

Community Link Inc

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2015 and 2014

Community Link Inc
TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	3-4
FINANCIAL STATEMENTS:	
<u>Exhibit</u>	
A Statement of Financial Position	5
B Statement of Activities	6
C Statement of Cash Flows.....	7
D Statement of Functional Expenses	8-9
NOTES TO FINANCIAL STATEMENTS	10-17

GLASS AND SHUFFETT, LTD.

Certified Public Accountants

1819 West McCord

P.O. Box 489

Centralia, Illinois 62801

(618) 532-5683

FAX (618) 532-5684

Associate Office

961 Fairfax

P.O. Box 322

Carlyle, Illinois 62231

618-594-4737

Members:
American Institute of
Certified Public Accountants
Illinois Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

September 15, 2015

Board of Directors
Community Link Inc
Breese, Illinois 62230

We have audited the accompanying financial statements of Community Link Inc (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

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, 2015 and 2014, 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.

Board of Directors
Community Link Inc

September 15, 2015

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2015, on our consideration of Community Link Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Link Inc's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Glas and Shuffett, Ltd.".

Centralia, Illinois

GLASS AND SHUFFETT, LTD.

Members:
American Institute of
Certified Public Accountants
Illinois Society of
Certified Public Accountants

Certified Public Accountants
1819 West McCord
P.O. Box 489
Centralia, Illinois 62801
(618) 532-5683
FAX (618) 532-5684

Associate Office
961 Fairfax
P.O. Box 322
Carlyle, Illinois 62231
618-594-4737

INDEPENDENT AUDITOR'S 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 15, 2015

Board of Directors
Community Link Inc
Breese, Illinois 62230

We have audited, in accordance with the 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, the financial statements of Community Link Inc, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Link Inc's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Link Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of the Community Link Inc.'s internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

September 15, 2015

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Link Inc's financial statements are free from 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*.

Purposes of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Centralia, Illinois

Community Link Inc
STATEMENT OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS

	2015	2014
Current Assets:		
Cash on Hand and in Bank -- Operating	\$ 1,336,546	\$ 984,290
Cash in Bank -- Reserves	14,463	75,800
Accounts Receivable -- Trade	708,491	849,841
Prepaid Expenses	111,021	92,138
Total Current Assets	2,170,521	2,002,069
Property and Equipment:		
Land and Land Improvements	268,872	268,872
Buildings and Improvements	3,885,462	3,734,973
Furniture, Fixtures and Equipment	148,325	167,749
Vehicles	594,593	563,332
Total Cost	4,897,252	4,734,926
Less -- Accumulated Depreciation	2,440,473	2,262,963
Net Property and Equipment	2,456,779	2,471,963
Total Assets	\$ 4,627,300	\$ 4,474,032

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
Current Liabilities:		
Accounts Payable	\$ 82,350	\$ 98,078
Notes Payable -- Due Within One Year	143,349	177,518
Package Insurance Payable	58,245	54,436
Accrued Expenses	205,163	152,361
Compensated Absences Payable	163,009	145,512
Unearned Income	12,759	-
	<hr/>	<hr/>
Total Current Liabilities	664,875	627,905
	<hr/>	<hr/>
Long Term Liabilities (Due After One Year):		
Notes Payable	1,681,356	1,612,993
	<hr/>	<hr/>
Total Long Term Liabilities	1,681,356	1,612,993
	<hr/>	<hr/>
Total Liabilities	2,346,231	2,240,898
	<hr/>	<hr/>
Net Assets:		
Unrestricted	2,281,069	2,233,134
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 4,627,300	\$ 4,474,032
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

Community Link Inc
STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Support and Revenue:		
Support		
Grants	\$ 794,457	\$ 834,087
Contributions	270,489	221,253
Total Support	<u>1,064,946</u>	<u>1,055,340</u>
Revenue:		
Fees for Services	6,020,198	6,067,712
Investment Income	988	4,440
Other Income	532,618	490,401
Gain (Loss) on Sale of Assets	-	4,022
Total Revenue	<u>6,553,804</u>	<u>6,566,575</u>
Total Support and Revenue	<u>7,618,750</u>	<u>7,621,915</u>
Expenses:		
Program Services:		
Adult Day Programs	4,042,446	4,101,262
Community Living Programs	1,867,706	1,938,923
Infant Programs	690,849	697,217
Funding Development	175,228	176,669
General and Administrative Services	<u>732,835</u>	<u>767,601</u>
Total Expenses	<u>7,509,064</u>	<u>7,681,672</u>
Other Changes in Net Assets:		
Capital Assets Expensed Per Grant Award	-	86,156
Depreciation on Capital Assets Expensed	<u>(52,187)</u>	<u>(54,681)</u>
Total Other Changes in Net Assets	<u>(52,187)</u>	<u>31,475</u>
Change in Unrestricted Net Assets	57,499	(28,282)
Unrestricted Net Assets, Beginning of Year	2,233,134	2,259,925
Prior Period Adjustment	<u>(9,564)</u>	<u>1,491</u>
Unrestricted Net Assets, End of Year	<u>\$ 2,281,069</u>	<u>\$ 2,233,134</u>

See accompanying notes to financial statements.

Community Link Inc
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows Used for Operating Activities:		
Change in Unrestricted Net Assets	\$ 57,499	\$ (28,282)
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	213,758	199,673
Prior Period Adjustment	(9,564)	1,491
(Increase) Decrease in Accounts Receivable	141,350	635,126
(Increase) Decrease in Prepaid Expenses	(18,883)	(24,637)
Increase (Decrease) in Accounts Payable and Accrued Expenses	40,883	49,455
Increase (Decrease) in Unearned Income	12,759	(27,753)
Increase (Decrease) in Compensated Absences Payable	17,496	427
Total Adjustments	397,799	833,782
Net Cash Provided by Operating Activities	455,298	805,500
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	(198,574)	(364,097)
	(198,574)	(364,097)
Cash Flows from Financing Activities:		
Loan Proceeds	858,436	220,775
Principal Payments on Notes Payable	(824,241)	(168,361)
	34,195	52,414
Net Increase (Decrease) in Cash and Equivalents	290,919	493,817
Cash and Equivalents at Beginning of Year	1,060,090	566,273
Cash and Equivalents at End of Year	\$ 1,351,009	\$ 1,060,090
Supplemental Data:		
Interest Paid	\$ 70,980	\$ 78,922

See accompanying notes to financial statements.

Community Link Inc
Statement of Functional Expenses
For the Year Ended June 30, 2015

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	\$ 2,123,968	\$ 1,219,746	\$ 284,500	\$ 116,355	\$ 3,744,569	\$ 403,770	\$ 4,148,339
Payroll Taxes	170,701	101,702	30,051	8,392	310,846	33,124	343,970
Fringe Benefits	413,575	211,459	46,296	11,441	682,771	51,924	734,695
Consultants	16,798	8,541	142,625	5,636	173,600	25,731	199,331
Volunteer Wages	-	-	90,491	-	90,491	-	90,491
Consumer Wages & Fringes	307,634	-	-	-	307,634	-	307,634
Medical Supplies	1,712	1,113	-	-	2,825	-	2,825
Office Supplies	8,516	2,282	3,544	1,159	15,501	16,346	31,847
Program Supplies	29,110	7,263	5,179	607	42,159	-	42,159
Housekeeping Supplies & Services	30,101	18,538	607	-	49,246	2,201	51,447
Specific Assistance to Individuals	-	21,122	2,265	-	23,387	-	23,387
Food	-	69,000	-	-	69,000	-	69,000
Maintenance Supplies	12,038	4,257	550	-	16,845	973	17,818
Rent	5,464	2,670	6,613	13	14,760	29,883	44,643
Utilities	69,931	52,935	6,553	-	129,419	7,263	136,682
Maintenance Service and Repairs	47,554	21,418	11,263	-	80,235	6,186	86,421
Computer Repairs and Maintenance	8,532	1,659	1,659	2,410	14,260	24,733	38,993
Insurance	28,297	16,034	5,295	-	49,626	34,340	83,966
Travel and Transportation	569,154	27,586	15,633	1,047	613,420	5,071	618,491
Telephone	14,538	1,921	9,340	-	25,799	17,627	43,426
Staff Training and Conferences	9,723	2,017	14,924	1,297	27,961	6,522	34,483
Dues and Subscriptions	492	185	4,051	-	4,728	10,945	15,673
Small Equipment	10,459	9,655	5,335	-	25,449	2,827	28,276
Public Relations	-	-	-	4,701	4,701	41	4,742
Interest	55,683	11,807	219	-	67,709	3,271	70,980
Miscellaneous Expenses	14,839	1,266	1,336	22,170	39,611	38,163	77,774
Depreciation Expenses	93,627	53,530	2,520	-	149,677	11,894	161,571
Total Expenses	\$ 4,042,446	\$ 1,867,706	\$ 690,849	\$ 175,228	\$ 6,776,229	\$ 732,835	\$ 7,509,064

-8- (Continued on next page)

See accompanying notes to financial statements.

Community Link Inc
Statement of Functional Expenses
For the Year Ended June 30, 2014

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	\$ 2,125,703	\$ 1,247,982	\$ 272,251	\$ 90,369	\$ 3,736,305	\$ 424,248	\$ 4,160,553
Payroll Taxes	162,139	108,981	24,503	6,816	302,439	31,225	333,664
Fringe Benefits	429,009	232,048	44,893	8,339	714,289	53,446	767,735
Consultants	11,330	82	210,513	12,608	234,533	43,291	277,824
Volunteer Wages	-	-	75,559	-	75,559	-	75,559
Consumer Wages & Fringes	278,043	-	-	-	278,043	-	278,043
Medical Supplies	2,660	1,131	-	-	3,791	-	3,791
Office Supplies	10,834	2,073	3,790	2,498	19,195	16,834	36,029
Program Supplies	31,816	5,914	2,722	3,779	44,231	-	44,231
Housekeeping Supplies & Services	29,803	16,360	412	-	46,575	1,807	48,382
Specific Assistance to Individuals	-	15,532	-	-	15,532	-	15,532
Food	-	69,486	-	-	69,486	-	69,486
Maintenance Supplies	11,611	4,729	265	-	16,605	716	17,321
Rent	5,629	2,620	6,600	-	14,849	31,007	45,856
Utilities	85,129	55,529	6,403	-	147,061	8,158	155,219
Maintenance Service and Repairs	62,800	15,611	3,953	-	82,364	5,516	87,880
Computer Repairs and Maintenance	10,095	1,540	1,777	1,910	15,322	31,465	46,787
Insurance	23,892	15,662	5,094	-	44,648	30,620	75,268
Travel and Transportation	577,331	32,830	17,599	612	628,372	5,049	633,421
Telephone	14,076	-	7,763	-	21,839	11,226	33,065
Staff Training and Conferences	7,797	1,472	6,052	1,051	16,372	5,646	22,018
Dues and Subscriptions	796	251	4,112	75	5,234	9,433	14,667
Small Equipment	64,805	40,923	17	4,872	110,617	7,461	118,078
Public Relations	-	-	-	18,588	18,588	208	18,796
Interest	59,960	14,872	3	-	74,835	4,087	78,922
Miscellaneous Expenses	13,993	2,420	2,922	25,152	44,487	34,066	78,553
Depreciation Expenses	82,011	50,875	14	-	132,900	12,092	144,992
Total Expenses	<u>\$ 4,101,262</u>	<u>\$ 1,938,923</u>	<u>\$ 697,217</u>	<u>\$ 176,669</u>	<u>\$ 6,914,071</u>	<u>\$ 767,601</u>	<u>\$ 7,681,672</u>

-9- (Continued on next page)

See accompanying notes to financial statements.

Community Link Inc
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Community Link Inc is a not-for-profit community support agency whose mission is to challenge, teach and inspire both participants and community, linking them in ways to enhance their lives. Community Link strives to promote the general welfare of adults and infants with developmental disabilities and other difficulties, residing in Clinton, St. Clair, Madison and other surrounding areas in Southern Illinois by fostering the development of programs and supports on their behalf as well as assisting those individuals and their families in acquiring other needed supports. The vision of Community Link is to see people with developmental disabilities and other difficulties, live and participate in a community that values their presence and contributions.

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.

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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2015 and 2014 were \$213,758 and \$199,673, 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 U.S. Department of Health and Human Services. These grants are generally recognized in the year earned.

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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Illinois Department of Human Services -- Title XX--DFI	\$61,799	\$ 61,799
Illinois Department of Transportation	-	36,672
Illinois Department of Commerce and Economic Opportunities	-	20,000
Community M.H. Act (708)	107,500	106,683
U.S. Department of Health and Human Services	367,203	326,343
United Way	245,462	247,446
Illinois Clean Energy Foundation	-	29,484
Other	12,493	5,660
	<u>\$794,457</u>	<u>\$834,087</u>

NOTE 3--ACCOUNTS RECEIVABLE

Accounts receivable consists of various receivables as follows:

	<u>2015</u>	<u>2014</u>
Accounts Receivable—Trade	\$ 74,420	\$ 73,094
Illinois Department of Human Services	132,960	195,825
Long-term Care Facilities	435,307	512,919
U.S. Dept. of Health & Human Services	34,205	26,998
Illinois Department of Commerce and Economic Opportunities	-	2,000
Washington County Workshop	1,879	1,879
Central Billing Office (Medicaid)	29,720	37,126
	<u>\$708,491</u>	<u>\$849,841</u>

Aging of accounts receivable at June 30, 2015, are as follows:

0-30 Days	\$507,548	72%
31-60 Days	23,219	3%
61-90 Days	156,470	22%
91 Days or Over	21,254	3%
	<u>\$708,491</u>	<u>100%</u>

Management believes all amounts to be collectible and an allowance for doubtful accounts to be unnecessary. No accounts receivable were written off as uncollectible during the years ended June 30, 2015 and June 30, 2014. Accounts receivable are not collateralized.

NOTE 4--CONCENTRATION OF CREDIT RISK

Cash Deposits

The Organization maintains bank accounts at a local bank that is subject to custodial credit risk. At June 30, 2015, the Organization's bank balances that were subject to custodial credit risk totaled \$987,874.

NOTE 5--NOTES PAYABLE

First Bank, Breese, Illinois

At June 30, 2015, 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>
Fairview Heights Real Estate	07-01-12	07-01-27	3.61%	\$485,865	\$32,907
Fairview Heights Real Estate	07-01-12	07-01-27	4.50%	54,080	3,509
E350 Ford Van	07-30-12	07-30-17	4.25%	11,026	5,168
2005 Dodge Dakota	03-27-14	03-27-17	4.00%	<u>4,949</u>	<u>2,785</u>
				<u>\$555,920</u>	<u>\$44,369</u>

First County Bank, Trenton, Illinois

At June 30, 2015, 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%	\$ 33,587	\$ 5,563
East Building	09-05-14	09-05-29	3.75%	410,753	22,241
West Building	09-05-14	09-05-29	3.75%	368,420	19,949
Chevy Cruze	08-29-14	08-29-19	1.80%	12,719	2,966
Chevy Express	05-06-15	05-06-20	1.80%	<u>32,759</u>	<u>6,429</u>
				<u>\$858,238</u>	<u>\$57,148</u>

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

USDA Rural Development

At June 30, 2015, 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>
Building Improvements	03-26-13	03-26-43	3.125%	<u>\$254,904</u>	<u>\$5,570</u>

During fiscal year 2013, the Organization secured financing totaling \$262,000 from the USDA Rural Development for capital improvements at their metro (Fairview Heights) location. The loan is payable in monthly installments of \$1,148 per month. The note is secured by the Organization's buildings.

Illinois State Council Knights of Columbus Charities, Inc.

At June 30, 2015, the Organization was indebted to the Illinois State Council Knights of Columbus Charities, Inc., on two promissory notes, originally issued in the amount of \$215,000 and \$218,000, respectively.

<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%	\$ 5,119	\$ 5,119
Breese 373 CILA Home	3-22-13	4-10-20	0%	<u>150,524</u>	<u>31,143</u>
				<u>\$155,643</u>	<u>\$36,262</u>

The notes require monthly payments of \$2,560 on the Breese 555 CILA Home and \$2,595 on the Breese 373 CILA Home, and are secured by real estate. Imputed interest on the zero percent loans for fiscal year 2015 is included in expense totaling \$7,887. The effective interest rate used was 4.0%.

NOTE 5--NOTES PAYABLE (CONTINUED)

Annual debt maturities for future years follow:

2016	\$ 143,349
2017	164,087
2018	131,487
2019	135,061
2020	130,503
Thereafter	<u>1,120,218</u>
	<u>\$1,824,705</u>

NOTE 6--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 \$14,400.

The Organization has continued to fund the reserve with investment earnings in excess of the maximum required reserve balance. As of June 30, 2015, the Organization's reserved balance was invested in Certificates of Deposit totaled \$14,463. The reserve balance at June 30, 2014 was \$75,800 and has been reduced during the current year as a result of refinancing.

The Organization has complied with the financial loan agreement for the year ended June 30, 2015.

NOTE 7--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 Property: Property coverages, including special form policy for mine subsidence -- comprehensive 90% co-insurance, \$1,000 deductible:	5-1-16

NOTE 7--INSURANCE COVERAGE (CONTINUED)

<u>Company</u>	<u>Description of Coverage</u>	<u>Expiration</u>																																																			
	Contents are covered under Blanket #2 in the amount of \$961,700																																																				
	<table border="1"> <thead> <tr> <th><u>Location</u></th> <th><u>Property</u></th> <th><u>Contents</u></th> </tr> </thead> <tbody> <tr> <td colspan="3">Buildings are covered under Blanket #1 in the amount of \$10,1887,986</td> </tr> <tr> <td>8510 Old U.S. 50, Breese, IL -- Workshop</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>8510 Old U.S. 50, Breese, IL -- Gazebo</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>1665 N. 4th St., Breese, IL -- Office/Workshop</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>1665 N. 4th St., Breese, IL -- Gazebo</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>1665 N. 4th, Breese, IL -- Playground Equipment</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>9815 Bunkurn Rd., Fairview Heights, IL -- Vocational School</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>9815 Bunkurn Rd., Fairview Heights, IL -- Storage</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>771 Fairfax St., Carlyle, IL -- CILA Home</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>230 Keeven Drive, Highland, IL -- CILA Home</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>1005 Church St., Germantown, IL -- CILA Home</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>245 N. 6th, Breese, IL -- CILA Home</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>599 West 2nd, Aviston, IL -- CILA Home</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>955 N. Plum, Breese, IL</td> <td>Contents only</td> <td>Blanket #2</td> </tr> <tr> <td>555 N. 6th, Breese, IL</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> <tr> <td>373 N. 12th St., Breese, IL</td> <td>Blanket #1</td> <td>Blanket #2</td> </tr> </tbody> </table>	<u>Location</u>	<u>Property</u>	<u>Contents</u>	Buildings are covered under Blanket #1 in the amount of \$10,1887,986			8510 Old U.S. 50, Breese, IL -- Workshop	Blanket #1	Blanket #2	8510 Old U.S. 50, Breese, IL -- Gazebo	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	1665 N. 4th, Breese, IL -- Playground Equipment	Blanket #1	Blanket #2	9815 Bunkurn Rd., Fairview Heights, IL -- Vocational School	Blanket #1	Blanket #2	9815 Bunkurn Rd., Fairview Heights, IL -- Storage	Blanket #1	Blanket #2	771 Fairfax St., Carlyle, IL -- CILA Home	Blanket #1	Blanket #2	230 Keeven Drive, Highland, IL -- CILA Home	Blanket #1	Blanket #2	1005 Church St., Germantown, IL -- CILA Home	Blanket #1	Blanket #2	245 N. 6th, Breese, IL -- CILA Home	Blanket #1	Blanket #2	599 West 2nd, Aviston, IL -- CILA Home	Blanket #1	Blanket #2	955 N. Plum, Breese, IL	Contents only	Blanket #2	555 N. 6th, Breese, IL	Blanket #1	Blanket #2	373 N. 12 th St., Breese, IL	Blanket #1	Blanket #2	
<u>Location</u>	<u>Property</u>	<u>Contents</u>																																																			
Buildings are covered under Blanket #1 in the amount of \$10,1887,986																																																					
8510 Old U.S. 50, Breese, IL -- Workshop	Blanket #1	Blanket #2																																																			
8510 Old U.S. 50, Breese, IL -- Gazebo	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																																																			
1665 N. 4th, Breese, IL -- Playground Equipment	Blanket #1	Blanket #2																																																			
9815 Bunkurn Rd., Fairview Heights, IL -- Vocational School	Blanket #1	Blanket #2																																																			
9815 Bunkurn Rd., Fairview Heights, IL -- Storage	Blanket #1	Blanket #2																																																			
771 Fairfax St., Carlyle, IL -- CILA Home	Blanket #1	Blanket #2																																																			
230 Keeven Drive, Highland, IL -- CILA Home	Blanket #1	Blanket #2																																																			
1005 Church St., Germantown, IL -- CILA Home	Blanket #1	Blanket #2																																																			
245 N. 6th, Breese, IL -- CILA Home	Blanket #1	Blanket #2																																																			
599 West 2nd, Aviston, IL -- CILA Home	Blanket #1	Blanket #2																																																			
955 N. Plum, Breese, IL	Contents only	Blanket #2																																																			
555 N. 6th, Breese, IL	Blanket #1	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	5-1-16																																																			
Philadelphia	Earthquake and volcanic eruption-- blanket limit -- \$7,492,376, 5% deductible, same coverages as listed on property above	5-1-16																																																			

NOTE 7--INSURANCE COVERAGE (CONTINUED)

<u>Company</u>	<u>Description of Coverage</u>	<u>Expiration</u>
Erie Insurance Group	Workers' compensation: statutory coverage; Employers' liability: \$1,000,000 each accident/ each employee policy limit	10-1-15
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	5-1-16
Philadelphia	Excess blanket catastrophe liability policy-- \$3 million over other limits	5-1-16
Philadelphia	Directors and officers liability coverage-- \$2 million aggregate	5-1-16
Auto Owners	FHA schedule bond--\$400,000	10-1-15

NOTE 8--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 -- 1% of compensation
Employer Matching Contribution -- 50% up to 4% of compensation
Maximum Employer Contribution -- \$52,000 or 100% of compensation, whichever is less
Maximum Employee Contribution -- \$17,500, age 50 and over catch up \$5,500

The cost of the plan for the year ended December 31, 2014, was \$113,159. Plan assets as of December 31, 2014, totaled \$2,406,062 for all participants.

NOTE 9--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, 2015 totaled \$3,300.

NOTE 10--PRIOR PERIOD ADJUSTMENTS/RECLASSIFICATIONS

Prior period adjustments were required for retro-active billing adjustments which increased (decreased) net assets for June 30, 2015 and 2014, in the amounts of (\$9,564) and \$1,491, respectively.

NOTE 11--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, 2015 and 2014. All investments are recorded at fair market value on the statement of financial position.

NOTE 12--OTHER CHANGES IN NET ASSETS

Grant expenditures were reported as grant program expenses in the year incurred to satisfy the expense reporting requirements of the grant. However, Generally Accepted Accounting Principles require that the cost of these assets be depreciated over their estimated useful lives. Therefore, the capital assets purchased from these grants are added back and depreciation is recorded instead totaling \$52,187. No new grant equipment was acquired in fiscal year 2015.

NOTE 13--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, 2015 and 2014, the amount of services received was \$90,491 and \$75,559, respectively.

Also, in-kind contributions are recognized for imputed interest on zero percent loans. At June 30, 2015 and 2014, interest was recognized totaling \$7,887 and \$10,358, respectively. See Note 4.

NOTE 14--SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 15, 2015, the date the financial statements were available to be issued.

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, 2012.

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, 2015 and 2014.