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HEPHZIBAH CHILDREN'S ASSOCIATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

Wealth Advisory

Outsourcing

Audit, Tax, and Consulting

CliftonLarsonAllen

HEPHZIBAH CHILDREN'S ASSOCIATION
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hephzibah Children's Association
Oak Park, Illinois

We have audited the accompanying financial statements of Hephzibah Children's Association (the Association), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and directly related program service revenues, 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 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 and the standards applicable to the financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Association'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 Association'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 reasonable 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 Hephzibah Children's Association as of June 30, 2015, and the change 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.

Emphasis-of-Matter Regarding a Correction of an Error

As described in Note 15 to the financial statements, certain errors pertaining to the previous fiscal year were discovered during audit procedures for the year ended June 30, 2015. Balances have been adjusted, resulting in the restatement of beginning of year net asset balances. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2015, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
November 11, 2015

HEPHZIBAH CHILDREN'S ASSOCIATION
STATEMENT OF FINANCIAL POSITION
YEAR ENDED JUNE 30, 2015

ASSETS

	Unrestricted	Temporarily Restricted	Total
CURRENT ASSETS			
Cash and Cash Equivalents	$ 1,490,213	$ 390,743	$ 1,880,956
Certificates of Deposit	242,715	-	242,715
Accounts and Contributions Receivable, Net	380,264	82,000	462,264
Prepaid Expenses	143,108	-	143,108
Investments	1,947,756	-	1,947,756
Other Assets	3,181	-	3,181
Total Current Assets	4,207,237	472,743	4,679,980
BENEFICIAL INTEREST IN REMAINDER TRUST	-	228,774	228,774
PROPERTY AND EQUIPMENT, NET	1,175,171	-	1,175,171
Total Assets	$ 5,382,408	$ 701,517	$ 6,083,925

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Total
CURRENT LIABILITIES			
Accounts Payable	$ 566,056	$ -	$ 566,056
Accrued Salaries and Wages	209,420	-	209,420
Accrued Payroll Taxes	10,111	-	10,111
Obligations under Capital Leases	8,604	-	8,604
Due to Illinois Department of Children and Family Services	185,877	-	185,877
Total Current Liabilities	980,068	-	980,068
NONCURRENT LIABILITIES			
Obligations under Capital Leases	11,878	-	11,878
Total Liabilities	991,946	-	991,946
NET ASSETS			
Unrestricted	4,390,462	-	4,390,462
Temporarily Restricted	-	701,517	701,517
Total Net Assets	4,390,462	701,517	5,091,979
TOTAL LIABILITIES AND NET ASSETS	$ 5,382,408	$ 701,517	$ 6,083,925

See accompanying Notes to Financial Statements.

HEPHZIBAH CHILDREN'S ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Fees and Grants from Government Agencies	$ 5,435,047	$ -	$ 5,435,047
Public Support:			
Individual, Corporate and Foundation Contributions and Grants	763,727	215,288	979,015
Special Events, Net of Expenses of $143,675 and $138,088, respectively	367,050	-	367,050
Other Revenue:			
Program Service Fees and Grants	1,386,715	-	1,386,715
Interest, Dividend, and Other Income	50,244	-	50,244
Unrealized Loss	(80,214)	-	(80,214)
Realized Gain	19,018	-	19,018
Change in Value of Beneficial Interest in Remainder Trust	-	1,211	1,211
Net Assets Released from Restrictions Arising from Satisfaction of Program and Time Restrictions	165,763	(165,763)	-
Total Revenues and Support	8,107,350	50,736	8,158,086
EXPENSES			
Program Services	6,509,632	-	6,509,632
Management and General	1,326,234	-	1,326,234
Development	436,336	-	436,336
Total Expenses	8,272,202	-	8,272,202
CHANGE IN NET ASSETS	(164,852)	50,736	(114,116)
Net Assets - Beginning of Year, as Originally Reported	4,555,314	423,218	4,978,532
Prior Period Adjustment	-	227,563	227,563
Net Assets - Beginning of Year, As Restated	4,555,314	650,781	5,206,095
CHANGE IN NET ASSETS	(164,852)	50,736	(114,116)
NET ASSETS - END OF YEAR	$ 4,390,462	$ 701,517	$ 5,091,979

See accompanying Notes to Financial Statements.

HEPHZIBAH CHILDREN'S ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES AND
DIRECTLY RELATED PROGRAM SERVICES REVENUES
YEAR ENDED JUNE 30, 2015

	Program Services				
	Day Care	Family Services	Foster Care	Diagnostic Treatment Center	Residence
FUNCTIONAL EXPENSES					
Salaries	$ 822,067	$ 203,095	$ 570,329	$ 1,085,537	$ 805,057
Employee Benefits	85,308	33,883	71,738	152,513	100,853
Payroll Taxes	76,513	18,705	52,504	99,215	73,770
Total Salaries and Related Expenses	983,888	255,683	694,571	1,337,265	979,680
Professional Fees and Contract Service Payments	63,263	43,038	109,239	42,150	34,758
Supplies	100,498	4,055	10,829	97,475	67,363
Telephone and Telegraph	11,803	2,459	6,102	5,710	4,198
Postage and Shipping	750	1,057	2,685	432	336
Occupancy	29,215	31,226	76,111	49,484	37,971
Printing and Reference Material	1,699	481	1,849	780	736
Local Transportation	11,535	9,582	49,633	14,588	11,022
Training, Conferences, and Major Trips	4,593	977	8,402	3,297	2,181
Specific Assistance to Individuals	22,741	10,621	594,583	26,182	18,800
Membership Dues	3,130	562	1,590	3,459	2,668
Equipment Rental, Repairs, and Maintenance	2,695	3,530	8,760	4,386	3,312
Miscellaneous	12,673	1,148	2,872	3,265	2,489
Total Functional Expenses, before Depreciation	1,248,483	364,419	1,567,226	1,588,473	1,165,514
Depreciation	5,530	5,182	14,989	63,908	48,966
Total Functional Expenses	1,254,013	369,601	1,582,215	1,652,381	1,214,480
ALLOCATION OF MANAGEMENT AND GENERAL EXPENSES	255,485	75,300	322,351	336,646	247,431
ALLOCATION OF DEVELOPMENT EXPENSES	84,057	24,774	106,055	110,758	81,406
TOTAL PROGRAM SERVICES AND SUPPORTING SERVICES EXPENSES	$ 1,593,555	$ 469,675	$ 2,010,621	$ 2,099,785	$ 1,543,317
DIRECTLY RELATED PROGRAM SERVICE REVENUES					
Fees and Grants from Government Agencies:					
Illinois Department of Children and Family Services	$ 6,806	$ 385,422	$ 1,738,204	$ 1,743,311	$ 1,262,133
Illinois Department of Human Services	68,711	-	-	-	-
Other Government Agencies	6,417	-	-	17,157	11,923
Other	11,345	-	-	-	-
Program Service Fees and Grants	1,386,715	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL DIRECTLY RELATED PROGRAM SERVICE REVENUES	$ 1,479,994	$ 385,422	$ 1,738,204	$ 1,760,468	$ 1,274,056

See accompanying Notes to Financial Statements.

HEPHZIBAH CHILDREN'S ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES AND
DIRECTLY RELATED PROGRAM SERVICES REVENUES (CONTINUED)
YEAR ENDED JUNE 30, 2015

Program Services (Continued)				Supporting Services			
Community Support	Head Start	All Other	Total	Management and General	Development	Total	Total
$ 12,051	$ 171,902	$ 55,833	$ 3,725,871	$ 950,306	$ 243,838	$ 1,194,144	$ 4,920,015
1,275	28,838	1,064	475,472	126,439	26,335	152,774	628,246
1,109	15,789	5,168	342,773	80,839	21,861	102,700	445,473
14,435	216,529	62,065	4,544,116	1,157,584	292,034	1,449,618	5,993,734
796	5,234	29,247	327,725	52,595	68,941	121,536	449,261
214	17,502	7,213	305,149	8,137	2,679	10,816	315,965
136	1,426	496	32,330	7,106	1,934	9,040	41,370
57	71	213	5,601	3,344	4,482	7,826	13,427
1,578	7,485	5,931	239,001	54,408	25,217	79,625	318,626
4	111	15	5,675	1,184	23,534	24,718	30,393
442	7	2,412	99,221	4,216	481	4,697	103,918
8	137	2,603	22,198	7,705	1,363	9,068	31,266
6,339	336	40,848	720,450	-	-	-	720,450
31	1,028	-	12,468	2,230	1,000	3,230	15,698
195	837	732	24,447	6,390	2,851	9,241	33,688
61	460	1,341	24,309	9,325	3,308	12,633	36,942
24,296	251,163	153,116	6,362,690	1,314,224	427,824	1,742,048	8,104,738
221	6,732	1,414	146,942	12,010	8,512	20,522	167,464
24,517	257,896	154,530	6,509,632	$ 1,326,234	$ 436,336	$ 1,762,570	$ 8,272,202
4,995	52,542	31,483	1,326,234				
1,643	17,286	10,358	436,336				
$ 31,155	$ 327,724	$ 196,371	$ 8,272,202				
$ -	$ -	$ -	$ 5,135,876				$ 5,135,876
-	-	-	68,711				68,711
13,377	153,059	4,528	206,462				206,462
-	12,653	-	23,998				23,998
-	-	-	1,386,715				1,386,715
-	-	170	170				170
$ 13,377	$ 165,712	$ 4,698	$ 6,821,932				$ 6,821,932

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HEPHZIBAH CHILDREN'S ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	(114,116)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		167,464
Unrealized Loss on Investments		80,214
Realized Gain on Investments		(19,018)
Change in Value of Beneficial Interest in Remainder Trust		(1,211)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable		133,183
Prepaid Expenses and Other Assets		(24,797)
Accounts Payable and Due to Agencies		170,294
Accrued Salaries and Wages		(3,399)
Accrued Payroll Taxes		790
Net Cash Provided by Operating Activities		389,404
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of Property and Equipment		(112,220)
Purchases of Short-term Investments		(725,877)
Proceeds from Sale of Certificates of Deposit		30,000
Proceeds from Sale of Investments		666,292
Net Cash Used by Investing Activities		(141,805)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Lease Obligations		(6,045)
NET INCREASE IN CASH AND CASH EQUIVALENTS		241,554
Cash and Cash Equivalents - Beginning of Year		1,639,402
CASH AND CASH EQUIVALENTS - END OF YEAR	$	1,880,956
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$	1,841

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Hephzibah Children's Association (the Association) is a nonprofit comprehensive social service agency which provides services to children and families without regard to race, color, religion, sex or national origin. The Association's goals are to strengthen and reunite families by offering the following array of services: before and after-school child care; half-day pre-school child care; intensive outreach and child welfare assessment services; emergency care services and coordination of service providers for child abuse prevention; short-term foster care; short-term and long-term group homes for children whose physical and emotional needs exceed the services of foster homes and intensive in-home services to families actively involved with the Illinois Department of Children and Family Services because of abuse or neglect.

The Hephzibah Children's Trust (the Trust) is a nonprofit organization whose mission is to provide funds to the Association. The Trust has been approved by the Internal Revenue Service as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. The Association and the Trust have separate boards of directors. The Association does not have a controlling economic interest in the Trust. Accordingly, consolidated financial statements are not prepared.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation

The Association prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The Association follows the requirements of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958-205, *Not-For-Profit Entities - Presentation of Financial Statements.* Under ASC No. 958-205, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets defined as follows:

Unrestricted Net Assets - Includes resources with no legal or donor-imposed restrictions.

Temporarily Restricted Net Assets - Includes resources subject to legal or donor-imposed restrictions, including restrictions as to time of utilization of the resources and resources for which use is restricted to specified programs. Donor-restricted contributions whose restrictions are met within the same year as they are received are reflected as unrestricted contributions in the statement of activities. When a donor or time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as "Net assets released from restrictions arising from satisfaction of program and time restrictions".

Permanently Restricted Net Assets - Those resources subject to donor-imposed stipulations that they be maintained permanently by the Association.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Equivalents

Cash and equivalents consist of highly liquid interest-bearing depository and money market accounts. The Association considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

At times, cash and equivalents balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. Management has not experienced any losses and does not believe there is any significant market risk associated with such balances.

Certificates of Deposit

The fair value of certificates of deposit is based on the discounted value of contractual cash flows using interest rates being offered on certificates with similar maturities.

Accounts and Contributions Receivable

Accounts and contributions receivable represents amounts due from various government agencies for reimbursement of program expenses, parent fees, and pledges receivable which are due within the next fiscal year.

Accounts and contributions receivable are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is $18,900 for the year ended June 30, 2015.

Investments

Investments consist of equity funds and bond funds. Investments are carried at fair value with unrealized and realized gains and losses on investments reported as increases and decreases in unrestricted net assets. These investments are classified as long-term investments. Dividends, interest realized and unrealized gains and losses, and investment-related expenses are reported under other revenue in the statement of activities. All fair values of investments are described in Note 5.

The Association invests in various investments. Such investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of activities.

Beneficial Interest in Remainder Trust

The Association is the beneficiary of a charitable remainder trust that is administered by a third party and is unrestricted. See Note 11.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Replacements and major improvements are capitalized, while general maintenance and repairs are charged to expense as incurred. The Association has a $1,000 minimum capitalization policy. Depreciation is computed by using the straight-line method over the following estimated useful lives:

Land Improvements	5 Years
Buildings and Improvements	31.5 Years
Furniture, Fixtures and Equipment	5-10 Years
Vehicles	5 Years

Impairment of Long-Lived Assets

The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Revenue Recognition

Contributions are recorded as revenue in the period received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or funding agency. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Revenue from government and other grant and contract agreements is recognized as it is earned through expenditure or service delivery in accordance with the agreement. At its discretion, the Association's board of directors may designate funds for specific purposes. Program service fee income is recognized in the month in which the day care services are provided. Special events revenue is included in the period the events take place.

Functional Allocation of Expenses

The costs of providing various program and support services have been summarized on a functional basis in the Statement of Activities and the statement of functional expenses and directly related program service revenue. Accordingly, certain costs have been allocated among the programs and support services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Association is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. There were no taxes owed for the year ended June 30, 2015. The Association files tax returns in the U.S. federal jurisdiction and one state. There are no uncertain tax positions for the year ended June 30, 2015.

NOTE 2 ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

A summary of accounts receivable at June 30, 2015, is as follows:

Illinois Department of Children and Family Services	$	249,403
CDI Head Start Program		23,992
Illinois Department of Human Services		29,885
Parent Fees		17,222
Other		160,662
		481,164
Allowance for Doubtful Accounts		(18,900)
Total	$	462,264

A conditional promise to give at June 30, 2015 consists of one pledge of approximately $100,000. Furthermore, a conditional pledge was made of a percentage of the net proceeds from the sale of certain residential real estate. No value can be placed on this conditional pledge at 2015.

Subsequent to year-end, one other conditional promise to give of approximately $150,000 was received.

NOTE 3 PROPERTY AND EQUIPMENT

A summary of plant property and equipment at June 30, 2015 is as follows:

Land and Improvements	$	73,192
Buildings and Improvements		2,304,770
Furniture and Equipment		694,012
Telecommunications Equipment		98,754
Playground Equipment		197,073
Computer Equipment		445,098
Website Development		30,618
Vehicles		152,550
		3,996,066
Accumulated Depreciation		(2,820,895)
Total	$	1,175,171

NOTE 4 INVESTMENTS

A summary of investments at June 30, 2015 is as follows:

	Cost	Fair Value
U.S. Mutual Funds	$ 257,994	$ 286,555
Foreign Mutual Funds	269,831	273,880
Exchange Traded Funds	307,371	323,584
Hedge Funds	112,151	119,585
Corporate Bonds	997,293	944,152
Total	$ 1,944,640	$ 1,947,756

NOTE 5 FAIR VALUE MEASUREMENTS

In determining fair value, the Association uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. The measurement framework defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 - Valuations based on quoted prices for identical assets or liabilities in active markets;

Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets and liabilities measured on a recurring basis at June 30, 2015 are as follows:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Certificates of Deposit	$ 242,715	$ -	$ -	$ 242,715
US Mutual Funds	286,555	-	-	286,555
Foreign Mutual Funds	273,880	-	-	273,880
Exchange Traded Funds	323,584	-	-	323,584
Hedge Funds	119,585	-	-	119,585
Corporate Bonds	-	944,152	-	944,152
Total Investments	1,003,604	944,152	-	1,947,756
Beneficial Interest in Remainder Trust	-	228,774	-	228,774
Total	$ 1,246,319	$ 944,152	$ -	$ 2,190,471

Fair value for Level 1 investments are measured by reference to quoted market transactions that are listed on a national market or exchange, and are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Fair value for Level 2 investments is determined by reference to quoted market transactions for similar assets in active markets.

NOTE 6 RELATED-PARTY TRANSACTIONS

The Association receives monetary support from the Trust. The Trust maintains investments for the sole purpose of earning capital appreciation. The returns on investments are used to support the operations of the Association. During the year ended June 30, 2015, the Trust contributed approximately $60,000 to the Association.

NOTE 7 OBLIGATIONS UNDER CAPITAL LEASES

In 2013, the Association entered into a capital lease agreement and acquired office equipment with a value of $35,000. As of June 30, 2015, cost and accumulated depreciation of office equipment under capital leases is as follows:

Cost	$ 35,000
Accumulated Depreciation	(16,917)
Total	$ 18,083

NOTE 7 OBLIGATIONS UNDER CAPITAL LEASES (CONTINUED)

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2015.

Year Ending June 30,	Amount
2016	$ 8,604
2017	8,604
2018	5,019
Total	22,227
Inputed Interest	(1,745)
Present Value of Minimum Lease Payments	$ 20,482

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

The Association's temporarily restricted net assets at June 30, 2015 totals $701,517, which is restricted for the following programs or time:

Education	$ 285,252
Group Home	26,156
Web Redesign	-
Sibling Camp	50,875
Academy Summer	-
Capital Improvements	82,000
Foster Care	11,929
Volunteer Program	10,000
Beneficial Interest in Remainder Trust (Time)	228,774
Various	6,531
Total	$ 701,517

In fiscal year 2015, $165,763 was released from restrictions, resulting from the Association's satisfaction of donor-imposed program restrictions.

NOTE 9 RETIREMENT PLAN

The Association maintains a 401(k) and profit sharing plan covering all employees who have met eligibility requirements. The Association's $246,734 contribution to the plan for fiscal year 2015 was five percent of gross salaries, of which $116,421 constituted the 401(k) match. The balance of the contribution to the plan was made at the discretion of the Association. The benefit contribution is included in employee health benefits on the statement of functional expenses and directly related program service revenue.

NOTE 10 LEASES

The Association rents its office facilities at 1144 Lake Street in Oak Park, Illinois under a 10-year term lease which expires in October 2017. The Association also utilizes certain items of office equipment under various operating lease agreements which expire in November 2017.

Estimated future minimum annual commitments under noncancelable operating leases are as follows:

Year Ending June 30,	Amount
2016	$ 218,288
2017	218,173
2018	52,320
Total	$ 488,781

Rent expense during fiscal year 2015 was $186,934.

NOTE 11 BENEFICIAL INTEREST IN REMAINDER TRUST

The Association has a beneficial interest in a remainder trust. Under the terms of the trust, distributions are made from the trust to designated beneficiaries for the remainder of the life of the last remaining beneficiary. Upon the death of the last remaining beneficiary 20% of the remainder of the assets in the trust will be transferred to the Association. All of the assets of the trust is administered and held in the custody of Northern Trust. The trust was established in 1951 and became irrevocable in 1957.

The Association values its interest in the trust using 20% of the actual value, as the last remaining beneficiary is in her 90's. As of June 30, 2015, the value of the Association's interest in the remainder trust is $228,774 and is reported on the statement of financial position. Change in value of beneficial interest in remainder trust is included in the change in temporarily restricted net assets in the statement of activities for the year ended June 30, 2015.

NOTE 12 DUE TO ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES

The Association has an amount payable to the Illinois Department of Children and Family Services of $185,877 that has been on the Association's books since fiscal year June 30, 1998. This amount is payable to the Department if or when the Association ceases to contract with the Department.

NOTE 13 COMPLIANCE WITH GRANTOR RESTRICTIONS

Financial assistance from governmental entities in the form of grants is subject to special audit. Such audits could result in claims against the Association for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time. Management believes that any disallowance of expenditures under these grants would not be material.

NOTE 14 SIGNIFICANT CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of information about current vulnerabilities due to certain concentrations. These matters include the following:

Concentration of Revenue

The association receives a substantial amount of its revenue from grants and contracts with various governmental agencies. Approximately 67% of total support and revenues during the year ended June 30, 3015 was received from these government contracts and grants. Approximately 64% of total support and revenues in the year ended June 30, 2015 was received from the Association's contracts with the Department of Child and Family Services.

Amounts due from the Department of Child and Family Services represent 54% of the total outstanding accounts receivable balance as of June 30, 2015.

Concentration of Credit Risk

The Association maintains cash balances at several financial institutions. Accounts at each institution are insured by Federal Deposit Insurance Corporation up to $250,000. At June 30, 2015 the Association's uninsured cash balances totaled $2,633,817.

NOTE 15 PRIOR PERIOD ADJUSTMENT

The accompanying financial statements reflect a restatement of beginning of year net assets to record the beneficial interest in remainder trust in the prior year, as of June 30, 2014. The total effect of the prior period adjustment was to increase the beneficial interest in remainder trust by $227,563 and to increase temporarily restricted net assets by $227,563 as of July 1, 2014.

NOTE 16 SUBSEQUENT EVENTS

Management evaluated subsequent events through November 11, 2015, the date that the financial statements were available to be issued. Events or transactions occurring after June 30, 2015, but prior to November 11, 2015, that provided additional evidence about conditions that existed at June 30, 2015, have been recognized in the financial statements for the year ended June 30, 2015. Events or transactions that provided evidence about conditions that did not exist at June 30, 2015, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2015.