

WAUKEGAN TO COLLEGE NFP

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – CASH BASIS	3
STATEMENT OF ACTIVITIES – CASH BASIS	4
STATEMENT OF CASH FLOWS – CASH BASIS	5
STATEMENT OF FUNCTIONAL EXPENSES – CASH BASIS	6
NOTES TO THE FINANCIAL STATEMENTS	7-10



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Waukegan to College NFP

We have audited the accompanying financial statements of Waukegan to College NFP (a nonprofit Organization), which comprise the statement of assets, liabilities and net assets – cash basis as of June 30, 2019, and the related statement of support, revenue and expenses – cash basis, statement of cash flows – cash basis and statement of functional expenses – cash basis for the year 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal controls 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 audit. 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 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.

Waukegan to College NFP
Board of Directors

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Waukegan To College NFP, as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Evoy, Kamschulte, Jacobs & Co. LLP

EVOY, KAMSCHULTE, JACOBS & CO. LLP
Waukegan, IL
December 20, 2019

WAUKEGAN TO COLLEGE NFP

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS

JUNE 30, 2019

ASSETS

ASSETS

Cash and Cash Equivalents	\$	484,787
Cash - Scholarship Funds		40,314
Investments		<u>3,028</u>
<u>TOTAL ASSETS</u>	\$	<u>528,129</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Deposits	\$	4,775
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NET ASSETS

Without Donor restrictions	\$	483,040
With Donor restrictions		<u>40,314</u>
	\$	<u>523,354</u>

<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$	<u>528,129</u>
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The accompanying Notes are an integral part of these Financial Statements.

WAUKEGAN TO COLLEGE NFP

STATEMENT OF ACTIVITIES - CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>			
Contributions	\$ 129,403	\$ 26,139	\$ 155,542
Contributions in Stock	32,901	-	32,901
Grants	358,769	-	358,769
Fundraising Events	128,587	-	128,587
Investment Income	675	-	675
In-Kind Contributions (Note 1)	14,328	-	14,328
Other Income	2,486	-	2,486
Net Assets Released from Restrictions	22,000	(22,000)	-
	<u>689,149</u>	<u>4,139</u>	<u>693,288</u>
<u>TOTAL REVENUES AND SUPPORT</u>			
 <u>EXPENSES</u>			
Program Services	336,739	-	336,739
General and Administrative	65,157	-	65,157
Fundraising	108,799	-	108,799
	<u>510,695</u>	<u>-</u>	<u>510,695</u>
<u>TOTAL EXPENSES</u>			
 <u>CHANGE IN NET ASSETS</u>	 178,454	 4,139	 182,593
 <u>NET ASSETS</u>			
Beginning of Year	<u>304,586</u>	<u>36,175</u>	<u>340,761</u>
End of Year	<u>\$ 483,040</u>	<u>\$ 40,314</u>	<u>\$ 523,354</u>

The accompanying Notes are an integral part of these Financial Statements.

WAUKEGAN TO COLLEGE NFP

STATEMENT OF CASH FLOWS - CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	182,593
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions Received in Stock		(32,901)
Unrealized Gain on Stock Sale		(41)
Gain on Stock Sale		(625)
Increase(Decrease) in Liabilities		
Program Deposits		(45)
Net Cash Provided by Operating Activities		<u>148,981</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of Investments		<u>30,539</u>
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NET CHANGE IN CASH

179,520

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

345,581

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 525,101

The accompanying Notes are an integral part of these Financial Statements

WAUKEGAN TO COLLEGE NFP

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 191,597	\$ 27,783	\$ 42,723	\$ 262,103
Payroll Costs	16,521	2,396	3,684	22,601
Employee Benefits	6,736	977	1,502	9,215
Intern	7,461	-	-	7,461
Rent	17,482	1,418	-	18,900
Accounting	-	265	-	265
Audit	-	2,400	-	2,400
Bookkeeping	-	1,380	-	1,380
Summer Programs	18,033	-	-	18,033
Expanding Horizons	1,923	-	-	1,923
Parents Educating Parents	5,679	-	-	5,679
College Programs	1,400	-	-	1,400
College Visits	6,453	-	-	6,453
College Prep	2,985	-	-	2,985
College Intern Project	4,555	-	-	4,555
Consulting Fees	9,586	6,834	27,334	43,754
Fundraising Events	-	-	33,344	33,344
Other Program Costs	7,228	-	-	7,228
Insurance	1,803	1,476	-	3,279
Dues and Subscriptions	5,871	-	-	5,871
Mileage	2,322	-	-	2,322
Staff Development	-	1,500	-	1,500
Scholarships	23,400	-	-	23,400
Workshop	1,271	-	-	1,271
Telephone/Internet	1,695	212	212	2,119
Website	-	3,544	-	3,544
Marketing	-	6,451	-	6,451
Refreshments	1,717	-	-	1,717
Meetings	-	2,234	-	2,234
Office Expense	246	3,402	-	3,648
Office Equipment	-	2,342	-	2,342
Technology	405	173	-	578
Postage	370	370	-	740
	<u>\$ 336,739</u>	<u>\$ 65,157</u>	<u>\$ 108,799</u>	<u>\$ 510,695</u>

The accompanying Notes are an integral part of these Financial Statements.

WAUKEGAN TO COLLEGE NFP

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities. Waukegan to College NFP (The "Organization") is a non-for-profit corporation organized in 2012 under the laws of the State of Illinois. The Organization's mission is to create brighter futures for students, families and communities by preparing students to enroll in, and graduate from, college.

The Organization provides tutoring and counseling services to students in the Waukegan, Illinois area. The Organization also awards college scholarships to qualifying participants. Funding is derived principally from contributions from religious organizations, corporations and individuals.

Basis of Accounting. The accompanying financial statements have been prepared on the cash basis. Under this basis, revenues are recognized when collected rather than when earned, and expenditures are recognized when paid rather than when incurred. Consequently, if they exist, receivables, accounts payable, prepaid expenses and certain accrued expenses at June 30, 2019, are not included in the financial statements.

Cash and Cash Equivalents. Cash and cash equivalents includes cash in checking, savings and money market accounts. These accounts are all highly liquid deposit accounts and available for current use.

Use of Estimates. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Basis of Presentation. The financial statement presentation follows the requirements of the Financial Accounting Standards Board "FASB" in its Accounting Standards Codification ("ASC") No. 958-205 which provides guidance for the classification of net assets. The amount for each of the three classes of net assets are based on the existence or absence of donor-imposed restrictions described as follows:

Assets Without Donor Restrictions

Net assets of the Organization whose use has not been restricted by an outside donor or by law. They are available for any use in carrying out the operations of the Organization.

Assets With Donor restrictions

Net assets of the Organization whose use has been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by such actions of the Organization. When such stipulations end or are fulfilled, such temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of support, revenue and expenses, as net assets released from restrictions.

WAUKEGAN TO COLLEGE NFP

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions and Financial Statement Presentation. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor-imposed restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. All other donor-restricted contributions are reported as an increase in temporarily restricted net assets. When a restriction expires, temporarily restricted are reclassified to unrestricted net assets. The Organization has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Donated Facilities and Services. Donated facilities represent the donated use of long-lived assets for an unspecified period in which the donor retains legal title to the long-lived assets. Donated facilities are recorded as revenue and expense in the period received based on the fair rental value of the property less the stated amount of the lease payments, if any. The Organization does not have a formal lease for facilities. Donated services are recorded as revenue and expense only if the donated services create or enhance a non-financial asset, or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Donated services and facilities are measured at their fair value. A number of volunteers have donated time to the organization; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed. Donated facilities are used primarily for tutoring and counseling services, which are recognized in the financial statements as contributions and corresponding expenses, and are as follows for the year ended June 30, 2019.

Donated Facilities	\$ 13,500
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Functional Expenses. Operating expenses directly identifiable with a functional area or program are charged to that area or program, and, where expenses affect more than one area, they are allocated on the basis of estimated usage as determined by management.

Income Taxes. The Organization is a non-for-profit that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the internal Revenue Service as other than a private foundation.

The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2016, 2017, 2018 are subject to examination by the IRS, generally for three years after it was filed.

Investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change of net assets.

NOTE 2. SUBSEQUENT EVENTS

Management has evaluated all known subsequent events from June 30, 2019 through December 20, 2019, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period.

WAUKEGAN TO COLLEGE NFP
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 3: INVESTMENT AND FAIR VALUE MEASUREMENT

Fair values and unrealized appreciation (depreciation) at June 30, 2019 of investments are summarized as follows:

June 30, 2019	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Common Stocks	\$ 2,987	\$ 3,028	\$ 41

The FASB Codification establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as Waukegan To College would use in pricing the asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of Waukegan To College are traded.

Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities.

Level 2 – Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

Level 3 – Valuation based on inputs that are unobservable and reflects management's best estimate of what market participants would use as fair value.

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 Waukegan To College 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.

WAUKEGAN TO COLLEGE NFP

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 3: INVESTMENT AND FAIR VALUE MEASUREMENT (Continued)

The following is the Organization's financial assets that were measured at fair value, on a recurring basis as of June 30, 2019 by level within the fair value hierarchy. There have been no changes in the methodologies used at June 30, 2019.

<u>Investments</u>	<u>Fair Value at June 30, 2019</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Common Stocks	<u>\$ 3,028</u>	<u>\$ 3,028</u>	<u>\$ -</u>	<u>\$ -</u>

Investment Return

The following schedule summarizes the investment return and its classification in the statement of support, revenue and expenses for the year ended June 30, 2019:

Interest Income	\$ 9
Unrealized Gain (Loss) on Investment	41
Realized Gain (Loss) on Investment	<u>625</u>
	<u>\$ 675</u>