:					
Cash and cash equivalents	\$ 804,206	\$ 841,259	\$ -	\$ -	\$ 1,645,465
Prepaid expenses and other assets	211,929	1,527,193	-	(1,527,193)	211,929
Property held for sale	-	1,700,000	-	-	1,700,000
Property and equipment–net	133,899	14,833,129	-	-	14,967,028
Investments held for long-term purposes	-	823,230	-	-	823,230
Beneficial interest in trusts	-	643,100	-	-	643,100
	<u>\$ 1,150,034</u>	<u>\$ 20,367,911</u>	<u>\$ -</u>	<u>\$ (1,527,193)</u>	<u>\$ 19,990,752</u>
LIABILITIES AND NET ASSETS:					
Liabilities:					
Accounts payable and accrued expenses	\$ 1,600,089	\$ -	\$ -	\$ (1,527,193)	\$ 72,896
Notes payable	11,144	1,610,357	-	-	1,621,501
	<u>1,611,233</u>	<u>1,610,357</u>	<u>-</u>	<u>(1,527,193)</u>	<u>1,694,397</u>
Net assets:					
Without donor restriction:					
Undesignated	(602,374)	3,729,393	-	-	3,127,019
Equity in property and equipment	122,755	13,222,772	-	-	13,345,527
	<u>(479,619)</u>	<u>16,952,165</u>	<u>-</u>	<u>-</u>	<u>16,472,546</u>
With donor restriction:					
Restricted by purpose or time	18,420	1,268,329	-	-	1,286,749
Restricted in perpetuity	-	537,060	-	-	537,060
	<u>(461,199)</u>	<u>18,757,554</u>	<u>-</u>	<u>-</u>	<u>18,296,355</u>
Total Liabilities and Net Assets	\$ 1,150,034	\$ 20,367,911	\$ -	\$ (1,527,193)	\$ 19,990,752

See independent auditors' report on supplementary information

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Activities

Year Ended December 31, 2018

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:					
OPERATING SUPPORT AND REVENUES:					
Support:					
Contributions	\$ 2,353,613	\$ -	\$ -	\$ (1,840)	\$ 2,351,773
Noncash contributions	1,555,244	-	-	-	1,555,244
Revenue:					
Special events revenue	912,871	-	-	-	912,871
Counseling revenue	327,643	-	-	-	327,643
Rental income	11,950	120,000	-	(120,000)	11,950
Interest income	4,662	23,620	-	-	28,282
Loss on sale of property and equipment	-	(12,389)	-	-	(12,389)
Other income	138,416	-	-	-	138,416
Total Operating Support and Revenues	5,304,399	131,231	-	(121,840)	5,313,790
RECLASSIFICATIONS:					
Satisfaction of purpose restrictions	6,084	754,756	-	-	760,840

(continued)

See independent auditors' report on supplementary information

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Activities

Year Ended December 31, 2018

(continued)

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
EXPENSES:					
Program services:					
Residential care services	1,385,638	216,870	-	(62,400)	1,540,108
Community services	523,316	18,582	-	(3,100)	538,798
Single parent ministries	1,147,443	149,919	-	(26,300)	1,271,062
Counseling services	545,778	38,491	-	(6,400)	577,869
	3,602,175	423,862	-	(98,200)	3,927,837
Supporting activities:					
Management and general	534,147	24,740	-	(12,840)	546,047
Fundraising	446,931	9,344	-	(10,800)	445,475
Special events	184,482	-	-	-	184,482
Total Expenses	4,767,735	457,946	-	(121,840)	5,103,841
Change in Net Assets Without Donor Restrictions from Operations	542,748	428,041	-	-	970,789

(continued)

See independent auditors' report on supplementary information

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Activities

Year Ended December 31, 2018

(continued)

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:					
OPERATING SUPPORT AND REVENUES:					
Support:					
Contributions	30,000	533,640	-	-	563,640
Noncash contributions	-	186,953	-	-	186,953
Total Support and Revenue	30,000	720,593	-	-	750,593
RECLASSIFICATIONS:					
Satisfaction of purpose restrictions	(6,084)	(754,756)	-	-	(760,840)
NONOPERATING ACTIVITIES:					
Income on investments held for long-term purposes	-	(56,000)	-	-	(56,000)
Change in value of beneficial interest in trusts	-	(172,800)	-	-	(172,800)
Change in Net Assets With Donor Restrictions from Nonoperating Activities	-	(228,800)	-	-	(228,800)
Change in Net Assets With Donor Restrictions	23,916	(262,963)	-	-	(239,047)
Change in Net Assets	566,664	165,078	-	-	731,742
Net Assets, Beginning of Year	(461,199)	18,757,554	-	-	18,296,355
Net Assets, End of Year	\$ 105,465	\$ 18,922,632	\$ -	\$ -	\$ 19,028,097

See independent auditors' report on supplementary information

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Activities

Year Ended December 31, 2017

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:					
OPERATING SUPPORT AND REVENUES:					
Support:					
Contributions	\$ 1,633,759	\$ 5,000	\$ -	\$ (16,309)	\$ 1,622,450
Noncash contributions	1,473,826	68,297	-	-	1,542,123
Revenue:					
Special events revenue	1,001,583	-	-	-	1,001,583
Counseling revenue	235,754	-	-	-	235,754
Rental income	17,200	292,500	-	(120,000)	189,700
Interest income	1,937	1,915	-	-	3,852
Gain on sale of property and equipment	-	3,896,477	-	-	3,896,477
Other income	137,712	-	-	-	137,712
Total Operating Support and Revenues	4,501,771	4,264,189	-	(136,309)	8,629,651
RECLASSIFICATIONS:					
Satisfaction of purpose restrictions	26,448	374,405	-	-	400,853

(continued)

See independent auditors' report on supplementary information

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Activities

Year Ended December 31, 2017

(continued)

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
EXPENSES:					
Program services:					
Residential care services	1,327,519	288,328	-	(66,600)	1,549,247
Community services	483,492	104,710	-	(3,300)	584,902
Single parent ministries	1,065,094	10,789	-	(20,000)	1,055,883
Counseling services	477,103	110,056	-	(6,800)	580,359
	3,353,208	513,883	-	(96,700)	3,770,391
Supporting activities:					
Management and general	543,396	70,513	-	(28,009)	585,900
Fundraising	437,865	24,275	-	(11,600)	450,540
Special events	188,311	-	-	-	188,311
Total Expenses	4,522,780	608,671	-	(136,309)	4,995,142
Change in Net Assets Without Donor Restrictions from Operations	5,439	4,029,923	-	-	4,035,362
NONOPERATING ACTIVITIES:					
Gain on property held for sale	-	1,114,928	-	-	1,114,928
Change in Net Assets Without Donor Restrictions from Nonoperating Activities	-	1,114,928	-	-	1,114,928
Change in Net Assets Without Donor Restrictions	5,439	5,144,851	-	-	5,150,290

(continued)

See independent auditors' report on supplementary information

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Activities

Year Ended December 31, 2017

(continued)

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:					
OPERATING SUPPORT AND REVENUES:					
Support:					
Contributions	-	364,309	-	-	364,309
Noncash contributions	-	74,880	-	-	74,880
Total Support and Revenue	-	439,189	-	-	439,189
RECLASSIFICATIONS:					
Satisfaction of purpose restrictions	(26,448)	(374,405)	-	-	(400,853)
NONOPERATING ACTIVITIES:					
Income on investments held for long-term purposes	-	85,887	-	-	85,887
Change in value of beneficial interest in trusts	-	(19,600)	-	-	(19,600)
Change in Net Assets With Donor Restrictions from Nonoperating Activities	-	66,287	-	-	66,287
Change in Net Assets With Donor Restrictions	(26,448)	131,071	-	-	104,623
Change in Net Assets	(21,009)	5,275,922	-	-	5,254,913
Net Assets, Beginning of Year	(440,190)	13,481,632	-	-	13,041,442
Net Assets, End of Year	\$ (461,199)	\$ 18,757,554	\$ -	\$ -	\$ 18,296,355

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