

ILLINI CHRISTIAN MINISTRIES, INC.

St. Joseph,

Illinois

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2009

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This report consists of 10 pages.

LeCleir, Yerem & Co., Ltd.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Illini Christian Ministries, Inc.
St. Joseph, Illinois

We have examined the statement of financial position of the Illini Christian Ministries, Inc. as of September 30, 2009, and the related statements of activities, and changes in net assets, and statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our report.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly the financial position of the Illini Christian Ministries, Inc. at September 30, 2009 and the results of its operations and the changes in its net assets, and changes in cash for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

LeCleir, Yerem & Co., Ltd.

November 17, 2009
Danville, Illinois

ILLINI CHRISTIAN MINISTRIES, INC.

St. Joseph,

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Exhibit I

STATEMENT of FINANCIAL POSITION

As of September 30, 2009

A S S E T S

CURRENT ASSETS:

Cash in bank	53,774
Investments (Note 2)	164,572
Prepaid expenses	12,062
Interest receivable	<u>625</u>

Total current assets 231,033

PROPERTY AND EQUIPMENT:

Property and equipment	84,621
less accumulated depreciation	(34,356)
Net property and equipment	<u>50,265</u>

OTHER ASSETS

Rent deposit	<u>1,120</u>
Total other assets	<u>1,120</u>

Total assets 282,418

L I A B I L I T I E S and N E T A S S E T S

CURRENT LIABILITIES:

Accounts payable	1,511
Accrued expenses	3,099
Notes payable (Note 7)	<u>-</u>

Total current liabilities 4,610

NON-CURRENT LIABILITIES:

Notes payable (Note 7)	<u>-</u>
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Total liabilities 4,610

NET ASSETS:

<u>Unrestricted:</u>	
Undesignated	277,808
Designated for specific purposes	<u>-</u>

Total net assets 277,808

Total liabilities and net assets 282,418

The accompanying notes are an integral part of this report.

ILLINI CHRISTIAN MINISTRIES, INC.

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Exhibit II

STATEMENT of ACTIVITIES and CHANGES in
NET ASSETS - BUDGET vs. ACTUAL

For the year ended September 30, 2009

	<u>Budget</u>	<u>Unrestricted Actual</u>	<u>Variance</u>
<u>REVENUE and OTHER SUPPORT:</u>			
Donations	317,247	291,952	(25,295)
Counseling	18,466	2,269	(16,197)
Investment income (Note 2)	-	7,255	7,255
Home studies/post placement	68,425	42,915	(25,510)
Bequests	-	90,918	90,918
Gain on sale of assets	-	23,626	23,626
Other income	24,662	8,374	(16,288)
Total revenue and other support	<u>428,800</u>	<u>467,309</u>	<u>38,509</u>
<u>EXPENSES:</u>			
Salaries and wages	210,082	203,995	6,087
Payroll taxes	25,878	18,117	7,761
Child care reimbursements	37,000	8,721	28,279
Travel	24,704	16,097	8,607
Vehicle expense	6,000	7,121	(1,121)
Furnishings	200	-	200
Utilities/telephone	10,500	8,719	1,781
Insurance/employee benefits	21,132	24,984	(3,852)
Pension expense (Note 5)	10,504	10,086	418
Office expense	2,200	3,448	(1,248)
Rent	13,400	13,440	(40)
Dues and subscriptions	-	12	(12)
Workman's comp./unemployment comp.	-	3,593	(3,593)
Promotion/training	6,300	10,999	(4,699)
Professional fees/consultation	9,500	6,141	3,359
Repairs and maintenance	-	694	(694)
Depreciation	-	11,538	(11,538)
Computer	1,500	3,601	(2,101)
Miscellaneous	-	8,492	(8,492)
Postage	9,900	4,780	5,120
Insurance-property	22,000	13,101	8,899
Interest expense	-	522	(522)
Printing/copying	18,000	16,239	1,761
Total expenses	<u>428,800</u>	<u>394,440</u>	<u>34,360</u>
<u>CHANGE in NET ASSETS</u>	<u>-</u>	<u>72,869</u>	<u>72,869</u>
<u>NET ASSETS--BEGINNING</u>		<u>204,939</u>	
<u>NET ASSETS--ENDING</u>		<u>277,808</u>	

The accompanying notes are an integral part of this report.

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Exhibit III

STATEMENT of CASH FLOWS

For the year ended September 30, 2009

CASH FLOWS from OPERATING ACTIVITIES:

Change in net assets	72,869
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation expense	11,538
(Gain) on sale of property and equipment	(23,626)
Change in operating assets and liabilities:	
Decrease in prepaid expenses	1,668
(Increase) in interest receivable	(625)
Increase in accounts payable and accrued expenses	<u>2,237</u>
Total cash provided by operating activities	<u>64,061</u>

CASH FLOWS from INVESTING ACTIVITIES:

(Increase) in investments	(155,285)
Purchase of equipment and improvements	(28,416)
Proceeds from sale of equipment	<u>219,293</u>
Total cash provided by investing activities	<u>35,592</u>

CASH FLOWS from FINANCING ACTIVITIES:

Proceeds from notes and lease payable	-
Repayment of notes and lease payable	(<u>53,249</u>)
Total cash (used) by financing activities	(<u>53,249</u>)

NET INCREASE in CASH 46,404

CASH and CASH EQUIVALENTS--BEGINNING 7,370

CASH and CASH EQUIVALENTS--ENDING 53,774

Supplemental Disclosure:

Interest paid during the year ended
September 30, 2009 amounted to \$522.

The accompanying notes are an integral part of this report.

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NOTES to FINANCIAL STATEMENTS

September 30, 2009

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities:

The Illini Christian Ministries, Inc. was formed in 1967 to provide a home for young people who, for some reason could not live at home. The organization's purpose is to provide a full range of Christian Community based social services to children and families throughout the State of Illinois. The Organization is supported primarily through contributions from churches and individuals throughout Illinois.

Basis of Accounting:

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting.

Financial Statement Presentation:

The Organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

Contributions:

All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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NOTES to FINANCIAL STATEMENTS

September 30, 2009

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments:

Investments are reported at fair value in accordance with SFAS 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Fair Value is determined by using quoted market prices where available. Where not available, the present value of estimated, expected future cash flows or another reasonable method is used. No investment represents a significant concentration of market risk.

Use of 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.

Property, Equipment, and Improvements:

Property, equipment, and improvements are carried at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Income Tax Status:

The Organization is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

Cash Equivalents:

The Organization considers all investments with a maturity of three months or less when purchased to be cash equivalents. The cash equivalents are used in the statement of cash flows.

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NOTES to FINANCIAL STATEMENTS

September 30, 2009

NOTE 2 - INVESTMENTS

Investments are stated at fair value and are summarized as follows as of September 30, 2009:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Certificates of Deposit	154,990	154,990	154,990
Uninsured demand investment	9,582	9,582	9,582
Total	<u>164,572</u>	<u>164,572</u>	<u>164,572</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2009.

	<u>Unrestricted</u>
Unrealized gain on investments	-
Other interest income	<u>7,255</u>
Total	<u>7,255</u>

NOTE 3 - PROPERTY and EQUIPMENT

Property and equipment consists of the following:

Land	-
Buildings	-
Leasehold improvements	12,396
Vehicles	49,602
Furniture, fixtures, and equipment	<u>22,623</u>
Total at cost	84,621
Less accumulated depreciation	(34,356)
Book value	<u>50,265</u>

NOTE 4 - NET ASSETS RELEASED from RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors during the year ended September 30, 2009.

Purpose restrictions accomplished:

None

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NOTES to FINANCIAL STATEMENTS

September 30, 2009

NOTE 5 - RETIREMENT PLAN

During 1999, the Organization established a Section 403(b) plan, which combines pre-tax salary-deferral contributions and employer contributions. All contributions (both employee and employer) to the 403(b) plan are 100% vested at all times. The Illini Christian Ministries, Inc. contributes 5% of participating employees' salaries. For the year ended September 30, 2009, the Organization contributed \$10,086.

NOTE 6 - FAIR VALUES of FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, consisted of an unsecured demand deposit and notes and lease payable. The Organization estimates that the fair value of all financial instruments at September 30, 2009, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statement of Financial Position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

	<u>Carrying Amount</u>	<u>Fair Value</u>
Uninsured demand deposit	\$ 9,582	\$ 9,582
Certificates of Deposit	\$154,990	\$154,990

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NOTES to FINANCIAL STATEMENTS

September 30, 2009

Note 7 – Notes and Lease Payable

A summary of the notes and lease payable as of September 30, 2009, are as follows:

<u>Collateral</u>	<u>Interest Rate</u>	<u>Total Payable</u>	<u>Current Portion</u>	<u>Long Term</u>
	NONE			

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NOTES to FINANCIAL STATEMENTS

September 30, 2009

Note 8 – Lease Agreement

On February 15, 2008, the Organization leased office space for one year ending on February 28, 2009 with the option to renew for four additional terms. Monthly rent is \$1,120.00 plus an amount for the portion of Common Area Costs as charged by the landlord which includes costs and expenses of operating and maintaining the Common Areas and a proportionate share of real estate taxes and assessments.

The schedule of minimum lease payments is as follows:

September 30, 2010	<u>\$ 5,600</u>
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