

MANO A MANO FAMILY RESOURCE CENTER

Financial Statements and
Independent Auditors' Report

June 30, 2017 and 2016

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Business Development
Software Implementation
Tax and Accounting
INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Mano A Mano Family Resource Center

We have audited the accompanying financial statements of Mano A Mano Family Resource Center (a nonprofit organization) which comprise the statements of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mano A Mano Family Resource Center 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 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.

Prior Period Financial Statements

The financial statements of Mano A Mano Family Resource Center as of June 30, 2016, were audited by other auditors whose report dated November 11, 2016, expressed an unmodified opinion on those statements and supplementary information.

COLE, MARTIN & CO., LTD.

Certified Public Accountants
Buffalo Grove, Illinois
November 1, 2017

Cole, Martin & Co., Ltd.

1543 Barclay Blvd.
Buffalo Grove, IL 60089

www.colemartin.net

office: 847-850-5270
fax: 847-850-5271

Mano A Mano Family Resource Center
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

ASSETS

	2017	2016
Current Assets		
Cash & Equivalents	\$ 649,075	\$ 662,973
Restricted Cash	21,920	21,899
Grants Receivable	135,446	28,292
Miscellaneous Receivables	30	-
Total current assets	806,471	713,164
Property and Equipment		
Land	40,000	40,000
Building	205,000	205,000
Leasehold Improvements	251,883	249,999
Donated Leasehold Improvements	68,904	68,904
Parking Lot	31,100	31,100
Office Equipment	107,083	82,531
Software	22,079	22,079
	726,049	699,613
Less accumulated depreciation	240,658	214,879
Net Property and Equipment	485,391	484,734
Total assets	\$ 1,291,862	\$ 1,197,898

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 12,349	\$ 14,235
Accrued Expenses	13,795	7,817
Current Portion of Long-term Debt	13,323	12,881
Total current liabilities	39,467	34,933
Long-Term Liabilities		
Long-Term Debt	149,805	163,089
Net Assets		
Unrestricted	1,079,765	898,199
Temporarily Restricted	22,825	101,677
Total Net Assets	1,102,590	999,876
Total liabilities and net assets	\$ 1,291,862	\$ 1,197,898

The accompanying notes are an integral part of these financial statements.

Mano A Mano Family Resource Center
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flow from operating activities		
Change in Net Assets	\$ 102,714	\$ 240,549
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	25,779	24,673
Grants Receivable	(107,154)	60,032
Miscellaneous Receivables	(30)	400
Accounts Payable	(1,886)	9,179
Accrued Expenses	5,978	(2,412)
Net cash provided (used) by operating activities	<u>25,401</u>	<u>332,421</u>
Cash flows from investing activities:		
Purchases of Assets	<u>(26,436)</u>	<u>(9,751)</u>
Net cash provided by (used in) by investing activities	<u>(26,436)</u>	<u>(9,751)</u>
Cash flows from financing activities:		
Note Payable repayments	<u>(12,842)</u>	<u>(12,323)</u>
Net cash provided by (used in) by investing activities	<u>(12,842)</u>	<u>(12,323)</u>
Net increase (decrease) in cash	(13,877)	310,347
Cash at the beginning of the year	<u>684,872</u>	<u>374,525</u>
Cash at the end of the year	<u>\$ 670,995</u>	<u>\$ 684,872</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	<u>\$ 7,023</u>	<u>\$ 7,531</u>

The accompanying notes are an integral part of these financial statements.

Mano A Mano Family Resource Center
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

1. Nature of Organization

The Mano A Mano Family Resource Center (the “Center”) is a non-profit corporation organized under the laws of the State of Illinois and is tax exempt under IRC 501(c)(3). The Center serves the citizens of Lake County by providing educational programs and social services. The level of continuing program services will be dependent on the Center’s ability to obtain additional funding from grants and contributions.

2. Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

3. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (“ASC”) No. 958, “Financial Statements of Not-for-Profit Entities.” Under ASC No. 958, the Center 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. The Center does not have any fund balances classified as permanently restricted as of June 30, 2017 and 2016.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. The carrying value approximates fair value.

5. Property and Equipment

Land and a building were purchased and renovated in 2005 and 2013. The building and improvements are being depreciated on a straight-line basis over thirty nine years.

Purchased office equipment is recorded at cost. Donations of equipment are recorded as support and revenue at their estimated fair value at the date of donation. Office equipment is depreciated on a straight-line basis over five years. Expenditures for maintenance and repairs are expensed as incurred. Depreciation expense amounted to \$25,779 and \$24,673 during the years ended June 30, 2017 and 2016, respectfully.

Mano A Mano Family Resource Center
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE A - CONTINUED

6. Revenue and Support

The Center's support comes primarily from grants and contributions.

Revenues are recorded as received. The Center follows "Accounting for Not for Profit Entities", and thus, support received is recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. No donated non-cash assets were received during the years ended June 30, 2017 or June 30, 2016.

7. Income Taxes

The Center is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Center has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Center's Forms 990, *Return of Organization Exempt from Income Tax*, for the years 2014, 2015, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

8. Estimates

The preparation of financial statements in conformity with 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.

Mano A Mano Family Resource Center
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE A - CONTINUED

9. Fair Value Measurements

During the first quarter of 2009, the Center adopted FASB ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. This new accounting standard does not require any new fair value measurements. The Center applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Center defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Center considers the principal or most advantageous market in which the Center would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

NOTE B – CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$21,920 and \$21,899 at June 30, 2017 and 2016, respectively, are included in investments in the accompanying financial statements. The certificates bear interest of .1 % at June 30, 2017 and have maturities up to nine months. Investment income consists primarily of interest income and amounted to \$196 and \$505 during the years ended June 30, 2017 and 2016, respectively.

NOTE C – MORTGAGE PAYABLE

The Center borrowed \$335,000 on June 26, 2006 from the United States Department of Agriculture secured by the land, building, improvements, and all contract rights, accounts receivable, and general intangibles arising in connection with the building.

Monthly payments of principal and interest of \$1,655 are due July 26, 2012 and every month thereafter until June 26, 2027. Interest is at 4.125%.

The Center is required to set aside into a reserve account the sum of \$166 each month until there is accumulated in that account a total of \$19,920. As of December 31, 2008 this reserve has been fully funded. This reserve will be used to make payments on the note if sufficient funds are not available. Or with the prior written approval of the mortgagee – pay the cost of repairing or replacing any damage to the Facility, which may have been caused by catastrophe, or making extensions or improvements to the Facility.

The Center's long-term debt consists of the following:

Mortgage due to the United States Department of Agriculture	\$ 163,128
Less Current Portion of Long-term Debt	(13,323)
Long-term Portion of Debt	<u>\$ 149,805</u>

Mano A Mano Family Resource Center
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE C – MORTGAGE PAYABLE - CONTINUED

Future scheduled maturities of long-term debt are as follows:

Years ending June 30:	
2018	\$ 13,323
2019	13,884
2020	14,467
2021	15,075
2022	15,709
Thereafter	90,670
	<u>\$ 163,128</u>

NOTE D - MAJOR GRANTORS

Support received from a major grantor comprised approximately 28% and 23% of total unrestricted support and revenue for the years ended June 30, 2017 and June 30, 2016, respectively.

NOTE E - 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 and supporting services benefited.

NOTE F-- LEASES

Real Estate

On October 15, 2015, the Center entered into a one-year lease agreement with Zion-Benton Township High School district No. 126 for the use of portions of the East Building of the District's Pearce Campus. The lease calls for a monthly rent of \$1,295.97 and expired on September 30, 2017.

Office Equipment

On October 5, 2015, the Center entered into an operating lease agreement for the rental and maintenance of copier equipment. Under the terms of the lease and maintenance agreement, the Center pays \$454.75 per month for a period of five years. Minimum payments for the remaining period of the lease are:

Years ending June 30:	
2018	\$ 5,457
2019	5,457
2020	5,457
2021	1,819
	<u>\$ 18,190</u>

Mano A Mano Family Resource Center
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2017 and 2016

NOTE F- LEASES – CONTINUED

Office Equipment - Continued

On July 1, 2014, the Center entered into an operating lease agreement for the rental and maintenance of postage equipment. Under the terms of the lease and maintenance agreement, the Center pays \$216 per quarter for a period of fifty one months. Minimum payments for the remaining period of the lease are:

Years ending June 30:

2018	\$	864
2019		216
	<u>\$</u>	<u>1,080</u>

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017 and 2016, funds received from various grant were not fully expended. These funds are restricted for specific purposes. The balance remaining is:

	2017	2016
Engaged Citizens	\$ 1,383	\$ 14,000
Healthy Families	-	84,552
Planning/Feasibility Study for Facilities	-	3,125
Productive Parents	6,442	-
Successful Children	15,000	-
Total	\$ 22,825	\$ 101,677

NOTE H – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 1, 2017, the date which the financial statements were available to be issued.

NOTE I – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at three financial institutions in Illinois. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017 and 2016, the Organization's uninsured cash balances totaled approximately \$396,000 and \$410,000, respectively.

SUPPLEMENTAL INFORMATION

Mano A Mano Family Resource Center
FUNCTIONAL EXPENSES
For the years ended June 30, 2017 and 2016

	2017				2016			
	Program Services	Management and General	Special Events	Total	Program Services	Management and General	Special Events	Total
Advertising	\$ 5,264	\$ 875	\$ -	\$ 6,139	\$ 1,825	\$ 296	\$ 970	\$ 3,091
Community Education	17,289	817	-	18,106	19,596	-	-	19,596
Depreciation and Amortization Expense	25,779	-	-	25,779	24,673	-	-	24,673
Dues and Subscriptions	3,141	643	-	3,784	2,672	995	-	3,667
Equipment Rental	6,053	917	-	6,970	5,068	941	-	6,009
Grant Writing	17,608	2,604	-	20,212	-	-	-	-
Information Technology	11,114	1,736	-	12,850	-	-	-	-
Insurance	6,640	1,007	-	7,647	7,319	1,014	-	8,333
Interest	3,857	3,166	-	7,023	4,169	3,362	-	7,531
Janitorial and Cleaning	14,468	2,113	-	16,581	4,558	895	-	5,453
Miscellaneous	5,087	1,128	-	6,215	1,590	1,979	59	3,628
Office Supplies	14,848	5,102	380	20,330	11,564	1,117	-	12,681
Postage	3,206	433	-	3,639	1,810	208	-	2,018
Printing and Reproduction	2,973	459	2,562	5,994	3,613	350	-	3,963
Professional Fees	109,636	5,924	1,968	117,528	68,019	7,361	1,113	76,493
Program Materials	2,712	53	-	2,765	2,034	-	-	2,034
Publications	475	65	-	540	-	-	-	-
Rent	14,058	198	-	14,256	14,610	-	-	14,610
Salaries and Payroll Taxes	593,841	49,501	2,453	645,795	394,195	42,428	6,397	443,020
Security	1,208	244	-	1,452	-	-	-	-
Seminars and Training	13,652	387	-	14,039	4,490	500	-	4,990
Special Event Costs	-	-	15,531	15,531	-	-	25,528	25,528
Telephone	6,492	799	-	7,291	4,328	388	-	4,716
Travel and Meetings	19,313	1,951	107	21,371	10,897	1,613	1,723	14,233
Utilities	3,853	481	-	4,334	3,435	927	-	4,362
Balance, June 30, 2017	\$ 902,567	\$ 80,603	\$ 23,001	\$ 1,006,171	\$ 590,465	\$ 64,374	\$ 35,790	\$ 690,629