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EASTER SEALS JOLIET REGION, INC.

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2015 AND 2014

Wealth Advisory

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Easter Seals Joliet Region, Inc.
Joliet, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Easter Seals Joliet Region, Inc., which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities and changes in net assets, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 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 auditors' 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 financial position of Easter Seals Joliet Region, Inc. as of August 31, 2015 and 2014, 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.

CliftonLarsonAllen LLP

Oak Brook, Illinois
November 24, 2015

EASTER SEALS JOLIET REGION, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2015

	Operating	Land, Buildings, and Equipment	Endowment	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 427,471	$ -	$ -	$ 427,471
Investments	1,277,006	-	-	1,277,006
Accounts Receivable, Net of Allowance of $370,352	524,026	-	-	524,026
Prepaid Expenses and Other Assets	122,177	-	-	122,177
Total Current Assets	2,350,680	-	-	2,350,680
NONCURRENT ASSETS				
Investments	-	-	107,478	107,478
Land, Buildings, and Equipment, Net	-	5,327,869	-	5,327,869
Total Noncurrent Assets	-	5,327,869	107,478	5,435,347
Total Assets	$ 2,350,680	$ 5,327,869	$ 107,478	$ 7,786,027
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses	$ 686,434	$ -	$ -	$ 686,434
Current Portion of Long-Term Debt	-	106,161	-	106,161
Deferred Revenue	4,657	-	-	4,657
Total Current Liabilities	691,091	106,161	-	797,252
LONG-TERM DEBT, NET OF CURRENT PORTION	-	1,655,413	-	1,655,413
Total Liabilities	691,091	1,761,574	-	2,452,665
NET ASSETS				
Unrestricted:				
Designated for Future Programs	1,322,107	-	-	1,322,107
Undesignated	337,482	3,566,295	-	3,903,777
Total Unrestricted	1,659,589	3,566,295	-	5,225,884
Temporarily Restricted	-	-	7,478	7,478
Permanently Restricted	-	-	100,000	100,000
Total Net Assets	1,659,589	3,566,295	107,478	5,333,362
Total Liabilities and Net Assets	$ 2,350,680	$ 5,327,869	$ 107,478	$ 7,786,027

See accompanying Notes to Financial Statements.

EASTER SEALS JOLIET REGION, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2014

	Operating	Land, Buildings, and Equipment	Endowment	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 391,550	$ -	$ -	$ 391,550
Investments	1,285,346	-	-	1,285,346
Accounts Receivable, Net of Allowance of $267,719	636,903	-	-	636,903
Prepaid Expenses and Other Assets	102,708	-	-	102,708
Total Current Assets	2,416,507	-	-	2,416,507
NONCURRENT ASSETS				
Investments	-	-	129,614	129,614
Land, Buildings, and Equipment, Net	-	5,401,516	-	5,401,516
Total Noncurrent Assets	-	5,401,516	129,614	5,531,130
Total Assets	$ 2,416,507	$ 5,401,516	$ 129,614	$ 7,947,637
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses	$ 697,917	$ 39,305	$ -	$ 737,222
Current Portion of Long-Term Debt	-	97,809	-	97,809
Deferred Revenue	194,411	-	-	194,411
Total Current Liabilities	892,328	137,114	-	1,029,442
LONG-TERM DEBT, NET OF CURRENT PORTION	-	1,758,027	-	1,758,027
Total Liabilities	892,328	1,895,141	-	2,787,469
NET ASSETS				
Unrestricted:				
Designated for Future Programs	1,333,594	-	-	1,333,594
Undesignated	190,585	3,506,375	-	3,696,960
Total Unrestricted	1,524,179	3,506,375	-	5,030,554
Temporarily Restricted	-	-	29,614	29,614
Permanently Restricted	-	-	100,000	100,000
Total Net Assets	1,524,179	3,506,375	129,614	5,160,168
Total Liabilities and Net Assets	$ 2,416,507	$ 5,401,516	$ 129,614	$ 7,947,637

See accompanying Notes to Financial Statements.

EASTER SEALS JOLIET REGION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2015

	Operating	Land, Buildings, and Equipment	Endowment	Total
UNRESTRICTED NET ASSETS				
Public Support and Revenue:				
Support from General Public	$ 16,805	$ 11,570	$ -	$ 28,375
Support from Foundations and Trust	79,740	-	-	79,740
Special Fundraising Events, Net	270,753	-	-	270,753
United Way Allocation	130,370	-	-	130,370
Government Service Fees	5,781,458	15,000	-	5,796,458
Government Grants	412,262	114,093	-	526,355
Program Service Fees	2,593,353	-	-	2,593,353
Investment Loss	(4,853)	-	-	(4,853)
Contracted Services	156,997	-	-	156,997
Miscellaneous	51,992	-	-	51,992
Net Assets Released from Restrictions	21,000	-	-	21,000
Total Public Support and Revenue	9,509,877	140,663	-	9,650,540
EXPENSES				
Program Services:				
Direct Patient Services	8,220,672	311,505	-	8,532,177
Supporting Services:				
Management and General	715,442	15,030	-	730,472
Fundraising	147,960	2,872	-	150,832
Total Program and Supporting Services Expense	9,084,074	329,407	-	9,413,481
Increase (Decrease) in Unrestricted Net Assets Before Other Items	425,803	(188,744)	-	237,059
OTHER ITEMS				
Payments to National Organization	(41,729)	-	-	(41,729)
Transfers Between Funds	(248,664)	248,664	-	-
Increase in Unrestricted Net Assets	135,410	59,920	-	195,330
TEMPORARILY RESTRICTED NET ASSETS				
Investment Loss	-	-	(1,136)	(1,136)
Net Assets Released from Restrictions	-	-	(21,000)	(21,000)
Decrease in Temporarily Restricted Net Assets	-	-	(22,136)	(22,136)
CHANGES IN NET ASSETS	135,410	59,920	(22,136)	173,194
Net Assets - Beginning of Year	1,524,179	3,506,375	129,614	5,160,168
NET ASSETS - END OF YEAR	$ 1,659,589	$ 3,566,295	$ 107,478	$ 5,333,362

See accompanying Notes to Financial Statements.

EASTER SEALS JOLIET REGION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2014

	Operating	Land, Buildings, and Equipment	Endowment	Total
UNRESTRICTED NET ASSETS				
Public Support and Revenue:				
Support from General Public	$ 17,508	$ 7,500	$ -	$ 25,008
Support from Foundations and Trust	63,800	170,000	-	233,800
Special Fundraising Events, Net	271,976	-	-	271,976
Donated Group Home	-	75,000		75,000
United Way Allocation	129,015	-	-	129,015
Government Service Fees	5,480,626	2,344	-	5,482,970
Government Grants	423,016	49,908	-	472,924
Program Service Fees	2,357,097	-	-	2,357,097
Investment Income	172,351	-	-	172,351
Contracted Services	117,675	-	-	117,675
Miscellaneous	57,718	-	-	57,718
Net Assets Released from Restrictions	20,000	-	-	20,000
Total Public Support and Revenue	9,110,782	304,752	-	9,415,534
EXPENSES				
Program Services:				
Direct Patient Services	7,765,008	298,546	-	8,063,554
Supporting Services:				
Management and General	781,315	15,552	-	796,867
Fundraising	141,958	2,913	-	144,871
Total Program and Supporting Services Expense	8,688,281	317,011	-	9,005,292
Increase (Decrease) in Unrestricted Net Assets Before Other Items	422,501	(12,259)	-	410,242
OTHER ITEMS				
Payments to National Organization	(40,747)	-	-	(40,747)
Transfers Between Funds	(301,365)	301,365	-	-
Increase in Unrestricted Net Assets	80,389	289,106	-	369,495
TEMPORARILY RESTRICTED NET ASSETS				
Investment Income	-	-	24,315	24,315
Net Assets Released from Restrictions	-	-	(20,000)	(20,000)
Increase in Temporarily Restricted Net Assets	-	-	4,315	4,315
CHANGES IN NET ASSETS	80,389	289,106	4,315	373,810
Net Assets - Beginning of Year	1,443,790	3,217,269	125,299	4,786,358
NET ASSETS - END OF YEAR	$ 1,524,179	$ 3,506,375	$ 129,614	$ 5,160,168

See accompanying Notes to Financial Statements.

EASTER SEALS JOLIET REGION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services	Supporting Services		
	Direct Patient Services	Management and General	Fundraising	Total
Employee Compensation	$ 5,055,072	$ 494,228	$ 41,125	$ 5,590,425
Employee Benefits	763,357	102,677	4,094	870,128
Payroll Taxes	374,956	35,047	3,152	413,155
Contractual Services	421,993	27,037	65,626	514,656
Audit and Tax Preparation Fees	-	26,292	-	26,292
Supplies	127,430	3,263	2,584	133,277
Telephone	55,425	1,994	4,371	61,790
Postage and Shipping	10,739	490	4,576	15,805
Utilities	81,183	3,049	712	84,944
Rent	114,586	154	11	114,751
Repairs and Maintenance	208,007	11,388	8,708	228,103
Travel and Transportation	140,409	950	527	141,886
Conferences, Conventions, and Meetings	17,508	452	25	17,985
Assistance to Individuals	772,349	-	-	772,349
Printing and Publications	3,033	144	5,040	8,217
Membership Fees	1,948	985	102	3,035
Insurance	53,023	4,002	288	57,313
Interest	77,608	1,691	17	79,316
Miscellaneous	16,768	3,077	7,002	26,847
Depreciation	236,783	13,552	2,872	253,207
Total Functional Expenses	$ 8,532,177	$ 730,472	$ 150,832	$ 9,413,481

See accompanying Notes to Financial Statements.

EASTER SEALS JOLIET REGION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014

	Program Services	Supporting Services		
	Direct Patient Services	Management and General	Fundraising	Total
Employee Compensation	$ 4,753,637	$ 562,285	$ 38,360	$ 5,354,282
Employee Benefits	669,848	119,367	3,614	792,829
Payroll Taxes	351,693	40,114	2,946	394,753
Contractual Services	397,813	18,014	64,630	480,457
Audit and Tax Preparation Fees	-	11,361	-	11,361
Supplies	118,611	2,598	2,917	124,126
Telephone	47,728	2,034	1,485	51,247
Postage and Shipping	11,802	1,093	5,120	18,015
Utilities	80,888	3,223	741	84,852
Rent	105,277	159	11	105,447
Repairs and Maintenance	239,463	12,596	8,584	260,643
Travel and Transportation	161,801	744	926	163,471
Conferences, Conventions, and Meetings	16,065	167	4	16,236
Assistance to Individuals	729,053	-	-	729,053
Printing and Publications	3,031	807	3,230	7,068
Membership Fees	2,762	599	15	3,376
Insurance	47,065	3,776	275	51,116
Interest	83,914	2,054	9	85,977
Miscellaneous	26,992	2,264	9,091	38,347
Depreciation	216,111	13,612	2,913	232,636
Total Functional Expenses	$ 8,063,554	$ 796,867	$ 144,871	$ 9,005,292

See accompanying Notes to Financial Statements.

EASTER SEALS JOLIET REGION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 173,194	$ 373,810
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized and Unrealized Loss (Gain) on Investments	69,217	(157,909)
Provision for Uncollectible Accounts	102,633	128,387
Donated Group Home	-	(75,000)
Contributions Restricted for Capital Improvements	(140,663)	(199,908)
Depreciation	253,207	232,636
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	10,244	(362,665)
Prepaid Expenses and Other Assets	(19,469)	(64,186)
Accounts Payable and Accrued Expenses	(50,788)	157,740
Deferred Revenue	(189,754)	(6,985)
Net Cash Provided by Operating Activities	207,821	25,920
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings, and Equipment	(179,560)	(492,063)
Purchase of Investments	(917,434)	(1,110,264)
Sale or Redemption of Investments	878,693	1,073,109
Net Cash Used in Investing Activities	(218,301)	(529,218)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Capital Improvements	140,663	199,908
Proceeds from Long Term Debt	-	155,000
Principal Payments on Long-Term Debt	(94,262)	(167,854)
Net Cash Provided by Financing Activities	46,401	187,054
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	35,921	(316,244)
Cash and Cash Equivalents - Beginning of Year	391,550	707,794
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 427,471	$ 391,550

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Easter Seals Joliet Region, Inc. (the Agency) is an Illinois nonprofit corporation which provides comprehensive physical, medical, and rehabilitation services to the public. The purpose of the Agency is to assist physically and mentally disabled children and adults in Will, Grundy, Kendall, Kankakee, Ford, and Iroquois counties of Illinois to achieve independent living, optimal communication skills and an earned income. Activities are conducted from its headquarters office in Joliet, Illinois, and facilities in various other locations. The mission of the Agency is to provide exceptional services to ensure that people with disabilities or special needs and their families have equal opportunity to live, learn, work, and play in their communities.

The Agency achieved a change in net assets for the years ended August 31, 2015 and 2014 of $173,194 and $373,810, respectively. This change in net assets is reflected as an increase in net assets on the statements of activities and changes in net assets. Adjusting for items invested for future agency program and capital needs, the operating surplus (deficit) is as follows:

	2015	2014
Total Change in Net Assets	$ 173,194	$ 373,810
Less:		
Bequests/Estate Gifts	(1,762)	-
Capital Gifts	(140,663)	(304,752)
Investment Loss (Income)	5,989	(196,666)
Total Non-Operating Adjustments	(136,436)	(501,418)
Adjusted Operating Surplus (Deficit)	$ 36,758	$ (127,608)

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting and are presented in conformity with nonprofit financial reporting standards. In accordance with the limitations, designations, and restrictions placed on the use of resources available to the Agency, the following classifications are utilized according to the nature and purpose of the resources:

Unrestricted Net Assets – Unrestricted net assets represent net assets that are not subject to donor-imposed restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by donor. Unrestricted net assets are reported as either designated for future programs or as undesignated. Designated for future programs are funds held in separate accounts that are to be used for specific agency programs and services as approved by the board of directors (board) of the Agency.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Presentation (Continued)

Temporarily Restricted Net Assets – Temporarily restricted net assets are assets subject to donor-imposed restrictions that may or will be met, either by actions of the Agency and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are transferred to unrestricted net assets and are reported in the statements of activities and changes in net assets as net assets released from restriction. However, temporarily restricted contributions whose restrictions are met in the same fiscal year are included as increases in unrestricted net assets.

Permanently Restricted Net Assets – Permanently restricted net assets are subject to donor-imposed restrictions that will not terminate. The principal amount of the funds is held in perpetuity and is invested, while any investment return generated by the fund is temporarily restricted as to purpose. Declines in fair value of the investment are charged first and to the extent of any unutilized investment return recorded in temporarily restricted net assets, and then to unrestricted net assets. In the event unrestricted net assets are charged for any declines, future investment returns would first be credited to replenish unrestricted net assets, to the extent of any amounts previously charged.

Accounting Policies

The Agency follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial position, results of activities, and cash flows. References to accounting principles generally accepted in the United States of America in these footnotes are to the FASB Accounting Standards Codification™, sometimes referred to as the Codification or ASC.

Revenue Recognition

The Agency recognizes public support consisting of contributions in the period received or earlier, at the time a donor provides an unconditional promise to pay. Government grants received in advance are recorded initially as deferred revenue and are then recognized as revenue as earned, which generally occurs when services are provided and expenses are incurred. Government and program service fees are recognized as earned.

Cash and Cash Equivalents

Cash and cash equivalents includes highly liquid interest-bearing depository and money market accounts. The Agency considers all highly liquid instruments with an original maturity date of three months or less to be cash equivalents. Cash deposits may exceed federally insured limits from time to time. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are recorded at fair value. Changes in fair value are recorded as unrealized gains (losses). Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the fair value of investments will occur in the near term and such changes could materially affect the amounts reported.

Accounts Receivable

Accounts receivable is comprised of service fees charged to insurance companies, individuals, and governmental agencies and is reported net of an allowance, determined by management based on historical collection experience and analysis of specific accounts. Uncollectible accounts are written off in the year they are deemed to be worthless.

Land, Buildings, and Equipment

Expenditures for the acquisition of land, buildings, and equipment are capitalized at cost. The fair value of any donated land, buildings, and equipment is similarly capitalized. Acquisition of property and equipment in excess of $1,000 is capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which is 40 years for buildings and improvements and group homes, and a range of 3 to 10 years for furniture and equipment, vehicles, office equipment, computer software, and leasehold improvements.

Impairment of Long-Lived Assets

The Agency reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. No events have occurred to cause the review of long-lived assets.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities and changes in net assets. Expenses are charged to each function based on direct expenditures incurred. Expenditures not directly charged are allocated to the programs based on the proportional use of the service provided and the Agency’s cost allocation plan.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expense during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Agency, an Illinois nonprofit corporation, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable state law, except for taxes pertaining to unrelated business income, if any.

The Agency follows the accounting standard on accounting for uncertainty in income taxes, which 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 this guidance, the Agency 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 Agency, and various positions related to the potential sources of unrelated business taxable income. 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. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest, and penalties on income taxes, and accounting in interim periods. At August 31, 2015 and 2014, there were no uncertain tax positions identified or recorded as assets or liabilities.

The Agency files Form 990 in the U.S. federal jurisdiction and the state of Illinois.

Reclassifications

Certain reclassifications have been made to the August 31, 2014 financial statement amounts in order to conform to the August 31, 2015 presentation. These reclassifications have had no impact on the total assets, net assets, or changes in net assets previously reported.

Pending Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers.* This guidance supersedes current revenue recognition and most industry specific guidance. Under this standard, the core principle is that “an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services”. The standard requires that revenue is recognized as performance obligations within the contracts are satisfied. The standard is effective for years beginning after December 15, 2018. The Agency has not determined the impact of the adoption of ASU No. 2014-09 on its financial statements.

NOTE 2 INVESTMENTS

Investments consist of the following at August 31:

	2015		2014	
	Cost	Market Value	Cost	Market Value
Fixed Income:				
Global Bond Funds	$ 26,384	$ 22,995	$ 32,702	$ 34,592
Short-Term Bond Funds	335,407	332,379	325,289	326,474
High-Yield Bond Funds	18,686	17,920	59,920	59,900
Equities:				
Large Blend Funds	279,713	264,890	148,593	161,675
Large Growth Funds	337,902	331,218	239,765	244,781
Large Value Funds	322,046	266,035	343,573	343,412
Mid Cap Funds	6,126	-	45,973	49,118
Small Cap Funds	81,566	78,224	37,549	40,169
Other Strategy Funds	78,848	70,823	147,997	154,839
Total	$ 1,486,678	$ 1,384,484	$ 1,381,361	$ 1,414,960

The components of investment income (loss) included in both unrestricted and temporarily restricted net assets for the years ended August 31 are as follows:

	2015	2014
Interest Income, Dividends, and Capital Gain Distributions	$ 63,228	$ 38,757
Unrealized (Loss) Gain on Investments	(102,194)	42,725
Realized Gain on Sale or Redemption of Investments	32,977	115,184
Total	$ (5,989)	$ 196,666

NOTE 3 FAIR VALUE DISCLOSURES

The fair value measurements and disclosures topic of the ASC defines fair value as 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 and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the topic as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the topic are described below:

NOTE 3 FAIR VALUE DISCLOSURES (CONTINUED)

Level 1 – Quoted market prices in active markets, such as the New York Stock Exchange, 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 Agency assesses the levels at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Agency's accounting policy regarding the recognition of the transfer between levels of the fair value hierarchy. For the years ended August 31, 2015 and 2014, there were no such transfers.

For the years ended August 31, 2015 and 2014, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis:

Investment Securities

The fair values of publicly-traded mutual funds are based upon market quotations of national security exchanges.

All investments of the Agency are considered Level 1 investments.

NOTE 4 LAND, BUILDINGS, AND EQUIPMENT

A summary of land, buildings, and equipment as of August 31 is as follows:

	2015	2014
Land	$ 894,348	$ 894,348
Buildings and Improvements	3,819,837	3,819,837
Group Homes	2,661,511	2,515,206
Leasehold Improvements	8,022	8,022
Furniture and Equipment	463,826	462,037
Vehicles	257,824	236,259
Office Equipment/Computer Software	176,996	167,096
Total	8,282,364	8,102,805
Less Accumulated Depreciation	2,954,495	2,701,289
Total Land, Buildings, and Equipment	$ 5,327,869	$ 5,401,516

Depreciation expense for the years ended August 31, 2015 and 2014 was $253,207 and $232,636, respectively.

NOTE 5 LINE OF CREDIT

The Agency has a $700,000 unsecured bank line of credit that expires on January 15, 2016. Interest is payable monthly and accrues at a rate equivalent to the bank's prime rate less 0.25% (which was 3% at August 31, 2015 and 2014). There was $-0- in borrowings outstanding under this line at August 31, 2015 and 2014.

NOTE 6 LONG-TERM DEBT

At August 31 the Agency had the following mortgage note obligations:

	2015	2014
Mortgage note payable to Standard Bank, payable in monthly installments of $5,301 and a final installment of $557,169, including interest at 2.85% per annum, collateralized by certain real property, due on November 5, 2018.	$ 695,887	$ 739,024
Mortgage note payable to First Midwest Bank, payable in monthly installments of $2,495 and a final installment of $171,326, including interest at 5% per annum, collateralized by certain real property, due on January 7, 2017.	199,573	216,855
Mortgage note payable to First Midwest Bank, payable in monthly installments of $4,615 and a final installment of $591,886, including interest at 4.99% per annum, collateralized by certain real property, due on June 1, 2017.	567,922	588,228
Mortgage note payable to Standard Bank, payable in monthly installments of $1,094 and a final installment of $143,506, including interest at 4.50% per annum, collateralized by certain real property, due on September 5, 2017.	155,040	160,997
Mortgage note payable to Standard Bank, payable in monthly installments of $1,176 and a final installment of $115,803, including interest at 4.375% per annum, collateralized by certain real property, due on January 31, 2019.	143,152	150,732
Total debt	1,761,574	1,855,836
Less current portion	106,161	97,809
Total long-term debt	$ 1,655,413	$ 1,758,027

NOTE 6 LONG-TERM DEBT (CONTINUED)

Future required principal payments by fiscal year at August 31, 2015 are as follows:

Years Ending August 31	Amount
2016	$ 106,161
2017	783,722
2018	198,815
2019	564,089
2020	108,787
Total	$ 1,761,574

NOTE 7 OPERATING LEASES

The Agency leases certain space and equipment under various leases with maturity dates through November 10, 2018. Rent expense for the years ended August 31, 2015 and 2014 totaled $114,751 and $105,447, respectively. Future minimum rental commitments under these leases by fiscal year at August 31, 2015 are as follows:

Years Ending August 31	Amount
2016	$ 76,497
2017	36,214
2018	22,372
2019	7,305
Total	$ 142,388

NOTE 8 RELATED PARTIES

The Agency has an ongoing relationship with National Easter Seals. For the years ended August 31, 2015 and 2014, the Agency paid $41,729 and $40,747, respectively, in membership dues to the Easter Seals network. National Easter Seals provides assistance in staff development, public relations, and donor solicitation.

NOTE 9 RETIREMENT PLANS

The Agency has a salary deferred plan under Section 401(k) of the IRC. Employees are eligible once they have attained age 21 and completed one year of service. Beginning on January 1, 2012, the Agency matches $0.50 on the dollar up to 3% of gross wages following the first year of employment with at least 1,000 hours. The Agency's contribution to the 401(k) plan was $37,934 and $37,891 for the years ended August 31, 2015 and 2014, respectively. The Agency's match portion is vested ratably over a five-year period.

NOTE 9 RETIREMENT PLANS (CONTINUED)

All non-union employees 21 years of age or older with three years or more years of service are eligible for the simplified employee pension plan, which is a defined contribution plan under Section 401(k). Contributions to the simplified employee pension plan, based on participants' salaries, are discretionary and totaled $6,772 and $5,754 for the years ended August 31, 2015 and 2014, respectively.

NOTE 10 SUPPORT FROM GOVERNMENTAL UNITS AND CONTINGENCIES

The Agency receives a significant portion of its support and revenue from the state of Illinois, primarily through the Illinois Department of Human Services and the Illinois Department of Children and Family Services. A portion of this support passes through the state from the federal government. A significant reduction in the level of this support, if this were to occur, could have a significant effect on the Agency's programs and activities. This support is subject to review and final determination by the state of Illinois. The Agency does not anticipate any significant adjustments upon final review and determination. See Note 11 for concentration of revenue associated with these entities.

NOTE 11 CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of information about current vulnerabilities due to certain concentrations. These matters include the following:

Concentration of Revenue

The Agency receives a substantial amount of its revenue from grants and contracts with various governmental agencies. Approximately 58% and 55% of total support and revenues during the years ended August 31, 2015 and 2014, respectively, were received from these government contracts and grants.

Amounts due from the Illinois Department of Human Services and Illinois Department of Children and Family Services represent approximately 15% and 24% of the total outstanding accounts receivable balance as of August 31, 2015 and 2014, respectively.

Collective Bargaining Agreement

The Agency currently has a collective bargaining agreement in place which covers approximately 36% of the employees. The most recent agreement was effective January 1, 2014 and will expire on December 31, 2016. No amounts were paid on behalf of union employees during the years ended August 31, 2015 and 2014.

NOTE 12 ENDOWMENT FUNDS

Interpretation of Relevant Law

The board of the Agency has interpreted Illinois 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 Agency classified as permanently restricted net assets: (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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA.

The changes in endowment net assets for the Agency were as follows for the years ended August 31:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	$ -	$ 29,614	$ 100,000	$ 129,614
Investment Return:				
Investment Income	-	6,407	-	6,407
Net Depreciation (Realized and Unrealized)	-	(7,543)	-	(7,543)
Released from Restrictions	-	(21,000)	-	(21,000)
Total Investment Return	-	(22,136)	-	(22,136)
Endowment Net Assets - End of Year	$ -	$ 7,478	$ 100,000	$ 107,478

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	$ -	$ 25,299	$ 100,000	$ 125,299
Investment Return:				
Investment Income	-	3,737	-	3,737
Net Appreciation (Realized and Unrealized)	-	20,578	-	20,578
Released from Restrictions	-	(20,000)	-	(20,000)
Total Investment Return	-	4,315	-	4,315
Endowment Net Assets - End of Year	$ -	$ 29,614	$ 100,000	$ 129,614

NOTE 12 ENDOWMENT FUNDS (CONTINUED)

Fund Deficiency

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Agency to retain as a fund of perpetual duration. No such deficiencies of this nature were reported as of August 31, 2015 and 2014.

Return Objectives and Risk Parameters

In consideration of the donor's intent, the Agency established a segregated endowment fund. All gifts to the fund may be invested and reinvested from time to time without restriction as to kind, at the Agency's board's sole discretion. The Agency adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce results that exceed the total return results set in the investment policy, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

All gifts to the fund may be invested and reinvested from time to time without restriction as to kind, at the Agency's board's sole discretion. Income from the fund is considered temporarily restricted, required to be utilized specifically for land, buildings, improvements, furniture, equipment, and vehicles that support the Agency's mission.

NOTE 13 CASH FLOW DISCLOSURES

There were no non-cash investing and financing transactions for the year ended August 31, 2015.

The Agency received a donated group home totaling $75,000 through an individual contribution during the year ended August 31, 2014.

The Agency paid interest of $79,316 and $85,977 during the years ended August 31, 2015 and 2014, respectively.

NOTE 14 SUBSEQUENT EVENTS

Management evaluated subsequent events through November 24, 2015, the date the financial statements were available to be issued. Events or transactions occurring after August 31, 2015, but prior to November 24, 2015 that provided additional evidence about conditions that existed at August 31, 2015, have been recognized in the financial statements for the year ended August 31, 2015. Events or transactions that provided evidence about conditions that did not exist at August 31, 2015 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended August 31, 2015.