

BARRINGTON AREA COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
Year Ended December 31, 2015

BARRINGTON AREA COMMUNITY FOUNDATION

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Barrington Area Community Foundation
Barrington, Illinois

Report on Financial Statements

We have audited the accompanying statement of financial position of the Barrington Area Community Foundation (a not-for-profit organization) as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant 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 opinion.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial statements of the Barrington Area Community Foundation as of December 31, 2015, and the results of its operations and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Randall Gross & Co., Ltd.

Barrington, Illinois
August 11, 2016

BARRINGTON AREA COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2015

ASSETS

Cash and cash equivalents	\$ 310,315
Accounts receivable	5,000
Dividends receivable	872
Accrued interest	5,704
Investments – (Note 2)	4,634,345
Prepaid expenses	<u>100</u>
Total assets	<u>\$ 4,956,336</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 4,825
Deferred revenue	6,000
Other liabilities	<u>-</u>
Total liabilities	<u>\$ 10,825</u>

Net Assets:

Unrestricted	\$ 4,945,511
Temporarily restricted	<u>-</u>
Total net assets	<u>\$ 4,945,511</u>

Total liabilities and net assets	<u>\$ 4,956,336</u>
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The accompanying notes are an integral part of the financial statements

BARRINGTON AREA COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions and grants	\$ 324,128	\$ -	\$ 324,128
Fundraising event revenue	129,171	-	129,171
Less: Expenses related to benefits	(90,883)	-	(90 883)
Investment income (loss)	(27,075)	-	(27,075)
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>\$ 335,341</u>	<u>\$ -</u>	<u>\$ 335,341</u>
Expenses			
Program expense	198,000	-	198,000
Support services			
Management and general	20,284	-	20,284
Fundraising	<u>10,453</u>	<u>-</u>	<u>10,453</u>
Total expenses	<u>\$ 228,737</u>	<u>\$ -</u>	<u>\$ 228,737</u>
Change in net assets	<u>\$ 106,604</u>	<u>\$ -</u>	<u>\$ 106,604</u>
Net assets – beginning of year	<u>4,838,907</u>	<u>-</u>	<u>4,838,907</u>
Net assets – end of year	<u>\$ 4,945,511</u>	<u>\$ -</u>	<u>\$ 4,945,511</u>

The accompanying notes are an integral part of the financial statements

BARRINGTON AREA COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	Program	Management and General	Fundraising	Total
Grants paid to others	\$ 198,000	\$ -	\$ -	\$ 198,000
Office expense	-	9,971	1,025	10,996
Information technology	-	512	-	512
Conventions and meetings	-	353	-	353
Printing and postage	-	2,048	5,659	7,707
Professional fees	-	7,400	-	7,400
Marketing	<u>-</u>	<u>-</u>	<u>3,769</u>	<u>3,769</u>
	<u>\$ 198,000</u>	<u>\$ 20,284</u>	<u>\$ 10,453</u>	<u>\$ 228,737</u>

The accompanying notes are an integral part of the financial statements

BARRINGTON AREA COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015

Cash flows from operating activities

Increase in net assets	\$ 106,604
Adjustments	
Change in unrealized gain on investments	127,960
Change in operating assets and liabilities	
Increase in accounts receivable	(5,000)
Decrease in prepaid expense	300
Increase in dividends receivable	(96)
Decrease in accrued interest	3,474
Increase in accounts payable	3,403
Increase in deferred revenue	<u>6,000</u>
Net cash provided by operating activities	<u>\$ 242,645</u>

Cash flows used for investing activities

Proceeds from sales & maturities of investments	\$ 541,934
Purchases of investments	<u>(825,300)</u>
Net cash (used) by investing activities	<u>\$ (283,366)</u>
Net decrease in cash and cash equivalents	\$ (40,721)
Cash and cash equivalents, beginning of year	<u>351,036</u>
Cash and cash equivalents, end of year	<u>\$ 310,315</u>

The accompanying notes are an integral part of the financial statements

BARRINGTON AREA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2015

NOTE 1. Purpose of Foundation and Summary of Significant Accounting Policies

Purpose

Barrington Area Community Foundation was formed in August 1998 by community leaders to serve as a charitable vehicle to support the quality of life in the Barrington, Illinois area, which includes communities served by Community Consolidated School District 220 and the Barrington Area Council of Governments. The Foundation is committed to promoting the well being of mankind and to serving the general charitable, educational and scientific needs of the residents of the Barrington Area through charitable grants made at the discretion of the Board of Directors.

Basis of Accounting

The financial statements reflect the accrual basis of accounting in which revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for Profit Organizations*. Under SFAS No. 117, the Organization 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.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value based upon quoted market prices. Net realized and unrealized gains or losses on sales of securities are based on specific identification of investments. Net realized and unrealized gains and losses are presented as components of investment income in the statement of activities.

Financial Instruments

The Foundation has no financial instruments for which the carrying value materially differs from fair value.

BARRINGTON AREA COMMUNITY FOUNDATION

For the Year ended December 31, 2015

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Purpose of Foundation and Summary of Significant Accounting Policies (continued)

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Contributions

Contributions are recognized as assets at the time the Organization receives an unconditional promise of contribution (pledge or gift) from a donor. Gifts of cash and the assets are presented as restricted support if received with donor stipulations limiting the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support.

Contributions of donated noncash assets are recorded at their fair values in the period received.

Net Assets

Unrestricted Net Assets: Unrestricted net assets include net assets that are available for use to fulfill the purposes of the Organization at its discretion. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the restriction is recognized.

Temporarily Restricted Net Assets: Temporarily restricted net assets include net assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions pursuant to those stipulations. Temporarily restricted net assets are transferred to unrestricted net assets upon passage of time, or when the donor-imposed stipulation is accomplished.

Permanently Restricted Net Assets: Permanently restricted net assets include net assets whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. Income from permanently restricted net assets is unrestricted.

BARRINGTON AREA COMMUNITY FOUNDATION

For the Year ended December 31, 2015

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Purpose of Foundation and Summary of Significant Accounting Policies (continued)

Promises to Give

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Grants

Grants are recorded as expenses at time of payment.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses.

Fair Value Measurements

The Organization follows fair value reporting guidelines outlined in FASB ASC 820-10 which provides the following single definition of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

An important implication of the FASB definition is that fair value may not consider synergies and attributes of a specific buyer and a specific seller, but may consider synergies available to market participants. Also, fair value should represent an exit price to a market seller.

GAAP for fair value provides a hierarchy in the development of fair value measurements as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Organization did not have any non-financial assets recorded at fair value on a recurring basis at December 31, 2015.

BARRINGTON AREA COMMUNITY FOUNDATION

For the Year ended December 31, 2015

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. Investments

Investment income consists of the following

Interest and dividends	\$ 101,402
Realized and unrealized gain (loss)	<u>(128,477)</u>
	<u>\$ (27,075)</u>

Fair value measurements recorded on a recurring basis at December 31, 2015 were as follows:

Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>\$ 4,634,345</u>	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 3. Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the organization's programs, principally in administration and fund-raising activities. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

NOTE 4. Income Taxes

Pursuant to an Internal Revenue Service determination letter issued in January, 2000 the Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code, except for any unrelated business income. The Organization had no unrelated business income during the year ended December 31, 2015. The Organization is also exempt from state income taxes under similar provisions of state tax regulations.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2015.

The Organization files its form 990, *Return of Organization Exempt from Income Tax* in the U.S. federal jurisdiction and the attorney general for the State of Illinois. At present there are

BARRINGTON AREA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2015

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. Income Taxes (continued)

no ongoing income tax audits or unresolved disputes with various tax authorities with whom the Organization currently files or has filed. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2011.

NOTE 5. In-Kind Donations

During the year ending December 31, 2015, the following in-kind donations were received by the organization:

In-Kind expenditures for fundraising events	\$ <u>15,000</u>
Total in-kind donations	\$ <u>15,000</u>

NOTE 6. Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date (that is, non recognized subsequent events).

The Organization has evaluated subsequent events through August 11, 2016 which was the date that these financial statements were available for issuance, and determined that there were no significant subsequent events through that date.