

ILLINOIS SAFE SCHOOLS ALLIANCE

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

JUNE 30, 2015

**Osher & Associates
Certified Public Accountants
11 East Hubbard, Suite 3A
Chicago, Illinois 60611**

ILLINOIS SAFE SCHOOLS ALLIANCE

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JUNE 30, 2015

Dated: November 17, 2015

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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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2014. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Chicago, Illinois
November 17, 2015

ILLINOIS SAFE SCHOOLS ALLIANCE
EXHIBIT A
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2015 AND JUNE 30, 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Cash (Notes 2 and 7)	\$664,271	\$637,307
Contributions Receivable (Note 5)	0	113,974
Government Receivable	13,726	57,763
Accounts Receivable	7,507	14,586
Prepaid Expense	16,973	10,910
Equipment, Net of Accumulated Depreciation (Notes 2 and 4)	24,410	29,223
Security Deposit	5,000	0
Total Assets	<u>\$731,887</u>	<u>\$863,763</u>

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
Accounts Payable	\$5,083	\$29,893
Accrued Expenses	9,852	25,211
	<u>14,935</u>	<u>55,104</u>
Net Assets (See Exhibit B)		
Unrestricted --		
Undesignated for General Activities	559,142	547,409
Invested in Equipment	24,410	29,223
	<u>583,552</u>	<u>576,632</u>
Temporarily Restricted (Note 3)		
Purpose	133,400	224,027
Future	0	8,000
	<u>133,400</u>	<u>232,027</u>
	<u>716,952</u>	<u>808,659</u>
Total Liabilities and Net Assets	<u>\$731,887</u>	<u>\$863,763</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, 2015
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 (Note 9)</u>
Revenue:				
Public Support:				
Contributions	\$480,527	\$116,245	\$596,772	\$576,668
Government	127,949		127,949	134,677
Donated Services and Materials	0		0	6,000
Special Event, Less Direct Expense of \$26,423 and \$22,062	26,945		26,945	73,569
	<u>635,421</u>	<u>116,245</u>	<u>751,666</u>	<u>790,914</u>
Other Revenue:				
Program Service	18,940		18,940	9,127
Interest	3,003		3,003	55
Miscellaneous	379		379	1,286
	<u>22,322</u>	<u>0</u>	<u>22,322</u>	<u>10,468</u>
Net Assets Released from Restrictions	214,872	(214,872)	0	0
Total Revenue	<u>872,615</u>	<u>(98,627)</u>	<u>773,988</u>	<u>801,382</u>
Expenses:(See Exhibit C)				
Program Services	651,462		651,462	553,239
	<u>651,462</u>		<u>651,462</u>	<u>553,239</u>
Supporting Services:				
Management and General	123,828		123,828	97,874
Fund Raising	90,405		90,405	100,154
	<u>214,233</u>		<u>214,233</u>	<u>198,028</u>
Total Expenses	<u>865,695</u>	<u>0</u>	<u>865,695</u>	<u>751,267</u>
Change in Net Assets	6,920	(98,627)	(91,707)	50,115
Net Assets, Beginning of Fiscal Year	<u>576,632</u>	<u>232,027</u>	<u>808,659</u>	<u>758,544</u>
Net Assets, End of Fiscal Year (to Exhibit A)	<u>\$583,552</u>	<u>\$133,400</u>	<u>\$716,952</u>	<u>\$808,659</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, 2015
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Program Services	Supporting Services			2015 Total	2014 (Note 9)
		Management and General	Fund Raising	Total		
Salaries	\$340,164	\$71,201	\$65,600	\$136,801	\$476,965	\$397,871
Employee Benefits	27,627	5,784	5,326	11,110	38,737	40,854
Payroll Taxes	32,412	6,786	6,249	13,035	45,447	38,061
Total Payroll Expenses	400,203	83,771	77,175	160,946	561,149	476,786
Contract Services	9,993	7,268	908	8,176	18,169	25,970
Depreciation (Note 4)	9,904	3,538	707	4,245	14,149	13,739
Donated Services (Note 2)	0	0	0	0	0	6,000
Insurance	5,319	1,899	380	2,279	7,598	5,665
Interest	0	0	0	0	0	1,877
Miscellaneous	0	6,425	0	6,425	6,425	4,083
Occupancy (Note 6)	23,023	8,672	1,195	9,867	32,890	31,500
Office Materials and Supplies	3,986	1,423	285	1,708	5,694	8,042
Postage and Delivery	0	1,293	741	2,034	2,034	1,894
Printing and Reproduction	7,417	2,566	2,254	4,820	12,237	11,104
Professional Fees	5,517	1,839	0	1,839	7,356	6,097
Program Supplies	176,427	0	0	0	176,427	139,755
Promotion	0	960	2,735	3,695	3,695	2,842
Repairs and Maintenance	4,041	1,443	289	1,732	5,773	5,899
Software	0	0	2,530	2,530	2,530	1,547
Staff Development	0	1,524	0	1,524	1,524	1,076
Telephone	4,624	991	990	1,981	6,605	6,440
Travel	1,008	216	216	432	1,440	951
Total Functional Expenses (to Exhibit B)	\$651,462	\$123,828	\$90,405	\$214,233	\$865,695	\$751,267

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, 2015 AND JUNE 30, 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Increase/(Decrease) in net assets (see Exhibit B)	(\$91,707)	\$50,115
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by/(used in) operating activities:		
Depreciation	14,149	13,739
Changes in assets and liabilities:		
(Increase)/Decrease in contributions receivable	113,974	89,846
(Increase)/Decrease in government receivable	44,037	(34,671)
(Increase)/Decrease in accounts receivable	7,079	(7,319)
(Increase)/Decrease in prepaid expense	(6,063)	1,058
(Increase)/Decrease in security deposit	(5,000)	0
Increase/(Decrease) in accounts payable	(24,810)	28,204
Increase/(Decrease) in accrued expenses	(15,359)	15,863
Net cash provided by/(used in) operating activities	<u>36,300</u>	<u>156,835</u>
Cash Flows From Investing Activities:		
Capital purchases	(9,336)	0
Net cash provided by/(used in) investing activities	<u>(9,336)</u>	<u>0</u>
Net Increase/(Decrease) In Cash	26,964	156,835
Cash, Beginning of Fiscal Year	<u>637,307</u>	<u>480,472</u>
Cash, End of Fiscal Year (see Exhibit A)	<u>\$664,271</u>	<u>\$637,307</u>
Cash paid for interest	<u>\$0</u>	<u>\$1,877</u>

The accompanying notes are an integral part of this statement.

ILLINOIS SAFE SCHOOLS ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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 \$6,000 for the fiscal years ended June 30, 2015 and June 30, 2014, 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, 2015 and June 30, 2014, management estimates the organization received approximately 1,500 and 1,450 hours of volunteer services valued at \$31,000 and \$30,000, 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, 2015 and June 30, 2014, respectively.

Subsequent Events -- The financial statements were available to be issued on November 17, 2015 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, 2015 and June 30, 2014:

	<u>2015</u>	<u>2014</u>
Chicago Public School LGBTQ Project	\$ 12,500	\$ 0
National Safe Schools Roundtable	0	6,358
Transition Costs	0	3,898
Anti-Bullying Collaboration	42,570	69,794
Pilot Project – IL School Transformation	<u>78,330</u>	<u>143,977</u>
Total Purpose Restrictions	133,400	224,027
Future Periods	0	8,000
Total Temporarily Restricted	<u>\$133,400</u>	<u>\$232,027</u>

ILLINOIS SAFE SCHOOLS ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 4 -- Equipment:

At June 30, 2015 and June 30, 2014, the cost and accumulated depreciation for equipment were as follows:

	<u>2015</u>	<u>2014</u>
Equipment, Furniture & Fixtures	\$24,029	\$14,693
Website	33,550	33,550
Less Accumulated Depreciation	<u>33,169</u>	<u>19,020</u>
	<u>\$24,410</u>	<u>\$29,223</u>

Depreciation expense charged to operations for the fiscal years ended June 30, 2015 and June 30, 2014 totaled \$14,149 and \$13,739, respectively.

Note 5 – Contributions Receivable:

Unconditional promises are included in the financial statements as contributions receivable and revenue of the appropriate net asset category.

Receivables expected to be collected in one year or less are reported at net realizable value because that amount, although not equivalent to the present value of estimated future cash flows, results in a reasonable estimate of fair value. Based on management's assessment of the current status of individual accounts, an allowance for uncollectible receivables is insignificant.

Unconditional promises to give at June 30, 2015 and June 30, 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 0	\$113,794
Less Discount	<u>0</u>	<u>0</u>
	<u>\$ 0</u>	<u>\$113,974</u>

The Organization obtained two promises of future funding in the amounts of \$118,637 and \$150,575 conditional upon receipt of related reports and substantial achievement of the corresponding activities set forth in the project timelines. The Organization also obtained a promise of future funding in the amount of \$50,000 conditional upon satisfactory progress in accomplishing agreed upon identified and future goals.

ILLINOIS SAFE SCHOOLS ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 6 -- Lease Commitments:

The Organization occupied premises in Chicago, Illinois under a lease that expired June 30, 2015 and an additional office space in Champaign, Illinois under a lease for monthly expenses incurred that expired November 30, 2014.

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>
06/30/2016	\$ 50,000
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>\$383,000</u>

Total charges to operations for rental expense during the fiscal years ended June 30, 2015 and June 30, 2014 amounted to \$32,400 and \$31,500, respectively.

Note 7 – Concentration of Risk:

The Organization maintains cash balances at a financial institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount on deposit in excess of the FDIC limit as of June 30, 2015 totaled \$35,496. The Securities Investment Protection Corporation (SIPC) protects up to \$500,000 of the amounts held at an investment company, including a \$250,000 limit for cash. This protection does not protect the Organization from value related losses due to market fluctuations. Cash and money market fund deposit accounts maintained at an investment company at June 30, 2015 totaled \$395,808.

ILLINOIS SAFE SCHOOLS ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 -- 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, 2012 filed on the tax year 2011 tax form. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Note 9 -- 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, 2014 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.