

ST. JOHN'S HEALING COMMUNITY BOARD

ANNUAL FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015

ST. JOHN'S HEALING COMMUNITY BOARD

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For the Years Ended December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. John's Healing Community Board
Collinsville, Illinois

We have audited the accompanying financial statements of St. John's Healing Community Board (a nonprofit organization), which comprise the statements of financial positions as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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.

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 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 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 St. John's Healing Community Board as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Thompson & Lengacher Co., P.C.

A handwritten signature in cursive script that reads "Thompson & Lengacher Co., P.C.".

Maryville, Illinois

July 7, 2017

ST. JOHN'S HEALING COMMUNITY BOARD

Statement of Financial Position

December 31, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and Cash Equivalents	\$111,502	\$103,614
Accounts Receivable	272,346	238,868
Prepaid Expenses	15,044	15,473
Total Current Assets	<u>398,892</u>	<u>357,955</u>
Fixed Assets:		
Office Equipment	95,787	93,802
Furniture and Fixtures	52,858	51,860
Total Fixed Assets	<u>148,645</u>	<u>145,662</u>
Less: Accumulated Depreciation	<u>(118,359)</u>	<u>(106,987)</u>
Net Fixed Assets	<u>30,286</u>	<u>38,675</u>
 TOTAL ASSETS	 <u>429,178</u>	 <u>396,630</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	16,876	19,025
Accrued Payroll Liabilities	49,380	53,229
Deferred Revenue	2,472	3,765
Line of Credit	12,500	50,000
Total Current Liabilities	<u>81,228</u>	<u>126,019</u>
Net Assets		
Unrestricted	330,063	225,582
Temporarily Restricted	17,887	45,029
 TOTAL NET ASSETS	 <u>347,950</u>	 <u>270,611</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$429,178</u>	 <u>\$396,630</u>

The accompanying notes are an integral part of these financial statements.

ST. JOHN'S HEALING COMMUNITY BOARD

Statement of Activities

For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Program Service Fees:			
Private Pay	\$877,564	\$0	\$877,564
Government Contract Revenue	396,426		396,426
Support:			
Donations	81,771	7,010	88,781
In-Kind Donations	62,657		62,657
Revenue:			
Grants and Contracts			
United Way	21,954		21,954
Government Grants		41,011	41,011
Other	24,000	29,900	53,900
Fundraising	500		500
Miscellaneous Receipts	2,800		2,800
Interest Income	4,485		4,485
Net Assets Released from Restrictions:			
Satisfaction of Usage Restrictions	105,063	(105,063)	0
TOTAL SUPPORT AND REVENUE	1,577,220	(27,142)	1,550,078
EXPENSES:			
Program Services:			
Adult Daycare	591,531		591,531
In-Home Care	637,690		637,690
Family Support	22,930		22,930
Supporting Services:			
Fundraising	65,496		65,496
Management and General	155,092		155,092
TOTAL EXPENSES	1,472,739	0	1,472,739
CHANGE IN NET ASSETS	104,481	(27,142)	77,339
Net Assets - Beginning of Year	225,582	45,029	270,611
Net Assets - End of Year	\$330,063	\$17,887	\$347,950

The accompanying notes are an integral part of these financial statements.

ST. JOHN'S HEALING COMMUNITY BOARD

Statement of Activities

For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Program Service Fees:			
Private Pay	\$784,663	\$0	\$784,663
Government Contract Revenue	353,845		353,845
Support:			
Donations	61,567		61,567
In-Kind Donations	58,745		58,745
Revenue:			
Grants and Contracts			
United Way	24,163		24,163
Government Grants		34,431	34,431
Other	12,000	103,200	115,200
Fundraising	6,390		6,390
Miscellaneous Receipts	1,525		1,525
Interest Income	54		54
Net Assets Released from Restrictions:			
Satisfaction of Usage Restrictions	133,378	(133,378)	0
TOTAL SUPPORT AND REVENUE	1,436,330	4,253	1,440,583
EXPENSES:			
- Program Services:			
Adult Daycare	604,052		604,052
In-Home Care	614,971		614,971
Supporting Services:			
Fundraising	72,657		72,657
Management and General	153,171		153,171
TOTAL EXPENSES	1,444,851	0	1,444,851
CHANGE IN NET ASSETS	(8,521)	4,253	(4,268)
Net Assets - Beginning of Year	234,103	40,776	274,879
Net Assets - End of Year	\$225,582	\$45,029	\$270,611

The accompanying notes are an integral part of these financial statements.

ST. JOHN'S HEALING COMMUNITY BOARD

Statement of Functional Expenses

For the Year Ended December 31, 2016

	Program Services					Fundraising	Management and General	Total
	Adult Daycare	In-Home Care	Family Support	Total	Total			
Advertising & Marketing	\$447	\$751	\$65	\$1,263	\$15,333	\$552	\$17,148	
Depreciation	9,276			9,276		2,096	11,372	
Employee Benefits	38,022	58,804	1,352	98,178	8,702	16,660	123,540	
Equipment Maintenance and Repair	6,688	2,128		8,816		5,621	14,437	
In-Kind Expenses	35,167	7,398		42,565		20,092	62,657	
Insurance	5,886	17,659		23,545		1,470	25,015	
Interest				0		1,933	1,933	
Membership Dues	1,211	1,500		2,711		1,833	4,544	
Miscellaneous	8,947	4,232	250	13,429	715	4,038	18,182	
Occupancy	65,730	12,117		77,847	438	1,052	79,337	
Office Supplies	1,766	681		2,447	191	3,019	5,657	
Other Program Expenses	7,312	2,437	18	9,767	15	509	10,291	
Postage	1,492	2,014	10	3,516	234	1,941	5,691	
Printing and Publications	187			187	477	272	936	
Professional Fees	20,382	6,926		27,308		8,856	36,164	
Program Fee Scholarships	9,876	3,159		13,035			13,035	
Program Meals	35,626			35,626			35,626	
Program Supplies	9,087	578	1,812	11,477			11,477	
Salaries and Wages	319,738	514,197	19,423	853,358	37,755	84,796	975,909	
Special Events				0	500		500	
Travel	14,691	3,109		17,800	1,136	352	19,288	
TOTAL EXPENSES	\$591,531	\$637,690	\$22,930	\$1,252,151	\$65,496	\$155,092	\$1,472,739	

The accompanying notes are an integral part of these financial statements.

ST. JOHN'S HEALING COMMUNITY BOARD

Statement of Functional Expenses

For the Year Ended December 31, 2015

	Program Services			Fundraising	Management and General	Total
	Adult Daycare	In-Home Care	Total			
Advertising & Marketing	\$564	\$2,298	\$2,862	\$15,531	\$1,312	\$19,705
Depreciation	9,264		9,264		2,699	11,963
Employee Benefits	39,969	55,838	95,807	8,441	18,370	122,618
Equipment Maintenance and Repair	2,502	730	3,232		4,824	8,056
In-Kind Expenses	32,870	11,529	44,399		14,346	58,745
Insurance	5,792	17,375	23,167		1,890	25,057
Interest			0		600	600
Membership Dues	1,418	1,500	2,918		941	3,859
Miscellaneous	7,376	3,745	11,121	578	5,032	16,731
Occupancy	72,526	11,774	84,300		799	85,099
Office Supplies	2,071	1,460	3,531	59	2,199	5,789
Other Program Expenses	7,185	1,940	9,125	1	308	9,434
Postage	2,382	2,326	4,708	2,174	343	7,225
Printing and Publications	594	156	750	219	1,826	2,795
Professional Fees	16,540	5,817	22,357		10,007	32,364
Program Fee Scholarships	11,928		11,928			11,928
Program Meals	33,742		33,742			33,742
Program Supplies	8,778	645	9,423		105	9,528
Salaries and Wages	335,981	493,676	829,657	42,454	87,340	959,451
Special Events			0	1,811		1,811
Travel	12,570	4,162	16,732	1,389	230	18,351
TOTAL EXPENSES	\$604,052	\$614,971	\$1,219,023	\$72,657	\$153,171	\$1,444,851

The accompanying notes are an integral part of these financial statements.

ST. JOHN'S HEALING COMMUNITY BOARD

Statement of Cash Flows

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$77,339	(\$4,268)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	11,372	11,963
Increase in Accounts Receivable	(33,478)	(53,653)
Decrease in Prepaid Expenses	429	1,908
Increase (Decrease) in Accounts Payable	(2,149)	2,900
Increase (Decrease) in Accrued Payroll Liabilities	(3,849)	4,764
Decrease in Deferred Revenue	(1,293)	(2,647)
Net Cash Provided by (Used in) Operating Activities	<u>48,371</u>	<u>(39,033)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	<u>(2,983)</u>	<u>(3,711)</u>
Net Cash Used in Investing Activities	<u>(2,983)</u>	<u>(3,711)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advance on Line of Credit		50,000
Repayment on Line of Credit	<u>(37,500)</u>	<u> </u>
Net Cash Provided by Financing Activities	<u>(37,500)</u>	<u>50,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,888	7,256
Cash and Cash Equivalents - Beginning of Year	<u>103,614</u>	<u>96,358</u>
Cash and Cash Equivalents - End of Year	<u><u>\$111,502</u></u>	<u><u>\$103,614</u></u>

The accompanying notes are an integral part of these financial statements.

ST. JOHN'S HEALING COMMUNITY BOARD

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

St. John's Healing Community Board (the Organization) is a not-for profit organization serving individuals challenged by aging or disabilities in the Collinsville & Edwardsville, Illinois and the surrounding communities. The organization operates both in-home and adult daycare programs. The Organization is an outreach ministry of St. John Evangelical United Church of Christ.

Basis of Presentation:

Contributions received are recorded as an increase in unrestricted, temporarily restricted, or permanently restricted support, depending on the existence of nature of any donor restrictions. Accordingly, net assets and the changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets and pledges not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets and pledges subject to donor-imposed stipulations that may be met by actions of the Organization 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.

Permanently Restricted Net Assets

Net assets and pledges subject to donor-imposed stipulations requiring that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for specific purposes. The Organization does not have permanently restricted net assets at December 31, 2016 and 2015.

The financial statements include only the operations of the Organization and do not include the operations of any other activities of St. John Evangelical United Church of Christ or Collinsville Area Ministerial Association.

ST. JOHN'S HEALING COMMUNITY BOARD

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all investments with a initial maturities of three months or less to be cash equivalents.

Accounts Receivable:

Accounts receivable are stated at the amounts management expect to collect from balances outstanding at year-end. Based on management's assessment of the credit history with clients having outstanding balances and current relationships with them, it has concluded that realized losses on balances outstanding at year-end will be immaterial.

Fixed Assets:

Fixed assets are recorded at cost or at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Organization follows the practice of capitalizing all expenditures for property, equipment and leasehold improvements in excess of \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Deferred Revenue:

Deferred revenue represents customer receipts related to services that will be provided in the future. The Organization offers discounted rates to those customers who pay in advance. The Organization recognizes revenue when the services are provided.

Advertising:

The Organization expenses advertising costs as they are incurred. Total advertising expenses were \$17,148 and \$19,705 for the years ended December 31, 2016 and 2015, respectively.

ST. JOHN'S HEALING COMMUNITY BOARD

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Concentration

Program service fees derived from the State of Illinois were approximately 26% and 25% of total revenue and support for the years ended December 31, 2016 and 2015, respectively.

Contributions and Contributed Services:

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets are released and reported as an increase in unrestricted net assets.

The Organization records the value of donated services when there is an objective basis available to measure the donation's value. In addition, many individuals volunteer time and skills to perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as donated services. The Organization received more than 1,000 volunteer hours this fiscal year.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are primarily allocated based on payroll allocations and management estimates.

Tax Status

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and, therefore, is exempt from both federal and state income taxes. Accordingly, no provision has been made for income taxes in the accompanying combined financial statements.

ST. JOHN'S HEALING COMMUNITY BOARD

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncertain Tax Positions

The Organization's 2014 through 2016 tax years are open for examination by federal and state taxing authorities.

Use of 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period including grant and contract revenues subject to review by applicable funding agencies. Accordingly, actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 7, 2017, the date the financial statements were available to be issued.

NOTE 2 - LINE OF CREDIT

The Organization has entered into a line of credit agreement with First Collinsville Bank that provides for maximum borrowing of \$100,000. The outstanding borrowings on the line of credit at December 31, 2016 and 2015, were \$12,500 and \$50,000, respectively. The line of credit is due on demand, or if no demand, on November 17, 2017 with monthly interest payments. The line of credit accrues interest on outstanding balances at a rate of 5.5% and is personally guaranteed by members of the board of directors.

ST. JOHN'S HEALING COMMUNITY BOARD

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 3 - FIXED ASSETS

Property and Equipment and related accumulated depreciation amounts at December 31 are as follows:

	<u>Costs</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
			2016	2015
Office Equipment	\$95,787		\$95,787	\$93,802
Furniture and Fixtures	52,858		52,858	51,860
Less: Accumulated Depreciation		(\$118,359)	(118,359)	(106,987)
	<u>\$148,645</u>	<u>(\$118,359)</u>	<u>\$30,286</u>	<u>\$38,675</u>

Depreciation expense for 2016 and 2015 totaled \$11,372 and \$11,963, respectively.

NOTE 4 - IN-KIND DONATIONS

In kind donations consisted of the following:

	<u>2016</u>	<u>2015</u>
Rent	\$32,742	\$31,200
Volunteer/Professional Services	26,800	25,500
Equipment & Supplies	3,115	2,045
	<u>\$62,657</u>	<u>\$58,745</u>

NOTE 5 - LEASES

The Organization has entered into operating lease agreements for equipment and facility space. The Collinsville facility is leased from St. John Evangelical United Church of Christ, a related party, on a month-to-month basis. The Edwardsville facility is leased from RLP Development Company, Inc. Various equipment leases expire by 2019. Rent expense is \$94,806 and \$97,808 for the years ended December 31, 2016 and 2015, including in-kind facility rent expense of \$32,742 and \$31,200, respectively.

The future minimum payments of the various equipment leases are as follows:

	<u>2016</u>	<u>2015</u>
2016		\$4,747
2017	\$4,661	4,661
2018	3,050	3,050
2019	2,432	2,432
Total	<u>\$10,143</u>	<u>\$14,890</u>

ST. JOHN'S HEALING COMMUNITY BOARD

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes:

	Balance 12/31/15	Receipts	Released	Balance 12/31/16
Medical Equipment	\$1,362	\$0	(\$375)	\$987
Misc Assets		1,898	(998)	900
Alzheimers Support Group		2,500	(2,500)	0
Adult Day Staff & Subsidies		34,511	(34,511)	0
Art Therapy		9,000	(9,000)	0
Site Assets & Gen Operations	43,667	30,012	(57,679)	16,000
Total Temporarily Restricted Net Assets	\$45,029	\$77,921	(\$105,063)	\$17,887
	Balance 12/31/14	Receipts	Released	Balance 12/31/15
Medical Equipment	\$2,942	\$0	(\$1,580)	\$1,362
Misc Assets		1,200	(1,200)	0
Alzheimers Support Group		2,000	(2,000)	0
Adult Day Staff & Subsidies		30,511	(30,511)	0
Art Therapy		6,920	(6,920)	0
Site Assets & Gen Operations	37,834	97,000	(91,167)	43,667
Total Temporarily Restricted Net Assets	\$40,776	\$137,631	(\$133,378)	\$45,029

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

ST. JOHN'S HEALING COMMUNITY BOARD

Notes to the Financial Statements

December 31, 2016 and 2015

NOTE 7 - RELATED PARTY TRANSACTIONS

The Organization is combined with the Collinsville Area Ministerial Association - Faith in Action Program ("Faith in Action") for purposes of reporting to United Way of Greater St. Louis. The Organization receives the funds from United Way and distributes the applicable portion to the Faith in Action Program. The Organization received \$41,469 and \$45,869 from United Way for the years ended December 31, 2016 and 2015, respectively. Of the total funds received, \$19,515 and \$21,706 was distributed to the Faith in Action Program in 2016 and 2015, respectively.

The Organization shares employees with the Faith in Action Program, including the executive director and bookkeeper. Salaries of these employees are allocated between the organizations and are expensed accordingly. The Organization had a balance due from the Faith in Action Program of \$4,381 and \$5,032 at December 31, 2016 and 2015, respectively.