BIG BROTHERS BIG SISTERS
OF METROPOLITAN CHICAGO

FINANCIAL STATEMENTS

JUNE 30, 2019

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Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Big Brothers Big Sisters of Metropolitan Chicago
Chicago, Illinois

We have audited the accompanying financial statements of BIG BROTHERS BIG SISTERS OF METROPOLITAN CHICAGO (an Illinois nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BIG BROTHERS BIG SISTERS OF METROPOLITAN CHICAGO as of June 30, 2019 and 2018, 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.

Warady & Davis LLP

October 4, 2019

STATEMENTS OF FINANCIAL POSITION

As of June 30	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 1,197,559**	$ 1,205,674
Restricted Cash	**126,205**	125,512
Other Receivables	**880**	514
Government Grants Receivable	**144,021**	244,054
Unconditional Promises to Give	**1,253,185**	1,198,590
Prepaid Expenses	**149,208**	129,134
Total Current Assets	**2,871,058**	2,903,478
PROPERTY AND EQUIPMENT, net	**273,143**	332,246
OTHER ASSETS		
Unconditional Promises to Give - Long-Term	**426,009**	719,482
	$ 3,570,210	$ 3,955,206
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 248,442**	$ 190,597
Accrued Liabilities	**83,322**	127,184
Deferred Rent - Current Portion	**31,953**	24,431
Total Current Liabilities	**363,717**	342,212
NONCURRENT LIABILITIES		
Deferred Rent	**170,132**	202,085
NET ASSETS		
Without Donor Restriction	**574,377**	838,473
With Donor Restriction	**2,461,984**	2,572,436
	3,036,361	3,410,909
	$ 3,570,210	$ 3,955,206

See accompanying notes.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30	2019 Without Donor Restriction	2019 With Donor Restriction	2019 Total	2018 Without Donor Restriction	2018 With Donor Restriction	2018 Total
SUPPORT AND REVENUES						
Contributions						
Corporations	**$ 119,085**	**$ 910,133**	**$ 1,029,218**	$ 139,979	$ 790,800	$ 930,779
Foundations	**141,000**	**549,309**	**690,309**	151,500	1,207,056	1,358,556
Individuals	**575,895**	**731,777**	**1,307,672**	653,760	169,386	823,146
Government Grants		**435,614**	**435,614**		388,549	388,549
Big Brothers Big Sisters of America (BBBSA)	**24,920**	**248,036**	**272,956**	10,000	497,364	507,364
Program Related Events	**45,500**		**45,500**	67,500		67,500
Contributions In-Kind	**97,743**		**97,743**	197,886		197,886
	1,004,143	**2,874,869**	**3,879,012**	1,220,625	3,053,155	4,273,780
Program Service Fees	**1,810**		**1,810**	9,008		9,008
Special Event Revenue	**1,168,037**	**122,908**	**1,290,945**	1,196,114	147,254	1,343,368
Other Revenue						
Interest Income	**1,406**	**1,462**	**2,868**	1,594	125	1,719
Net Assets Released from Restrictions	**3,109,691**	**(3,109,691)**	**—**	2,935,644	(2,935,644)	—
Total Revenues	**5,285,087**	**(110,452)**	**5,174,635**	5,362,985	264,890	5,627,875
EXPENSES						
Program Services	**3,828,651**		**3,828,651**	3,677,422		3,677,422
Support Services						
Management and General	**874,612**		**874,612**	648,281		648,281
Fundraising						
Direct Expenses for Special Events	**345,471**		**345,471**	357,344		357,344
Other Fundraising	**500,449**		**500,449**	645,857		645,857
	1,720,532		**1,720,532**	1,651,482		1,651,482
Total Expenses	**5,549,183**		**5,549,183**	5,328,904		5,328,904
CHANGES IN NET ASSETS	**(264,096)**	**(110,452)**	**(374,548)**	34,081	264,890	298,971
Net Assets, Beginning	**838,473**	**2,572,436**	**3,410,909**	804,392	2,307,546	3,111,938
NET ASSETS, ENDING	**$ 574,377**	**$ 2,461,984**	**$ 3,036,361**	$ 838,473	$ 2,572,436	$ 3,410,909

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Big Brothers Big Sisters Programs	Support Services: Management and General	Support Services: Fundraising	Support Services: Total	Direct Expenses for Special Event	Total Expenses
Salaries	$ 2,214,253	$ 346,403	$ 350,981	$ 697,384	$	$ 2,911,637
Payroll Taxes	168,889	26,421	26,770	53,191		222,080
Employee Benefits	159,372	24,933	25,262	50,195		209,567
401(k) Employer Matching Contributions	17,448	2,729	2,766	5,495		22,943
	2,559,962	400,486	405,779	806,265		3,366,227
Annual Dues	25,825	4,040	4,093	8,133		33,958
Academic Enrichment, Scholarships and Awards	58,369					58,369
Background Checks	66,321					66,321
Bank Charges		25,992		25,992		25,992
Communications	17,381	2,719	2,755	5,474		22,855
Depreciation and Amortization	64,784	10,135	10,269	20,404		85,188
Equipment Expense	38,684	6,052	6,132	12,184		50,868
Event Entertainment					12,389	12,389
Event Other Direct Expenses					42,232	42,232
Event Prizes					82,629	82,629
Event Venue and Food and Beverage					208,221	208,221
Insurance	48,404	11,709	3,678	15,387		63,791
Miscellaneous	850	236	135	371		1,221
Occupancy	241,970	133,295	25,796	159,091		401,061
Office Supplies	13,727	2,148	2,176	4,324		18,051
Postage and Shipping	3,695	578	586	1,164		4,859
Printing Expense	10,743	1,970	2,157	4,127		14,870
Professional Fees	5,732	241,563	861	242,424		248,156
Program Events and Activities	258,952					258,952
Program Snacks and Supplies	60,717					60,717
Program Transportation	181,001					181,001
Recruitment/Marketing	9,943	16,577	27,361	43,938		53,881
Temporary Help	85,136	2,250	5,276	7,526		92,662
Training and Meetings	15,414	2,411	2,443	4,854		20,268
Travel	61,041	12,451	952	13,403		74,444
	1,268,689	474,126	94,670	568,796	345,471	2,182,956
TOTALS	$ 3,828,651	$ 874,612	$ 500,449	$ 1,375,061	$ 345,471	$ 5,549,183

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2018

	Big Brothers Big Sisters Programs	Support Services: Management and General	Support Services: Fundraising	Support Services: Total	Direct Expenses for Special Event	Total Expenses
Salaries	$ 2,075,007	$ 285,473	$ 393,170	$ 678,643	$	$ 2,753,650
Payroll Taxes	149,728	20,599	28,370	48,969		198,697
Employee Benefits	141,467	19,463	26,805	46,268		187,735
401(k) Employer Matching Contributions	20,423	2,810	3,870	6,680		27,103
	2,386,625	328,345	452,215	780,560		3,167,185
Annual Dues	17,582	2,419	3,331	5,750		23,332
Academic Enrichment, Scholarships and Awards	80,493					80,493
Background Checks	80,963					80,963
Bank Charges	10,067	2,516	12,584	15,100		25,167
Communications	15,213	2,093	2,883	4,976		20,189
Depreciation and Amortization	63,326	8,712	11,999	20,711		84,037
Donation to BBBSA		2,500		2,500		2,500
Equipment Expense	42,195	5,805	7,995	13,800		55,995
Event Entertainment					16,793	16,793
Event Other Direct Expenses					36,239	36,239
Event Prizes					84,833	84,833
Event Venue and Food and Beverage					219,479	219,479
Insurance	41,242	10,324	2,824	13,148		54,390
Miscellaneous	1,421	196	269	465		1,886
Occupancy	287,305	53,835	39,609	93,444		380,749
Office Supplies	9,404	1,294	1,782	3,076		12,480
Postage and Shipping	3,084	424	585	1,009		4,093
Printing Expense	12,299	1,943	2,896	4,839		17,138
Professional Fees	30,693	95,266	13,315	108,581		139,274
Program Events and Activities	240,112					240,112
Program Snacks and Supplies	66,591					66,591
Program Transportation	160,586					160,586
Recruitment/Marketing	4,947	116,890	86,873	203,763		208,710
Temporary Help	31,810					31,810
Training and Meetings	29,205	4,018	5,534	9,552		38,757
Travel	62,259	11,701	1,163	12,864		75,123
	1,290,797	319,936	193,642	513,578	357,344	2,161,719
TOTALS	$ 3,677,422	$ 648,281	$ 645,857	$ 1,294,138	$ 357,344	$ 5,328,904

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ (374,548)	$ 298,971
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	85,188	84,037
Donated Stocks	(97,763)	(77,732)
Proceeds from Sale of Donated Stocks	97,763	77,732
Deferred Rent	(24,431)	(16,910)
Other Receivables	(366)	(514)
Contributions Receivable	—	573
Government Grants Receivable	100,033	(183,343)
Unconditional Promises to Give	238,878	(60,803)
Prepaid Expenses	(20,074)	(15,478)
Accounts Payable	57,845	(15,566)
Accrued Liabilities	(43,862)	(113,182)
Deferred Revenue	—	(12,000)
Total Adjustments	393,211	(333,186)
Net Cash Provided (Used) by Operating Activities	18,663	(34,215)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in Restricted Cash	(693)	(125)
Purchase of Property and Equipment	(26,085)	(7,898)
Net Cash Used by Investing Activities	(26,778)	(8,023)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,115)	(42,238)
Cash and Cash Equivalents, Beginning	1,205,674	1,247,912
CASH AND CASH EQUIVALENTS, ENDING	$ 1,197,559	$ 1,205,674

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

NATURE OF ACTIVITIES

Big Brothers Big Sisters of Metropolitan Chicago (the Organization), an Illinois not-for-profit corporation, creates and supports one-to-one mentoring relationships that ignite the power and promise of youth. The Organization's support comes primarily from corporate, foundation and individual donors' contributions as well as government grants and various fundraising activities. One donor contributed 14% of total revenues for the year ended June 30, 2018. No such concentration existed for the year ended June 30, 2019.

The Organization fulfills its mission through delivery of Community Based Mentoring and a variety of Site Based Mentoring Programs.

Community Based Mentoring Program. Through Community Based Mentoring, youth are matched one-to-one with caring, screened and trained adult volunteer mentors. This program offers Bigs and Littles the opportunity to spend quality time sharing local culture, exploring new educational opportunities, developing new skills and hobbies. Each match is unique, building upon the personalities, life experiences, interests and assets of the Big and Little involved. Every Big and Little is supported throughout the length of their match by a Match Support Specialist, who helps to assess the development of a healthy and positive match relationship.

Site Based Mentoring Programs. Site Based Mentoring operates similarly to Community Based Mentoring in that Bigs and Littles are matched one to one but meet at a prearranged space such as a school, community center or place of business 2-4 times per month with other Big/Little pairs. Each program is facilitated by a Program Coordinator, and includes time for a structured activity, relationship building and free time.

Flex Mentoring Program. This program was developed in partnership with ICouldBe. Employees from various companies were paired with high school students in one-on-one mentoring relationships that take place over a secure, monitored, online platform and in a supervised group setting.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Codification for "Financial Statements of Not-for-Profit Organizations". Under the standards, the Organization is required to report information regarding its financial position based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations plus those resources for which donor-imposed stipulations have been satisfied. Net assets without donor restriction may otherwise be designated for specific purposes by action of the Board of Directors. The Board designated $575,000 for an operating reserve at June 30, 2019 and $725,000 at June 30, 2018.

Net Assets With Donor Restriction - Net assets whose use by the Organization is subject to donor-imposed stipulations that may or will be met either by actions of the Organization, pursuant to those stipulations and/or that expire by the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction, and reported in the statements of activities as net assets released from restrictions.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION (Continued)

Additionally, there may be funds subject to donor-imposed stipulations that the resources be maintained permanently by the Organization. Due to the nature of the reserve fund, the income earned from the net assets with donor restriction in perpetuity is also restricted in perpetuity, and is recorded as revenue with donor restriction (See Note 9).

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction.

SUPPORT REVENUE

All contributions are considered available for use without donor restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restriction that increases that net asset class.

It is the Organization's policy to sell donated securities upon receipt. Grant revenues are recognized in the period in which they are earned. At year-end, deferred revenues are recorded for fundraising revenue received in advance of the event, if any.

CASH AND CASH EQUIVALENTS

The Organization considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash equivalents consist of money market accounts and a certificate of deposit.

RECEIVABLES

Receivables are stated at their net realizable value, which is the amount the Organization expects to collect. Receivables which are expected to be collected in greater than one year are recorded at the present value of their estimated future cash flows. The Organization determines an allowance for doubtful accounts based on past experience and analyses of collectability of the various receivables. The allowance for doubtful accounts was $-0- at June 30, 2019 and 2018. Receivables are charged to bad debt expense or loss when deemed uncollectible.

PROPERTY AND EQUIPMENT

Property and equipment in excess of the capitalization threshold of $2,500 is capitalized and carried at cost. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets which range from 3 years for computer equipment and software to 5 years for furniture, equipment and the phone system, and 6 years for the office buildout.

DEFERRED RENT

Rent expense is recorded on the straight-line method over the life of the leases. Tenant allowances are recorded as a deferred rent liability and amortized over the term of the lease.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTIONS IN-KIND

Contributions of goods and services are recorded at their estimated fair value at the date of contribution. Such contributions are reported as increases in net assets without donor restriction unless the donor has restricted the donation to a specific purpose. In-kind contributions of $97,743 for 2019 included legal services of $10,263, accounting services of $8,575, supplies of $29,081, and $49,824 of event tickets and food used for program activities. In-kind contributions of $197,886 for 2018 included legal services of $28,882, IT services of $5,000, accounting services of $6,750, advertising of $35,000, supplies of $28,491, and $93,763 of event tickets and food used for program activities.

VOLUNTEER SUPPORT (UNAUDITED)

The Organization receives donated time from volunteers as Big Brothers and Big Sisters. This donated time does not meet the criteria for financial statement recognition in conformity with accounting principles generally accepted in the United States, and therefore is not reflected in the accompanying financial statements. Management estimates that these volunteers contributed approximately 88,164 hours in 2019 and 78,551 in 2018. An approximate economic value for this volunteer time contributed for the State of Illinois is $26.89 and $26.02 per hour using the most recent data released by the U.S. Bureau of Labor Statistics for 2019 and 2018, respectively. Applying this rate, the Organization's volunteer mentor services would be valued at $2,370,720 for 2019 and $2,043,897 for 2018. Including the economic value of donated mentor services as part of program expenses would result in the calculation of program expenses as 82% of total Organization expenses and support services as 18% for 2019 and 2018, respectively. Program and support services as a percentage of total Organization expenses in the audited financial statements are 74% and 26% for 2019 and 2018, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses are charged directly to programs or support service categories based upon specific identification where possible. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management. These allocation methods include allocation of personnel and any other costs deemed to be related to time and efforts expended by employees on the different functional categories and allocation of occupancy and related costs using space utilization percentages occupied by the various functions.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a *private foundation* within the meaning of Section 509(a) of the Internal Revenue Code. The Organization is similarly exempt for state purposes.

The Organization follows the guidance in the FASB Codification topic related to uncertainty in income taxes which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Organization has taken or expects to take in its tax returns. Under the guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is "more likely than not” that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. The Organization believes that it has appropriate support for the positions taken on its returns.

The Organization files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Illinois.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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, gains and expenses during the reporting period. Actual results could differ from those estimates.

ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 (Topic 606): *Revenue from Contracts with Customers*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization’s year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Organization has determined that the standard will not have a significant impact on the financial statements. The Organization is currently gathering the appropriate information to implement the standard in a timely manner.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTING PRONOUNCEMENTS (Continued)

The Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which was issued by the Financial Accounting Standards Board (FASB) in August 2016 and was effective for the Organization's year ended June 30, 2019. ASU No. 2016-14 required significant changes to the financial reporting model of organizations that follow the FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions; changes in the way certain information is aggregated and reported by the organization, including required disclosures about the liquidity and availability of resources; and a statement of functional expenses with required disclosure of the allocation methodology. The new standard was applied on a retrospective basis. Other than these additional disclosures and name changes, no revisions were required to the prior year amounts.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending December 31, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The lease standard is expected to increase assets and lease liabilities upon adoption and there is not expected to be a significant impact on expenses or cash flows.

NOTE 2—LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at June 30, 2019:

Cash and Cash Equivalents	$ 1,323,764
Current Receivables, net	1,398,086
Less: Board-Designated Net Assets	(575,000)
Less: Donor Restricted Net Assets	(2,461,984)
	$ (315,134)

As part of its liquidity management plan, the Organization attempts to maintain sufficient cash to meet current operating needs. Although the Organization does not intend to spend their board-designated net assets of $575,000, these amounts comprise their General Operating Reserve Fund and are available for use pursuant to the Organization's policy on the fund. The Organization's policy calls for the General Operating Reserve Fund to be equivalent to 60 days of annual fixed operating expenses and the Organization met or exceeded this target level in 11 out of 12 months for the year ended June 30, 2019.

NOTE 2—LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

Also of note is the fact that $1,523,218 of donor restricted net assets are related to the Organization's Impact (Drive for 5) Campaign. Fundraising for this campaign is restricted to incremental program growth, innovation and marketing, regional outreach, match enrichment activity funding and formation of an endowment.

Additionally, the Organization has a $450,000 line of credit that it could draw upon should the need arise. There were no borrowings for the year ended June 30, 2019.

NOTE 3—CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in deposit accounts at financial institutions, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

NOTE 4—RESTRICTED CASH

Restricted cash includes amounts contributed to serve as a reserve fund restricted in perpetuity, used to support the stability of the Organization and the quality of the Organization's programs (see Note 9).

NOTE 5—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of amounts receivable in:

	2019	2018
Less than One Year	**$ 1,253,185**	$ 1,198,590
One to Five Years	**453,798**	755,823
	1,706,983	1,954,413
Less: Discount to Net Present Value	**27,789**	36,341
Net Pledges Receivable	**1,679,194**	1,918,072
Less Current Portion	**1,253,185**	1,198,590
Long-Term Portion	**$ 426,009**	$ 719,482

The discount rate used in determining the net present value of unconditional promises to give is 3.50% for the years ended June 30, 2019 and 2018.

NOTE 6—PROPERTY AND EQUIPMENT

Depreciable and amortizable assets at June 30 consist of:

	2019	2018
Furniture and Fixtures	**$ 44,901**	$ 44,901
Phone System	**34,535**	34,535
IT Equipment and Server	**192,924**	166,839
Office Build-out	**339,910**	339,910
	612,270	586,185
Less Accumulated Depreciation and Amortization	**339,127**	253,939
	$ 273,143	$ 332,246

NOTE 7—LINE OF CREDIT

The Organization maintains a revolving line of credit with a maximum borrowing base of $450,000. The line of credit is renewed annually in March and is currently effective through March 27, 2020. The line is collateralized by all of the Organization's business assets. The credit agreement requires that the line be paid down to $-0- for at least 15 consecutive days once per year, and contains other restrictive covenants as defined in the agreement. There was no outstanding balance on the line of credit at June 30, 2019 and 2018. Interest is payable monthly on the outstanding balance at the bank's prime lending rate (5.50% at June 30, 2019). As there were no borrowings for the years ended June 30, 2019 and 2018, there was no interest expense.

NOTE 8—NET ASSETS WITH DONOR RESTRICTION

	2019	2018
Impact Campaign	**$ 1,523,218**	$ 1,720,955
Programs in Highland Park	**29,250**	41,500
Site Based – Accenture	**—**	10,000
Site Based – Abbvie	**30,000**	20,000
Site Based – Bank of America	**20,000**	20,000
Site Based – Berger Schatz	**—**	10,000
Site Based – Blue Cross Blue Shield	**—**	20,000
Site Based – BNY Mellon	**20,000**	25,000
Site Based – Cardinal Health	**—**	5,000
Site Based – Comcast Foundation	**5,000**	5,000
Site Based – Deloitte	**—**	4,000
Site Based – DRW Trading	**25,000**	25,000
Site Based – Paylocity	**10,000**	—
Site Based – Publicis	**10,000**	—
Site Based – S&C Electric	**20,000**	20,000
Site Based – Wells Fargo	**20,000**	25,000
Site Based – Vernon Hills	**3,000**	3,000
Site Based – Various Programs FY19	**—**	62,500
Site Based – Various Programs FY20	**210,835**	—
Community Based	**139,833**	188,333
Inspire Change	**19,125**	—
Match Enrichment	**154,444**	119,418
Scholarship	**5,000**	5,000
Time Restricted	**91,074**	117,218
	$ 2,335,779	$ 2,446,924

Amounts released from restrictions during the year ended June 30, 2019 were $3,109,691 representing $827,582 of Impact Campaign expenditures, $70,750 of programs in Highland Park, $1,356,942 of site-based expenses, $457,316 of community-based expenses, $10,000 of expenses related to high school mentoring, $130,349 of scholarships related to match enrichment, and $256,752 of time restricted net assets.

NOTE 8—NET ASSETS WITH DONOR RESTRICTION (Continued)

Amounts released from restrictions during the year ended June 30, 2018 were $2,935,644, representing $677,857 of Impact Campaign expenditures, $50,000 of legacy awards, $82,500 of programs in Highland Park, $1,448,251 of site-based expenses, $400,917 of community-based expenses, $21,438 of expenses related to high school mentoring, $96,090 of scholarships related to match enrichment, $9,780 of physical health and well-being initiative expenses, and $148,811 of time restricted net assets.

NOTE 9—NET ASSETS WITH DONOR RESTRICTION IN PERPETUITY AND ENDOWMENT FUNDS

The Organization's endowment consists of one fund restricted in perpetuity established to act as an operating reserve fund for the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

INVESTMENT RETURN OBJECTIVES, RISK PARAMETERS AND STRATEGIES, AND SPENDING POLICY

The Board of Directors of the Organization has adopted investment and spending policies for endowment assets that attempt to provide for appropriate preservation of capital of the endowment funds. The endowment is invested in accordance with the gift instrument in a separate interest bearing account.

The Organization may withdraw endowment funds as deemed necessary to support the stability of the Organization and the quality of the Organization's programs. The Organization must repay funds withdrawn, by the close of the next fiscal year following the year which they were withdrawn. The Organization's Board of Directors has determined that these funds will be used after the Organization's unrestricted cash reserves and line of credit have been exhausted.

Endowment net assets composition by type of fund as of June 30 is as follows:

	2019	2018
Donor-Restricted Endowment Funds	**$ 126,205**	$ 125,512

NOTE 9—NET ASSETS WITH DONOR RESTRICTION IN PERPETUITY AND ENDOWMENT FUNDS (Continued)

INVESTMENT RETURN OBJECTIVES, RISK PARAMETERS AND STRATEGIES, AND SPENDING POLICY (Continued)

Changes in endowment net assets for the years ended June 30 are as follows:

	2019	2018
Endowment Net Assets, Beginning of Year	**$ 125,512**	$ 125,387
Interest Income	**693**	125
Endowment Net Assets, End of Year	**$ 126,205**	$ 125,512

Due to the nature of the reserve fund, the income earned from the net assets with donor restriction in perpetuity is also restricted in perpetuity and is recorded as with donor restriction.

NOTE 10—LEASE COMMITMENTS

In March, 2016, the Organization signed a new lease agreement expanding the Organization's office space by 2,736 square feet. The new lease expires on December 31, 2023. The lease provides for monthly rental payments increasing annually plus a pro rata share of operating costs. The Organization also received $250,000 in tenant improvements. In lieu of a security deposit, the landlord accepted an irrevocable standby letter of credit. The value of the letter of credit was $96,525 at June 30, 2019, and June 30, 2018. The letter of credit was extended to March 27, 2020.

In April 2019, the Organization signed a lease agreement for 2,608 square feet of office space at Kennedy-King College which expires on March 31, 2022. The lease provides for monthly rental payments of $2,608.

In September, 2012, the Organization entered into a noncancelable operating lease for telephone equipment, which expired September, 2015. The Organization has continued renting this equipment on a month-to-month basis for $302 per month, which ended in January 2018. In May, 2013, the Organization entered into a noncancelable operating lease for equipment, with rent payments beginning in July, 2013, which expired June, 2017. A lease was entered into for new office equipment, with rent payments of $521 per month beginning in July 2017, which expires June 2021.

Rent expense for the year ended June 30, 2019 was $351,610, of which $2,995 was attributable to off-site storage. Rent expense for the year ended June 30, 2018 was $332,610, of which $3,234 was attributable to off-site storage. All amounts are included in occupancy expense in the statements of functional expenses for the years ended June 30, 2019 and 2018.

Minimum rental commitments under noncancelable lease agreements are as follows:

Year Ending June 30	
2020	$ 319,621
2021	327,143
2022	320,591
2023	304,641
2024	154,201
	$ 1,426,197

NOTE 11—EMPLOYEE BENEFIT PLAN

On January 1, 2004, the Organization adopted an employee benefit plan pursuant to Internal Revenue Code Section 401(k) where participants may make contributions from their gross pay up to the maximum allowed by law. On July 31, 2006, the plan was restated to allow the Organization to make discretionary profit sharing and/or discretionary matching contributions. The Organization made matching contributions of 100% of employee contributions up to 3% of the employee's gross compensation until February 2009. The Organization reinstated the matching contributions as of February 1, 2011. The Organization will match fifty cents on the dollar up to 3% of the participating employee's contribution, with a cap of $2,100. A vesting schedule has been established which is tied to an employee's tenure at the Organization. The Organization made contributions of $22,943 to the plan for the year ended June 30, 2019 and $27,103 for the year ended June 30, 2018.

NOTE 12—RELATED PARTY TRANSACTIONS

Contributions from officers, former officers, board members and companies whose directors are also board members amounted to $1,189,997 for the year ended June 30, 2019, including $19,027 of in-kind auction and raffle donations and $8,263 of donated legal services, and $776,276 for the year ended June 30, 2018, including $8,494 of in-kind auction and raffle donations and $26,288 of donated legal services. There were unconditional promises to give of $590,304 at June 30, 2019 and $944,929 at June 30, 2018 from members of the board of directors and their related companies or officers of the Organization, net of discounts.

NOTE 13—RECLASSIFICATION

Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE 14—SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2019, the date which the financial statements were available to be issued. There were no subsequent events that require disclosure.