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**LAKE FOREST – LAKE BLUFF  
SENIOR CITIZENS' FOUNDATION**

**AUDITED FINANCIAL STATEMENTS**

**APRIL 30, 2017**

eder, casella & co.

LAKE FOREST – LAKE BLUFF  
SENIOR CITIZENS' FOUNDATION

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Lake Forest/Lake Bluff Senior Citizens' Foundation  
Lake Forest, Illinois

We have audited the accompanying financial statements of

LAKE FOREST – LAKE BLUFF SENIOR CITIZENS' FOUNDATION  
(a non-profit organization)

which comprise the statement of financial position as of April 30, 2017, and the related statements of activities, functional expenses, and cash flows 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 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 misstatements, 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.

eder,  
casella  
&  
co.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Forest/Lake Bluff Senior Citizens' Foundation as of April 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Eder, Casella & Co.*  
EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
August 22, 2017

LAKE FOREST - LAKE BLUFF SENIOR CITIZENS' FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
APRIL 30, 2017

<b>ASSETS</b>		
Cash and Cash Equivalents		\$ 28,248
Investments		
Deposits		600,996
Investments at Fair Value		<u>3,113,219</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 3,742,463</u></u>
 <b>LIABILITIES</b>		 \$ -
 <b>NET ASSETS</b>		
Unrestricted	\$ 3,081,609	
Temporarily Restricted	194,542	
Permanently Restricted	<u>466,312</u>	
Total Net Assets		<u>3,742,463</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 3,742,463</u></u>

The Notes to Financial Statements are an integral part of this statement.

LAKE FOREST - LAKE BLUFF SENIOR CITIZENS' FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Contributions	\$ 47,893	\$ 155,467	\$ 466,312	\$ 669,672
Net Investment Income	37,009	1,458	-	38,467
Interest Income	16	58	-	74
Senior Advocate Fund	20,000	-	-	20,000
Refund to Donors	(3,055)	-	-	(3,055)
Unrealized Gain/(Loss) on Investments	212,653	14,444	-	227,097
Realized Gain/(Loss) on Investments	42,684	2,084	-	44,768
Net Assets Released From Restrictions	32,919	(32,919)	-	-
Total Revenues, Gains, and Other Support	<u>\$ 390,119</u>	<u>\$ 140,592</u>	<u>\$ 466,312</u>	<u>\$ 997,023</u>
<b>EXPENSES</b>				
Program Services	\$ 164,988	-	\$ -	\$ 164,988
Supporting Services				
Management and General	34,630	-	-	34,630
Fundraising	15,915	-	-	15,915
Total Expenses	<u>\$ 215,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,533</u>
CHANGE IN NET ASSETS	\$ 174,586	\$ 140,592	\$ 466,312	\$ 781,490
NET ASSETS AT BEGINNING OF YEAR	<u>2,907,023</u>	<u>53,950</u>	<u>-</u>	<u>2,960,973</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,081,609</u>	<u>\$ 194,542</u>	<u>\$ 466,312</u>	<u>\$ 3,742,463</u>

The Notes to Financial Statements are an integral part of this statement.

LAKE FOREST - LAKE BLUFF SENIOR CITIZENS' FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED APRIL 30, 2017

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Program Bank Charges	\$ -	\$ 587	\$ -	\$ 587	\$ 587
Contributions 501c3FIA	11,850	-	-	-	11,850
Fees - Misc	-	5,982	-	5,982	5,982
Insurance	-	1,900	-	1,900	1,900
Office Expense	-	1,918	-	1,918	1,918
Postage-General	-	296	-	296	296
Printing - General	-	182	-	182	182
Program Professional Services	-	13,503	-	13,503	13,503
Scholarship Fund	1,043	-	-	-	1,043
Sr. Center Expenses	53,818	-	-	-	53,818
Sr Center Programs/Services	70,433	-	-	-	70,433
Tax Preparation	-	900	-	900	900
Marketing	-	-	6,583	6,583	6,583
Independent Cont.	-	9,332	9,332	18,664	18,664
Social Worker Program	2,844	-	-	-	2,844
State Fees	-	30	-	30	30
Transportation	25,000	-	-	-	25,000
	<u>\$ 164,988</u>	<u>\$ 34,630</u>	<u>\$ 15,915</u>	<u>\$ 50,545</u>	<u>\$ 215,533</u>

The Notes to Financial Statements are an integral part of this statement.

LAKE FOREST - LAKE BLUFF SENIOR CITIZENS' FOUNDATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED APRIL 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$	781,490
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities		
Unrealized Gain/(Loss) on Investments		(227,097)
Gain/(Loss) on Investments		(44,768)
Net Investment Income		(38,467)
Investment Management Fees		5,982
Net Cash Flows Provided/(Used) by Operating Activities		<u>\$ 477,140</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Purchase of Investments	\$	(621,750)
Transfer of Investments		122,500
Net Cash Flows Provided/(Used) by Investment Activities		<u>(499,250)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$	(22,110)
CASH AND CASH EQUIVALENTS BALANCE AT BEGINNING OF YEAR		<u>50,358</u>
CASH AND CASH EQUIVALENTS BALANCE AT END OF YEAR	\$	<u><u>28,248</u></u>

The Notes to Financial Statements are an integral part of this statement.



LAKE FOREST – LAKE BLUFF SENIOR CITIZENS' FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lake Forest/Lake Bluff Senior Citizens' Foundation (Foundation) was organized in April of 1997 by citizens of the two communities to provide additional financial support for senior citizen programs, activities, and facilities. The Foundation derives its revenue from individual, charitable, and corporate contributions and from local government gifts and grants. The Foundation is a not-for-profit corporation chartered by the State of Illinois and is exempt from income taxation under Section 501(c)3 of the Internal Revenue Code. It is also a recognized charity under Section 170(b)(1)(A)(VI) of the Code. Contributions to the Foundation are deductible for income tax purposes.

*A. Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation 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 that are subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation 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. See Note 5 for more detail on temporarily restricted net assets.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes. See Note 5 for more detail on permanently restricted net assets.

*B. Cash and Cash Equivalents*

Cash and cash equivalents are considered to be cash on hand, checking accounts, savings accounts, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents are accounted for at cost, which equals market.

*C. Investments*

Investments in marketable securities with readily determinable fair values and investments in debt securities are reported at their fair values in the statement of financial position. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### D. *Restricted Contributions*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

### E. *Donated Services*

Donated services are recognized as revenue by the Foundation when the services received either 1) create or enhance non-financial assets, or 2) require specialized skills that are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation. A substantial number of volunteers provide non-specialized services to the Foundation; however, no amounts are recorded for these services in the financial statements.

### F. *Functional Allocation of Expenses*

The costs of providing the programs and other activities have been summarized on a functional basis in these statements. Accordingly, certain costs have been allocated between the program and supporting services benefited.

### G. *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.

### H. *Income Tax Status*

The Foundation qualifies as a tax-exempt Foundation under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The Foundation's 2013-2016 tax returns are available for examination by the Internal Revenue Service.

## **NOTE 2 - CASH AND CASH EQUIVALENTS**

The Foundation maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation has not experienced any loss in such accounts. As of April 30, 2017, the uninsured balance is \$0. The Foundation believes it is not exposed to any significant credit risk on its cash balances.

## **NOTE 3 - FAIR VALUE MEASUREMENTS**

The Foundation's investments are reported at fair value in the accompanying Statement of Financial Position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation 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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

Fair Value Measurements Using:		
April 30, 2017	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments:		
Mutual Funds	\$ 2,508,099	\$ 2,508,099
CDs	350,000	350,000
Total	<u>\$ 2,858,099</u>	<u>\$ 2,858,099</u>

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

*Level 1 Fair Value Measurements* - The fair value of mutual funds is based on quoted net asset values of the share held by the Foundation at year-end. The fair values of common stock, corporate bonds, and U.S. Government securities are based on quoted market prices.

### NOTE 4 – ENDOWMENT FUND

The Foundation has one donor-restricted endowment fund. This fund was established by the Erma B. Nehls Revocable Trust in fiscal year 2017. Per the trust agreement, a percentage of the Fund, but not greater than 6%, as set forth in the Foundation's written spending policy shall be available for "senior transportation costs. The percentage shall be distributed first from fund net income and then, if necessary, from fund principal. However, no distribution shall be made if the fund values falls below the fund's historical dollar value. This is defined as 75% of the value of the fund at the time it was distributed from the Nehls Revocable Trust.

During the year ended April 30, 2017, the Foundation had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted
Endowment net assets, 5/1/16	\$ -	\$ -
Contributions	155,438	466,312
Investment income/(loss)	17,986	-
Expenses	(25,000)	-
Endowment net assets, 4/30/17	<u>\$ 148,424</u>	<u>\$ 466,312</u>

### NOTE 5 - NET ASSETS

#### A. *Unrestricted*

Net assets not subject to donor-imposed stipulations.

NOTES TO FINANCIAL STATEMENTS (Continued)

*B. Temporarily Restricted*

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. Temporarily restricted net assets are available at April 30, 2017 for the following purposes:

Garden Project	\$ 10,857
Music	10,827
Social Services	22,704
Transportation	150,154
	<u>\$ 194,542</u>

*C. Permanently Restricted*

Net assets subject to donor-imposed stipulations that are required to be maintained permanently by the Foundation. Permanently restricted net assets are as follows:

Nehls Transportation	\$ 466,312
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**NOTE 6 - SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through August 22, 2017, the date on which the financial statements were available to be issued.