

MANO A MANO FAMILY RESOURCE CENTER

Financial Statements and  
Independent Auditors' Report

June 30, 2018 and 2017

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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, 2018 and 2017, and the related statements of activities 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 audits. We conducted our audits 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years 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.

COLE, MARTIN & CO., LTD.

A handwritten signature in cursive script that reads "Cole Martin &amp; Co. Ltd." is written over a horizontal line.

Certified Public Accountants  
Buffalo Grove, Illinois  
December 4, 2018

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Mano A Mano Family Resource Center  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2018 and 2017

ASSETS

|                                | 2018         | 2017         |
|--------------------------------|--------------|--------------|
| <b>Current Assets</b>          |              |              |
| Cash & Equivalents             | \$ 943,406   | \$ 649,075   |
| Restricted Cash                | 21,943       | 21,920       |
| Grants Receivable              | 125,064      | 135,446      |
| Miscellaneous Receivables      | -            | 30           |
| Prepaid Expense                | 4,712        | -            |
| Total current assets           | 1,095,125    | 806,471      |
| <b>Property and Equipment</b>  |              |              |
| Land                           | 40,000       | 40,000       |
| Building                       | 205,000      | 205,000      |
| Leasehold Improvements         | 251,883      | 251,883      |
| Donated Leasehold Improvements | 68,904       | 68,904       |
| Parking Lot                    | 31,100       | 31,100       |
| Office Equipment               | 110,746      | 107,083      |
| Software                       | 22,079       | 22,079       |
|                                | 729,712      | 726,049      |
| Less accumulated depreciation  | 265,733      | 240,658      |
| Net Property and Equipment     | 463,979      | 485,391      |
| Total assets                   | \$ 1,559,104 | \$ 1,291,862 |

LIABILITIES AND NET ASSETS

|                                   |              |              |
|-----------------------------------|--------------|--------------|
| <b>Current Liabilities</b>        |              |              |
| Accounts Payable                  | \$ 29,705    | \$ 12,349    |
| Accrued Expenses                  | 17,855       | 13,795       |
| Current Portion of Long-term Debt | 13,878       | 13,323       |
| Total current liabilities         | 61,438       | 39,467       |
| <b>Long-Term Liabilities</b>      |              |              |
| Long-Term Debt                    | 135,869      | 149,805      |
| <b>Net Assets</b>                 |              |              |
| Unrestricted                      | 1,142,036    | 1,079,765    |
| Temporarily Restricted            | 219,761      | 22,825       |
| Total Net Assets                  | 1,361,797    | 1,102,590    |
| Total liabilities and net assets  | \$ 1,559,104 | \$ 1,291,862 |

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

Mano A Mano Family Resource Center  
STATEMENTS OF ACTIVITIES  
For the years ended June 30, 2018 and 2017

|                                                             | 2018                |                        | 2017                |                     |
|-------------------------------------------------------------|---------------------|------------------------|---------------------|---------------------|
|                                                             | Unrestricted        | Temporarily Restricted | Total               | Total               |
| Public Support, Revenues and Reclassifications              |                     |                        |                     |                     |
| Grants                                                      | \$ 894,274          | \$ 219,761             | \$ 1,114,035        | \$ 879,198          |
| Contributions                                               | 189,680             |                        | 189,680             | 103,432             |
| Special Events                                              | 116,129             |                        | 116,129             | 82,469              |
| Service Revenue                                             | 35,967              |                        | 35,967              | 43,590              |
| Interest Income                                             | 249                 |                        | 249                 | 196                 |
| Net Assets released from restrictions                       | 22,825              | (22,825)               | -                   | (101,677)           |
| <b>Total Public Support, Revenues and Reclassifications</b> | <b>1,259,124</b>    | <b>196,936</b>         | <b>1,456,060</b>    | <b>1,108,885</b>    |
| Expenses                                                    |                     |                        |                     |                     |
| Program Services                                            |                     |                        |                     |                     |
| Family and Occupational Services                            | 1,038,520           |                        | 1,038,520           | 902,567             |
| Support Services                                            |                     |                        |                     |                     |
| Management and General                                      | 74,893              |                        | 74,893              | 80,603              |
| Special Events                                              | 83,440              |                        | 83,440              | 23,001              |
| <b>Total Support Services</b>                               | <b>158,333</b>      | <b>-</b>               | <b>158,333</b>      | <b>103,604</b>      |
| <b>Total Expenses</b>                                       | <b>1,196,853</b>    | <b>-</b>               | <b>1,196,853</b>    | <b>1,006,171</b>    |
| Change in Net Assets                                        | 62,271              | 196,936                | 259,207             | (78,852)            |
| Net Assets - Beginning of Year                              | 1,079,765           | 22,825                 | 1,102,590           | 999,876             |
| <b>Net Assets - End of Year</b>                             | <b>\$ 1,142,036</b> | <b>\$ 219,761</b>      | <b>\$ 1,361,797</b> | <b>\$ 1,102,590</b> |

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, 2018 and 2017

|                                                                                             | 2018       | 2017       |
|---------------------------------------------------------------------------------------------|------------|------------|
| Cash flow from operating activities                                                         |            |            |
| Change in Net Assets                                                                        | \$ 259,207 | \$ 102,714 |
| Adjustments to reconcile net income to<br>net cash provided (used) by operating activities: |            |            |
| Depreciation and amortization                                                               | 25,075     | 25,779     |
| Grants Receivable                                                                           | 10,382     | (107,154)  |
| Miscellaneous Receivables                                                                   | 30         | (30)       |
| Prepaid Expense                                                                             | (4,712)    | -          |
| Accounts Payable                                                                            | 17,356     | (1,886)    |
| Accrued Expenses                                                                            | 4,060      | 5,978      |
| Net cash provided (used) by operating activities                                            | 311,398    | 25,401     |
| Cash flows from investing activities:                                                       |            |            |
| Purchases of Assets                                                                         | (3,663)    | (26,436)   |
| Net cash provided by (used in) by investing activities                                      | (3,663)    | (26,436)   |
| Cash flows from financing activities:                                                       |            |            |
| Note Payable repayments                                                                     | (13,381)   | (12,842)   |
| Net cash provided by (used in) by investing activities                                      | (13,381)   | (12,842)   |
| Net increase (decrease) in cash                                                             | 294,354    | (13,877)   |
| Cash at the beginning of the year                                                           | 670,995    | 684,872    |
| Cash at the end of the year                                                                 | \$ 965,349 | \$ 670,995 |
| Supplemental disclosure of cash flow information:                                           |            |            |
| Cash paid for:                                                                              |            |            |
| Interest                                                                                    | \$ 6,488   | \$ 7,023   |

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

Mano A Mano Family Resource Center  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018 and 2017

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

Information regarding the Organization’s financial position and activities are reported according to the existence or absence of donor-imposed restrictions. Restricted revenue whose restrictions are met within the same year as received (that is, when the purpose restriction is accomplished) are reported as both temporarily restricted revenue and as net assets released from restriction in the accompanying financial statements.

Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – represent net assets that are not subject to statutory or donor-imposed stipulations.

Temporarily Restricted Net Assets – represent net assets subject to donor-Imposed stipulations that will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets – represent net assets subject to donor-imposed stipulations that must be maintained permanently. The Organization does not have any permanently restricted net assets.

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 \$25,075 and \$25,779 during the years ended June 30, 2018 and 2017, respectfully.

Mano A Mano Family Resource Center  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018 and 2017

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, 2018 or June 30, 2017.

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 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

Management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that require adjustment or disclosure to the financial statements to comply with the provisions of the accounting guidance for income taxes.

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.

9. Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense for the years ended June 30, 2018 and 2017, was \$7,736 and \$6,139, respectively.



Mano A Mano Family Resource Center  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018 and 2017

NOTE A - CONTINUED

10. 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 \$21,943 and \$21,920 at June 30, 2018 and 2017, respectively, are included in investments in the accompanying financial statements. The certificates bear interest of .1 % at June 30, 2018 and have maturities up to nine months. Investment income consists primarily of interest income and amounted to \$249 and \$196 during the years ended June 30, 2018 and 2017, 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 | \$ 149,747        |
| Less Current Portion of Long-term Debt                      | (13,878)          |
| Long-term Portion of Debt                                   | <u>\$ 135,869</u> |

Mano A Mano Family Resource Center  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018 and 2017

NOTE C – MORTGAGE PAYABLE - CONTINUED

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

| Years ending June 30: |                   |
|-----------------------|-------------------|
| 2019                  | \$ 13,878         |
| 2020                  | 14,462            |
| 2021                  | 15,090            |
| 2022                  | 15,703            |
| 2023                  | 16,363            |
| Thereafter            | 74,251            |
|                       | <u>\$ 149,747</u> |

NOTE D - MAJOR GRANTORS

Support received from two major grantors comprised approximately 43% of total unrestricted support and revenue for the year ended June 30, 2018 and support received from one major grantor comprised approximately 28% of total unrestricted support and revenue for the year ended June 30, 2017.

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 1, 2016, 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: |                  |
|-----------------------|------------------|
| 2019                  | \$ 5,457         |
| 2020                  | 5,457            |
| 2021                  | 1,819            |
|                       | <u>\$ 12,733</u> |

Mano A Mano Family Resource Center  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2018 and 2017

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:

|      |               |
|------|---------------|
| 2019 | \$ 216        |
|      | <u>\$ 216</u> |

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018 and 2017, funds received from various grant were not fully expended. These funds are restricted for specific purposes. The balance remaining is:

|                     | <u>2018</u>       | <u>2017</u>      |
|---------------------|-------------------|------------------|
| Engaged Citizens    | \$ 33,122         | \$ 1,383         |
| Healthy Families    | 110,940           | -                |
| Productive Parents  | 15,849            | 6,442            |
| Successful Children | 4,136             | 15,000           |
| Leadership          | 55,714            | -                |
| Total               | <u>\$ 219,761</u> | <u>\$ 22,825</u> |

NOTE H – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 4, 2018, 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, 2018 and 2017, the Organization’s uninsured cash balances totaled approximately \$443,000 and \$396,000, respectively.

SUPPLEMENTAL INFORMATION

Mano A Mano Family Resource Center  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the years ended June 30, 2018 and 2017

|                                       | 2018                |                        |                     | 2017              |                        |                     |
|---------------------------------------|---------------------|------------------------|---------------------|-------------------|------------------------|---------------------|
|                                       | Program Services    | Management and General | Special Events      | Program Services  | Management and General | Special Events      |
| Advertising                           | \$ 6,745            | \$ 991                 | \$ -                | \$ 5,264          | \$ 875                 | \$ -                |
| Community Education                   | 12,066              | -                      | -                   | 17,289            | 817                    | -                   |
| Depreciation and Amortization Expense | 25,075              | -                      | -                   | 25,779            | -                      | -                   |
| Dues and Subscriptions                | 7,014               | 323                    | -                   | 3,141             | 643                    | -                   |
| Equipment Rental                      | 5,196               | 819                    | -                   | 6,053             | 917                    | -                   |
| Grant Writing                         | 10,229              | 1,621                  | -                   | 17,608            | 2,604                  | -                   |
| Information Technology                | 13,843              | 2,220                  | -                   | 11,114            | 1,736                  | -                   |
| Insurance                             | 9,370               | 1,514                  | -                   | 6,640             | 1,007                  | -                   |
| Interest                              | 3,821               | 2,667                  | -                   | 3,857             | 3,166                  | -                   |
| Janitorial and Cleaning               | 14,506              | 1,558                  | -                   | 14,468            | 2,113                  | -                   |
| Miscellaneous                         | 2,564               | 2,704                  | -                   | 5,087             | 1,128                  | -                   |
| Office Supplies                       | 7,820               | 1,281                  | -                   | 14,848            | 5,102                  | 380                 |
| Postage                               | 1,858               | 328                    | -                   | 3,206             | 433                    | -                   |
| Printing and Reproduction             | 4,122               | 628                    | -                   | 2,973             | 459                    | 2,562               |
| Professional Fees                     | 157,199             | 11,890                 | 58,897              | 109,636           | 5,924                  | 1,968               |
| Program Materials                     | 849                 | -                      | -                   | 2,712             | 53                     | -                   |
| Publications                          | -                   | -                      | -                   | 475               | 65                     | -                   |
| Rent                                  | 10,497              | 1,166                  | -                   | 14,058            | 198                    | -                   |
| Salaries and Payroll Taxes            | 714,596             | 41,241                 | -                   | 593,841           | 49,501                 | 2,453               |
| Security                              | 1,197               | 191                    | -                   | 1,208             | 244                    | -                   |
| Seminars and Training                 | 3,595               | 283                    | -                   | 13,652            | 387                    | -                   |
| Special Event Costs                   | -                   | -                      | 24,267              | -                 | -                      | 15,531              |
| Telephone                             | 7,978               | 1,212                  | -                   | 6,492             | 799                    | -                   |
| Travel and Meetings                   | 13,909              | 1,337                  | 276                 | 19,313            | 1,951                  | 107                 |
| Utilities                             | 4,471               | 919                    | -                   | 3,853             | 481                    | -                   |
| <b>Balance, June 30, 2018</b>         | <b>\$ 1,038,520</b> | <b>\$ 74,893</b>       | <b>\$ 83,440</b>    | <b>\$ 902,567</b> | <b>\$ 80,603</b>       | <b>\$ 23,001</b>    |
|                                       |                     |                        | <b>\$ 1,196,853</b> |                   |                        | <b>\$ 1,006,171</b> |