

Community Link, Inc.

FINANCIAL STATEMENTS  
AND SUPPLEMENTAL DATA

June 30, 2009 and 2008

Community Link, Inc.  
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Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

September 22, 2009

Board of Directors  
Community Link, Inc.  
Breese, Illinois 62230

We have audited the accompanying Statements of Financial Position of Community Link, Inc. (a nonprofit organization) as of June 30, 2009 and 2008, and its related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended. These basic financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We performed our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Link, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a separate report dated September 22, 2009, on our consideration of Community Link, Inc. internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Board of Directors

September 22, 2009

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Community Link, Inc. taken as a whole. The supplementary information following page 18 including the Consolidated Financial Report and Grant Report for the State of Illinois Fiscal Year ended June 30, 2009, is presented for purposes of additional analysis as required by the Illinois Department of Human Services and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements referred to above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. .

Respectfully submitted,

# GLASS AND SHUFFETT, LTD.

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

September 22, 2009

Board of Directors  
Community Link, Inc.  
Breese, Illinois 62230

We have audited the financial statements of Community Link, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated September 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Link, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Link, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors  
Community Link, Inc.

September 22, 2009

Compliance and Other Matters

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

This report is intended for the information of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Community Link, Inc.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash on Hand and in Bank -- Operating	\$ 457,057	\$ 571,683
Cash in Bank -- Reserves	87,672	112,223
Accounts Receivable -- Trade	1,139,078	695,932
Prepaid Expenses	72,083	65,577
Deposit	100	100
	<hr/>	<hr/>
Total Current Assets	1,755,990	1,445,515
	<hr/>	<hr/>
Property and Equipment:		
Land and Land Improvements	267,530	267,530
Buildings and Improvements	3,111,179	3,063,142
Furniture, Fixtures and Equipment	270,159	277,673
Vehicles	310,459	326,614
	<hr/>	<hr/>
Total Cost	3,959,327	3,934,959
	<hr/>	<hr/>
Less -- Accumulated Depreciation	1,628,569	1,525,486
	<hr/>	<hr/>
Net Property and Equipment	2,330,758	2,409,473
	<hr/>	<hr/>
	<hr/>	<hr/>
Total Assets	\$ 4,086,748	\$ 3,854,988
	<hr/>	<hr/>

## EXHIBIT A

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
Current Liabilities:		
Accounts Payable	\$ 94,110	\$ 94,589
Notes Payable -- Due Within One Year	232,326	155,838
Package Insurance Payable	34,967	37,172
W/C Insurance Assessment Payable	36,380	16,012
Accrued Expenses	221,104	224,115
Unearned Income	2,800	36,243
Compensated Absences Payable	137,830	129,994
	<hr/>	<hr/>
Total Current Liabilities	759,517	693,963
	<hr/>	<hr/>
Long Term Liabilities (Due After One Year):		
W/C Insurance Assessment Payable	41,254	48,036
Notes Payable	1,890,105	2,011,347
	<hr/>	<hr/>
Total Long Term Liabilities	1,931,359	2,059,383
	<hr/>	<hr/>
Total Liabilities	2,690,876	2,753,346
	<hr/>	<hr/>
Net Assets:		
Unrestricted	1,395,872	1,101,642
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 4,086,748	\$ 3,854,988
	<hr/>	<hr/>

See accompanying notes to financial statements.



## EXHIBIT B

Community Link, Inc.  
STATEMENT OF ACTIVITIES  
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Support and Revenue:		
Support		
Grants	\$ 872,841	\$ 920,139
Contributions	451,392	351,081
Total Support	<u>1,324,233</u>	<u>1,271,220</u>
Revenue:		
Fees for Services	5,113,088	4,286,754
Investment Income	5,164	10,136
Other Income	425,788	498,769
Gain (Loss) on Sale of Assets	95	(703)
Total Revenue	<u>5,544,135</u>	<u>4,794,956</u>
Total Support and Revenue	<u>6,868,368</u>	<u>6,066,176</u>
Expenses:		
Program Services:		
Adult Day Programs	3,374,462	2,849,614
Community Living Programs	1,604,985	1,543,482
Infant Programs	838,332	937,647
General and Administrative Services	<u>726,504</u>	<u>760,154</u>
Total Expenses	<u>6,544,283</u>	<u>6,090,897</u>
Change in Unrestricted Net Assets	324,085	(24,721)
Unrestricted Net Assets, Beginning of Year	1,101,642	1,128,793
Prior Period Adjustment	<u>(29,855)</u>	<u>(2,430)</u>
Unrestricted Net Assets, End of Year	<u>\$ 1,395,872</u>	<u>\$ 1,101,642</u>

See accompanying notes to financial statements.

## EXHIBIT C

Community Link, Inc.  
STATEMENT OF CASH FLOWS  
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows Used for Operating Activities:		
Change in Unrestricted Net Assets	\$ 324,085	\$ (24,721)
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	144,477	124,856
Prior Period Adjustment	(29,855)	(2,430)
(Increase) Decrease in Accounts Receivable	(443,146)	(136,527)
(Increase) Decrease in Prepaid Expenses	(6,506)	(3,059)
Increase (Decrease) in Accounts Payable and Accrued Expenses	7,891	121,988
Increase (Decrease) in Unearned Income	(33,443)	(57,990)
Increase (Decrease) in Compensated Absences Payable	7,836	16,740
Total Adjustments	<u>(352,746)</u>	<u>63,578</u>
Net Cash Provided by Operating Activities	<u>(28,661)</u>	<u>38,857</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	(65,668)	(712,776)
Proceeds from Sale of Assets	-	300
(Gain) Loss on Sale of Assets	(95)	703
	<u>(65,763)</u>	<u>(711,773)</u>
Cash Flows from Financing Activities:		
Loan Proceeds	1,475,802	695,066
Principal Payments on Notes Payable	(1,520,555)	(136,857)
	<u>(44,753)</u>	<u>558,209</u>
Net Increase (Decrease) in Cash and Equivalents	(139,177)	(114,707)
Cash and Equivalents at Beginning of Year	<u>683,906</u>	<u>798,613</u>
Cash and Equivalents at End of Year	<u>\$ 544,729</u>	<u>\$ 683,906</u>
Supplemental Data:		
Interest Paid	<u>\$ 121,092</u>	<u>\$ 87,485</u>

See accompanying notes to financial statements.

Community Link, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2009

EXHIBIT D

	Program Services			Total Program Services	General and Administrative	Total Expenses
	Adult Day Programs	Community Living Programs	Infant Programs			
Expenses						
Staff Salaries	\$ 1,742,467	\$ 984,467	\$ 329,032	\$ 3,055,966	\$ 437,531	\$ 3,493,497
Payroll Taxes	140,528	77,201	30,702	248,431	39,444	287,875
Fringe Benefits	380,708	227,890	54,202	662,800	91,815	754,615
Consultants	-	337	101,062	101,399	7,355	108,754
Volunteer Wages	-	-	217,813	217,813	-	217,813
Consumer Wages & Fringes	186,143	-	-	186,143	-	186,143
Medical Supplies	2,633	352	51	3,036	-	3,036
Office Supplies	8,216	1,635	5,423	15,274	17,969	33,243
Program Supplies	20,988	6,630	3,550	31,168	-	31,168
Housekeeping Supplies & Services	37,727	11,754	1,089	50,570	2,438	53,008
Specific Assistance to Individuals	-	27,448	-	27,448	-	27,448
Food	-	52,798	-	52,798	-	52,798
Maintenance Supplies	14,735	7,839	395	22,969	668	23,637
Rent	-	-	22,155	22,155	-	22,155
Utilities	68,097	37,713	4,723	110,533	7,092	117,625
Maintenance Service and Repairs	30,695	16,345	6,043	53,083	2,745	55,828
Computer Repairs and Maintenance	21,222	5,918	1,618	28,758	2,801	31,559
Insurance	19,205	14,334	4,301	37,840	24,222	62,062
Travel and Transportation	480,141	21,188	32,774	534,103	5,702	539,805
Telephone	3,701	10,997	5,694	20,392	11,864	32,256
Staff Training and Conferences	1,397	909	4,378	6,684	8,194	14,878
Dues and Subscriptions	362	142	703	1,207	22,449	23,656
Small Equipment	16,360	6,055	9,076	31,491	4,507	35,998
Public Relations	-	-	6	6	5,922	5,928
Interest	97,709	35,370	1,069	134,148	5,282	139,430
Miscellaneous Expenses	19,382	2,292	982	22,656	22,935	45,591
Depreciation Expenses	82,046	55,371	1,491	138,908	5,569	144,477
Total Expenses	\$ 3,374,462	\$ 1,604,985	\$ 838,332	\$ 5,817,779	\$ 726,504	\$ 6,544,283

(Continued on next page)

Community Link, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2008

EXHIBIT D

	Program Services			Total Program Services	General and Administrative	Total Expenses
	Adult Day Programs	Community Living Programs	Infant Programs			
Expenses						
Staff Salaries	\$ 1,444,685	\$ 964,608	\$ 368,490	\$ 2,777,783	\$ 438,559	\$ 3,216,342
Payroll Taxes	123,394	75,160	27,657	226,211	33,296	259,507
Fringe Benefits	332,667	236,978	63,968	633,613	95,709	729,322
Consultants	53	880	86,843	87,776	25,161	112,937
Volunteer Wages	-	-	230,730	230,730	-	230,730
Consumer Wages & Fringes	215,549	-	-	215,549	-	215,549
Medical Supplies	1,825	589	57	2,471	-	2,471
Office Supplies	7,631	1,825	3,715	13,171	19,970	33,141
Program Supplies	14,962	6,979	3,062	25,003	-	25,003
Housekeeping Supplies & Services	31,604	12,797	3,060	47,461	3,709	51,170
Specific Assistance to Individuals	-	28,221	-	28,221	-	28,221
Food	-	1,646	22	1,668	-	1,668
Maintenance Supplies	18,251	5,457	428	24,136	949	25,085
Rent	-	-	24,614	24,614	-	24,614
Utilities	43,239	36,027	4,535	83,801	6,884	90,685
Maintenance Service and Repairs	19,980	11,869	3,174	35,023	2,618	37,641
Computer Repairs and Maintenance	26,278	3,925	1,076	31,279	6,385	37,664
Insurance	12,407	13,327	4,248	29,982	25,109	55,091
Travel and Transportation	408,783	24,193	31,827	464,803	3,969	468,772
Telephone	676	10,826	5,605	17,107	12,474	29,581
Staff Training and Conferences	4,860	722	12,445	18,027	8,566	26,593
Dues and Subscriptions	221	207	2,475	2,903	23,371	26,274
Small Equipment	16,794	11,178	54,412	82,384	977	83,361
Public Relations	-	-	-	-	11,303	11,303
Interest	50,746	42,089	727	93,562	5,421	98,983
Miscellaneous Expenses	13,557	513	1,593	15,663	28,670	44,333
Depreciation Expenses	61,452	53,466	2,884	117,802	7,054	124,856
Total Expenses	<u>\$ 2,849,614</u>	<u>\$ 1,543,482</u>	<u>\$ 937,647</u>	<u>\$ 5,330,743</u>	<u>\$ 760,154</u>	<u>\$ 6,090,897</u>

Community Link, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009 and 2008

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Community Link, Inc. is a non-for-profit community service agency whose goal is to promote the general welfare of adults and infants with developmental disabilities residing in Clinton County, Illinois, and surrounding area by fostering the development of programs in their behalf, providing rehabilitation and habilitation services, and assisting those individuals and their families in acquiring other needed services.

B. Financial Statement Presentation

In fiscal year 1996, the Organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Non-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by this new standard, the Organization discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present classes of net assets. The reclassification had no cumulative effect on the change in net assets for the year adopted.

The net assets of the Organization are classified entirely as unrestricted. Although the Organization does receive grant awards, which are restricted as to their use, their restrictions are consistently satisfied in the reporting period and are therefore reported as unrestricted.

The Organization adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of their recognition.

The Organization maintained its accounting records and prepares its financial statements on the accrual basis. Under this basis, revenues are recognized when they are earned, and expenses are recognized when incurred.

D. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase.

## NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### E. Investments

In accordance with SFAS No. 124, investments in marketable securities are carried at readily determinable fair values.

### F. Inventory

Inventories of supplies are immaterial and are expensed as purchased.

### G. Allowance for Bad Debts

The Organization does not provide an allowance for bad debts. Bad debts are charged against revenue when they are determined uncollectible.

### H. Property and Equipment

Property, plant and equipment is stated at cost, less accumulated depreciation unless donated. Donated items are valued at an amount determined to be fair market value. The Organization has a capitalization threshold of \$1,000. Depreciation is computed using the straight-line method over the estimated lives of the assets as follows:

Office Furniture and Fixtures	3-10 years
Tools and Workshop Equipment	5-12 years
Vehicles--Buses	5- 7 years
Vehicles--Other	5 years
Buildings	12-35 years
Home Furnishings	5- 7 years

Depreciation for the years ended June 30, 2009 and 2008, were \$144,477 and \$124,856, respectively.

### I. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### J. Support and Revenue

The Organization receives fees for services from the Department of Human Services, other community agencies and its clients for billable client services and recognizes these fees as income when earned.

The Organization also receives direct grants from the Department of Human Services and Community Mental Health Act. These grants are generally recognized in the year the grant is awarded.

## NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### K. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs benefited.

### L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### M. Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick leave depending on job classification, length of service, and other factors.

Upon termination, employees are paid for accrued vacation pay at current payroll rates. Sick pay is not paid to terminating employees and must be used or lost.

### N. Federal Income Tax Status

The Organization has applied for and has been granted, exemption from Federal income taxation under Section 501 (c)(3) of the Internal Revenue Code.

### O. Restatement of Prior Period Data

Certain prior period data has been restated to conform with the current financial statement presentation.

## NOTE 2--SUMMARY OF GRANT FUNDING

The Organization received funding through the following grants during the years ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Illinois Department of Human Services	\$209,403	\$221,000
Illinois Department of Human Services --		
Title XX--DFI	61,799	61,799
Community M.H. Act (708)	72,450	69,000
U.S. Department of Health and		
Human Services	317,685	388,594
United Way	<u>211,504</u>	<u>179,746</u>
	<u>\$872,841</u>	<u>\$920,139</u>

### NOTE 3--ACCOUNTS RECEIVABLE

Accounts receivable consists of various receivables as follows:

	<u>2009</u>	<u>2008</u>
Accounts Receivable—Trade	\$ 56,216	\$ 59,714
Illinois Department of Human Services	354,479	84,522
Long-term Care Facilities	680,997	465,415
U.S. Dept. of Health & Human Services	21,922	31,128
Washington County Workshop	1,879	1,879
Central Billing Office (Medicaid)	20,557	45,092
Other	3,028	8,182
	<u>\$1,139,078</u>	<u>\$695,932</u>

Aging of accounts receivable at June 30, 2009, are as follows:

0-30 Days	\$ 670,949	59%
31-60 Days	36,377	3%
61-90 Days	285,168	25%
91 Days or Over	146,584	13%
	<u>\$1,139,078</u>	<u>100%</u>

### NOTE 4--NOTES PAYABLE

At June 30, 2009, the Organization was indebted to First Bank, Breese, Illinois as follows:

<u>Description</u>	<u>Date of Note</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Due Within One Year</u>
Operating	05-11-09	Demand	5.25%	\$ 75,000	\$ 75,000
Carlyle CILA Home	10-25-05	10-25-11	6.25%	24,222	9,084
Germantown					
CILA Home	10-25-05	10-25-10	6.25%	69,714	11,063
Building Addition	12-05-02	04-24-20	6.25%	131,829	8,837
2007 Dodge Vans	05-04-07	05-04-12	6.74%	31,774	10,198
2008 Ford Van	10-12-07	10-12-12	6.74%	23,155	6,401
Fairview Heights					
Real Estate	10-10-08	10-01-28	6.00%	696,195	17,840
West Building	12-16-08	12-16-11	7.00%	161,000	3,700
				<u>\$1,212,889</u>	<u>\$142,123</u>

The above notes are secured by accounts receivable, equipment and buildings owned by the Organization.



NOTE 4--NOTES PAYABLE (CONTINUED)

At June 30, 2009, the Organization was indebted to the USDA - Rural Development as follows:

<u>Description</u>	<u>Date of Note</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Due Within One Year</u>
Buildings	12-7-94	12-7-24	5.25%	<u>\$644,195</u>	<u>\$26,975</u>

The USDA - Rural Development originally approved two separate promissory notes totaling \$823,000 and \$85,000 for refinancing and improvements to Organization buildings. Principal payments commenced January 7, 1996, at \$5,095 per month. The notes are secured by a mortgage on the Organization's buildings.

At June 30, 2009, the Organization was indebted to the Illinois State Council Knights of Columbus Charities, Inc., on four promissory notes, originally issued in the amounts of \$102,885, \$110,674, \$192,000, and \$215,000, respectively, as follows:

<u>Description</u>	<u>Date of Note</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Due Within One Year</u>
Highland CILA					
Home	9-10-02	9-10-09	0%	\$ 2,450	\$ 2,450
Breese CILA					
Home	9-10-02	9-10-09	0%	2,635	2,635
Aviston CILA					
Home	1-18-05	1-18-12	0%	70,857	27,429
Breese 555 CILA					
Home	7-25-08	8-10-15	0%	<u>189,405</u>	<u>30,714</u>
				<u>\$265,347</u>	<u>\$63,228</u>

The notes require monthly payments of \$1,225, \$1,318, \$2,286, and \$2,560, respectively, and are secured by real estate. Imputed interest on these zero percent loans is included in expense totaling \$18,338.

Annual debt maturities for future years follow:

2010	\$ 232,326
2011	206,047
2012	283,895
2013	98,371
2014	99,983
Thereafter	<u>1,201,809</u>
	<u>\$2,122,431</u>

#### NOTE 5--RESERVE ACCOUNTS

In accordance with the terms of the Rural Economic and Community Development agreement, the Organization is required to segregate revenues and restrict their use in separate account for the following purposes:

- 1) Payment of note principal and interest when other funds are not available
- 2) Payment of cost of repairs caused by catastrophe
- 3) Extensions or improvements

The maximum required reserve balance for the Rural Economic and Community Development agreement is \$61,200.

The Organization has continued to fund the reserve with investment earnings in excess of the maximum required reserve balance. As of June 30, 2009, the Organization's reserved balance was invested in Certificates of Deposit totaled \$87,672.

The Organization has complied with the financial loan agreement for the year ended June 30, 2009.

#### NOTE 6--INSURANCE COVERAGE

<u>Company</u>	<u>Description of Coverage</u>	<u>Expiration</u>																		
Philadelphia	General liability: bodily injury, personal injury and property damage--\$1 million each occurrence, \$1 million aggregate; medical coverage -- \$5,000 each person, \$1 million each accident; fire damage limit (any one fire) -- \$100,000	5-1-10																		
	Property: Property coverages, including special form policy for mine subsidence -- comprehensive 100% co-insurance, \$1,000 deductible:																			
	Contents are covered under a "Blanket" amount - \$1,056,048																			
	<table><tr><th><u>Location</u></th><th><u>Property</u></th><th><u>Contents</u></th></tr><tr><td>8510 Old U.S. 50, Breese, IL -- Workshop</td><td>\$2,350,000</td><td>"Blanket"</td></tr><tr><td>8510 Old U.S. 50, Breese, IL -- Gazebo</td><td>2,500</td><td>"Blanket"</td></tr><tr><td>8510 Old U.S. 50, Breese, IL -- Storage Shed</td><td>2,600</td><td>"Blanket"</td></tr><tr><td>1665 N. 4th St., Breese, IL -- Office/Workshop</td><td>2,553,873</td><td>"Blanket"</td></tr><tr><td>1665 N. 4th St., Breese, IL -- Gazebo</td><td>6,600</td><td>"Blanket"</td></tr></table>	<u>Location</u>	<u>Property</u>	<u>Contents</u>	8510 Old U.S. 50, Breese, IL -- Workshop	\$2,350,000	"Blanket"	8510 Old U.S. 50, Breese, IL -- Gazebo	2,500	"Blanket"	8510 Old U.S. 50, Breese, IL -- Storage Shed	2,600	"Blanket"	1665 N. 4th St., Breese, IL -- Office/Workshop	2,553,873	"Blanket"	1665 N. 4th St., Breese, IL -- Gazebo	6,600	"Blanket"	
<u>Location</u>	<u>Property</u>	<u>Contents</u>																		
8510 Old U.S. 50, Breese, IL -- Workshop	\$2,350,000	"Blanket"																		
8510 Old U.S. 50, Breese, IL -- Gazebo	2,500	"Blanket"																		
8510 Old U.S. 50, Breese, IL -- Storage Shed	2,600	"Blanket"																		
1665 N. 4th St., Breese, IL -- Office/Workshop	2,553,873	"Blanket"																		
1665 N. 4th St., Breese, IL -- Gazebo	6,600	"Blanket"																		

NOTE 6--INSURANCE COVERAGE (CONTINUED)

	<u>Location</u>	<u>Property</u>	<u>Contents</u>
	1665 N. 4th., Breese, IL -- Playground Equipment	\$ 55,000	N/A
	9815 Bunkurn Rd., Fairview Heights, IL -- Vocational School	1,725,000	"Blanket"
	9815 Bunkurn Rd., Fairview Heights, IL -- Storage	36,000	"Blanket"
	1665 N. 4th St., Breese, IL -- Storage Shed	2,500	"Blanket"
	771 Fairfax St., Carlyle, IL -- CILA Home	318,000	"Blanket"
	230 Keeven Drive, Highland, IL -- CILA Home	272,000	"Blanket"
	1005 Church St., Germantown, IL -- CILA Home	420,000	"Blanket"
	245 N. 6th, Breese, IL -- CILA Home	231,000	"Blanket"
	599 West 2nd, Aviston, IL -- CILA Home	318,000	"Blanket"
	955 N. Plum, Breese, IL	Contents only	"Blanket"
	555 N. 6th, Breese, IL	398,000	"Blanket"
	Employee dishonesty--\$1,000,000, \$1,000 deductible		
	Money and securities--\$5,000 on/off premises, \$500 deductible		
Philadelphia	Computer/word processor equipment--8510 Old U.S. 50, Breese, IL--\$230,000; 1665 N. 4 <sup>th</sup> St., Breese, IL--\$100,000, 100% co-insurance, \$500 deductible		5-1-10
Philadelphia	Earthquake and volcanic eruption-- blanket limit -- \$7,492,376, 5% deductible, same coverages as listed on property above		5-1-10
Zurich Insurance Company	Workers' compensation: statutory coverage; Employers' liability: \$1,000,000 each accident/ each employee policy limit		10-1-09

#### NOTE 6--INSURANCE COVERAGE (CONTINUED)

	<u>Location</u>	<u>Property</u>	<u>Contents</u>
Philadelphia	Automobile liability: fleet coverage--\$1 million per accident; uninsured motorist--\$1 million automobile medical pay--\$1,000 per person (non-owned and hired auto's also covered on Policy); all vehicles have comprehensive \$500 and \$1,000 deductible collision		5-1-10
Philadelphia	Excess blanket catastrophe liability policy--\$2 million over other limits		5-1-10
Philadelphia	Directors and officers liability coverage--\$1 million aggregate		5-1-10
Auto Owners	FHA schedule bond--\$400,000		10-1-09
Nationwide Life Insurance	Accidental injury medical expense coverage for child care--\$25,000 medical expense, \$5,000 accidental death, & \$15,000 specific loss		12-1-09

#### NOTE 7--RETIREMENT AND FRINGE BENEFIT PLANS

The Organization maintains a defined contribution money purchase retirement plan for its employees. Provisions of the plan follow:

Underwriter -- Mutual of America  
Effective Date of Plan -- July 1, 1984  
Eligibility -- 21 Years of Age and One Year of Service  
Vesting -- Upon Completion of 3 Years of Service  
Contributions -- Employer Contributions Equal to 5% of Compensation  
Maximum Contributions -- \$30,000 or 25% of Salary, Whichever is Less  
Normal Retirement Age -- 65 (Election May be Made to Retire and Receive a Benefit any Time on or after Date Employee Reaches Age 55)

The cost of the plan for the year ended December 31, 2008, was \$139,571. Plan assets as of December 31, 2008, totaled \$1,169,947 for participants.

The Organization also maintains a section 125 cafeteria plan for its employees which maintained a balance of \$6,257 at June 30, 2009.

#### NOTE 8--LEASE OF REAL ESTATE

Effective January 1, 2006, the Organization entered into a lease with Mater Dei High School, Breese, Illinois, for real estate located at 955 North Plum, Breese, Illinois. The lease term was for one year at \$550 per month. The lease has been renewed annually under the same terms and conditions. The minimum required remaining lease payments at June 30, 2009 totaled \$3,300.

#### NOTE 9--PRIOR PERIOD ADJUSTMENTS/RECLASSIFICATIONS

Prior period adjustments were required for retro-active billing adjustments which increased (decreased) net assets for June 30, 2009 and 2008, in the amounts of \$(29,855) and \$(2,430), respectively.

Prior period financial data on the Statement of Financial Position has been restated to offset \$273,494 of unearned income against accounts receivable to be consistent with fiscal year 2009 reporting. The change has no effect on unrestricted net assets.

#### NOTE 10--IN-KIND CONTRIBUTIONS

The Organization routinely receives in-kind services in connection with the Early Head Start Program. The value of these services is included in revenues and expenditures when performed. During the fiscal years ended June 30, 2009 and 2008, the amount of services received was \$234,748 and \$250,097, respectively.

Additional in-kind contributions are recognized for client food stamps (\$52,651) and imputed interest on zero percent loans (\$18,338). See Note 4.

Community Link, Inc.

SUPPLEMENTAL DATA