

ILLINI CHRISTIAN MINISTRIES, INC.

Champaign, Illinois

ANNUAL FINANCIAL REPORT

For the Years Ended September 30, 2015 and 2014

C O N T E N T S

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This report consists of 11 pages.

LeCclair, Yerem & Co., Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

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, 2015 and 2014, 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 Illini Christian Ministries, Inc. as of September 30, 2015 and 2014, 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.

LeCclair, Yerem & Co., Ltd.

November 20, 2015
Danville, Illinois

ILLINI CHRISTIAN MINISTRIES, INC.
Champaign, Illinois

Exhibit I

STATEMENTS of FINANCIAL POSITION

As of September 30,

<u>A S S E T S</u>	<u>2015</u>	<u>2014</u>
<u>CURRENT ASSETS</u>		
Cash on hand	275	3,762
Cash in bank	131,749	111,888
Investments (Note 2)	343,568	361,170
Prepaid expenses	14,037	14,313
Interest receivable	127	111
Tax credit receivable	<u>-</u>	<u>5,575</u>
Total current assets	<u>489,756</u>	<u>496,819</u>
<u>PROPERTY AND EQUIPMENT</u>		
Property and equipment	128,637	141,697
less accumulated depreciation	(65,411)	(65,088)
Net property and equipment	<u>63,226</u>	<u>76,609</u>
<u>OTHER ASSETS</u>		
Rent deposit	<u>-</u>	<u>1,120</u>
Total other assets	<u>-</u>	<u>1,120</u>
Total assets	<u>552,982</u>	<u>574,548</u>
<u>L I A B I L I T I E S</u> and <u>N E T A S S E T S</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	<u>4,894</u>	<u>3,300</u>
Total current liabilities	<u>4,894</u>	<u>3,300</u>
<u>NON-CURRENT LIABILITIES</u>		
Total liabilities	<u>-</u>	<u>-</u>
<u>NET ASSETS</u>		
Unrestricted net assets	548,088	571,248
Temporarily restricted net assets	-	-
Permanently restricted net assets	<u>-</u>	<u>-</u>
Total net assets	<u>548,088</u>	<u>571,248</u>
Total liabilities and net assets	<u>552,982</u>	<u>574,548</u>

The accompanying notes are an integral part of this report.

ILLINI CHRISTIAN MINISTRIES, INC.
Champaign, Illinois

Exhibit II
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STATEMENT of ACTIVITIES and CHANGES in
NET ASSETS

For the year ended September 30,

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>REVENUE and OTHER SUPPORT</u>				
Donations	239,502	-	-	239,502
Counseling	8,228	-	-	8,228
Investment income (Note 2)	3,317	-	-	3,317
Adoption fees/home studies/post placement	74,579	-	-	74,579
Bequests	99,476	-	-	99,476
Birth mother income	2,165	-	-	2,165
Gain on sale of assets	2,400	-	-	2,400
Other income	49	-	-	49
Net assets released from restrictions (Note 4)	-	-	-	-
Total revenue and other support	429,716	-	-	429,716
<u>EXPENSES</u>				
Salaries and wages	227,549	-	-	227,549
Payroll taxes	18,713	-	-	18,713
Child care reimbursements	12,360	-	-	12,360
Travel	9,600	-	-	9,600
Vehicle expense	6,596	-	-	6,596
Utilities/telephone	12,399	-	-	12,399
Insurance/employee benefits	41,461	-	-	41,461
Pension expense (Note 5)	11,344	-	-	11,344
Office expense	8,155	-	-	8,155
Rent	30,548	-	-	30,548
Workman's compensation	5,187	-	-	5,187
Seminars/promotion/training	5,411	-	-	5,411
Professional fees/consultation	12,118	-	-	12,118
Depreciation	15,464	-	-	15,464
Computer	110	-	-	110
Miscellaneous	10,972	-	-	10,972
Postage	4,141	-	-	4,141
Insurance	11,072	-	-	11,072
Printing/copying	7,460	-	-	7,460
Birth mother expenses	2,216	-	-	2,216
Total expenses	452,876	-	-	452,876
<u>CHANGE in NET ASSETS</u>	(23,160)	-	-	(23,160)
<u>NET ASSETS</u> – Beginning of Year	571,248	-	-	571,248
<u>NET ASSETS</u> – End of Year	548,088	-	-	548,088

The accompanying notes are an integral part of this report.

ILLINI CHRISTIAN MINISTRIES, INC.
Champaign, Illinois

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STATEMENT of ACTIVITIES and CHANGES in
NET ASSETS

For the year ended September 30,

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>REVENUE and OTHER SUPPORT</u>				
Donations	241,352	-	-	241,352
Counseling	5,372	-	-	5,372
Investment income (Note 2)	3,153	-	-	3,153
Adoption fees/home studies/post placement	102,795	-	-	102,795
Bequests	40,570	-	-	40,570
Grant income	-	1,000	-	1,000
Other income	6,061	-	-	6,061
Net assets released from restrictions (Note 4)	30,700	(30,700)	-	-
Total revenue and other support	<u>430,003</u>	<u>(29,700)</u>	-	<u>400,303</u>
<u>EXPENSES</u>				
Salaries and wages	220,059	-	-	220,059
Payroll taxes	16,931	-	-	16,931
Child care reimbursements	7,989	-	-	7,989
Travel	14,219	-	-	14,219
Vehicle expense	7,436	-	-	7,436
Utilities/telephone	11,601	-	-	11,601
Insurance/employee benefits	38,916	-	-	38,916
Pension expense (Note 5)	11,046	-	-	11,046
Office expense	11,322	-	-	11,322
Rent	30,860	-	-	30,860
Workman's compensation	5,645	-	-	5,645
Seminars/promotion/training	10,403	-	-	10,403
Professional fees/consultation	10,611	-	-	10,611
Repairs and maintenance	567	-	-	567
Depreciation	23,439	-	-	23,439
Miscellaneous	2,172	-	-	2,172
Postage	4,368	-	-	4,368
Insurance	10,488	-	-	10,488
Printing/copying	10,086	-	-	10,086
Birth mother expenses	9,954	-	-	9,954
Total expenses	<u>458,112</u>	-	-	<u>458,112</u>
<u>CHANGE in NET ASSETS</u>	(28,109)	(29,700)	-	(57,809)
<u>NET ASSETS</u> – Beginning of Year	<u>599,357</u>	<u>29,700</u>	-	<u>629,057</u>
<u>NET ASSETS</u> – End of Year	<u>571,248</u>	-	-	<u>571,248</u>

The accompanying notes are an integral part of this report.

ILLINI CHRISTIAN MINISTRIES, INC.
Champaign, Illinois

Exhibit III

STATEMENTS of CASH FLOWS

For the years ended September 30,

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS from OPERATING ACTIVITIES</u>		
Change in net assets	(23,160)	(57,809)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	15,464	23,439
Change in operating assets and liabilities:		
(Increase) Decrease in prepaid expenses	276	(1,827)
(Increase) Decrease in interest receivable	(16)	475
(Increase) Decrease in tax credit receivable	5,575	112
(Increase) Decrease in rent deposit	1,120	-
Increase (Decrease) in accounts payable and accrued expenses	<u>1,594</u>	<u>462</u>
Total cash provided by (used in) operating activities	<u>853</u>	<u>(35,148)</u>
<u>CASH FLOWS from INVESTING ACTIVITIES</u>		
(Increase) Decrease in investments	17,602	165,780
Purchase of equipment and improvements	<u>(2,081)</u>	<u>(54,147)</u>
Total cash provided by (used in) investing activities	<u>15,521</u>	<u>111,633</u>
<u>CASH FLOWS from FINANCING ACTIVITIES</u>		
Proceeds from notes and lease payable	-	-
Repayment of notes and lease payable	<u>-</u>	<u>-</u>
Total cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
<u>NET INCREASE (DECREASE) in CASH and CASH EQUIVALENTS</u>	16,374	76,485
CASH and CASH EQUIVALENTS – Beginning of Year	<u>115,650</u>	<u>39,165</u>
<u>CASH and CASH EQUIVALENTS – End of Year</u>	<u>132,024</u>	<u>115,650</u>

Supplemental Disclosure

Interest paid during the years ended
September 30, 2015 and 2014 was \$-0- and \$-0-, respectively.

The accompanying notes are an integral part of this report.

ILLINI CHRISTIAN MINISTRIES, INC.
Champaign, Illinois

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NOTES to FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 1. SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities:

The Illini Christian Ministries, Inc. was formed in 1967 and is focused on 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.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation:

The statements of financial position and of activities focuses on the Organization as a whole and report total assets, liabilities, net assets and changes in net assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. 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.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Cash Equivalents:

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

ILLINI CHRISTIAN MINISTRIES, INC.
Champaign, Illinois

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NOTES to FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 1. SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions:

All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor.

Donated Services and Materials:

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. Donated materials, if any, are recorded at the fair value at the date of the gift.

Property, Plant and Equipment:

All assets are recorded at historical cost commencing on July 1, 1972, or their actual date of acquisition, whichever is the later. Depreciation expense is calculated using the straight-line method over their estimated useful lives.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Status:

Illini Christian Ministries, Inc. is exempt from federal income taxes under section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization had no unrelated business income for the years ended September 30, 2015 and 2014, respectively.

Investments:

Investments are reported at fair value. No investment represents a significant concentration of market risk.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and notes payable have a carrying amount that is a reasonable estimate of the fair value because of the short maturity of these instruments.

Compensated Absences

Expenses related to compensated absences are recorded when paid.

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Champaign, Illinois

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NOTES to FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 2. INVESTMENTS

Investments are stated at fair value and are summarized as follows as of September 30, 2015 and 2014:

	<u>2015</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Insured Certificates of Deposit	233,152	233,152	233,152
Uninsured Certificates of Deposit	110,416	110,416	110,416
Total	<u>343,568</u>	<u>343,568</u>	<u>343,568</u>
	<u>2014</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Insured Certificates of Deposit	253,051	253,051	253,051
Uninsured Certificates of Deposit	108,119	108,119	108,119
Total	<u>361,170</u>	<u>361,170</u>	<u>361,170</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended September 30,:

	<u>2015</u>	<u>2014</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Unrealized gain on investments	-	-
Other interest income	3,317	3,153
Total	<u>3,317</u>	<u>3,153</u>

NOTE 3. PROPERTY and EQUIPMENT

Property and equipment consists of the following as of September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	33,037	33,037
Vehicles	62,018	77,159
Furniture, fixtures, and equipment	33,582	31,501
Total at cost	<u>128,637</u>	<u>141,697</u>
Less accumulated depreciation	<u>(65,411)</u>	<u>(65,088)</u>
Book value	<u>63,226</u>	<u>76,609</u>

ILLINI CHRISTIAN MINISTRIES, INC.
Champaign, Illinois

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NOTES to FINANCIAL STATEMENTS

September 30, 2015 and 2014

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, 2015 and 2014 were as follows:

Purpose restrictions accomplished:

	<u>2015</u>	<u>2014</u>
The Griffen Fund	-	1,000
Safe Families for Children	-	<u>29,700</u>
Total	<u>-</u>	<u>30,700</u>

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 years ended September 30, 2015 and 2014, the Organization contributed \$11,344 and \$11,046, respectively.

NOTES to FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 6. FAIR VALUE MEASUREMENTS:

The Organization has implemented Financial Accounting Standards Board (FASB) SFAS No. 157, *Fair Value Measurements*, which establishes a 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 SFAS #157 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that 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;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
 - 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.

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

The asset's 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.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

At September 30, 2015 and 2014, the Organization had no investments that required disclosure under FASB SFAS #157, Fair Value Measurements.

ILLINI CHRISTIAN MINISTRIES, INC.
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NOTES to FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 7. OTHER INVESTMENTS

The Organization has the following other investments not subject to the requirements of FASB SFAS #157, Fair Value Measurement at September 30,:

	<u>2015</u>	<u>2014</u>
Certificates of Deposit	<u>\$343,568</u>	<u>\$361,170</u>

The carrying amount of the Certificates of Deposit have a carrying amount that is a reasonable estimate of the fair value because of the short maturity of these investments.

NOTE 8. RESTRICTED NET ASSETS:

Net assets were restricted as follows at September 30,:

	<u>2015</u>	<u>2014</u>
Temporarily restricted	<u>—</u>	<u>—</u>
Permanently restricted	<u>—</u>	<u>—</u>

NOTE 9. LEASE AGREEMENT

The Organization leases office space in Champaign, Illinois. The monthly rent is \$2,500 per month for the first twelve months of the lease that began on November 1, 2013. Each year thereafter the monthly rent amount shall increase 2.00% annually beginning on November 1 of each year. The lease expires on October 31, 2018.

Future minimum lease payments are as follows:

<u>Year End</u>	
September 30, 2016	31,158.60
September 30, 2017	31,779.95
September 30, 2018	32,415.35
September 30, 2019	2,705.70
September 30, 2020	—
Total	<u>98,059.60</u>

NOTE 10. SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued.

