

The McShin Foundation  
Financial Statements  
June 30, 2019



WELLSCOLEMAN

5004 Monument Avenue • Richmond, VA 23230

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## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
The McShin Foundation  
Richmond, Virginia

We have audited the accompanying financial statements of the McShin Foundation (“the Foundation”), 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 misstatement, whether due to fraud or error.

### **Auditor’s 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 from material misstatement.

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

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

- Continued -

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the McShin Foundation 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.

## Effect of Adopting New Accounting Standard

As discussed in Note 2 to the financial statements, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, "*Not-for-Profit Entities*" (Topic 958), "*Presentation of Financial Statements of Not-for-Profit Entities*." Under this standard, not-for-profits present two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) on the face of the statement of financial position and present the change in those two classes on the statement of activities and changes in net assets. This standard also enhances disclosures regarding board designations and net assets with donor restrictions and how the designations and restrictions affect the use of resources. The disclosures will provide qualitative and quantitative information about how a not-for-profit manages liquid resources. Expenses will be presented by both their natural and functional classification either on the statement of functional expenses or in the notes to the financial statements.



January 30, 2020

**THE McSHIN FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**

**June 30, 2019**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 631,255
Accounts receivable, net of allowance of doubtful accounts of \$25,562	<u>26,081</u>

**Total current assets** **657,336**

**Property and Equipment**

Land	105,940
Buildings	593,608
Furniture and equipment	33,183
Vehicles	<u>62,493</u>
	<b>795,224</b>
Accumulated depreciation	<u>(95,008)</u>

**Net property and equipment** **700,216**

**Other Assets**

Deposits	10,552
Investments in marketable securities	104,918
Investments in LLCs	<u>67,174</u>

**Total other assets** **182,644**

**Total Assets** **\$ 1,540,196**

See accompanying notes to financial statements.

## LIABILITIES AND NET ASSETS

### Current Liabilities

Current portion of mortgage payable	\$ 11,705
Accounts payable	30,150
Accrued payroll	<u>9,862</u>
<b>Total current liabilities</b>	<b><u>51,717</u></b>

### Long-Term Liabilities

Mortgage payable	454,547
Less debt issuance costs	<u>(2,000)</u>
<b>Total long-term liabilities</b>	<b><u>452,547</u></b>

<b>Total liabilities</b>	<b><u>504,264</u></b>
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### Net Assets

Without donor restrictions	
Undesignated	443,632
Designated by Board	<u>250,000</u>
<b>Total without restrictions</b>	<b>693,632</b>
With donor restrictions	<u>342,300</u>
<b>Total net assets</b>	<b><u>1,035,932</u></b>

<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,540,196</u></b>
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**THE McSHIN FOUNDATION**

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

**For the year ended June 30, 2019**

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Designated		
<b>Revenue and Support</b>				
Contributions	\$ 257,565	\$ -	\$ 4,162	\$ 261,727
Grants	-	-	391,981	391,981
In-kind revenue	70,100	-	-	70,100
Entry fee income	1,163,757	-	-	1,163,757
Bed fees	377,746	-	-	377,746
Program services	37,053	-	-	37,053
Other income	8,062	-	-	8,062
Fundraisers	57,200	-	-	57,200
Sponsorships	4,500	-	-	4,500
Interest and investment income	32,269	-	5,325	37,594
Loss on sale of asset	(216)	-	-	(216)
Net assets released from restrictions	155,536	-	(155,536)	-
<b>Total revenue and support</b>	<b>2,163,572</b>	<b>-</b>	<b>245,932</b>	<b>2,409,504</b>
<b>Expenses</b>				
Program	1,804,161	-	-	1,804,161
Supporting services expense				
General and administrative	207,390	-	-	207,390
Fundraising and development	109,838	-	-	109,838
	<b>317,228</b>	<b>-</b>	<b>-</b>	<b>317,228</b>
<b>Total expenses</b>	<b>2,121,389</b>	<b>-</b>	<b>-</b>	<b>2,121,389</b>
<b>Change in net assets</b>	<b>42,183</b>	<b>-</b>	<b>245,932</b>	<b>288,115</b>
<b>Net Assets, beginning of year</b>	<b>360,220</b>	<b>250,000</b>	<b>96,368</b>	<b>706,588</b>
Prior-period adjustment to net assets	41,229	-	-	41,229
<b>Net Assets, end of year</b>	<b>\$ 443,632</b>	<b>\$ 250,000</b>	<b>\$ 342,300</b>	<b>\$ 1,035,932</b>

See accompanying notes to financial statements.

**THE McSHIN FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**For the year ended June 30, 2019**

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising and Development</u>	
Salaries and wages	\$ 372,524	\$ 72,570	\$ 38,704	\$ 483,798
Payroll taxes	27,906	5,436	2,899	36,241
Benefits	13,555	2,641	1,408	17,604
Advertising	13,411	2,613	1,393	17,417
Bad debt and write-offs	293,685	-	-	293,685
Bank charges	10,314	2,009	1,072	13,395
Computer and IT	31,894	2,596	2,596	37,086
Contributions	6,103	763	763	7,629
Depreciation	24,738	1,302	-	26,040
Dues and subscriptions	14,627	-	-	14,627
Events	19,682	-	-	19,682
Fundraising costs	-	-	9,811	9,811
Groceries	51,027	9,940	5,302	66,269
Insurance	15,668	20,368	3,134	39,170
Interest	27,802	-	-	27,802
Maintenance and repairs	46,919	5,213	-	52,132
Meals	28,142	23,452	7,035	58,629
Network and training	52,491	-	-	52,491
Office and printing	18,401	8,493	8,493	35,387
Other	13,053	2,543	1,356	16,952
Professional fees	-	10,293	-	10,293
Program service expenses	218,881	-	-	218,881
Rent	80,842	6,580	6,580	94,002
Scholarships and sponsors	247,191	-	-	247,191
Subcontractors	65,846	12,827	6,841	85,514
Taxes and licenses	8,131	1,584	845	10,560
Travel and mileage	50,157	9,771	5,211	65,139
Utilities and related	51,171	6,396	6,395	63,962
	<u>\$ 1,804,161</u>	<u>\$ 207,390</u>	<u>\$ 109,838</u>	<u>\$ 2,121,389</u>

See accompanying notes to financial statements.



**THE McSHIN FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2019

<b>Cash Flows from Operating Activities</b>	
Change in net assets	<b>\$ 288,115</b>
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities	
Depreciation	26,040
Loss on disposal of asset	216
Amortization of debt issuance costs	574
Donated stock	(937)
Reinvested investment income	(2,457)
Unrealized gain on investments	(1,931)
Income from investments in LLCs	(28,464)
 (Increase) decrease in operating assets	
Accounts receivable	50,344
Deposits	(2,714)
 Increase (decrease) in operating liabilities	
Accounts payable	24,004
Accrued payroll and related	<u>6,554</u>
 <b>Net cash and cash equivalents provided by operating activities</b>	 <b><u>359,344</u></b>
<b>Cash Flows from Investing Activities</b>	
Purchases of property and equipment	(27,601)
Distributions received from equity in partnership	24,519
Purchase of equity in partnership	(25,500)
Purchase of investments	(7,820)
Proceeds from the sale of investments	<u>4,595</u>
 <b>Net cash and cash equivalents used by investing activities</b>	 <b><u>(31,807)</u></b>
<b>Cash Flows from Financing Activities</b>	
Principal payments on mortgage	<u>(87,325)</u>
 <b>Net cash and cash equivalents used by financing activities</b>	 <b><u>(87,325)</u></b>

- Continued -

See accompanying notes to financial statements.

**THE McSHIN FOUNDATION**  
**STATEMENT OF CASH FLOWS - CONTINUED**

**For the year ended June 30, 2019**

<b>Increase in cash and cash equivalents</b>	<b>240,212</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b><u>391,043</u></b>
<b>Cash and Cash Equivalents, end of year</b>	<b><u>\$ 631,255</u></b>
<b>Supplemental Cash Flow Information</b>	
Cash paid for interest	<b><u>\$ 27,802</u></b>

See accompanying notes to financial statements

**THE McSHIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**1. Nature of Organization**

The McShin Foundation, (the Foundation), is a Virginia non-profit, Recovery Community Organization dedicated to achieving long-term, drug-free recovery. The Foundation uses a social model recovery program – Peer-to-Peer delivered recovery support services. The Foundation provides houses for recovery, recovery support services, and various other community outreach to further its mission. In addition, the Foundation also provides, same day intervention and consultation services, recovery housing and recovery coaching, a recovery community center, drug testing, daily 12-step meetings, daily group session, recovery jail program services, criminal justice referral programming, re-entry planning and employment opportunities, education, family and youth programming, training and other programs as part of its mission. The Foundation is supported primarily through contributions, grants, donations, and fee income from participants in the program.

**2. Significant Accounting Policies**

*Basis of Accounting:* The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as determined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

*Cash and Cash Equivalents:* For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments with a maturity of three months or less at purchase to be cash equivalents, with the exception of cash balances held in investment-related custodial accounts.

*Accounts Receivable:* Accounts receivable represent amounts due from contributors for donations earned in the year recorded. Accounts receivable are evaluated for collectability based on past collection history and current financial conditions. An allowance for doubtful accounts has been provided based on individual review of account balances by management. The Foundation does not normally require collateral or other security for granting credit.

*Property and Equipment:* Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives. The Foundation’s policy is to capitalize any asset over \$2,500 in cost. The estimated useful lives of the related assets are as follows:

	<u>Years</u>
Buildings	39
Furniture and equipment	3-7
Vehicles	5

*Investments:* Investments in marketable securities and LLCs are stated at fair market value. Net investment gain or loss is reported in the statements of activities and changes in net assets and consists of interest and dividend income and realized and unrealized capital gains and losses.

## THE McSHIN FOUNDATION

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

#### 2. Significant Accounting Policies - Continued

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

- Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board has designated cash to be set aside for specific use.
- Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that can be filled by actions of the Foundation pursuant to those restrictions or that expire by the passage of time. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation currently has no restrictions that are perpetual in nature. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

*Contributions:* The Foundation receives contributions from community organizations and private citizens. Contributions received are recorded as net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions.

*Donated Materials and Services:* Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of the donation. The Foundation records donated professional services at the respective fair values of the services received.

*Advertising:* Advertising costs are expensed in the period they are incurred.

*Functional Allocation of Expenses:* The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses are reviewed by management and allocated appropriately based on the type and purpose of the expense. Salaries and other overhead expenses are based on estimated allocation percentages determined by staff time spent between program, administrative, and fundraising tasks.

*Income Tax Status:* The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and Virginia income taxes. The Foundation's income tax returns from 2016 forward are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

THE McSHIN FOUNDATION

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

2. Significant Accounting Policies - Continued

*Use of Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

*Change in Accounting Policy:* FASB issued Accounting Standards Update 2016-14, "Not-for-Profit Entities" (Topic 958), "Presentation of Financial Statements of Not-for-Profit Entities." The ASU is effective for annual reporting periods beginning after December 15, 2017.

*Evaluation of Subsequent Events:* Management has evaluated subsequent events through January 30, 2020, which is the date the financial statements were available to be issued.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following for the year ended June 30, 2019:

Cash and cash equivalents	\$ 631,255
Accounts receivable, net	26,081
Investments in marketable securities	104,918
Less cash unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions	(342,300)
Board designated	(250,000)
	<u>\$ 169,954</u>

As part of the Foundation'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.

4. Concentration of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents (from time to time, in excess of FDIC insurance limits) and interest-bearing investments.

**THE McSHIN FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019**

**5. Fair Market Value Measurement**

Financial Accounting Standards Board ASC 820-10, “Fair Value Measurements and Disclosures” defines fair value, establishes a framework for measuring fair value, and expands disclosures regarding fair value measurements. The standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The 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 Foundation uses appropriate valuation techniques based on the available inputs to measure fair value of its investments. At June 30, 2019, the Foundation’s investments were valued based on Level 1 and Level 3 inputs.

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in			
Fair Value	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash equivalents	\$ 3,730	\$ 3,730	\$ -	\$ -
Mutual funds	101,188	101,188	-	-
Investment in LLCs	67,174	-	-	67,174
	<b>\$ 172,092</b>	<b>\$ 104,918</b>	<b>\$ -</b>	<b>\$ 67,174</b>

The following table provides further details regarding the changes in the value of Level 3 fair value measurements:

<b>Investment in LLCs</b>	
<b>Beginning balance</b>	\$ 37,729
Investment income	28,464
Distributions received	(24,519)
Contributed capital	25,500
	67,174
<b>Ending balance</b>	<b>\$ 67,174</b>

**6. Investments**

The Foundation holds its investments in a brokerage fund. At June 30, 2019, The Foundation had the following investments related to the Luke Cockey Fund and the Brennas Scholarship Foundation Fund:

**THE McSHIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019**

**6. Investments - Continued**

	Cost	Fair Market Value	Accumulated Unrealized Gain
Cash equivalents	\$ 3,730	\$ 3,730	\$ -
Equities and exchange products	57,722	75,804	18,082
Fixed income and other	25,384	25,384	-
	\$ 86,836	\$ 104,918	\$ 18,082

Investment gain for investments held in the brokerage account consists of the following components for the year ended June 30, 2019:

Interest and dividends	\$ 2,457
Realized and unrealized gain	1,931
	\$ 4,388

**8. Mortgage Payable**

Mortgage payable consists of the following as of June 30, 2019:

Note payable, bank, monthly interest payment of 4.9% of loan amount, balloon payment of balance due upon maturity. Secured by a Deed of Trust on the Chamberlayne Road property. Matures September 30, 2020.	\$ -
Note payable to a bank, \$1,151 due monthly, including interest of 5.0%. Secured by a first-lien-priority deed of trust on real estate and improvements. Balloon payment of balance due June 15, 2021.	183,772
Note payable to a bank, \$1,076 due monthly, including interest of 5.0%. Secured by a first-lien-priority deed of trust on real estate and improvements. Balloon payment of balance due September 1, 2021.	172,369
Note payable to a bank, \$671 due monthly, including interest of 5.0%. Secured by a first-lien-priority deed of trust on real estate and improvements. Balloon payment of balance due July 1, 2022.	110,111
<b>Total long-term debt</b>	<b>466,252</b>
Current portion	(11,705)
<b>Long-term portion of debt</b>	<b>\$ 454,547</b>

**THE McSHIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2019**

**7. Mortgage Payable - Continued**

Principal repayment requirements in the succeeding five years are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 11,705
2021	12,304
2022	340,295
2023	101,948
<b>Total</b>	<b><u>\$ 466,252</u></b>

**8. Leases**

The Foundation is committed under an operating lease for three houses utilized as part of its recovery programs. These leases expire at various times during 2020 and 2021. The Foundation intends to renew for another year the one lease due to expire February 2020.

In addition to the operating leases above, the Foundation leases space for their administrative headquarters from a local church for \$3,500 on a month-to-month basis. The Foundation also leases two additional houses during the year on a month-to-month basis.

Lease expense for the year ended June 30, 2019 was \$94,002. Future minimum lease payments under leases are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 53,584
2021	42,856
2022	8,800
<b>Total</b>	<b><u>\$ 105,240</u></b>

**9. Net Assets without Donor Restrictions Designated by Board**

Net assets without donor restrictions designated by Board are designated for the following purposes as of June 30, 2019:

	<u>Balance</u> <u>7/1/2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>06/30/2019</u>
Contingency reserve	\$ 250,000	\$ -	\$ -	\$ 250,000



**THE McSHIN FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019**

**10. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2019:

	Balance 7/1/2018	Receipts	Released from Restriction	Balance 06/30/2019
<b>Subject to expenditure for specific purpose:</b>				
Luke Cockey Fund	\$ 36,100	\$ 1,124	\$ -	\$ 37,224
Brennas Scholarship Fund	60,268	8,363	-	68,631
SAMHSA Grant	-	166,981	33,325	133,656
Communities Project Grant	-	225,000	122,211	102,789
	<u>\$ 96,368</u>	<u>\$ 401,468</u>	<u>\$ 155,536</u>	<u>\$ 342,300</u>

**11. Management Agreement**

The Foundation was part of an informal management agreement known as Eco-flats with an entity in Richmond to manage its 75-bed apartment complex. There was no written agreement, but the Foundation received 50% of the net income for its management of the entity. The agreement ended in February 2019. Total income was approximately \$13,205 during the year ended June 30, 2019.

**12. Program Support and Revenue**

The Foundation receives a substantial portion of its support and revenues from participants in its programs which include housing and other recovery support services. The standard rate for one month was \$5,800 for community residency and \$9,800 for intensive residency and is shown as entry fee income in the statement of activities and changes in net assets. Also, included is \$135 per week as rental income for participants staying in one of the houses that the Foundation owns or leases. Not all participants can pay the full amount and many do not pay any amount at all for peer to peer recovery services. These individuals are approved for payments on an individual basis and are required to sign contracts and provide financial information to justify payment amounts into the program. The Foundation records receivables for these amounts and periodically writes-down or reserves amounts not considered to be collectible. The Foundation does attempt to require those individuals not paying to provide volunteer services to meet the mission of the organization. The following is a chart estimating the costs of providing free or reduced care by the Foundation:

Indigent Bed Nights	2,830
Indigent Care (including meals, housing, jail program, and clothing)	\$ 465,278

**THE McSHIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2019**

**13. In-Kind Contributions**

During the year ended June 30, 2019, the Foundation received in-kind contributions as follows:

Donated materials for events	\$ 19,100
Donated naloxone kits	40,000
Website and logo redesign	10,000
Clothing	1,000
<b>Total in-kind contributions</b>	<b>\$ 70,100</b>

**14. Insurance Policy**

The Foundation pays approximately \$2,500 yearly for a \$250,000 term life insurance policy for its President. The Foundation is the beneficiary of this policy.

**15. Related Party Transactions**

True Recovery is a partial owner of Clean Life Medical USA that performs the Foundation's medical and detox services. Through December 2018, the Foundation's President was a partner in True Recovery.

After June 30, 2019, the Medical advisor for the Foundation was elected to the Board of Trustees. The Medical advisor also provides services for Clean Life Medical USA. Clean Life Medical USA performed approximately \$55,110 of services for the Foundation for the year ended June 30, 2019.

The CEO and the President of the Foundation are owners of CAREtalks, which is an entity that sponsors events with the Foundation. The Foundation paid \$25,000 to CAREtalks during the year ended June 30, 2019.

There were no amounts due to or from any related party as of June 30, 2019.

**16. Commitments**

The Foundation has guaranteed the debt related to McChesterfield, LLC for \$225,000. McChesterfield, LLC is a partnership between the Foundation and Lewis Rd, LLC. The partnership owns and operates a residential treatment recovery house. The debt was used to finance the purchase of the recovery house.

**17. Retirement Plan**

The Foundation sponsors a 403(b) Plan (the Plan) for the benefit of eligible employees. The Foundation does not contribute to the Plan on behalf of employees.

**18. Prior-Period Adjustment**

Net assets as of the beginning of the fiscal year have been restated to correct an error made in prior years. The error relates to an understatement of assets related investments in LLCs. The correction had a net effect of increasing current year activities by \$2,800. The cumulative effect increased net assets by \$41,229.

**THE McSHIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019**

**19. Subsequent Events**

The Medical advisor, a related party, for the Foundation was added to the Board of Trustees after year-end.