

ILLINI CHRISTIAN MINISTRIES, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
SEPTEMBER 30, 2018 AND 2017

ILLINI CHRISTIAN MINISTRIES, INC.  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Illini Christian Ministries, Inc.  
Champaign, Illinois

We have audited the accompanying financial statements of Illini Christian Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018 and 2017, 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 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 Illini Christian Ministries, Inc. as of September 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.

Sincerely,

A handwritten signature in black ink that reads "KEMPER CPA GROUP LLP". The signature is written in a cursive, slightly stylized font.

KEMPER CPA GROUP LLP  
Certified Public Accountants and Consultants  
Champaign, Illinois

March 26, 2019

**ILLINI CHRISTIAN MINISTRIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 236,187	432,735
Accounts Receivable	5,023	12,550
Investments	743,757	738,784
Prepaid Expenses	12,434	14,694
Total Current Assets	997,401	1,198,763
Property and Equipment:		
Furniture and Equipment	33,581	33,581
Leasehold Improvements	33,037	33,037
Vehicles	62,018	62,018
	128,636	128,636
Less: Accumulated Depreciation	(103,027)	(94,092)
Net Property and Equipment	25,609	34,544
<b>TOTAL ASSETS</b>	<b>\$ 1,023,010</b>	<b>\$ 1,233,307</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accrued Paid Time Off	\$ 12,041	\$ -
Total Current Liabilities	12,041	-
Net Assets:		
Unrestricted	1,010,969	1,233,307
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,023,010</b>	<b>\$ 1,233,307</b>

See accompanying notes to financial statements.

**ILLINI CHRISTIAN MINISTRIES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
REVENUE		
Contributions and Bequests	\$ 205,940	\$ 656,865
Adoption Fees	86,721	140,801
Interest and Dividend Income	8,052	9,712
Unrealized/Realized Gain (Loss) on Investments	(1,594)	1,315
Miscellaneous	1,506	163
Total Revenue	<u>300,625</u>	<u>808,856</u>
EXPENSES		
Program Services	397,899	444,868
Management and General	60,472	24,322
Fundraising	64,592	34,207
Total Expenses	<u>522,963</u>	<u>503,397</u>
CHANGE IN NET ASSETS	(222,338)	305,459
NET ASSETS, BEGINNING OF YEAR	<u>1,233,307</u>	<u>927,848</u>
NET ASSETS, END OF YEAR	<u>\$ 1,010,969</u>	<u>\$ 1,233,307</u>

See accompanying notes to financial statements.

**ILLINI CHRISTIAN MINISTRIES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Program Services	Management & General	Fundraising	Total
<b>EXPENSES</b>				
Salaries	\$ 195,481	\$ 42,025	\$ 42,025	\$ 279,531
Payroll Taxes	18,076	3,076	3,076	24,228
Employee Benefits	48,169	10,356	10,356	68,881
Professional and Contractual Birth Mother, Child Care, and Other	-	5,015	-	5,015
Program Expenses	37,519	-	-	37,519
Insurance	11,457	-	-	11,457
Office Expenses	14,185	-	-	14,185
Advertising and Promotion	1,514	-	-	1,514
Moving Expenses	426	-	-	426
Travel and Vehicle Expense	7,431	-	-	7,431
Postage	-	-	3,154	3,154
Printing and Copying	-	-	5,981	5,981
Rent	26,400	-	-	26,400
Telephone and Utilities	18,393	-	-	18,393
Repairs and Maintenance	7,503	-	-	7,503
Depreciation	8,935	-	-	8,935
Miscellaneous	2,410	-	-	2,410
<b>TOTAL</b>	<b>\$ 397,899</b>	<b>\$ 60,472</b>	<b>\$ 64,592</b>	<b>\$ 522,963</b>

See accompanying notes to financial statements.

**ILLINI CHRISTIAN MINISTRIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Program Services	Management & General	Fundraising	Total
<b>EXPENSES</b>				
Salaries	\$ 207,358	\$ 18,631	\$ 18,631	\$ 244,620
Payroll Taxes	15,350	2,579	2,579	20,508
Employee Benefits	60,880	3,112	3,112	67,104
Professional and Contractual	8,065	-	-	8,065
Birth Mother, Child Care, and Other				
Program Expenses	42,058	-	-	42,058
Insurance	8,594	-	-	8,594
Office Expenses	11,166	-	-	11,166
Advertising and Promotion	3,272	-	-	3,272
Moving Expenses	21,751	-	-	21,751
Travel and Vehicle Expense	6,603	-	-	6,603
Postage	-	-	3,506	3,506
Printing and Copying	-	-	6,379	6,379
Rent	22,876	-	-	22,876
Telephone and Utilities	14,460	-	-	14,460
Repairs and Maintenance	8,831	-	-	8,831
Depreciation	12,940	-	-	12,940
Miscellaneous	664	-	-	664
<b>TOTAL</b>	<b>\$ 444,868</b>	<b>\$ 24,322</b>	<b>\$ 34,207</b>	<b>\$ 503,397</b>

See accompanying notes to financial statements.



**ILLINI CHRISTIAN MINISTRIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (222,338)	\$ 305,459
Depreciation Expense	8,935	12,940
Unrealized/Realized (Gain) Loss on Investments	1,594	(1,315)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
(Increase) Decrease In:		
Prepaid Expenses	2,260	(593)
Accounts Receivable	7,527	(12,550)
Increase (Decrease) In:		
Accounts Payable	-	(1,091)
Accrued Paid Time Off and Other Payroll Liabilities	12,041	(6,911)
Net Cash Provided by (Used in) Operating Activities	<u>(189,981)</u>	<u>295,939</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested Interest and Dividends	<u>(6,567)</u>	<u>(8,329)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(6,567)</u>	<u>(8,329)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(196,548)	287,610
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>432,735</u>	<u>145,125</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 236,187</u></u>	<u><u>\$ 432,735</u></u>

See accompanying notes to financial statements.

ILLINI CHRISTIAN MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017

NOTE 1: ORGANIZATION AND NATURE OF ACTIVITIES

Nature of Activities

Illini Christian Ministries, Inc. (the Organization) is a nonprofit corporation formed in 1967 and incorporated in the State of Illinois. The Organization's purpose is protecting and caring for children at risk and preserving families throughout the State of Illinois. The Organization is supported primarily through contributions from churches and individuals throughout Illinois.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

Management has evaluated subsequent events through March 26, 2019, the date which the financial statements were available to be issued.

Basis of Accounting

The Organization uses the accrual method of accounting for financial statement reporting. Revenues are recognized when services are rendered and expenses are recognized when obligations are incurred.

Financial Statement Presentation

The Organization has adopted FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*. 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.

Contributions and Net Asset Classifications

Contributions that are restricted as to time or purpose by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a 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. The Organization did not have any temporarily or permanently restricted net assets for the years ended September 30, 2018 and 2017.

ILLINI CHRISTIAN MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

Contributed services are reported as contribution revenue and as assets or expenses only if the services create or enhance a non-financial asset (for example property and equipment) or:

- Would typically need to be purchased by the Organization if the services had not been provided by contribution
- Require specialized skills
- Are provided by individuals with those skills (such as accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftsmen)

The Organization did not recognize any contributed services during the years ended September 30, 2018 and 2017.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended September 30, 2018 and 2017. Deposits with financial institutions may, at times, exceed FDIC limits. The Organization believes it is not exposed to any significant risk on cash deposits.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an allowance reduction for credit losses that reflects management's best estimate of the amounts that will not be collected. The allowance is based on experience and other circumstances which may affect the ability of customers and other agencies to meet their obligations. Accounts receivable are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable is worthless.

Accounts receivable represent primarily amounts due from clients and are due within 30 days. Accounts receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on accounts receivable. Management did not consider any of the accounts receivable uncollectible at September 30, 2018 and 2017; therefore, there was no allowance recorded as of those dates.

ILLINI CHRISTIAN MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization's investments include certificates of deposit, mutual funds, and other fixed income securities. Investments are carried at fair value with unrealized gains and losses recognized as an increase or decrease in unrestricted net assets on the Statement of Activities.

Property and Equipment

Property and equipment is valued at cost, or if donated, at fair value as of the date recorded as a gift. Property and equipment are being depreciated over the useful lives of the assets using the straight-line method. Generally, property and equipment are capitalized when the cost exceeds \$500. The cost of normal maintenance and repairs that do not add to the value of the asset or increase the functionality of the asset are not capitalized.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and is not classified by the Internal Revenue Service to be a private foundation under section 509(a) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities as of September 30, 2018 and 2017.

The Organization files information tax returns in the U.S. Federal and Illinois jurisdictions. The Organization is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years ending prior to September 30, 2015.

ILLINI CHRISTIAN MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3: LEASE COMMITMENTS

The Organization leases office space at 3 Henson Place in Champaign, Illinois. The lease began on November 10, 2016 and expires on January 31, 2022 with an option for a 5 year renewal. Rent due under the lease is \$2,200 per month through January 31, 2022.

Total rent expense for the years ended September 30, 2018 and 2017 was \$26,400 and \$22,876, respectively.

Future minimum lease payments under the existing lease are as follows:

September 30, 2019	\$ 26,400
September 30, 2020	26,400
September 30, 2021	26,400
September 30, 2022	<u>8,800</u>
Total lease commitments	\$ <u>88,000</u>

NOTE 4: CONCENTRATION OF RISK

During the years ended September 30, 2018 and 2017, approximately 69 percent and 81 percent, respectively, of the Organization's total support and revenue is from contributions from churches and individuals in the local geographic area. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

ILLINI CHRISTIAN MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017

NOTE 5: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
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Level 2	Inputs to the valuation methodology include <ul style="list-style-type: none"><li>• quoted prices for similar assets or liabilities in active markets;</li><li>• quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• inputs other than quoted prices that are observable for the asset or liability;</li><li>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul>
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If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.
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The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

ILLINI CHRISTIAN MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017

**NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)**

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in the methodology used at September 30, 2018 or 2017.

Mutual Funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV), to transact at that price, and are deemed to be actively traded.

Fixed Income Securities and Certificates of Deposit – Valued based on the closing price reported on the active market where the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2018:

<b>Investments at Fair Value as of September 30, 2018</b>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 110,297	\$ -	\$ -	\$ 110,297
Certificates of Deposit	633,460	-	-	633,460
Total Fair Value	<u>\$ 743,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 743,757</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2017:

<b>Investments at Fair Value as of September 30, 2017</b>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 32,043	\$ -	\$ -	\$ 32,043
Certificates of Deposit	630,410	-	-	630,410
Fixed Income	76,331	-	-	76,331
Total Asset Fair Value	<u>\$ 738,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 738,784</u>

ILLINI CHRISTIAN MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017

NOTE 6: RETIREMENT PLAN

The Organization has established a Section 403(b) plan, which combines pre-tax employee salary deferrals and employer contributions. All contributions including both employee and employer contributions to the plan are 100% vested at all times. The Organization contributes 5% of participating employees' salaries. For the year ended September 30, 2018 and 2017, the Organization contributed \$13,185 and \$11,784, respectively.

NOTE 7: RISKS AND UNCERTAINTIES

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.