ZACHARIAS SEXUAL ABUSE CENTER

FINANCIAL STATEMENTS

JUNE 30, 2018

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Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Zacharias Sexual Abuse Center
Gurnee, Illinois

We have audited the accompanying financial statements of ZACHARIAS SEXUAL ABUSE CENTER (an Illinois nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, 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 ZACHARIAS SEXUAL ABUSE CENTER as of June 30, 2018 and 2017, 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.

Report on Summarized Comparative Information

We have previously audited the ZACHARIAS SEXUAL ABUSE CENTER's financial statements for the year ended June 30, 2017, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2017. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Warady & Davis LLP

December 21, 2018

STATEMENTS OF FINANCIAL POSITION

As of June 30	**2018**	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ **803,391**	$ 894,057
Grants and Other Receivables	**115,829**	108,571
Prepaid Expenses	**18,524**	16,292
Pledges Receivable	**77,845**	121,763
Investments	**3,076,868**	2,880,607
Total Current Assets	**4,092,457**	4,021,290
PROPERTY AND EQUIPMENT, net of Accumulated Depreciation	**2,551,924**	2,504,086
INTANGIBLES, net of Accumulated Amortization	**5,281**	12,322
RESTRICTED CASH AND CASH EQUIVALENTS	**205,700**	205,700
TOTAL ASSETS	$ **6,855,362**	$ 6,743,398
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Mortgage Loans Payable	$ **225,857**	$ 38,581
Accounts Payable	**1,892**	—
Accrued Salaries and Payroll Taxes	**55,377**	41,660
Accrued Vacation	**42,771**	34,479
Total Current Liabilities	**325,897**	114,720
LONG-TERM LIABILITIES		
Mortgage Loans Payable	**154,720**	380,404
NET ASSETS		
Unrestricted		
Board-Designated	**5,558,384**	5,064,170
Unrestricted and Undesignated	**474,851**	791,469
	6,033,235	5,855,639
Temporarily Restricted	**135,810**	186,935
Permanently Restricted Endowment Fund	**205,700**	205,700
Total Net Assets	**6,374,745**	6,248,274
TOTAL LIABILITIES AND NET ASSETS	$ **6,855,362**	$ 6,743,398

See accompanying notes.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30	2018				2017
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Summarized Total
SUPPORT AND REVENUE					
Public Support					
United Way	**$ 34,056**	**$ 31,310**	**$**	**$ 65,366**	$ 68,475
ICASA Grant	**286,762**			**286,762**	—
Foundations and Corporations	**206,750**	**100,000**		**306,750**	333,421
Board-Designated Donations	**217,000**			**217,000**	175,850
Individual Contributions	**435,723**			**435,723**	892,303
ILDHS Grant	**200,000**			**200,000**	200,000
Attorney General Grants	**12,500**			**12,500**	12,500
Township Grants	**16,000**	**4,500**		**20,500**	30,500
County/Municipal Grants	**27,105**			**27,105**	8,983
Donated Materials and Equipment				**—**	22,902
Donated Facilities and Services	**107,283**			**107,283**	67,421
Total Public Support	**1,543,179**	**135,810**		**1,678,989**	1,812,355
Special Events					
Gross Event Revenue	**421,890**			**421,890**	351,761
Less: Direct Expenses	**(93,594)**			**(93,594)**	(91,171)
	328,296			**328,296**	260,590
Program Service Fees	**8,835**			**8,835**	9,373
Investment Income, net	**204,621**			**204,621**	268,597
Net Assets Released from Restrictions					
Expiration of Time Restrictions	**31,310**	**(31,310)**		**—**	—
Released for Specified Purpose	**155,625**	**(155,625)**		**—**	—
	186,935	**(186,935)**		**—**	—
Total Revenues	**2,271,866**	**(51,125)**		**2,220,741**	2,350,915
EXPENSES					
Program Services	**1,557,102**			**1,557,102**	1,515,545
Supporting Services					
Management and General	**252,430**			**252,430**	195,709
Fund-Raising	**284,738**			**284,738**	268,837
Total Expenses	**2,094,270**			**2,094,270**	1,980,091
CHANGE IN NET ASSETS	**177,596**	**(51,125)**		**126,471**	370,824
Net Assets - Beginning	**5,855,639**	**186,935**	**205,700**	**6,248,274**	5,877,450
NET ASSETS - ENDING	**$ 6,033,235**	**$ 135,810**	**$ 205,700**	**$ 6,374,745**	$ 6,248,274

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30	2018				2017
	Program Services	**Management and General**	**Fund-Raising**	**Total Expenses**	Summarized Total
Personnel					
Salaries	**$ 937,902**	**$ 94,628**	**$ 165,301**	**$ 1,197,831**	$ 1,146,335
Payroll Taxes	**70,244**	**7,087**	**12,380**	**89,711**	89,500
Employee Benefits	**175,314**	**17,688**	**30,899**	**223,901**	210,253
	1,183,460	**119,403**	**208,580**	**1,511,443**	1,446,088
Occupancy					
Mortgage Interest	**15,356**	**810**	**1,068**	**17,234**	18,919
Utilities	**15,527**	**819**	**1,080**	**17,426**	17,266
Repairs and Maintenance	**68,953**	**3,638**	**4,798**	**77,389**	94,683
	99,836	**5,267**	**6,946**	**112,049**	130,868
Professional Fees	**75,439**	**113,005**	**41,109**	**229,553**	188,466
Insurance	**14,151**	**1,428**	**2,494**	**18,073**	18,641
Advertising	**205**	**21**	**36**	**262**	705
Dues and Subscriptions	**717**	**756**	**862**	**2,335**	3,333
Meals and Acknowledgements	**5,234**	**528**	**923**	**6,685**	5,091
Background Checks	**672**	**52**	**41**	**765**	876
Bank Fees	**—**	**2,816**	**—**	**2,816**	1,733
Postage	**3,290**	**332**	**580**	**4,202**	5,368
Marketing	**15,034**	**—**	**2,653**	**17,687**	1,414
Personnel Development	**9,164**	**21**	**1,193**	**10,378**	9,257
Travel	**8,307**	**79**	**1,503**	**9,889**	12,049
Supplies	**22,723**	**738**	**1,498**	**24,959**	17,085
Printing	**6,731**	**333**	**3,699**	**10,763**	9,221
Telecommunications	**15,519**	**1,030**	**2,524**	**19,073**	18,751
Depreciation and Amortization	**96,620**	**6,621**	**10,097**	**113,338**	111,145
TOTALS	**$ 1,557,102**	**$ 252,430**	**$ 284,738**	**$ 2,094,270**	$ 1,980,091

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 126,471	$ 370,824
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities		
Depreciation and Amortization	106,297	104,103
Amortization of Intangibles	7,041	7,042
Realized and Unrealized Gains	(121,738)	(221,670)
Donated Furniture and Fixtures	—	(19,777)
Change in Operating Assets and Liabilities		
Grants and Other Receivables	(7,258)	(95,687)
Prepaid Expenses	(2,232)	(2,718)
Pledges Receivable	43,918	68,595
Accounts Payable	1,892	(1,050)
Accrued Salaries and Payroll Taxes	13,717	10,729
Accrued Severance	—	(70,000)
Accrued Vacation	8,292	10,677
Board-Designated Contributions	(217,000)	(175,850)
Total Adjustments	(167,071)	(385,606)
Net Cash Used by Operating Activities	(40,600)	(14,782)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(12,270)	(25,726)
Purchases of Land, Buildings and Improvements	(141,865)	—
Purchases of Investments	(291,182)	(638,884)
Proceeds from Sales of Investments and Maturities of CD's	322,430	868,749
Dividends Reinvested in Mutual Funds	(105,771)	(67,781)
Net Cash Provided (Used) by Investing Activities	(228,658)	136,358
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Mortgage Obligations	(38,408)	(36,723)
Receipts of Major Gifts	217,000	175,850
Net Cash Provided by Financing Activities	178,592	139,127
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(90,666)	260,703
Cash and Cash Equivalents - Beginning of Year	894,057	633,354
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 803,391	$ 894,057
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 17,234	$ 18,919

See accompanying notes.

NATURE OF ACTIVITIES

The Zacharias Sexual Abuse Center (the Center) is a non-profit, publicly-supported corporation whose mission is to provide a place where survivors of sexual assault and abuse can heal, and to mobilize the community toward action to end sexual violence. The services provided by the organization include prevention programs, counseling and legal advocacy, a 24-hour support line, professional training and community education. Programs are provided for children, adults and families. Zacharias Sexual Abuse Center's primary funding sources are grants from the United Way, the Illinois Coalition Against Sexual Assault (ICASA), the Illinois Department of Human Services (IDHS) and other grants and contributions from private foundations and the general public.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. Certain unrestricted net assets are designated for specific purposes by action of the Board of Directors (Board). Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Permanently restricted net assets represent funds subject to the restrictions of gift instruments requiring the principal to be maintained permanently intact while the investment income is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Cash and Cash Equivalents

For purposes of these financial statements, cash and cash equivalents includes cash on hand and in checking and money market accounts held for operating purposes. Cash received and held for scholarship funds and endowments have been shown separately due to restrictions as to its use. In addition, cash received and held for the major gifts program has been shown separately due to the Board's designation as to its use.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

A portion of the organization's investments are shown as board-designated since limitations exist on the use of the funds.

Property and Equipment

Property and equipment acquisitions of $500 or more are capitalized and recorded at cost, less accumulated depreciation. Donated fixed assets are capitalized at the estimated fair value on the date of donation. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets: 10 to 40 years for buildings and improvements, and 3 to 10 years for furniture and equipment.

Contributions and Pledges Receivable

Contributions, including unconditional promises to give, are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give due in the next year are reflected as current pledges receivable at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term pledges and are recorded at their net present value, using interest discount rates applicable to the years in which the promises are received. No allowance for uncollectible pledges has been recorded, as management expects no material amounts of uncollectible pledges.

The Board of Directors has authorized the Center's Executive Director to designate certain other unrestricted contributions as Board-designated as part of its major gifts programs.

In-Kind Donations and Contributed Services

Donated materials and equipment are recognized at fair value at the date of receipt. Donated personal services are recognized only if they either (a) create or enhance non-financial assets (such as property and equipment), or (b) they require specialized skills which would be purchased if they were not donated. Donated services that do not meet either requirement are not recorded in the accompanying consolidated financial statements.

The financial statements reflect amounts for in-kind contributions for which an objective basis is available to measure their value. Revenues are reflected in contributions, and the expenses are recorded in the corresponding functional expense category in the accompanying statements of activities. The Center received donated materials of $-0- for the year ended June 30, 2018 and donated office furniture in the amount of $19,777 and other materials of $3,125 for the year ended June 30, 2017. The donated furniture has been capitalized and is included in the statements of financial position. The Center also recognized donated counseling services in the amount of $22,254 for the year-ended June 30, 2018 and $42,571 for the year-ended June 30, 2017. Additionally, donated professional services were $72,466 for the year-ended June 30, 2018 and $24,850 for the year-ended June 30, 2017. During the year ended June 30, 2018, the Center occupied donated facilities valued at $12,563. No similar amounts were applicable for the year ended June 30, 2017.

The Center also receives a significant amount of donated services from unpaid volunteers and Board members who assist in its programs in the furtherance of its purposes. No amounts have been recognized in the statement of activities related to these services because the criteria for recognition under the FASB Codification topic related to contributions made and received have not been satisfied.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the IRS has determined that the Center is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Center is similarly classified for State purposes.

The Center 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 Center has taken or expects to take in its tax returns. Under the guidance, the Center 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 Center believes that it has appropriate support for the positions taken on its returns.

The Center files its forms 990 in the U.S. federal jurisdiction and the office of the State's Attorney General for Illinois.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

NOTE 2—BOARD-DESIGNATED, AND RESTRICTED CASH AND INVESTMENTS

Board-designated and restricted assets as shown in the financial statements as of June 30, 2018 and 2017 consist of cash and investments held for the following purposes:

June 30, 2018	Cash	Investments	Total
Board-Designated			
Major Gifts Program	$ 449,878	$ 2,931,878	$ 3,381,756
Restricted			
Endowment Fund	$ 205,700	$ —	$ 205,700

June 30, 2017	Cash	Investments	Total
Board-Designated			
Major Gifts Program	$ 230,362	$ 2,736,385	$ 2,966,747
Restricted			
Endowment Fund	$ 205,700	$ —	$ 205,700

NOTE 3—PLEDGES RECEIVABLE

Pledges at June 30 consist of items receivable from:

	2018	2017
United Way	**$ 31,310**	$ 31,308
Townships	**6,000**	7,500
Corporations, Foundations, and Individuals	**40,535**	82,955
	$ 77,845	$ 121,763

As of June 30, 2018 and 2017 all pledges and grants receivable are due within one year. No allowance for uncollectible pledges has been recorded, as all pledges are considered collectible.

NOTE 4—INVESTMENTS AND FAIR VALUE MEASUREMENT

Fair values and unrealized appreciation (depreciation) at June 30, 2018 and 2017 of board designated and unrestricted investments are summarized as follows:

June 30, 2018	Cost	Fair Value	Unrealized Gain
Unrestricted and Undesignated -			
Mutual Funds and CDs	$ 142,113	$ 144,990	$ 2,877
Unrestricted - Board Designated - Mutual Funds	2,610,850	2,931,878	321,028
	$ 2,752,963	$ 3,076,868	$ 323,905

June 30, 2017	Cost	Fair Value	Unrealized Gain (Loss)
Unrestricted and Undesignated -			
Mutual Funds and CDs	$ 150,222	$ 144,222	$ (6,000)
Unrestricted - Board Designated - Mutual Funds	2,528,649	2,736,385	207,736
	$ 2,678,871	$ 2,880,607	$ 201,736

The FASB Codification establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Center would use in pricing the asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Center are traded.

Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities.

Level 2 – Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

Level 3 – Valuation based on inputs that are unobservable and reflects management's best estimate of what market participants would use as fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4—INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

The following is the Center's financial assets that were measured at fair value, on a recurring basis, as of June 30, 2018 and 2017 by level within the fair value hierarchy. There have been no changes in the methodologies used at June 30, 2018 or 2017.

Investments	Fair Value at June 30, 2018	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds				
Growth and Income Funds	$ 1,095,367	$ 1,095,367	$	$
Blend Funds	97,282	97,282		
Bond Funds	965,227	965,227		
Value Funds	774,002	774,002		
Certificates of Deposit	144,990		144,990	
	$ 3,076,868	$ 2,931,878	$ 144,990	$ —

Investments	Fair Value at June 30, 2017	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds				
Growth and Income Funds	$ 959,276	$ 959,276	$	$
Blend Funds	89,756	89,756		
Bond Funds	948,389	948,389		
Value Funds	738,964	738,964		
Certificates of Deposit	144,222		144,222	
	$ 2,880,607	$ 2,736,385	$ 144,222	$ —

NOTE 4—INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2018 and 2017.

Year Ended June 30, 2018	Unrestricted	Temporarily Restricted	Total
Interest and Dividend Income	$ 112,167	$ —	$ 112,167
Realized and Unrealized Gains	121,738	—	121,738
Investment Fees	(29,284)	—	(29,284)
	$ 204,621	$ —	$ 204,621

Year Ended June 30, 2017	Unrestricted	Temporarily Restricted	Total
Interest and Dividend Income	$ 73,210	$ —	$ 73,210
Realized and Unrealized Losses	221,670	—	221,670
Investment Fees	(26,283)	—	(26,283)
	$ 268,597	$ —	$ 268,597

NOTE 5—PROPERTY AND EQUIPMENT

	2018	2017
Land	**$ 393,557**	$ 393,557
Building and Improvements	**2,976,971**	2,835,106
Furniture and Equipment	**661,336**	649,066
	4,031,864	3,877,729
Less: Accumulated Depreciation	**1,479,940**	1,373,643
	$ 2,551,924	$ 2,504,086

Depreciation expense on Buildings and Improvements was $72,940 for the year ended June 30, 2018 and $73,552 for the year ended June 30, 2017. Depreciation expense on Furniture and Equipment was $33,357 for the year ended June 30, 2018 and $30,551 for the year ended June 30, 2017.

NOTE 6—INTANGIBLES

In 2016, the Center incurred $21,124 of expenses to redesign its website which were capitalized and are presented as website design costs on the statements of financial position. Accumulated amortization was $15,843 as of June 30, 2018 and $8,802 as of June 30, 2017. Amortization expense was $7,041 for the year ended June 30, 2018 and $7,042 for 2017.

Estimated aggregate amortization expense for the next year is:

Year Ending June 30	
2019	$ 5,281

NOTE 7—MORTGAGE LOANS PAYABLE

The Center has a mortgage loan payable to First Midwest Bank with an original amount of $560,000, which was issued in 1998 and refinanced on May 6, 2014. The new loan issue amount was $319,984 and has a balance of $214,560 at June 30, 2018 and $242,240 at June 30, 2017. The loan carries a fixed interest rate of 4.25% and is secured by a first mortgage on the Center's building in Gurnee, Illinois. The loan matures on May 12, 2019 at which time the loan becomes due in full. Monthly payments of principal and interest in the amount of $3,126 began June 12, 2014. Mortgage interest expense was $9,828 for the year ended June 30, 2018 and $11,061 for the year ended June 30, 2017.

A schedule of annual debt service on the loan follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019 (Includes Balloon Payment)	$ 214,560	$ 7,890	$ 222,450

The Center has an additional mortgage loan payable to First Midwest Bank with an original amount of $200,000, which was issued on January 29, 2015. This loan has a balance of $166,017 at June 30, 2018 and $176,745 at June 30, 2017. The loan carries a fixed interest rate of 4.25% and is secured by a first mortgage on the Center's building in Skokie, Illinois. The loan matures on February 1, 2020 at which time the loan becomes due in full. Monthly payments of principal and interest in the amount of $1,511 began March 1, 2015. Mortgage interest expense was $7,406 for the year ended June 30, 2018 and $7,858 for the year ended June 30, 2017.

Fiscal Year Ending June 30	Principal	Interest	Total
2019	$ 11,297	$ 6,837	$ 18,134
2020 (Includes Balloon Payment)	154,720	4,288	159,008
	$ 166,017	$ 11,125	$ 177,142

NOTE 8—BOARD-DESIGNATED NET ASSETS

Fixed assets (net of the related mortgage obligation) and intangibles in the amount of $2,176,628 at June 30, 2018, and $2,097,423 at June 30, 2017, have been segregated as a board-designated component of unrestricted net assets to indicate their unavailability for current operations. Board-designated assets also include amounts set aside as part of the Center's major gifts program in the amount of $3,381,756 at June 30, 2018 and $2,966,747 at June 30, 2017.

NOTE 9—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	June 30, 2018	June 30, 2017
Children's Programs	**$ 39,500**	$ 47,500
Advocacy Programs	**65,000**	108,125
Time Restricted - United Way	**31,310**	31,310
	$ 135,810	$ 186,935

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of other events specified by the donors, or through the passage of time. Restrictions released were as follows:

Restriction	**June 30, 2018**	June 30, 2017
Time Restricted - United Way Grants	**$ 31,310**	$ 31,310
Expended for Children's Programs	**47,500**	51,083
Expended for Advocacy Programs	**108,125**	216,875
	$ 186,935	$ 299,268

NOTE 10—PERMANENTLY RESTRICTED NET ASSETS

Endowment Fund

Permanently restricted net assets of $205,700 at June 30, 2018 and 2017 consist of a general endowment fund which is held in a money market account with the objective of preserving the endowment fund principal. The investment earnings of the endowment fund are not restricted for a specific purpose.

NOTE 10—PERMANENTLY RESTRICTED NET ASSETS (Continued)

The Center interprets UPMIFA adopted by the State of Illinois as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies 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 Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Center 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 Center, and (7) the Center's investment policies. The Center has not adopted investment and spending polices related to endowment funds due to the insignificant amounts of income generated from the fund. The endowment is invested in cash equivalents. The entire amount of income is appropriated for expenditure in the year earned.

Endowment net asset composition as of June 30 is as follows:

	2018	2017
Permanently Restricted		
Donor-Restricted Endowment Funds	**$ 205,700**	$ 205,700

Changes in endowment net assets as of June 30, 2018 and 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, July 1, 2016	$ —	$ —	$ 205,700	$ 205,700
Investment Income	—	206	—	206
Amounts Appropriated for Expenditure	—	(206)	—	(206)
Endowment Net Assets, June 30, 2017	—	—	205,700	205,700
Investment Income	—	206	—	206
Amounts Appropriated for Expenditure	—	(206)	—	(206)
Endowment Net Assets, June 30, 2018	$ —	$ —	$ 205,700	$ 205,700

NOTE 11—RETIREMENT PLANS

The Center sponsors a salary reduction arrangement (TSA) covering substantially all employees. Under the plan, all electing employees contribute various percentages of their salary on a tax-deferred basis. No employer contributions are required for this plan.

The Center also sponsors a defined contribution simplified employee plan (SEP) covering substantially all employees. Employer contributions are made to employees' retirement accounts each calendar year at the discretion of the Board of Directors. Employer contributions are based on a percentage applied to each employee's salary for the calendar year. Employer contributions were $53,372 for 2018 and $41,184 for 2017.

NOTE 12—CONCENTRATIONS

Credit Risk

The Center maintains its bank accounts at two local financial institutions. Accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At various times during the year, the Center's bank balances may exceed the federally insured limits. The Center had uninsured deposits exceeding these limits in the amount of $591,529 at June 30, 2018, and $677,315 at June 30, 2017. The Center has not experienced any losses in such accounts. The Center believes it is not exposed to any significant credit risk on cash.

Concentrations of Funding Sources

During 2018, the Center received 12% of its total revenues from ICASA, and 17% from two private foundations. During 2017, the Center received approximately 27% of total revenues from one donor and its related foundation.

NOTE 13—SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 21, 2018, the date which the financial statements were available for issue. There were no subsequent events which require disclosure.