

SOUTH SUBURBAN FAMILY SHELTER, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

SOUTH SUBURBAN FAMILY SHELTER, INC.

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Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
South Suburban Family Shelter, Inc.
Homewood, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of **SOUTH SUBURBAN FAMILY SHELTER, INC.** (the "Organization"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Members American Institute and Illinois Society of Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of support and revenue and expenses—Illinois Coalition Against Domestic Violence (ICADV) is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017, on our consideration of the Organization’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 the Organization’s internal control over financial reporting and compliance.



O’NEILL & GASPARDO, LLC
Mokena, Illinois
October 19, 2017

SOUTH SUBURBAN FAMILY SHELTER, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2017

ASSETS

Current assets:

Cash and cash equivalents	\$ 434,956	
Grants receivable	564,967	
Prepaid expenses and other assets	<u>5,086</u>	
Total current assets		\$ 1,005,009

Property and equipment:

Land, buildings and building improvements	1,903,954	
Furniture and equipment	108,980	
Less: Accumulated depreciation	<u>(878,238)</u>	
Net property and equipment		1,134,696

Other assets:

Security deposits	<u>250</u>	
Total other assets		<u>250</u>
Total assets		<u>\$ 2,139,955</u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 3,667	
Accrued payroll and withholdings	94,701	
Accrued compensated absences	54,831	
Other accrued expenses	18,795	
Client deposits	3,869	
Deferred revenue	<u>24,514</u>	
Total current liabilities		\$ 200,377

Net assets:

Temporarily restricted net assets	22,373	
Unrestricted net assets	<u>1,917,205</u>	
Total net assets		<u>1,939,578</u>
Total liabilities and net assets		<u>\$ 2,139,955</u>

SOUTH SUBURBAN FAMILY SHELTER, INC.**STATEMENT OF ACTIVITIES**

Year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Government Grants:			
IL Department of Human Services	\$ 427,636	\$ -	\$ 427,636
IL Attorney General	31,500	-	31,500
IL Coalition Against Domestic Violence	187,530	-	187,530
IL Criminal Justice Information Authority	115,851	-	115,851
IL Violence Prevention	121,500	-	121,500
Cook County	95,011	-	95,011
U.S. Department of Homeland Security	6,000	-	6,000
U.S. Department of Housing and Urban Dev.	240,418	-	240,418
Contributions:			
Foundations and corporations	245,786	50,000	295,786
United Way	37,641	-	37,641
Re-sale shop	31,749	-	31,749
Other	64,641	-	64,641
Special Events:			
Revenue	119,055	-	119,055
Less: Costs of direct benefits to donors	<u>(16,186)</u>	<u>-</u>	<u>(16,186)</u>
Net revenue from special events	102,869	-	102,869
Program fees	73,299	-	73,299
Interest	372	-	372
Other	<u>1,005</u>	<u>-</u>	<u>1,005</u>
Total support and revenue	1,782,808	50,000	1,832,808
Net assets released from restrictions	<u>75,024</u>	<u>(75,024)</u>	<u>-</u>
Total support and revenue and reclassifications	1,857,832	(25,024)	1,832,808
Expenses:			
Program services	1,553,573	-	1,553,573
Supporting services:			
General and administrative expenses	149,595	-	149,595
Fundraising	<u>161,974</u>	<u>-</u>	<u>161,974</u>
Total supporting services	<u>311,569</u>	<u>-</u>	<u>311,569</u>
Total expenses	<u>1,865,142</u>	<u>-</u>	<u>1,865,142</u>
Change in net assets	(7,310)	(25,024)	(32,334)
Net assets:			
Beginning of year	<u>1,924,515</u>	<u>47,397</u>	<u>1,971,912</u>
End of year	<u>\$ 1,917,205</u>	<u>\$ 22,373</u>	<u>\$ 1,939,578</u>

SOUTH SUBURBAN FAMILY SHELTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2017

	Program Services										Total
	Hospital Advocacy	Court Advocacy	Counseling	Abuser Treatment	Emergency Shelter	Sanctuary	Total Program Services	Management and General	Fundraising	Total	
Salaries	\$153,520	\$147,006	\$424,814	\$101,693	\$ 75,825	\$142,027	\$1,044,885	\$ 107,108	\$ 96,537	\$1,248,530	
Fringe benefits and taxes	30,509	29,215	84,424	20,210	15,069	32,812	212,239	21,286	17,271	250,796	
Conf. and transportation	1,457	1,396	4,033	965	720	-	8,571	1,017	703	10,291	
Professional Fees	-	-	37,648	-	-	-	37,648	7,487	1,080	46,215	
Supplies	1,931	1,849	5,344	1,279	954	4,017	15,374	1,347	1,614	18,335	
Postage and printing	1,158	1,109	3,205	767	572	298	7,109	808	559	8,476	
Communications	1,795	1,719	4,968	1,189	887	3,814	14,372	1,253	866	16,491	
Insurance	1,493	1,429	4,130	989	737	3,517	12,295	1,041	720	14,056	
Rent and utilities	1,906	1,825	5,273	1,262	941	19,421	30,628	1,329	25,099	57,056	
Building maintenance	1,678	1,607	4,644	1,112	829	33,818	43,688	1,171	810	45,669	
Dues and subscriptions	615	589	1,703	408	304	25	3,644	429	297	4,370	
Audit and accounting	1,941	1,858	5,371	1,286	959	1,796	13,211	1,354	936	15,501	
Client expenses	-	-	2,585	-	18,953	13,105	34,643	-	-	34,643	
Other	38	36	105	25	20	-	224	27	12,758	13,009	
Depreciation	5,645	5,405	15,620	3,739	2,788	41,845	75,042	3,938	2,724	81,704	
Total expenses	<u>\$203,686</u>	<u>\$195,043</u>	<u>\$603,867</u>	<u>\$134,924</u>	<u>\$119,558</u>	<u>\$296,495</u>	<u>\$1,553,573</u>	<u>\$ 149,595</u>	<u>\$161,974</u>	<u>\$1,865,142</u>	

SOUTH SUBURBAN FAMILY SHELTER, INC.

STATEMENT OF CASH FLOWS

Year ended June 30, 2017

Cash flows from operating activities:	
Change in net assets	\$ (32,334)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	81,704
Changes in current assets and liabilities:	
Grants receivable	\$ (488,876)
Other receivables	16,500
Inventory	12,740
Prepaid expenses and other assets	(4,339)
Security deposits	2,135
Accounts payable	65
Accrued payroll and withholdings	8,167
Accrued compensated absences	(1,394)
Other accrued expenses	15,358
Client deposits	(3,805)
Deferred revenue	24,514
Total adjustments	<u>(418,935)</u>
Net cash used in operating activities	<u>(369,565)</u>
Cash flows from investing activities:	
Purchases of fixed assets	(71,245)
Proceeds from certificates of deposits	<u>25,577</u>
Net cash used in investing activities	<u>(45,668)</u>
Net decrease in cash and cash equivalents	
	(415,233)
Cash at beginning of year	<u>850,189</u>
Cash at end of year	<u><u>\$ 434,956</u></u>
Supplemental cash flow information:	
Interest paid	<u><u>\$ -</u></u>
Income taxes paid	<u><u>\$ -</u></u>

SOUTH SUBURBAN FAMILY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

South Suburban Family Shelter, Inc. (the "Organization") is a not-for-profit organization that provides counseling and economic support to victims of domestic violence. The Organization's programs are as follows:

- **Hospital Advocacy:** Provides identification, treatment and referral to victims of domestic violence who come into the emergency rooms of area hospitals.
- **Court Advocacy:** Provides domestic violence victims with information and support as they attempt to obtain relief from violence through the criminal or civil court system.
- **Counseling:** Provides children and adults who have been abused or have witnessed abuse with the advocacy, support and skills that they need to recover from domestic violence.
- **Abuser Treatment:** Provides re-learning opportunities for abusive individuals.
- **Emergency Shelter:** Provides a safe place for domestic violence victims who are leaving their homes in fear of immediate physical harm.
- **Sanctuary:** Assists homeless women with children in making a successful transition from homelessness to permanent housing.

The Organization also managed a re-sale shop that closed during the year ended June 30, 2017. Revenue from the re-sale shop was \$31,749 and expenses were \$62,614. These expenses are included in fundraising expenses on the Statements of Activities and Functional Expenses.

B. Basis of Accounting

The Organization uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification (ASC) No. 958-205 *Not-for-Profit Entities Presentation of Financial Statements*. Under ASC No. 958-205, 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, if applicable.

SOUTH SUBURBAN FAMILY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Cash and Cash Equivalents

The Organization considers all highly liquid short-term investment instruments purchased with a maturity of three months or less at acquisition date, including repurchase agreements with financial institutions and money markets, to be cash equivalents. Cash equivalents are measured at fair value using level one inputs, as defined by the Financial Accounting Standards Board.

E. Receivables

The Organization carries its grants receivable at the amount of unreimbursed expenses from the grantor less an allowance for doubtful accounts. Receivables are written off against the allowance when management determines that recovery is unlikely and the Organization ceases its collection efforts. Management estimated that no allowance for doubtful accounts was necessary at June 30, 2017.

F. Grant Revenue

The Organization recognizes grant revenue as earned. Grant revenue is earned as the required services of the grant contract are performed or as the expenses being reimbursed by the granting agency are incurred.

G. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the Statement of Activities. Accordingly, certain costs have been allocated to the programs and supporting services based on estimated benefit received.

H. Property and Equipment

The Organization follows the practice of capitalizing, at cost, all disbursements for property and equipment in excess of \$1,500. Depreciation is computed on the straight-line method over 30 years for buildings, 15-30 years for building improvements and 5-7 years for furniture and equipment. Depreciation expense was \$81,704 for the year ended June 30, 2017.

Property and equipment acquired by the Organization are considered owned by the Organization. However, federal and state funding sources may maintain equitable interest in the property and equipment purchased with grant monies as well as the right to determine the use of proceeds from the sale of those assets.

The U.S. Department of Housing and Urban Development (HUD) restricts the use of the Organization's apartment building in Matteson, Illinois (used by the Sanctuary program) for use as a homeless shelter. In previous years, HUD provided grant funds for the purchase and improvements of this building, which had a net book value of \$359,779 at June 30, 2017 on the Organization's Statement of Financial Position.

SOUTH SUBURBAN FAMILY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the Statement of Activities as net assets released from restrictions. The Organization has not adopted a policy for time restrictions on contributions of long-lived assets.

J. Donated Services

No amounts have been recorded for donated services, because they do not meet the requirement for inclusion on the financial statements.

K. Estimates

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

L. Income Taxes

The Organization has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and therefore no provision for federal income taxes has been made on the accompanying financial statements. In addition, the Organization has been classified as an organization other than a private foundation under IRC Section 509(a)(1). As a result, donations or gifts to the Organization qualify for the charitable contribution deduction under IRC Section 170(b)(1)(A). There was no unrelated business income for the year ended June 30, 2017.

The Organization has adopted accounting principles related to uncertain tax positions and has evaluated its tax positions taken for all open tax years. Currently, the 2013, 2014 and 2015 tax years are open and subject to examination by the Internal Revenue Service, the Illinois Attorney General and Illinois Department of Revenue. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. If any interest and penalties associated with tax positions are incurred, they are recorded in miscellaneous expenses in management and general expenses. Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded as of June 30, 2017.

SOUTH SUBURBAN FAMILY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization maintains bank accounts at several banks. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. The amount in excess of the FDIC limit totaled \$50,144 at June 30, 2017.

NOTE 3. SUPPORT FROM GOVERNMENTAL AGENCIES

The Organization receives a major portion of its support from federal and state grants. 23% and 13% of the total support and revenue was from the Illinois Department of Human Services (DHS) and U.S. Department of Housing and Urban Development (HUD), respectively, for the year ended June 30, 2017. In addition, 66% and 22% of grants receivable were due from DHS and the Illinois Criminal Justice Information Authority, respectively, at June 30, 2017. A substantial reduction in the level of this support, if it were to occur, could have a significant effect on the Organization's programs and activities.

Many granting agencies reserve the right to review the Organization's records of program performance and could require return of grant funds based on these reviews. The amount of expenses that may be disallowed by the government agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

NOTE 4. LINE OF CREDIT

The Organization has a \$140,000 line of credit with a local bank. It is collateralized by all assets and expires on February 15, 2018. The interest rate on this line of credit was 5.25% and no amounts were outstanding at June 30, 2017.

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$22,373 at June 30, 2017 consisted of contributions received in the year ended June 30, 2017 that were not yet spent for the purpose designated by the contributor.

SOUTH SUBURBAN FAMILY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 6. GRANT COMMITMENT

The Organization was awarded a grant from the U.S. Department of Housing and Urban Development (HUD) that reimburses expenses incurred in the Sanctuary program. Revenue from the grant is recorded as reimbursable expenses are incurred. Grant terms include:

Period Covered: June 1, 2017 to May 31, 2018

Total grant	\$ 278,708
Grant revenue earned as of June 30, 2017	<u>(12,776)</u>
Remaining grant to be earned	<u>\$ 265,932</u>

NOTE 7. EMPLOYEE RETIREMENT PLAN

The Organization sponsors a 403(b) retirement plan covering substantially all full-time employees. The Organization made contributions of \$3,500 under this plan for the year ended June 30, 2017.

NOTE 8. SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to June 30, 2017 for possible adjustment or disclosure to the accompanying financial statements. This evaluation was done through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

SOUTH SUBURBAN FAMILY SHELTER, INC.

**SCHEDULE OF SUPPORT AND REVENUE AND EXPENSES -
ILLINOIS COALITION AGAINST DOMESTIC VIOLENCE (ICADV)**

Year Ended June 30, 2017

	VOCA 215201 (16.575)	VOCA Technology Upgrade 215001 - Tech (16.575)	VAWA 615001 (16.575)
Support and revenue:			
ICADV grants	\$ 145,915	\$ 6,781	\$ 34,834
Matching funds	<u>36,479</u>	<u>1,695</u>	<u>-</u>
Total support and revenue	<u>182,394</u>	<u>8,476</u>	<u>34,834</u>
Expenses:			
Personnel	169,129	-	31,694
Other	<u>13,265</u>	<u>8,476</u>	<u>3,140</u>
Total expenses	<u>182,394</u>	<u>8,476</u>	<u>34,834</u>
Excess of support and revenue over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTAL INFORMATION

**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**

To the Board of Directors of
South Suburban Family Shelter, Inc.
Homewood, Illinois

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 **SOUTH SUBURBAN FAMILY SHELTER, INC.** (the "Organization"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is a 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.

Members American Institute and Illinois Society of Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

Purpose 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



O'NEILL & GASPARDO, LLC
Mokena, Illinois
October 19, 2017