

INC BOARD, NFP

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

(With Independent Auditor's Report)

INC BOARD, NFP

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
INC Board, NFP
Aurora, Illinois

We have audited the accompanying financial statements of INC Board, NFP (an Illinois nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of June 30, 2021 and 2020, and the related statements of activities – modified cash basis, functional expenses– modified cash basis and cash flows – modified cash basis 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 the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for 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 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 assets, liabilities, and the net assets of INC Board, NFP as of June 30, 2021 and 2020, and its and the changes in its net assets and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

INDEPENDENT AUDITOR'S REPORT – CONTINUED

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 13 is presented for 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 information has been subjected to the auditing procedures applied in the audit 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Wieland & Company, Inc.

Batavia, Illinois
September 27, 2021

INC BOARD, NFP

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS

JUNE 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS:</u>		
Cash	\$ 1,125,342	\$ 750,787
Rental Deposits	450	450
Property and Equipment		
Land and Improvements	369,493	369,493
Buildings and Improvements	5,596,863	5,576,510
Leasehold Improvements	45,355	45,355
Furniture and Equipment	113,514	111,395
	<u>6,125,225</u>	<u>6,102,753</u>
Accumulated Depreciation	<u>(4,488,796)</u>	<u>(4,370,338)</u>
Net Property and Equipment	<u>1,636,429</u>	<u>1,732,415</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,762,221</u>	<u>\$ 2,483,652</u>
<u>LIABILITIES:</u>		
Deferred Revenue	\$ 113,795	\$ 83,004
Approved Grant	20,377	-
Payroll Liabilities and Accrued Expenses	754	2,102
	<u>134,926</u>	<u>85,106</u>
<u>TOTAL LIABILITIES</u>	<u>134,926</u>	<u>85,106</u>
<u>NET ASSETS</u>		
Without Donor Restrictions	<u>2,627,295</u>	<u>2,398,546</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,762,221</u>	<u>\$ 2,483,652</u>

See Accompanying Notes to Financial Statements.

INC BOARD, NFP

STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>SUPPORT AND REVENUES:</u>		
Real Estate Taxes - Community Mental Health Act (708)	\$ 1,967,609	\$ 1,934,738
Rental Income from Agencies		
Amounts Received	216,808	201,372
Donated Use of Facilities	516,687	532,116
Interest Income	790	17,505
Miscellaneous Income	34,569	9
	<u>2,736,463</u>	<u>2,685,740</u>
<u>EXPENSES:</u>		
Program Services		
Planning and Funding	1,690,758	1,739,940
Building Program	733,878	749,256
Total Program Services	<u>2,424,636</u>	<u>2,489,196</u>
General and Administrative	83,078	85,319
	<u>2,507,714</u>	<u>2,574,515</u>
<u>INCREASE IN NET ASSETS</u>	228,749	111,225
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>2,398,546</u>	<u>2,287,321</u>
<u>NET ASSETS AT END OF YEAR</u> \$	<u><u>2,627,295</u></u>	<u><u>2,398,546</u></u>

See Accompanying Notes to Financial Statements.

INC BOARD, NFP

STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

Years Ended June 30, 2021 and 2020

	<u>Year Ended June 30, 2021</u>				<u>Year Ended June 30, 2020</u>			
	<u>Program Services</u>			<u>2021 Total</u>	<u>Program Services</u>			<u>2020 Total</u>
	<u>Planning and Funding</u>	<u>Building Program</u>	<u>General and Administrative</u>		<u>Planning and Funding</u>	<u>Building Program</u>	<u>General and Administrative</u>	
Awards to Agencies	\$ 1,500,161	\$ –	\$ –	\$ 1,500,161	\$ 1,547,863	\$ –	\$ –	\$ 1,547,863
Depreciation	1,101	116,256	1,101	118,458	1,078	113,820	1,078	115,976
Donated Facilities to Agencies	–	516,687	–	516,687	–	532,116	–	532,116
Dues and Subscriptions	2,649	476	1,612	4,737	2,980	333	1,709	5,022
Insurance	10,826	1,931	6,003	18,760	10,931	# 1,254	5,734	17,919
Office Expenses	8,086	1,153	4,410	13,649	5,722	816	3,121	9,659
Personnel				–				–
Compensation	97,222	11,157	51,002	159,381	107,858	12,377	56,581	176,816
Benefits	12,375	1,420	6,504	20,299	13,060	1,499	6,864	21,423
Payroll Taxes	8,648	863	3,942	13,453	8,353	959	4,382	13,694
Professional Fees	21,073	2,166	8,118	31,357	12,345	1,269	4,756	18,370
Repairs and Maintenance	–	54,127	–	54,127	–	57,179	–	57,179
Satellite Office Occupancy	–	27,570	–	27,570	–	27,430	–	27,430
Scholarships and Other	28,000	–	–	28,000	28,000	–	–	28,000
Travel and Conferences	617	72	386	1,075	1,750	204	1,094	3,048
	<u>\$ 1,690,758</u>	<u>\$ 733,878</u>	<u>\$ 83,078</u>	<u>\$ 2,507,714</u>	<u>\$ 1,739,940</u>	<u>\$ 749,256</u>	<u>\$ 85,319</u>	<u>\$ 2,574,515</u>

See Accompanying Notes to Financial Statements.

INC BOARD, NFP

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 228,749	\$ 111,225
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) By Operating Activities:		
Depreciation	118,458	115,976
Increase (Decrease) in Deferred Revenue	30,791	(514,518)
Increase in Approved Grants	20,377	-
Increase (Decrease) in Payroll Liabilities	(1,348)	917
	<u>397,027</u>	<u>(286,400)</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>397,027</u>	<u>(286,400)</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchases of Property and Equipment	<u>(22,472)</u>	<u>(208,553)</u>
	<u>(22,472)</u>	<u>(208,553)</u>
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u>(22,472)</u>	<u>(208,553)</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>374,555</u>	<u>(494,953)</u>
<u>CASH AT BEGINNING OF YEAR</u>	<u>750,787</u>	<u>1,245,740</u>
<u>CASH AT END OF YEAR</u> \$	<u><u>1,125,342</u></u>	<u><u>750,787</u></u>

See Accompanying Notes to Financial Statements.

INC BOARD, NFP

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

INC Board, NFP (INC) is an Illinois not-for-profit corporation which was chartered on April 21, 1969, to promote the creation of local mental health boards authorized under 405 Illinois Compiled Statutes §20/3a.

In the November 1970 general election, voters of the townships of Aurora, Batavia, Big Rock, Blackberry, Kaneville and Sugar Grove in Kane County, Illinois, approved a community mental health tax referendum. Each of the six township boards appointed a seven-member community health board, known colloquially as a "708" board after the number of the Illinois House of Representatives resolution which created such entities. A seventh township, Virgil, joined the previous six as the result of a referendum passed in November 2000.

Each community 708 board recommends a mental health levy to its respective township board for inclusion among their levy submissions to the county. The county distributes the tax dollars collected to the townships, which remit the mental health portion of the taxes to the INC Board, the administrative body. The funds are then pooled and distributed to local agencies for selected, eligible services by the INC Board.

The INC Board of Directors is composed of fifteen members. There is one member for each of the township 708 boards, and eight members-at-large elected by the board. Contractual agreements exist between INC and the seven community mental health boards to carry out the work of the seven 708 boards in a regional approach to administration, which is permitted and delineated in the Illinois statute.

INC built and owns the Elizabeth Keeler Center, the 400 Mercy Lane Building, and the Thompson Rehabilitation Center, all situated on land in Aurora, Illinois purchased from the Mercy Center for Health Care Services and the Sisters of Mercy.

INC's continuing responsibility to the citizens of the seven townships is to assure the availability, accessibility and continuity of appropriate services for the mentally ill, developmentally disabled, and substance abusers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

MODIFIED CASH BASIS OF ACCOUNTING

INC Board, NFP maintains its accounting records and prepares its financial statements using a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles ("GAAP"). The Organization generally records revenue when received and expenses when paid. Real estate tax revenue from the subsequent year's levy that is received in the current year is reported as deferred revenue. Approved but unpaid grants are recognized in the period approved. Under GAAP, revenue and related receivables would be recorded when earned, and expenses and related liabilities would be recorded when incurred.

INC BOARD, NFP

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

CASH AND CONCENTRATIONS OF RISK

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents are comprised of demand deposits, certificates of deposit and repurchase agreements with banks. The Organization maintains its cash with high quality financial institutions and deposits occasionally exceed federally insured limits.

CAPITALIZATION AND DEPRECIATION

Depreciation is provided for using the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The estimated service life of the assets for depreciation and amortization purposes may be different than their actual economic useful lives.

	<u>Estimated Life</u>
Land improvements	10 – 40 years
Buildings and improvements	7 – 40 years
Furniture and equipment	5 – 10 years

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There have been no impairment losses recognized through June 30, 2021.

RESTRICTIONS ON NET ASSETS

Support and revenues received that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities. Restricted support and revenues are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contribution is recognized. The Organization had no net assets with donor restrictions at June 30, 2021 or 2020.

IN-KIND DONATIONS TO AGENCIES

The excess of fair rental values over rents charged for facilities leased to service agencies with missions supported by the Organization is recognized as grant expense and corresponding rental income in the statement of activities (Note 4).

INC BOARD, NFP

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ESTIMATES

The preparation of financial statements in conformity with a modified cash basis of accounting 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

MANAGEMENT'S REVIEW

The Organization has evaluated subsequent events through the date which the financial statements were available to be issued, which is the date of the Independent Auditor's Report.

NOTE 3 - LEASES (AS LESSOR)

The Organization leases facilities to service organizations with missions it supports at rental rates that are less than fair market rental values. Leases in effect at June 30, 2021 are as follows:

<u>Lessee</u>	<u>Property</u>	<u>Lease Term</u>	<u>Rents Collected</u>	<u>Rents Donated</u>
The Association for Individual Development	Elizabeth Keeler Center	Annual	\$ 42,447	\$ 126,772
The Association for Individual Development	Thompson Rehabilitation Center	Annual	84,893	230,108
The Association for Individual Development	Thompson Rehabilitation Center, North Wing	Annual	42,446	74,289
Gateway Foundation	400 Mercy Lane Building	Annual	42,222	53,778
Gateway Foundation	400 Mercy Lane Land	7/1/2003-6/30/2092	4,800	-
National Alliance for Mentally Ill	400 Mercy Lane Building	Monthly	-	4,320
Conley Outreach Community Services	Satellite Office	Annual	-	27,420
	Totals for the year ended June 30, 2021		<u>\$ 216,808</u>	<u>\$ 516,687</u>

INC BOARD, NFP

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2021 AND 2020

NOTE 3 - LEASES (AS LESSOR) – CONTINUED

Leases are generally renewable annually, unless terminated at the Organization's option. Future minimum rental income is \$216,807 for the year ending June 30, 2021 and \$4,800 in subsequent years. Management generally expects leases to be renewed or replaced in the normal course of business.

NOTE 4 - LEASE COMMITMENTS (AS LESSEE)

The Organization rents office space located in Sugar Grove, Illinois, and Elburn, Illinois under operating leases. The Sugar Grove lease is a five-year agreement with basic monthly payments of \$1,350 beginning November 1, 2019 and ending October 31, 2024. The Elburn lease is one-year agreement beginning July 1, 2019 and continuing on a year-to-year basis with a basic monthly rent of \$805.

Effective April 1, 2019, the Organization leases a copy machine under an operating lease agreement that expires in June 2024 with minimum monthly lease payments totaling \$187.

Annual future minimum lease commitments for agreements in effect at June 30, 2021 are as follows:

Year ending June 30:		
2022	\$	18,449
2023		18,449
2024		18,449
2025		<u>10,349</u>
	\$	<u>65,696</u>

NOTE 5 - INCOME TAXES

The Organization is tax exempt under Internal Revenue Code Section 501 (c) (3), is classified as a public charity and has no unrelated business income. Accordingly, no provision for income taxes is reported.

The financial statement effects of a tax position taken or expected to be taken are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of June 30, 2021, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

INC BOARD, NFP

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2021 AND 2020

NOTE 6 - PENSION PLAN

The Organization maintains a qualified 403(b) pension plan for its employees. Employer contributions to the plan are based on the employee's annual compensation and years of service. The employee may also contribute to the pension as allowed under the plan. Employer contributions to the plan totaled \$6,673 and \$6,911 during the years ended June 30, 2021 and 2020, respectively.

NOTE 7 – NEW ACCOUNTING POLICIES

NEW ACCOUNTING STANDARD – LEASES

In February 2016, the FASB issued ASU No. 2016-02, Leases, which is intended to improve financial reporting about leasing transactions. ASU No. 2016-02 requires that leased assets be recognized as assets on the statement of financial position and the liabilities for the obligations under the lease also be recognized on the statement of financial position. ASU No. 2016-02 requires disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The required disclosures include qualitative and quantitative requirements. ASU No. 2016-02 was effective for fiscal years beginning after December 15, 2020, but was extended for one year due to the pandemic. ASU No. 2016-02 must be adopted using a modified retrospective transition and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. The Organization is currently evaluating the methods of adoption allowed by ASU No. 2016-02 and the effect that ASU No. 2016-02 is expected to have on its financial position, results of operations, cash flows and related disclosures.

NOTE 8 – PAYCHECK PROTECTION PROGRAM

On May 3, 2021, the Organization received loan proceeds totaling \$34,600 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The Organization utilized the loan proceeds for eligible purposes. The \$34,600 is included in miscellaneous income on the statement of activities. Subsequent to year end, the loan was forgiven in full.

NOTE 9 – CONTINGENCY

The Organization has taken a number of measures to monitor and mitigate the effects of Covid-19. At this stage, and in part to several emergency grants including a PPP loan (see Note 8), the impact on the Organization's operations has not been significant. Significant uncertainty remains around the breadth and duration of the effects of Covid-19 and, as such, the Organization is unable to determine if it will have a material impact to its operations in future years.

INC BOARD, NFP

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2021 AND 2020

NOTE 10 – LIQUIDITY OF ASSETS

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and money market accounts. To help manage unanticipated liquidity needs, the Organization maintains financial assets on hand to meet a minimum of one year of normal operating expense.

The Organization has \$1,125,342 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$1,125,342.

SUPPLEMENTARY INFORMATION

INC BOARD, NFP

SCHEDULE OF REAL ESTATE TAX REVENUE - MODIFIED CASH BASIS

Years Ended June 30, 2021 and 2020

<u>TOWNSHIPS:</u>	<u>2021</u>	<u>2020</u>
Aurora	\$ 1,333,093	\$ 1,310,092
Batavia	398,800	395,000
Big Rock	23,973	23,555
Blackberry	57,152	55,230
Kaneville	14,338	14,045
Sugar Grove	121,128	118,109
Virgil	19,125	18,707
	<u>\$ 1,967,609</u>	<u>\$ 1,934,738</u>

INC BOARD, NFP

SCHEDULE OF AWARDS TO AGENCIES - MODIFIED CASH BASIS

Years Ended June 30, 2021 and 2020

<u>AGENCIES:</u>	<u>2021</u>	<u>2020</u>
AMITA Mercy Medical Center	\$ 25,000	\$ -
Association for Individual Development	423,203	416,968
Breaking Free	102,646	155,300
CASA Kane County	-	2,500
Cities in Schools	86,275	85,000
Community Foundation of the Fox River Valley	-	25,000
Conley Outreach Community Services	76,500	74,628
Elderday Center	-	6,000
Family Counseling Services	247,000	263,031
Family Focus	59,225	58,350
Family Service Association of Greater Elgin	25,200	-
Fox Valley Hands of Hope	28,063	32,594
Gateway Foundation	41,580	48,000
Mutual Ground	104,019	112,482
NAMI	12,272	10,486
Senior Services Associates	18,672	18,396
Simply Destinee	9,000	-
Suicide Prevention Services	45,989	45,318
TriCity Family Services	115,517	113,810
Visiting Nurses Association	80,000	80,000
	<u>\$ 1,500,161</u>	<u>\$ 1,547,863</u>