

Community Link, Inc.

FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA

June 30, 2012 and 2011

Community Link, Inc.
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GLASS AND SHUFFETT, LTD.

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INDEPENDENT AUDITORS' REPORT

September 25, 2012

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, 2012 and 2011, 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, 2012 and 2011, 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 25, 2012, 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, grant agreements 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of additional analysis as required by the Illinois Department of Human Services and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 25, 2012

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, 2012, and have issued our report thereon dated September 25, 2012. 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

Management of Community Link, Inc. is responsible for establishing and maintaining effective 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the organization's financial statements will not be prevented or detected and corrected on a timely basis.

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.

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 grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

In accordance with SAS No. 114 *The Auditors' Communication with Those Charged with Governance* we have issued a separate letter dated September 25, 2012, to the Board of Directors addressing those required communications.

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,

Glass and Shuffett, Ltd.

Community Link, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2012 and 2011

ASSETS

	2012	2011
Current Assets:		
Cash on Hand and in Bank -- Operating	\$ 374,416	\$ 148,016
Cash in Bank -- Reserves	97,428	94,308
Accounts Receivable -- Trade	1,413,946	1,356,782
Prepaid Expenses	63,796	56,976
Total Current Assets	1,949,586	1,656,082
 Property and Equipment:		
Land and Land Improvements	268,872	244,020
Buildings and Improvements	3,342,386	3,157,703
Furniture, Fixtures and Equipment	173,334	191,659
Vehicles	557,641	452,587
Total Cost	4,342,233	4,045,969
Less -- Accumulated Depreciation	1,948,934	1,822,509
Net Property and Equipment	2,393,299	2,223,460
 Total Assets	\$ 4,342,885	\$ 3,879,542

LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
Current Liabilities:		
Accounts Payable	\$ 94,630	\$ 74,273
Notes Payable -- Due Within One Year	122,228	288,387
Package Insurance Payable	41,051	39,319
W/C Insurance Assessment Payable	-	18,749
Accrued Expenses	141,926	160,399
Compensated Absences Payable	127,633	125,184
Unearned Income	36,930	-
	<hr/>	<hr/>
Total Current Liabilities	564,398	706,311
	<hr/>	<hr/>
Long Term Liabilities (Due After One Year):		
Notes Payable	1,676,598	1,422,998
	<hr/>	<hr/>
Total Long Term Liabilities	1,676,598	1,422,998
	<hr/>	<hr/>
Total Liabilities	2,240,996	2,129,309
	<hr/>	<hr/>
Net Assets:		
Unrestricted	2,101,889	1,750,233
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 4,342,885	\$ 3,879,542
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See accompanying notes to financial statements.

Community Link, Inc.
STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Support and Revenue:		
Support		
Grants	\$ 846,006	\$ 853,996
Contributions	110,532	160,138
Total Support	<u>956,538</u>	<u>1,014,134</u>
Revenue:		
Fees for Services	5,680,978	5,442,990
Investment Income	6,465	51,280
Other Income	560,124	528,473
Gain (Loss) on Sale of Assets	3,277	(2,552)
Total Revenue	<u>6,250,844</u>	<u>6,020,191</u>
Total Support and Revenue	<u>7,207,382</u>	<u>7,034,325</u>
Expenses:		
Program Services:		
Adult Day Programs	3,735,824	3,653,416
Community Living Programs	1,688,995	1,627,072
Infant Programs	676,585	762,684
Funding Development	44,763	36,347
General and Administrative Services	<u>757,603</u>	<u>853,751</u>
Total Expenses	<u>6,903,770</u>	<u>6,933,270</u>
Other Changes in Net Assets:		
Capital Assets Expensed Per Grant Award	103,619	76,056
Depreciation on Capital Assets Expensed	<u>(45,926)</u>	<u>(29,494)</u>
Total Other Changes in Net Assets	<u>57,693</u>	<u>46,562</u>
Change in Unrestricted Net Assets	361,305	147,617
Unrestricted Net Assets, Beginning of Year	1,750,233	1,605,356
Prior Period Adjustment	<u>(9,649)</u>	<u>(2,740)</u>
Unrestricted Net Assets, End of Year	<u>\$ 2,101,889</u>	<u>\$ 1,750,233</u>

See accompanying notes to financial statements.

Community Link, Inc.
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2012 and 2011

	2012	2011
Cash Flows Used for Operating Activities:		
Change in Unrestricted Net Assets	\$ 361,305	\$ 147,617
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	196,734	178,594
Prior Period Adjustment	(9,649)	(2,740)
(Increase) Decrease in Accounts Receivable	(57,164)	156,683
(Increase) Decrease in Prepaid Expenses	(6,820)	15,552
Increase (Decrease) in Accounts Payable and Accrued Expenses	(15,133)	(142,690)
Increase (Decrease) in Unearned Income	36,930	-
Increase (Decrease) in Compensated Absences Payable	2,449	(18,559)
Total Adjustments	147,347	186,840
Net Cash Provided by Operating Activities	508,652	334,457
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	(366,819)	(119,421)
(Gain) Loss on Sale of Assets	(3,277)	2,552
Proceeds from Sale of Assets	3,523	23,510
	(366,573)	(93,359)
Cash Flows from Financing Activities:		
Loan Proceeds	683,000	506,336
Principal Payments on Notes Payable	(595,559)	(1,033,072)
	87,441	(526,736)
Net Increase (Decrease) in Cash and Equivalents	229,520	(285,638)
Cash and Equivalents at Beginning of Year	242,324	527,962
Cash and Equivalents at End of Year	\$ 471,844	\$ 242,324
Supplemental Data:		
Interest Paid	\$ 97,322	\$ 107,517

See accompanying notes to financial statements.

Community Link, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2012

EXHIBIT D

	Program Services				Total Program Services	General and Administrative	Total Expenses
	Adult Day Programs	Community Living Programs	Infant Programs	Funding Development			
Expenses							
Staff Salaries	\$ 1,873,916	\$ 1,020,346	\$ 297,093	\$ 284	\$ 3,191,639	\$ 383,561	\$ 3,575,200
Payroll Taxes	149,713	78,009	32,124	22	259,868	62,440	322,308
Fringe Benefits	424,010	230,838	46,606	14	701,468	51,414	752,882
Consultants	4,020	7,628	163,297	5,768	180,713	61,611	242,324
Volunteer Wages	-	-	65,283	-	65,283	-	65,283
Consumer Wages & Fringes	209,716	-	-	-	209,716	-	209,716
Medical Supplies	2,451	423	-	-	2,874	16	2,890
Office Supplies	9,156	2,235	5,571	297	17,259	13,740	30,999
Program Supplies	31,876	6,364	3,873	1,952	44,065	-	44,065
Housekeeping Supplies & Services	39,038	15,931	650	-	55,619	2,600	58,219
Specific Assistance to Individuals	-	16,034	-	2,453	18,487	-	18,487
Food	-	68,278	-	-	68,278	-	68,278
Maintenance Supplies	11,101	5,003	356	-	16,460	695	17,155
Rent	687	-	6,600	-	7,287	35,382	42,669
Utilities	72,740	42,024	4,944	-	119,708	7,369	127,077
Maintenance Service and Repairs	52,702	23,233	995	2,302	79,232	2,783	82,015
Computer Repairs and Maintenance	8,874	1,402	2,245	140	12,661	20,450	33,111
Insurance	16,905	12,858	5,082	-	34,845	22,900	57,745
Travel and Transportation	536,441	25,650	15,520	248	577,859	2,999	580,858
Telephone	11,033	7,408	7,507	-	25,948	13,993	39,941
Staff Training and Conferences	2,130	1,471	12,608	-	16,209	8,094	24,303
Dues and Subscriptions	291	265	3,991	-	4,547	6,197	10,744
Small Equipment	91,970	51,415	-	-	143,385	3,638	147,023
Public Relations	462	-	250	6,801	7,513	10,663	18,176
Interest	83,537	16,353	-	-	99,890	5,677	105,567
Miscellaneous Expenses	14,500	1,676	1,200	24,482	41,858	34,068	75,926
Depreciation Expenses	88,555	54,151	790	-	143,496	7,313	150,809
Total Expenses	<u>\$ 3,735,824</u>	<u>\$ 1,688,995</u>	<u>\$ 676,585</u>	<u>\$ 44,763</u>	<u>\$ 6,146,167</u>	<u>\$ 757,603</u>	<u>\$ 6,903,770</u>

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Community Link, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2011
(Continued)

EXHIBIT D

	Program Services				Total Program Services	General and Administrative	Total Expenses
	Adult Day Programs	Community Living Programs	Infant Programs	Funding Development			
Expenses							
Staff Salaries	\$ 1,852,541	\$ 1,006,278	\$ 306,020	\$ 2,308	\$ 3,167,147	\$ 513,621	\$ 3,680,768
Payroll Taxes	148,184	82,077	24,349	33	254,643	36,864	291,507
Fringe Benefits	420,338	212,724	53,452	60	686,574	66,145	752,719
Consultants	-	5,479	166,921	8,000	180,400	34,842	215,242
Volunteer Wages	-	-	116,274	-	116,274	-	116,274
Consumer Wages & Fringes	235,885	-	-	-	235,885	-	235,885
Medical Supplies	3,023	891	-	-	3,914	-	3,914
Office Supplies	8,959	1,816	3,223	117	14,115	15,836	29,951
Program Supplies	30,227	8,485	6,557	4,553	49,822	-	49,822
Housekeeping Supplies & Services	27,123	12,340	473	-	39,936	2,111	42,047
Specific Assistance to Individuals	-	14,853	-	1,000	15,853	-	15,853
Food	-	61,792	-	-	61,792	-	61,792
Maintenance Supplies	16,712	4,778	275	-	21,765	1,376	23,141
Rent	300	-	6,600	-	6,900	34,674	41,574
Utilities	75,003	40,985	5,345	-	121,333	7,906	129,239
Maintenance Service and Repairs	35,971	11,276	3,059	2,513	52,819	3,747	56,566
Computer Repairs and Maintenance	8,474	1,693	3,208	8	13,383	17,112	30,495
Insurance	15,421	12,371	5,067	-	32,859	21,809	54,668
Travel and Transportation	505,030	26,335	11,964	275	543,604	6,153	549,757
Telephone	11,524	9,859	7,707	-	29,090	15,306	44,396
Staff Training and Conferences	2,680	630	30,971	121	34,402	4,099	38,501
Dues and Subscriptions	233	214	1,632	362	2,441	8,485	10,926
Small Equipment	60,465	37,549	6,342	6,118	110,474	7,287	117,761
Public Relations	3,360	-	-	4,713	8,073	10,337	18,410
Interest	93,779	19,824	-	-	113,603	5,869	119,472
Miscellaneous Expenses	11,935	921	1,112	6,166	20,134	33,356	53,490
Depreciation Expenses	86,249	53,902	2,133	-	142,284	6,816	149,100
Total Expenses	\$ 3,653,416	\$ 1,627,072	\$ 762,684	\$ 36,347	\$ 6,079,519	\$ 853,751	\$ 6,933,270

Community Link, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Community Link, Inc. is a not-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

The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, 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. In addition, the Organization is required to present a statement of cash flows.

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.

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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are 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 \$5,000. 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, 2012 and 2011 were \$196,734 and \$178,594, 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 PTO (Paid Time Off) and EIB (Extended Illness Bank) depending on job classification, length of service, and other factors.

Upon termination, employees are paid for accrued PTO at current payroll rates. EIB 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Illinois Department of Human Services	\$ -	\$ 32,741
Illinois Department of Human Services -- Title XX--DFI	61,799	61,799
Illinois Department of Transportation	88,619	34,038
Illinois Department of Commerce and Economic Opportunities	29,642	50,746
Community M.H. Act (708)	93,750	91,200
U.S. Department of Health and Human Services	344,916	371,891
United Way	227,280	211,581
	<u>\$846,006</u>	<u>\$853,996</u>

NOTE 3--ACCOUNTS RECEIVABLE

Accounts receivable consists of various receivables as follows:

	<u>2012</u>	<u>2011</u>
Accounts Receivable—Trade	\$ 68,904	\$ 68,486
Illinois Department of Human Services	259,393	289,748
Long-term Care Facilities	1,033,350	919,593
U.S. Dept. of Health & Human Services	23,565	30,912
Illinois Department of Commerce and Economic Opportunities	2,964	5,075
Washington County Workshop	1,879	1,879
Central Billing Office (Medicaid)	23,891	30,327
Other	-	10,762
	<u>\$1,413,946</u>	<u>\$1,356,782</u>

Aging of accounts receivable at June 30, 2012, are as follows:

0-30 Days	\$ 699,741	50%
31-60 Days	29,435	2%
61-90 Days	201,837	14%
91 Days or Over	<u>482,933</u>	<u>34%</u>
	<u>\$1,413,946</u>	<u>100%</u>

NOTE 4--NOTES PAYABLE

At June 30, 2012, 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>
Building Addition	12-05-02	04-24-20	6.25%	\$ 79,029	\$11,966
2008 Ford Van	10-12-07	10-12-12	6.74%	2,563	2,563
Fairview Heights Real Estate	10-10-08	10-01-28	6.85%	639,946	21,696
West Building	12-16-11	12-16-16	4.75%	<u>147,999</u>	<u>4,979</u>
				<u>\$869,537</u>	<u>\$41,204</u>

At June 30, 2012, the Organization was indebted to First County Bank, Trenton, 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>
Germantown CILA Home	10-29-10	10-29-16	5.25%	\$48,749	\$4,694
2007 Freightline Box Truck	09-14-11	09-14-14	3.50%	<u>11,393</u>	<u>4,961</u>
				<u>\$60,142</u>	<u>\$9,655</u>

NOTE 4--NOTES PAYABLE (CONTINUED)

At June 30, 2012, the Organization was indebted to Germantown Trust & Savings 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>
Breese 373/Carlyle CILA Homes	03-27-12	03-27-17	4.00%	<u>\$216,239</u>	<u>\$7,366</u>

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

At June 30, 2012, 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>\$555,646</u>	<u>\$33,289</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, 2012, the Organization was indebted to the Illinois State Council Knights of Columbus Charities, Inc., on one promissory note, originally issued in the amount of \$215,000, 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>
Breese 555 CILA Home	7-25-08	8-15-15	0%	<u>\$97,262</u>	<u>\$30,714</u>

The note requires monthly payments of \$2,560, and is secured by real estate. Imputed interest on the zero percent loans for fiscal year 2012 is included in expense totaling \$8,244. The effective interest rate used is 6.25%.

Annual debt maturities for future years follow:

2013	\$ 122,228
2014	124,867
2015	126,247
2016	104,546
2017	423,339
Thereafter	<u>897,599</u>
	<u>\$1,798,826</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, 2012, the Organization's reserved balance was invested in Certificates of Deposit totaled \$97,428.

The Organization has complied with the financial loan agreement for the year ended June 30, 2012.

NOTE 6--INSURANCE COVERAGE

<u>Company</u>	<u>Description of Coverage</u>	<u>Expiration</u>																		
Philadelphia	<p>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</p> <p>Property: Property coverages, including special form policy for mine subsidence -- comprehensive 100% co-insurance, \$1,000 deductible:</p> <p>Buildings are covered under Blanket #1 in the amount of \$8,974,273</p> <p>Contents are covered under Blanket #2 in the amount of \$1,089,048</p> <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;"><u>Location</u></th> <th style="text-align: center;"><u>Property</u></th> <th style="text-align: center;"><u>Contents</u></th> </tr> </thead> <tbody> <tr> <td>8510 Old U.S. 50, Breese, IL -- Workshop</td> <td style="text-align: center;">Blanket #1</td> <td style="text-align: center;">Blanket #2</td> </tr> <tr> <td>8510 Old U.S. 50, Breese, IL -- Gazebo</td> <td style="text-align: center;">Blanket #1</td> <td style="text-align: center;">Blanket #2</td> </tr> <tr> <td>8510 Old U.S. 50, Breese, IL -- Storage Shed</td> <td style="text-align: center;">Blanket #1</td> <td style="text-align: center;">Blanket #2</td> </tr> <tr> <td>1665 N. 4th St., Breese, IL -- Office/Workshop</td> <td style="text-align: center;">Blanket #1</td> <td style="text-align: center;">Blanket #2</td> </tr> <tr> <td>1665 N. 4th St., Breese, IL -- Gazebo</td> <td style="text-align: center;">Blanket #1</td> <td style="text-align: center;">Blanket #2</td> </tr> </tbody> </table>	<u>Location</u>	<u>Property</u>	<u>Contents</u>	8510 Old U.S. 50, Breese, IL -- Workshop	Blanket #1	Blanket #2	8510 Old U.S. 50, Breese, IL -- Gazebo	Blanket #1	Blanket #2	8510 Old U.S. 50, Breese, IL -- Storage Shed	Blanket #1	Blanket #2	1665 N. 4th St., Breese, IL -- Office/Workshop	Blanket #1	Blanket #2	1665 N. 4th St., Breese, IL -- Gazebo	Blanket #1	Blanket #2	5-1-13
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NOTE 6--INSURANCE COVERAGE (CONTINUED)

	<u>Location</u>	<u>Property</u>	<u>Contents</u>
	1665 N. 4th, Breese, IL -- Playground Equipment 9815 Bunkurn Rd., Fairview Heights, IL	Blanket #1	Blanket #2
	-- Vocational School 9815 Bunkurn Rd., Fairview Heights, IL	Blanket #1	Blanket #2
	-- Storage 1665 N. 4th St., Breese, IL	Blanket #1	Blanket #2
	-- Storage Shed 771 Fairfax St., Carlyle, IL	Blanket #1	Blanket #2
	-- CILA Home 230 Keeven Drive, Highland, IL	Blanket #1	Blanket #2
	-- CILA Home 1005 Church St., Germantown, IL	Blanket #1	Blanket #2
	-- CILA Home 245 N. 6th, Breese, IL	Blanket #1	Blanket #2
	-- CILA Home 599 West 2nd, Aviston, IL	Blanket #1	Blanket #2
	-- CILA Home 955 N. Plum, Breese, IL	Blanket #1	Blanket #2
	555 N. 6th, Breese, IL	Contents only	Blanket #2
	373 N. 12 th St., Breese, IL	Blanket #1	Blanket #2
	Employee dishonesty--\$1,000,000, \$1,000 deductible		
	Money and securities--\$5,000 on/off premises, \$500 deductible		
Philadelphia	Computer/word processor equipment-- \$240,000 blanket for all locations, 100% co-insurance, \$500 deductible		5-1-13
Philadelphia	Earthquake and volcanic eruption-- blanket limit -- \$7,492,376, 5% deductible, same coverages as listed on property above		5-1-13
Erie Insurance Group	Workers' compensation: statutory coverage; Employers' liability: \$1,000,000 each accident/ each employee policy limit		10-1-12

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		5-1-13
Philadelphia	Excess blanket catastrophe liability policy--\$2 million over other limits		5-1-13
Philadelphia	Directors and officers liability coverage--\$2 million aggregate		5-1-13
Auto Owners	FHA schedule bond--\$400,000		10-1-12

NOTE 7--RETIREMENT AND FRINGE BENEFIT PLANS

The Organization maintains a 401(k) profit sharing plan for its employees. Provisions of the plan follow:

Plan Year -- January 1 to December 31
Underwriter -- Mutual of America
Effective Date of Plan -- August 1, 2010
Eligibility -- 21 years of age, one year of service, and completion of 1,000 service hours
Vesting -- 100% upon completion of 3 years of service
Employer Base Contribution -- 3% of compensation
Employer Matching Contribution -- 100% up to 2% of compensation
Maximum Employer Contribution -- \$49,000 or 25% of salary
Maximum Employee Contribution -- \$16,500, age 50 and over catch up \$5,500

The cost of the plan for the year ended December 31, 2011, was \$125,052. Plan assets as of December 31, 2011, totaled \$1,704,365 for all participants.

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, 2012 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, 2012 and 2011, in the amounts of \$(9,649) and \$(2,740), respectively.

NOTE 10--FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization has a number of financial instruments and estimates the fair value of all financial instruments at June 30, 2012 and 2011. All investments are recorded at fair market value on the statement of financial position.

NOTE 11--OTHER CHANGES IN NET ASSETS

Grant expenditures in fiscal year 2012 for the DCEO Recycling Grant and IDOT Vehicle Procurement program included equipment totaling \$15,000 and \$88,619, respectively. These costs were authorized costs to the grant programs. These assets are reported as a grant program expense in the year incurred to satisfy the expense reporting requirements of the grant. However, Generally Accepted Accounting Principles requires the cost of these assets to be depreciated over their estimated useful life. Therefore, the capital assets purchased from grants are added back (\$103,619) and depreciation is recorded (\$45,926) on the Statement of Activities.

NOTE 12--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, 2012 and 2011, the amount of services received was \$65,282 and \$116,274, respectively.

Additional in-kind contributions are recognized for imputed interest on zero percent loans (\$8,244). See Note 4.

NOTE 13--SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2012, the date the financial statements were available to be issued.

NOTE 14--COMMITMENTS

The Organization is in the process of renovating their metro location at a cost of \$262,000. As of June 30, 2012, no construction had commenced. Financing for the project is being sought from the U.S.D.A.

NOTE 15--ACCOUNTING FOR UNCERTAIN TAX POSITIONS

Effective July 1, 2009 the Organization adopted the accounting standard regarding "Accounting for Uncertain Tax Positions." This accounting standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax provision recognized in the Organization's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not the position will be sustained upon examination. The Organization has not taken any tax position that is expected to significantly increase or decrease over the next twelve months. The adoption of this standard had no material effect on the Organization's financial position, change in net assets, or cash flows.

The Organization files income tax returns in the United States federal and State of Illinois jurisdictions. The Organization is no longer subject to United States federal or State of Illinois tax examinations for years ending before June 30, 2009.

The Organization would include penalties and interest assessed by income taxing authorities in operating expenses. The Organization did not have penalties and interest expenses for the years ended June 30, 2012 and 2011.

Community Link, Inc.

SUPPLEMENTAL DATA