

BARRINGTON AREA COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
Year Ended December 31, 2018

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 the Financial Statements	6-11

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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, 2018, 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, 2018, 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
July 18, 2019

BARRINGTON AREA COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2018

ASSETS

Cash and cash equivalents	\$ 449,496
Accounts receivable	14,665
Accrued interest	12,026
Investments – (Note 2)	<u>5,913,099</u>
Total assets	<u>\$ 6,389,286</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 1,522
Deferred revenue	<u>2,300</u>
Total liabilities	<u>\$ 3,822</u>

NET ASSETS

Without donor restrictions	<u>\$ 6,385,464</u>
Total liabilities and net assets	<u>\$ 6,389,286</u>

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and grants	\$ 476,429	\$ -	\$ 476,429
Fundraising event revenue	63,844	-	63,844
Less: Expenses related to benefits	(90,664)	-	(90,664)
Investment income (loss)	<u>(329,408)</u>	<u>-</u>	<u>(329,408)</u>
Total support and revenue	<u>\$ 120,201</u>	<u>\$ -</u>	<u>\$ 120,201</u>
Expenses			
Program expense	(250,000)	-	(250,000)
Support services			
Management and general	(31,328)	-	(31,328)
Fundraising	<u>(23,036)</u>	<u>-</u>	<u>(23,036)</u>
Total expenses	<u>\$ (304,364)</u>	<u>\$ -</u>	<u>\$ (304,364)</u>
Change in net assets	<u>\$ (184,163)</u>	<u>\$ -</u>	<u>\$ (184,163)</u>
Net assets – beginning of year	<u>6,569,627</u>	<u>-</u>	<u>6,569,627</u>
Net assets – end of year	<u>\$ 6,385,464</u>	<u>\$ -</u>	<u>\$ 6,385,464</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, 2018

	Program	Management and General	Fundraising	Total
Grants paid to others	\$ 250,000	\$ -	\$ -	\$ 250,000
Office expense	-	11,484	1,347	12,831
Information technology	-	487	-	487
Committee expense	-	9,207	-	9,207
Conventions and meetings	-	1,811	-	1,811
Printing and postage	-	589	1,082	1,671
Professional fees	-	7,750	-	7,750
Marketing	<u>-</u>	<u>-</u>	<u>20,607</u>	<u>20,607</u>
	<u>\$ 250,000</u>	<u>\$ 31,328</u>	<u>\$ 23,036</u>	<u>\$ 304,364</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, 2018

Cash flows from operating activities	
Change in net assets	\$ (184,163)
Adjustments	
Change in unrealized gain on investments	(483,436)
Change in operating assets and liabilities	
Increase in accounts receivable	(14,299)
Increase in accrued interest	(1,725)
Decrease in accounts payable	(621)
Increase in deferred revenue	<u>2,300</u>
Net cash provided by operating activities	<u>\$ 284,928</u>
Cash flows used for investing activities	
Proceeds from sales & maturities of investments	\$ 706,415
Purchases of investments	<u>(975,051)</u>
Net cash (used) by investing activities	<u>\$ 268,906</u>
Net increase in cash and cash equivalents	\$ 16,022
Cash and cash equivalents, beginning of year	<u>433,473</u>
Cash and cash equivalents, end of year	<u>\$ 449,496</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, 2018

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

The financial statements of Barrington Area Community Foundation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require Barrington Area Community Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Barrington Area Community Foundation's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Barrington Area Community Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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.

BARRINGTON AREA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2018

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

Concentrations of Credit Risk

Financial instruments that potentially subject Barrington Area Community Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. Barrington Area Community Foundation maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Barrington Area Community Foundation's cash and cash equivalent accounts have been placed with high credit quality financial institutions. Barrington Area Community Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

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.

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 received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

BARRINGTON AREA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2018

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

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

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

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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.

BARRINGTON AREA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2018

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

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, 2018.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Barrington Area Community Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied to all periods presented.

NOTE 2 Availability and Liquidity

The following represents Barrington Area Community Foundation’s financial assets at December 31, 2018:

Financial assets at year end:	<u>2018</u>
Cash and cash equivalents	\$ 449,496
Accounts Receivable	14,665
Accrued Interest	12,026
Investments	<u>5,913,099</u>
Total financial assets	<u>\$ 6,389,286</u>

Barrington Area Community Foundation monitors its liquidity so that it is able to meet its operating needs. The table above reflects Barrington Area Community Foundation’s financial assets as of December 31, 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when not liquid or not convertible into cash within one year, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the board of directors has designated funds for specific reserves or long-term investments such as board-designated quasi-endowments. Board restricted amounts could be used within one year if approved by the Board of Directors.

BARRINGTON AREA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2018

NOTE 3. Investments

Investment income consists of the following

Interest and dividends	\$ 143,790
Realized and unrealized gain (loss)	<u>(473,198)</u>
	<u>\$ (329,408)</u>

Fair value measurements recorded on a recurring basis at December 31, 2018 were as follows:

Quoted Prices In Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
<u>\$ 5,913,099</u>	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 4. 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 5. 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, 2018. 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, 2018.

BARRINGTON AREA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2018

NOTE 6. Income Taxes (continued)

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 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 2014.

NOTE 7. Net Assets

Net assets without donor restrictions were as follows for the year ended December 31, 2018:

Undesignated	<u>\$ 6,389,286</u>
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There were no net assets with donor restrictions for the year ended December 31, 2018.

No net assets were released from net assets with donor restrictions for the year ended December 31, 2018.

NOTE 8. 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 July 18, 2019 which was the date that these financial statements were available for issuance, and determined that there were no significant subsequent events through that date.