

**ILLINOIS SPINA BIFIDA ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

# ILLINOIS SPINA BIFIDA ASSOCIATION

## FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017 AND 2016

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**REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors of  
Illinois Spina Bifida Association

***Report on the Financial Statements***

We have audited the accompanying financial statements of Illinois Spina Bifida Association (the Association), which comprise the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities and of 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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 basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Illinois Spina Bifida Association as of December 31, 2017 and 2016, 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.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on page 15 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Legacy Professionals LLP*

Chicago, Illinois

May 9, 2018

**ILLINOIS SPINA BIFIDA ASSOCIATION**

**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 140,643	\$ 152,495
Accounts receivable	-	100
Grants receivable	8,496	6,691
Prepaid expenses	1,929	2,188
Total current assets	<u>151,068</u>	<u>161,474</u>
INVESTMENTS	<u>192,411</u>	<u>187,780</u>
PROPERTY AND EQUIPMENT		
Computer software	3,500	3,500
Less accumulated depreciation	<u>(2,917)</u>	<u>(1,750)</u>
Net property and equipment	<u>583</u>	<u>1,750</u>
Total assets	<u>\$ 344,062</u>	<u>\$ 351,004</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 12,196</u>	<u>\$ 4,488</u>
NET ASSETS		
Unrestricted	237,627	245,077
Temporarily restricted	<u>94,239</u>	<u>101,439</u>
Total net assets	<u>331,866</u>	<u>346,516</u>
Total liabilities and net assets	<u>\$ 344,062</u>	<u>\$ 351,004</u>

See accompanying notes to financial statements.

**ILLINOIS SPINA BIFIDA ASSOCIATION**

**STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>						
Contributions	\$ 170,517	\$ 18,420	\$ 188,937	\$ 131,543	\$ 27,038	\$ 158,581
In-kind contributions	22,045	-	22,045	14,882	-	14,882
Special events	81,786	-	81,786	130,248	-	130,248
Less costs of direct benefit to donors	(10,774)	-	(10,774)	(28,056)	-	(28,056)
Investment income - net	4,736	-	4,736	8,062	-	8,062
Net assets released from restriction	<u>25,620</u>	<u>(25,620)</u>	<u>-</u>	<u>17,084</u>	<u>(17,084)</u>	<u>-</u>
Total revenue and other support	<u>293,930</u>	<u>(7,200)</u>	<u>286,730</u>	<u>273,763</u>	<u>9,954</u>	<u>283,717</u>
<b>EXPENSES</b>						
Program services	224,310	-	224,310	195,473	-	195,473
Management and general	45,750	-	45,750	47,916	-	47,916
Fundraising expenses	<u>31,320</u>	<u>-</u>	<u>31,320</u>	<u>35,367</u>	<u>-</u>	<u>35,367</u>
Total expenses	<u>301,380</u>	<u>-</u>	<u>301,380</u>	<u>278,756</u>	<u>-</u>	<u>278,756</u>
<b>CHANGE IN NET ASSETS</b>	(7,450)	(7,200)	(14,650)	(4,993)	9,954	4,961
<b>NET ASSETS</b>						
Beginning of year	<u>245,077</u>	<u>101,439</u>	<u>346,516</u>	<u>250,070</u>	<u>91,485</u>	<u>341,555</u>
End of year	<u>\$ 237,627</u>	<u>\$ 94,239</u>	<u>\$ 331,866</u>	<u>\$ 245,077</u>	<u>\$ 101,439</u>	<u>\$ 346,516</u>

See accompanying notes to financial statements.

# ILLINOIS SPINA BIFIDA ASSOCIATION

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (14,650)	\$ 4,961
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,167	1,167
Unrealized (gain) loss on investments	630	(2,568)
Changes in assets and liabilities		
Accounts receivable	100	-
Grants receivable	(1,805)	(5,108)
Prepaid expenses	259	(1,026)
Accounts payable and accrued expenses	7,708	406
Deferred revenue	-	(12,267)
Net cash (used in) operating activities	<u>(6,591)</u>	<u>(14,435)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	<u>(5,261)</u>	<u>(5,348)</u>
NET (DECREASE) IN CASH	(11,852)	(19,783)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>152,495</u>	<u>172,278</u>
End of year	<u>\$ 140,643</u>	<u>\$ 152,495</u>

See accompanying notes to financial statements.

# ILLINOIS SPINA BIFIDA ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

### NOTE 1. NATURE OF THE ORGANIZATION

**General** - Illinois Spina Bifida Association (the Association), incorporated on September 23, 1969, is an Illinois nonprofit organization which works to improve the quality of life of children, adults and families living with Spina Bifida. The Association's support primarily comes from donor contributions and various fundraising activities.

The Association serves more than 900 families with a three-part program strategy:

- Promote skills development and independence.

With generous in-kind support from statewide Kiwanis Clubs and the Shirley Ryan AbilityLab, ISBA held its second annual GoBabyGo workshop where twelve children received custom electric ride-on cars to empower independent mobility. GoBabyGo is a program of the University of Delaware.

ISBA is proud to be in association with the YMCA of Metro Chicago in providing Camp Independence experiences for children, teens, and adults.

Through programming and evaluation conducted by the Loyola University Chicago Psychology Department, parents and campers report improvements in campers' goal attainment, management of health-related self-care, and independence.

Additionally, camp participation for two or more years significantly predicted greater parent-reported improvements in campers' medical responsibility and mastery over medical tasks.

- Improve family resilience and access to resources through outreach, education and advocacy.

The Community-Clinic Connection program provides families living with spina bifida individualized support and coaching services from a community social worker. ISBA served statewide families with more than 110 social work and information referral cases in 2017. The program pilot began in Central Illinois in partnership with OSF HealthCare, and expanded to Chicagoland in collaboration with Shriners Hospitals for Children - Chicago.

Support and peer groups provide in-person community-building and resources in Central Illinois, Peoria, Rockford, the Quad Cities, Southern Illinois, and Chicagoland.

## NOTE 1. NATURE OF THE ORGANIZATION (CONTINUED)

- Provide targeted financial assistance, including scholarships, equipment funds, and emergency financial assistance to Illinois individuals and families living with spina bifida.

With generous support from “A Helping Hand” and statewide Kiwanis Clubs, ISBA’s Equipment Fund will be making awards for fourteen years.

For the past six years, all eligible adults applying for an ISBA scholarship have received one, thanks in part to donors to the Patrick Juris Scholarship Fund and “A Helping Hand”.

The ISBA Professional Advisory Council promotes excellence in published spina bifida clinical research with its annual \$1,000 research award.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Method of Accounting** - The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Basis of Presentation** - In order to conform to provisions of generally accepted accounting principles, the Association, as a not-for-profit entity, is required to report information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

**Unrestricted** - Unrestricted net assets are available to finance the general operations of the Association. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Association, the environment in which it operates and the purposes specified in its articles of incorporation.

**Temporarily Restricted** - Temporarily restricted net assets result (a) from contributions and other inflow of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor -imposed stipulations, their expiration by passage of time or their fulfillment.

**Permanently Restricted** - Permanently restricted net assets are subject to the restrictions of the gift instruments requiring that the principal be invested in perpetuity, and that income only be utilized in the operations of the Association. There were no permanently restricted net assets as of either December 31, 2017 or 2016.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition** - The Association receive a significant portion of its operating revenue from the annual event and contributions.

The Association receives certain fees in advance of providing the related service. Such amounts are deferred upon receipt and recognized as revenue when earned. At year end, deferred revenue represents annual event revenue received applicable to future years.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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 statements of activities as net assets released from restrictions.

**Cash and Cash Equivalents** - The Association considers all liquid debt instruments acquired with a maturity of three months or less when purchased to be cash and cash equivalents. Money market accounts held in the Association's investment account are classified as investments.

**Investments** - The investments of the Association are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date (the exit price).

Purchases and sales of the investments are reflected on a trade-date basis.

Dividend income is recorded on the ex dividend date. Interest income is recorded on the accrual basis.

**Property and Equipment** - Property and equipment are carried at cost. Additions greater than \$1,000 are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective asset are expensed currently. Depreciation is computed by the straight-line method over the following estimated useful lives of the related assets:

Computer software	3 years
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Depreciation expense totaled \$1,167 for each of the years ended December 31, 2017 and 2016, respectively.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**In-kind Contributions** - In-kind contributions are recorded at fair value at the date of the donation and include fundraising goods, equipment, and program supplies. The value of in-kind contributions is reflected in the financial statements at the fair market value estimated by the donor. These contributions have been presented in the financial statements as support with an equal amount shown as expense.

**Donated Services** - Contributions of services are recognized at fair value if the services rendered (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of these services is included as contributions in the financial statements and is offset by like amounts included in expenses.

**Functional Expenses** - The cost of providing various program and supporting services 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.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

**Subsequent Events** - Subsequent events have been evaluated through May 9, 2018, which is the date the financial statements were available to be issued.

## **NOTE 3. TAX STATUS**

The Association is an organization described in Section 501(c)(3) of the Internal Revenue Code and thus generally not subject to tax. In addition, the Internal Revenue Service has determined that the Association is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require the Association to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination of tax authorities. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**NOTE 4. CONCENTRATION OF CASH**

The Association holds checking and money market accounts at one financial institution, which is deemed to be creditworthy. Balances are insured by the FDIC up to \$250,000. Although balances may at times exceed federally insured limits, the Association believes this credit risk to be minimal.

**NOTE 5. INVESTMENTS**

The following summary presents the aggregate fair value for each of the Association's investment categories at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Mutual funds	\$ 188,833	\$ 184,762
Common stock	1,692	1,158
Money market fund	<u>1,886</u>	<u>1,860</u>
Total	<u>\$ 192,411</u>	<u>\$ 187,780</u>

The following presents a summary of investment income for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Unrealized gain (loss) on investments	\$ (630)	\$ 2,568
Interest and dividends	<u>5,366</u>	<u>5,494</u>
Total	<u>\$ 4,736</u>	<u>\$ 8,062</u>

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

## NOTE 6. FAIR VALUE MEASUREMENTS

The *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

### Basis of Fair Value Measurement

- |         |   |
|---------|---|
| Level 1 | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities                              |
| Level 2 | Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly |
| Level 3 | Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable   |

The following tables set forth, by level within the fair value hierarchy, the Association's investment assets at fair value as of December 31, 2017 and 2016. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. At December 31, 2017 and 2016, the Association had no investments at fair value classified within Level 3.

**NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)**

		<u>Fair Value Measurements at 12/31/17 Using</u> Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Total</u>			
Mutual funds	\$ 188,833	\$ 188,833	\$ -	\$ -
Common stock	1,692	1,692	-	-
Money market fund	1,886	-	1,886	-
Total	<u>\$ 192,411</u>	<u>\$ 190,525</u>	<u>\$ 1,886</u>	<u>\$ -</u>

		<u>Fair Value Measurements at 12/31/16 Using</u> Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Total</u>			
Mutual funds	\$ 184,762	\$ 184,762	\$ -	\$ -
Common stock	1,158	1,158	-	-
Money market fund	1,860	-	1,860	-
Total	<u>\$ 187,780</u>	<u>\$ 185,920</u>	<u>\$ 1,860</u>	<u>\$ -</u>

Level 1 Measurements

The fair values of the mutual funds are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Shares held in mutual funds are traded on national securities exchanges and are valued at the net asset value per share as of the last business day of each period presented.

The common stock is traded in active markets on national and international securities exchanges and is valued at closing prices on the last business day each period presented.

Level 2 Measurements

The money market fund is valued at cost, which approximates fair value.

**NOTE 7. OBLIGATION UNDER OPERATING LEASE**

In May 2014, the Association entered a long-term lease for office space. The lease ended on April 30, 2017, and required a monthly payments of \$400. This lease was amended on October 25, 2016. The amendment extended the lease to April 30, 2020. Furniture, fixtures, and equipment are included in the lease at no additional charge. At December 31, 2017, future minimum lease rental payments required under the operating lease are as follows:

Year ending December 31,	
2018	\$ 4,800
2019	4,800
2020	1,600
	<u>\$ 11,200</u>

The Association also maintains off-site storage for its records with a month-to-month lease.

Rent expense was \$6,646 and \$10,083 for the years ended December 31, 2017 and 2016, respectively.

**NOTE 8. RELATED PARTY**

The Association received contributions from related parties through executive management and board member relationships, totaling \$35,870 and \$16,267 during the years ended December 31, 2017 and 2016, respectively.

**NOTE 9. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represents monies received for a scholarship fund and donor restricted contributions to fund future programs. Temporarily restricted net assets at December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Patrick Juris Scholarship Fund	\$ 48,403	\$ 43,406
James Gerber Trust Helping Hand Fund	45,067	48,533
Equipment Fund - Kiwanis Club	769	2,000
Community-Clinic Connection Fund	-	7,500
Total	<u>\$ 94,239</u>	<u>\$ 101,439</u>

**NOTE 9. TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

Net assets released from purpose restrictions during the years ended December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Patrick Juris Scholarship Fund	\$ 2,000	\$ 2,000
James Gerber Trust Helping Hand Fund	3,467	3,467
Equipment Fund - Kiwanis Club	2,231	-
Laurel & Jim Brandenburg - Equipment Fund	638	-
Camp Independence	<u>17,284</u>	<u>11,617</u>
Total	<u>\$ 25,620</u>	<u>\$ 17,084</u>

## **SUPPLEMENTARY INFORMATION**

**ILLINOIS SPINA BIFIDA ASSOCIATION**

**SCHEDULES OF FUNCTIONAL EXPENSES**

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017				2016			
	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Credit card processing and bank charges	\$ -	\$ 4,891	\$ -	\$ 4,891	\$ -	\$ 4,476	\$ -	\$ 4,476
Depreciation	-	1,167	-	1,167	-	1,167	-	1,167
Direct program expenses	75,117	-	-	75,117	70,862	-	-	70,862
Employee benefits	1,615	2,887	391	4,893	2,921	665	678	4,264
Executive director expenses	394	58	85	537	778	177	181	1,136
Grants and scholarships	10,000	-	-	10,000	9,497	-	-	9,497
Health care premiums	-	2,607	-	2,607	-	3,498	-	3,498
Insurance	3,916	582	844	5,342	3,460	788	806	5,054
Payroll taxes	10,233	1,522	2,206	13,961	7,679	1,749	1,782	11,210
Professional fees	-	12,000	-	12,000	-	12,559	-	12,559
Rent	4,872	724	1,050	6,646	6,907	1,573	1,603	10,083
Salaries and wages	108,942	16,200	23,483	148,625	82,192	18,718	19,078	119,988
Special events and fundraising expenses	-	-	1,273	1,273	-	-	8,646	8,646
Subscriptions and resources	2,999	446	646	4,091	2,223	506	515	3,244
Supplies	384	57	83	524	1,401	319	325	2,045
Training	-	-	-	-	644	147	149	940
Utilities	2,017	300	435	2,752	1,614	368	375	2,357
Bed debt	-	1,741	-	1,741	-	-	-	-
Website, database, printing, and postage	3,821	568	824	5,213	5,295	1,206	1,229	7,730
<b>Total</b>	<b>\$ 224,310</b>	<b>\$ 45,750</b>	<b>\$ 31,320</b>	<b>\$ 301,380</b>	<b>\$ 195,473</b>	<b>\$ 47,916</b>	<b>\$ 35,367</b>	<b>\$ 278,756</b>