

WAUKEGAN TO COLLEGE NFP

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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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 – modified cash basis as of June 30, 2020, and the related statement of support, revenue and expenses – modified cash basis, statement of cash flows – modified cash basis and statement of functional expenses – modified 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 modified cash basis of accounting as described in Note 1; this includes determining that the modified 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, 2020, 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 modified 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 18, 2020

WAUKEGAN TO COLLEGE NFP

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS

JUNE 30, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	402,836
Cash - Scholarship Funds		49,286
Investments - Schwab Money Market		211,594
	\$	<u>663,716</u>

FIXED ASSETS

Renovation In Progress	\$	6,000
Leasehold Improvements		32,777
	\$	<u>38,777</u>

TOTAL ASSETS

\$ 702,493

LIABILITIES AND NET ASSETS

LIABILITIES

Deposits	\$	5,805
SBA PPP Loan		63,452
Payroll Liabilities		2,952
	\$	<u>72,209</u>

NET ASSETS

Without Donor restrictions	\$	580,999
With Donor restrictions		49,285
	\$	<u>630,284</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 702,493

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND SUPPORT</u>			
Contributions	\$ 120,160	\$ 32,985	\$ 153,145
Grants	356,736	-	356,736
Fundraising Events	134,841	-	134,841
Investment Income	84	-	84
In-Kind Contributions (Note 1)	14,273	-	14,273
Other Income	725	-	725
Net Assets Released from Restrictions	24,014	(24,014)	-
<u>TOTAL REVENUES AND SUPPORT</u>	<u>650,833</u>	<u>8,971</u>	<u>659,804</u>
 <u>EXPENSES</u>			
Program Services	378,531	-	378,531
General and Administrative	80,978	-	80,978
Fundraising	93,365	-	93,365
<u>TOTAL EXPENSES</u>	<u>552,874</u>	<u>-</u>	<u>552,874</u>
 <u>CHANGE IN NET ASSETS</u>	 97,959	 8,971	 106,930
 <u>NET ASSETS</u>			
Beginning of Year	<u>483,040</u>	<u>40,314</u>	<u>523,354</u>
End of Year	<u>\$ 580,999</u>	<u>\$ 49,285</u>	<u>\$ 630,284</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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 106,930
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Contributions Received in Stock	(7,559)
Unrealized loss on Stock Sale	41
Gain on Stock Sale	(105)
Increase(Decrease) in Liabilities	
Program Deposits	1,030
Payroll Liabilities	2,952
Net Cash Provided by Operating Activities	<u>103,289</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from SBA PPP Loan	<u>63,452</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of Investments	10,651
Capital Expenditures	<u>(38,777)</u>
	<u>(28,126)</u>

NET CHANGE IN CASH

138,615

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

525,101

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 663,716

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, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 243,784	\$ 35,350	\$ 54,360	\$ 333,494
Payroll Costs	21,305	3,089	4,751	29,145
Employee Benefits	17,170	2,490	3,829	23,489
Rent	17,482	1,418	-	18,900
Accounting	-	300	-	300
Audit	-	2,500	-	2,500
Bookkeeping	-	1,447	-	1,447
Summer Programs	7,255	-	-	7,255
Expanding Horizons	596	-	-	596
Parents Educating Parents	1,083	-	-	1,083
College Programs	1,217	-	-	1,217
College Visits	2,193	-	-	2,193
College Prep	5,735	-	-	5,735
College Intern Project	9,646	-	-	9,646
Consulting Fees	-	9,215	-	9,215
Covid Relief	-	9,700	-	9,700
Fundraising Events	-	-	30,043	30,043
Other Program Costs	7,011	-	-	7,011
Insurance	1,889	1,545	-	3,434
Dues and Subscriptions	5,836	-	-	5,836
Mileage	1,488	-	-	1,488
Staff Development	-	1,460	-	1,460
Scholarships	27,703	-	-	27,703
Workshop	1,249	-	-	1,249
Telephone/Internet	3,061	382	382	3,825
Website	-	3,953	-	3,953
Marketing	-	1,500	-	1,500
Refreshments	1,159	-	-	1,159
Meetings	-	1,075	-	1,075
Office Expense	332	4,583	-	4,915
Office Equipment	-	175	-	175
Technology	946	406	-	1,352
Postage	391	390	-	781
	<u>\$ 378,531</u>	<u>\$ 80,978</u>	<u>\$ 93,365</u>	<u>\$ 552,874</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 modified cash basis, which includes recording of depreciation on capitalized assets. 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, 2020, 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, 2020.

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 2017, 2018, 2019 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.

Fixed Assets. The organization's policy is to capitalize leasehold improvements over \$5,000. Lesser amounts are expensed. Depreciation is computed using the straight-line method over a period of 20 years.

WAUKEGAN TO COLLEGE NFP

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 2: SUBSEQUENT EVENTS

Management has evaluated all known subsequent events from June 30, 2020 through December 18, 2020, the date the accompanying financial statements were available to be issued. The organization received a SBA PPP loan for \$63,452, which was forgiven in October 2020

NOTE 3: INVESTMENT AND FAIR VALUE MEASUREMENT

Fair values and unrealized appreciation (depreciation) at June 30, 2020 of investments are summarized as follows:

June 30, 2020	Cost	Fair Value	Unrealized Gain (Loss)
Money Markets	\$ 211,594	\$ 211,594	\$ -

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, 2020 by level within the fair value hierarchy. There have been no changes in the methodologies used at June 30, 2020.

<u>Investments</u>	<u>Fair Value at June 30, 2020</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>
Money Markets	\$ 211,594	\$ 211,594	-	-

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, 2020:

Interest Income	\$ 8
Dividends	12
Unrealized Gain (Loss) on Investment	(41)
Realized Gain (Loss) on Investment	105
	<u>\$ 84</u>