

ILLINI CHRISTIAN MINISTRIES, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2019 AND 2018

ILLINI CHRISTIAN MINISTRIES, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

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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 statements of financial position as of September 30, 2019 and 2018, 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, 2019 and 2018, 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,

Kemper CPA Group LLP

KEMPER CPA GROUP, LLP
Certified Public Accountants and Consultants
Champaign, Illinois
February 27, 2020

ILLINI CHRISTIAN MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 77,533	236,187
Accounts Receivable	6,725	5,023
Investments	778,282	743,757
Prepaid Expenses	13,724	12,434
Total Current Assets	876,264	997,401
Property and Equipment:		
Furniture and Equipment	16,375	33,581
Leasehold Improvements	33,037	33,037
Vehicles	66,413	62,018
	115,825	128,636
Less: Accumulated Depreciation	(78,614)	(103,027)
Net Property and Equipment	37,211	25,609
TOTAL ASSETS	\$ 913,475	\$ 1,023,010
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued Paid Time Off	\$ 30,842	\$ 12,041
Accounts Payable	1,737	-
Total Current Lliabilities	32,579	12,041
Net Assets:		
Without Donor Restrictions	880,896	1,010,969
TOTAL LIABILITIES AND NET ASSETS	\$ 913,475	\$ 1,023,010

See accompanying notes to financial statements.

ILLINI CHRISTIAN MINISTRIES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
REVENUE		
Contributions and Bequests	\$ 197,086	\$ 205,940
Adoption Fees	144,883	86,721
Interest and Dividend Income	12,049	8,052
Unrealized/Realized Gain (Loss) on Investments	(2,451)	(1,594)
Gain (Loss) on Disposal of Property and Equipment	2,950	-
In-Kind Donations	1,160	-
Miscellaneous	3,616	1,506
Total Revenue	359,293	300,625
EXPENSES		
Program Services	312,309	397,899
Management and General	110,342	60,472
Fundraising	66,715	64,592
Total Expenses	489,366	522,963
CHANGE IN NET ASSETS	(130,073)	(222,338)
NET ASSETS, BEGINNING OF YEAR	1,010,969	1,233,307
NET ASSETS, END OF YEAR	\$ 880,896	\$ 1,010,969

See accompanying notes to financial statements.

**ILLINI CHRISTIAN MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Program Services	Management & General	Fundraising	Total
EXPENSES				
Salaries	\$ 178,723	\$ 59,797	\$ 48,052	\$ 286,572
Payroll Taxes	13,371	4,474	3,595	21,440
Employee Benefits	32,063	10,727	8,620	51,410
Professional and Contractual Birth Mother, Child Care, and Other	-	9,057	-	9,057
Program Expenses	23,075	-	-	23,075
In-Kind Program Expenses	1,160	-	-	1,160
Insurance	12,008	4,003	-	16,011
Office Expenses	4,609	3,072	-	7,681
Advertising and Promotion	1,719	-	573	2,292
Professional Development	1,705	568	-	2,273
Travel and Vehicle Expense	7,739	2,580	-	10,319
Postage	-	197	1,777	1,974
Printing and Copying	-	455	4,098	4,553
Rent	17,688	8,712	-	26,400
Telephone and Utilities	10,140	4,994	-	15,134
Depreciation	3,464	1,706	-	5,170
Miscellaneous	4,845	-	-	4,845
TOTAL	<u>\$ 312,309</u>	<u>\$ 110,342</u>	<u>\$ 66,715</u>	<u>\$ 489,366</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
EXPENSES				
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
TOTAL	\$ 397,899	\$ 60,472	\$ 64,592	\$ 522,963

See accompanying notes to financial statements.

ILLINI CHRISTIAN MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (130,073)	\$ (222,338)
Depreciation Expense	5,170	8,935
Gain on Disposal of Property and Equipment	(2,950)	-
Unrealized/Realized (Gain) Loss on Investments	2,451	1,594
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
(Increase) Decrease In:		
Prepaid Expenses	(1,290)	2,260
Accounts Receivable	(1,702)	7,527
Increase (Decrease) In:		
Accounts Payable	1,737	-
Accrued Paid Time Off	18,801	12,041
Net Cash Provided by (Used in) Operating Activities	(107,856)	(189,981)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property and Equipment	2,950	-
Purchase of Property and Equipment	(16,772)	-
Purchase of Investments	(29,910)	-
Reinvested Interest and Dividends	(7,066)	(6,567)
Net Cash Provided by (Used in) Investing Activities	(50,798)	(6,567)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(158,654)	(196,548)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	236,187	432,735
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 77,533	\$ 236,187

See accompanying notes to financial statements.

ILLINI CHRISTIAN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

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 February 27, 2020, 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's net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

ILLINI CHRISTIAN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Net Asset Classifications

All contributions are considered to be available for use without donor restriction unless specifically restricted by the donor. If a restriction is placed by the donor on the contribution but the restriction is fulfilled in the same period in which the contribution is received, the Organization also reports the support as without donor restriction.

The Organization did not have any net assets with donor restrictions for the years ended September 30, 2019 and 2018.

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, 2019 and 2018.

Cash and Cash Equivalents

The Organization considers all highly liquid checking, savings, money market, and highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. Accounts at each institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended September 30, 2019 and 2018.

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.

ILLINI CHRISTIAN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

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, 2019 and 2018; therefore, there was no allowance recorded as of those dates.

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 net assets without donor restrictions 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 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, 2016.

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.

ILLINI CHRISTIAN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. This presentation requires allocation of expenses on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on the Organization's best estimate of the time spent by employees on program service vs. supporting service functions. The remaining expenses are allocated based on the Organization's best estimate of the resources consumed by program service vs. supporting service functions.

Advertising

The Organization expenses advertising costs as incurred. Total advertising costs were \$2,292 and \$1,514 for the fiscal years ended September 30, 2019 and 2018, respectively.

Liquidity and Availability

The Organization has \$862,540 of financial assets available within one year of September 30, 2019 to meet cash needs for general expenditures, consisting of cash and cash equivalents of \$77,533, receivables totaling \$6,725, and investments of \$778,282. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of September 30, 2019.

Recent Accounting Guidance

During the year ended September 30, 2019, the Organization implemented ASU 2016-14, *Financial Statements of Not-for-Profit Entities*. The ASU requires additional disclosures in the area of liquidity and modifies the direct method presentation of the Statement of Cash Flows, and requires reclassification of investment expenses which are netted in investment return to include internal investment expenses.

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, 2019 and 2018 was \$26,400.

ILLINI CHRISTIAN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 3: LEASE COMMITMENTS (CONTINUED)

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

September 30, 2020	\$ 26,400
September 30, 2021	26,400
September 30, 2022	<u>8,800</u>
Total lease commitments	\$ <u>61,600</u>

NOTE 4: CONCENTRATION OF RISK

During the years ended September 30, 2019 and 2018, approximately 55 percent and 69 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.

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:

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.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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, 2019 AND 2018

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, 2019 or 2018.

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.

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, 2019:

Assets at Fair Value as of September 30, 2019				
	Level 1	Level 2	Level 3	Total
Equity & Fixed Income	\$ 341,970	-	-	\$ 341,970
Mutual Funds				
Money Market Mutual Fund	246,672	-	-	246,672
Certificates of Deposit	189,640	-	-	189,640
Total Asset Fair Value	\$ 778,282	\$ -	\$ -	\$ 778,282

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

Assets at Fair Value as of September 30, 2018				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 110,297	-	-	\$ 110,297
Certificates of Deposit	633,460	-	-	633,460
Total Asset Fair Value	\$ 743,757	\$ -	\$ -	\$ 743,757

ILLINI CHRISTIAN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

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, 2019 and 2018, the Organization contributed \$10,377 and \$13,185, 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.