

ILLINOIS SAFE SCHOOLS ALLIANCE

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

JUNE 30, 2016

Dated: November 15, 2016

ILLINOIS SAFE SCHOOLS ALLIANCE
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Illinois Safe Schools Alliance

We have audited the accompanying financial statements of Illinois Safe Schools Alliance (an Illinois not-for-profit corporation) which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the fiscal 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 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

Auditors' 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.

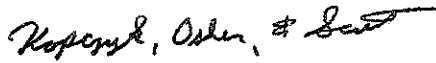
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Illinois Safe Schools Alliance as of June 30, 2015, and the changes in its net assets and its cash flows, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Illinois Safe Schools Alliance's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2015. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Chicago, Illinois
November 15, 2016

ILLINOIS SAFE SCHOOLS ALLIANCE
EXHIBIT A
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016 AND JUNE 30, 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Cash (Note 2)	\$284,141	\$664,271
Government Receivable	21,160	13,726
Accounts Receivable	140	7,507
Prepaid Expense	15,650	16,973
Equipment, Net of Accumulated Depreciation (Notes 2 and 4)	13,126	24,410
Security Deposit	<u>5,000</u>	<u>5,000</u>
Total Assets	<u>\$339,217</u>	<u>\$731,887</u>

LIABILITIES AND NET ASSETS

	<u>2016</u>	<u>2015</u>
Accounts Payable	\$11,603	\$5,083
Accrued Expenses	<u>12,595</u>	<u>9,852</u>
	24,198	14,935
Net Assets (See Exhibit B)		
Unrestricted --		
Undesignated for General Activities	301,893	559,142
Invested in Equipment	<u>13,126</u>	<u>24,410</u>
	<u>315,019</u>	<u>583,552</u>
Temporarily Restricted (Note 3)		
Purpose	0	133,400
Future	<u>0</u>	<u>0</u>
	<u>0</u>	<u>133,400</u>
	<u>315,019</u>	<u>716,952</u>
Total Liabilities and Net Assets	<u>\$339,217</u>	<u>\$731,887</u>

The accompanying notes are an integral part of this statement.

ILLINOIS SAFE SCHOOLS ALLIANCE
EXHIBIT B
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 (Note 7)</u>
Revenue:				
Public Support:				
Contributions	\$518,200	\$0	\$518,200	\$596,772
Government	122,099	0	122,099	127,949
Special Event, Less Direct Expense of \$26,643 and \$26,423	2,564	0	2,564	26,945
	<u>642,863</u>	<u>0</u>	<u>642,863</u>	<u>751,666</u>
Other Revenue:				
Program Service	10,562	0	10,562	18,940
Interest	42	0	42	3,003
Miscellaneous	0	0	0	379
	<u>10,604</u>	<u>0</u>	<u>10,604</u>	<u>22,322</u>
Net Assets Released from Restrictions	<u>133,400</u>	<u>(133,400)</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>786,867</u>	<u>(133,400)</u>	<u>653,467</u>	<u>773,988</u>
Expenses:(See Exhibit C)				
Program Services	860,448	0	860,448	651,462
	<u>860,448</u>	<u>0</u>	<u>860,448</u>	<u>651,462</u>
Supporting Services:				
Management and General	91,445	0	91,445	123,828
Fund Raising	103,507	0	103,507	90,405
	<u>194,952</u>	<u>0</u>	<u>194,952</u>	<u>214,233</u>
Total Expenses	<u>1,055,400</u>	<u>0</u>	<u>1,055,400</u>	<u>865,695</u>
Change in Net Assets	(268,533)	(133,400)	(401,933)	(91,707)
Net Assets, Beginning of Fiscal Year	<u>583,552</u>	<u>133,400</u>	<u>625,245</u>	<u>808,659</u>
Net Assets, End of Fiscal Year (to Exhibit A)	<u>\$315,019</u>	<u>\$0</u>	<u>\$223,312</u>	<u>\$716,952</u>

The accompanying notes are an integral part of this statement.

ILLINOIS SAFE SCHOOLS ALLIANCE
EXHIBIT C
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Supporting Services Fund Raising</u>	<u>Total</u>	<u>2016 Total</u>	<u>2015 (Note 7)</u>
Salaries	\$438,367	\$61,295	\$67,277	\$128,572	\$566,939	\$476,965
Employee Benefits	34,622	4,946	5,396	10,342	44,964	38,737
Payroll Taxes	34,973	4,996	5,450	10,446	45,419	45,447
Total Payroll Expenses	<u>507,962</u>	<u>71,237</u>	<u>78,123</u>	<u>149,360</u>	<u>657,322</u>	<u>561,149</u>
Contract Services	0	0	0	0	0	18,169
Depreciation (Note 4)	9,931	3,253	884	4,137	14,068	14,149
Insurance	6,259	1,869	0	1,869	8,128	7,598
Miscellaneous	0	80	0	80	80	6,425
Occupancy (Note 5)	32,397	4,628	5,049	9,677	42,074	32,890
Office Materials and Supplies	6,880	2,055	0	2,055	8,935	5,694
Postage and Delivery	0	624	146	770	770	2,034
Printing and Reproduction	4,789	1,284	5,190	6,474	11,263	12,237
Professional Fees	14,776	4,413	0	4,413	19,189	7,356
Program Supplies	266,457	0	0	0	266,457	176,427
Promotion	0	0	6,678	6,678	6,678	3,695
Repairs and Maintenance	2,215	316	345	661	2,876	5,773
Software	0	0	5,723	5,723	5,723	2,530
Staff Development	0	432	0	432	432	1,524
Telephone	6,561	937	1,023	1,960	8,521	6,605
Travel	2,221	317	346	663	2,884	1,440
Total Functional Expenses (to Exhibit B)	<u>\$860,448</u>	<u>\$91,445</u>	<u>\$103,507</u>	<u>\$194,952</u>	<u>\$1,055,400</u>	<u>\$865,695</u>

The accompanying notes are an integral part of this statement.

ILLINOIS SAFE SCHOOLS ALLIANCE
EXHIBIT D
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS
ENDED JUNE 30, 2016 AND JUNE 30, 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Increase/(Decrease) in net assets (see Exhibit B)	(\$401,933)	(\$91,707)
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by/(used in) operating activities:		
Depreciation	14,068	14,149
Changes in assets and liabilities:		
(Increase)/Decrease in contributions receivable	0	113,974
(Increase)/Decrease in government receivable	(7,434)	44,037
(Increase)/Decrease in accounts receivable	7,367	7,079
(Increase)/Decrease in prepaid expense	1,323	(6,063)
(Increase)/Decrease in security deposit	0	(5,000)
Increase/(Decrease) in accounts payable	6,520	(24,810)
Increase/(Decrease) in accrued expenses	<u>2,743</u>	<u>(15,359)</u>
Net cash provided by/(used in) operating activities	<u>(377,346)</u>	<u>36,300</u>
Cash Flows From Investing Activities:		
Capital purchases	<u>(2,784)</u>	<u>(9,336)</u>
Net cash provided by/(used in) investing activities	<u>(2,784)</u>	<u>(9,336)</u>
Net Increase/(Decrease) In Cash	(380,130)	26,964
Cash, Beginning of Fiscal Year	<u>664,271</u>	<u>637,307</u>
Cash, End of Fiscal Year (see Exhibit A)	<u>\$284,141</u>	<u>\$664,271</u>
Cash paid for interest	<u>\$0</u>	<u>\$0</u>

The accompanying notes are an integral part of this statement.

ILLINOIS SAFE SCHOOLS ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 -- Description of Organization:

Illinois Safe Schools Alliance (the "Organization") is a not for profit corporation formed under the General Not for Profit Act of the State of Illinois. The purpose of the Organization is to promote safety, support and healthy development for lesbian, gay, bisexual, transgender and questioning (LGBTQ) youth, in Illinois schools and communities, through advocacy, education, youth organizing and research.

Note 2 -- Summary of Significant Accounting Policies:

Basis of Accounting -- The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with United States generally accepted accounting principles applicable to nonprofit organizations.

Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash -- Cash is comprised of demand deposits, savings deposits and money market fund deposits.

Fixed Assets -- Software, website development, equipment, and furniture and fixtures are stated at cost or estimated value if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, generally 3 years for software and website development, 5 years for computer and other equipment, and 7 years for furniture and fixtures. The policy of the organization is to capitalize equipment expenditures of more than \$1,000. Acquisitions of property and expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of the assets are capitalized.

Restricted Grants -- The Organization has established procedures to insure that grant provisions are complied with as is required by its various donors.

Contributions -- Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any restrictions. Donor restricted contributions are reported as unrestricted support where the restrictions have been satisfied in the same year in which the revenue is recognized. 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

ILLINOIS SAFE SCHOOLS ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 -- Summary of Significant Accounting Policies (continued):

Donated Services and Materials -- Donated services are recognized for those that improve or enhance property and equipment (as contributions and increases to the basis of property and equipment) or for those that require specialized skills (as contributions and expenses), are performed by people with those skills and would otherwise be purchased by the Organization. The Organization recorded contributions for professional services requiring specialized skills in the amount of \$0 and \$0 for the fiscal years ended June 30, 2016 and June 30, 2015, respectively.

A substantial number of volunteers have donated significant amounts of their time to the Organization's programs and supporting services, but no amounts have been recorded for the value of their services, in accordance with provisions of Accounting Standards Codification (ASC) 958-605-25-16 *Not for Profit Entities - Revenue Recognition - Contributions Received - Contributed Services*. During the fiscal years ended June 30, 2016 and June 30, 2015, management estimates the organization received approximately 2,150 and 1,500 hours of volunteer services valued at \$44,600 and \$31,000, respectively.

Donations of rent and materials are recorded as contributions at their estimated fair value at the date of donation. Such donations are recorded as increases in unrestricted net assets unless the donor has restricted the donated materials to a specific purpose. The Organization recorded contributions of donated rent and materials in the amount of \$0 and \$0 for the fiscal years ended June 30, 2016 and June 30, 2015, respectively.

Subsequent Events -- The financial statements were available to be issued on November 15, 2016 with subsequent events being evaluated through this date.

Functional Expenses -- Operating expenses directly identified with a functional area are charged to such area and, where such expenses effect more than one area, they are allocated to the respective areas on the basis of ratios, as estimated by management.

Note 3 -- Temporarily Restricted Assets

Temporarily restricted net assets were available for the following uses as of June 30, 2016 and June 30, 2015:

	<u>2016</u>	<u>2015</u>
Chicago Public School LGBTQ Project	\$ 0	\$ 12,500
Anti-Bullying Collaboration	0	42,570
Pilot Project – IL School Transformation	0	78,330
Total Purpose Restrictions	0	133,400
Future Periods	0	0
Total Temporarily Restricted	<u>\$ 0</u>	<u>\$133,400</u>

ILLINOIS SAFE SCHOOLS ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 4 -- Equipment:

At June 30, 2016 and June 30, 2015, the cost and accumulated depreciation for equipment were as follows:

	<u>2016</u>	<u>2015</u>
Equipment, Furniture & Fixtures	\$26,813	\$24,029
Website	33,550	33,550
Less Accumulated Depreciation	<u>(47,237)</u>	<u>(33,169)</u>
	<u>\$13,126</u>	<u>\$24,410</u>

Depreciation expense charged to operations for the fiscal years ended June 30, 2016 and June 30, 2015 totaled \$14,068 and \$14,149, respectively.

Note 5 -- Lease Commitments:

The Organization currently occupies premises in Chicago, Illinois under a lease that expires September 30, 2022

The Organization also has a lease agreement for copier equipment and maintenance. The five year lease terminates in June 2020, and requires the Organization to make minimum monthly payments of \$300.

Approximate aggregate minimum annual rental payments under these leases are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
06/30/2017	\$ 52,000
06/30/2018	53,000
06/30/2019	54,000
06/30/2020	55,000
06/30/2021 & thereafter	<u>119,000</u>
	<u>\$333,000</u>

Total charges to operations for rental expense during the fiscal years ended June 30, 2016 and June 30, 2015 amounted to \$38,968 and \$32,400, respectively.

ILLINOIS SAFE SCHOOLS ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 6 -- Income Taxes:

The Organization has been determined by the Internal Revenue Service to be exempt from Federal income tax under Section 501(a) as described under Section 501(c)(3) of the U. S. Internal Revenue Code and exempt from Illinois income tax under the comparable state law. Accordingly, no provision for income tax has been established, and contributions to it are deductible within the limitations as prescribed by the Internal Revenue Code.

The Organization files returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is not subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years ended prior to June 30, 2013 filed on the tax year 2012 tax form. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Note 7 -- Comparative Totals for Prior Year:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with United States of America generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2015 from which the summarized information was derived. Certain amounts from the prior year have been reclassified in order to provide a basis for comparison with the current year.