

**CHICAGO VOLUNTEER LEGAL
SERVICES FOUNDATION**

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

TABLE OF CONTENTS

Page

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

Statements of Financial Position 1

Statements of Activities 2

Statements of Functional Expenses 3

Statements of Cash Flows..... 4

NOTES TO FINANCIAL STATEMENTS.....5 - 16

Taglia & Associates, P.C.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Chicago Volunteer Legal Services Foundation

We have audited the accompanying financial statements of Chicago Volunteer Legal Services Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, 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 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 Chicago Volunteer Legal Services Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Taglia + Associates, P.C.

River Forest, IL
October 18, 2017

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION
(a not-for-profit corporation)

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 173,620	\$ 515,304
Prepaid Expenses	68,390	106,726
Short-Term Investments	463,618	474,361
Other Current Assets	3,439	-
Total Current Assets	709,067	1,096,391
PROPERTY AND EQUIPMENT		
Furniture, Equipment, and Leasehold Improvements	181,866	181,866
Less: Accumulated Depreciation	(178,568)	(168,320)
Total Property and Equipment - Net	3,298	13,546
OTHER ASSETS		
Long-Term Investments	1,063,244	974,888
Total Other Assets	1,063,244	974,888
TOTAL ASSETS	\$ 1,775,609	\$ 2,084,825
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,013	\$ 2,951
Accrued Payroll Taxes	1,569	2,367
Accrued Employee Benefits	48,000	47,000
Deferred Revenue	282,633	181,472
Deferred Rent	238,888	295,302
Redeposits Payable	52,568	6,170
Total Current Liabilities	625,671	535,262
NET ASSETS		
Unrestricted	823,389	1,223,014
Temporarily Restricted	-	-
Permanently Restricted	326,549	326,549
Total Net Assets	1,149,938	1,549,563
TOTAL LIABILITIES AND NET ASSETS	\$ 1,775,609	\$ 2,084,825

See accompanying notes and independent auditors' report.
The accompanying notes are an integral part of these financial statements.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION
(a not-for-profit corporation)

STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT, REVENUE, AND CHANGE IN INVESTMENTS				
Public Support				
Individual Contributions	\$ 183,152	\$ 16,000	\$ -	\$ 199,152
Corporate Contributions	24,929	-	-	24,929
Foundation Grants	756,208	694,828	-	1,451,036
Law Firms	71,450	-	-	71,450
Total Public Support Revenue	<u>1,035,739</u>	<u>710,828</u>	<u>-</u>	<u>1,746,567</u>
Special Event				
Revenue and In-Kind Contributions	560,898	-	-	560,898
(Expenses and In-Kind Contributions)	(277,019)	-	-	(277,019)
Special Event – Net	<u>283,879</u>	<u>-</u>	<u>-</u>	<u>283,879</u>
United Way	<u>213</u>	<u>-</u>	<u>-</u>	<u>213</u>
Total Public Support	<u>1,319,831</u>	<u>710,828</u>	<u>-</u>	<u>2,030,659</u>
Investment Revenue and Gains				
Investment Income	18,940	-	-	18,940
Unrealized and Realized Gains (Losses) on Investments	<u>53,948</u>	<u>-</u>	<u>-</u>	<u>53,948</u>
Net Investment Revenue	<u>72,888</u>	<u>-</u>	<u>-</u>	<u>72,888</u>
Net Assets Released from Restrictions				
Satisfaction of Program Restrictions	<u>710,828</u>	<u>(710,828)</u>	<u>-</u>	<u>-</u>
Total Net Assets Released from Restrictions	<u>710,828</u>	<u>(710,828)</u>	<u>-</u>	<u>-</u>
Total Support, Revenue, and Change in Investments	<u>2,103,547</u>	<u>-</u>	<u>-</u>	<u>2,103,547</u>
EXPENSES				
Program Services	<u>1,918,721</u>	<u>-</u>	<u>-</u>	<u>1,918,721</u>
Supporting Services				
Management and General	529,244	-	-	529,244
Fundraising	55,207	-	-	55,207
Total Supporting Services	<u>584,451</u>	<u>-</u>	<u>-</u>	<u>584,451</u>
Total Expenses	<u>2,503,172</u>	<u>-</u>	<u>-</u>	<u>2,503,172</u>
Change in Net Assets	(399,625)	-	-	(399,625)
Net Assets, Beginning of Year	<u>1,223,014</u>	<u>-</u>	<u>326,549</u>	<u>1,549,563</u>
Net Assets, End of Year	<u>\$ 823,389</u>	<u>\$ -</u>	<u>\$ 326,549</u>	<u>\$ 1,149,938</u>

2016

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 106,798	\$ 15,000	\$ -	\$ 121,798
186,157	-	-	186,157
805,922	1,002,232	-	1,808,154
72,800	-	-	72,800
<u>1,171,677</u>	<u>1,017,232</u>	<u>-</u>	<u>2,188,909</u>
529,488	-	-	529,488
(244,039)	-	-	(244,039)
<u>285,449</u>	<u>-</u>	<u>-</u>	<u>285,449</u>
-	-	-	-
<u>1,457,126</u>	<u>1,017,232</u>	<u>-</u>	<u>2,474,358</u>
17,748	-	-	17,748
(9,209)	-	-	(9,209)
<u>8,539</u>	<u>-</u>	<u>-</u>	<u>8,539</u>
<u>1,077,330</u>	<u>(1,077,330)</u>	<u>-</u>	<u>-</u>
<u>1,077,330</u>	<u>(1,077,330)</u>	<u>-</u>	<u>-</u>
<u>2,542,995</u>	<u>(60,098)</u>	<u>-</u>	<u>2,482,897</u>
<u>1,954,792</u>	<u>-</u>	<u>-</u>	<u>1,954,792</u>
476,192	-	-	476,192
47,112	-	-	47,112
<u>523,304</u>	<u>-</u>	<u>-</u>	<u>523,304</u>
<u>2,478,096</u>	<u>-</u>	<u>-</u>	<u>2,478,096</u>
64,899	(60,098)	-	4,801
<u>1,158,115</u>	<u>60,098</u>	<u>326,549</u>	<u>1,544,762</u>
<u>\$ 1,223,014</u>	<u>\$ -</u>	<u>\$ 326,549</u>	<u>\$ 1,549,563</u>

See accompanying notes and independent auditors' report.
The accompany notes are an integral part of these financial statements.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION
(a not-for-profit corporation)

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	2017					
	Program Services	Supporting Services			Total Supporting Services	Total Expenses
		Management and General	Fundraising			
EXPENSES						
Salaries	\$ 1,170,068	\$ 341,455	\$ 32,830	\$ 374,285	\$ 1,544,353	
Fringe Benefits	271,589	78,885	7,124	86,009	357,598	
Rent and Utilities	184,935	47,453	5,307	52,760	237,695	
Telephone	11,027	3,229	303	3,532	14,559	
Printing	36,712	10,988	971	11,959	48,671	
Supplies	11,411	3,342	313	3,655	15,066	
Professional Fees	19,702	5,744	559	6,303	26,005	
Consulting Fees	80,243	3,142	3,642	6,784	87,027	
Conferences and Travel	13,822	3,982	403	4,385	18,207	
Postages	9,446	2,763	271	3,034	12,480	
Dues, Memberships, and Publications	25,123	7,418	647	8,065	33,188	
Equipment Rental and Maintenance	30,280	8,859	809	9,668	39,948	
Insurance	22,176	6,444	617	7,061	29,237	
Other	24,424	3,270	1,196	4,466	28,890	
Total Expenses Before Depreciation	<u>1,910,958</u>	<u>526,974</u>	<u>54,992</u>	<u>581,966</u>	<u>2,492,924</u>	
Depreciation	7,763	2,270	215	2,485	10,248	
Total Expenses	<u><u>\$ 1,918,721</u></u>	<u><u>\$ 529,244</u></u>	<u><u>\$ 55,207</u></u>	<u><u>\$ 584,451</u></u>	<u><u>\$ 2,503,172</u></u>	

2016				
Supporting Services				
Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 1,209,108	\$ 302,558	\$ 29,761	\$ 332,319	\$ 1,541,427
281,534	70,190	6,684	76,874	358,408
190,634	48,753	5,728	54,481	245,115
10,814	2,698	262	2,960	13,774
38,753	6,725	647	7,372	46,125
14,464	3,664	380	4,044	18,508
21,420	5,345	520	5,865	27,285
46,421	4,000	-	4,000	50,421
16,143	4,059	418	4,477	20,620
9,420	2,406	254	2,660	12,080
30,284	7,454	656	8,110	38,394
32,300	8,074	771	8,845	41,145
21,709	5,489	564	6,053	27,762
23,757	2,761	266	3,027	26,784
<u>1,946,761</u>	<u>474,176</u>	<u>46,911</u>	<u>521,087</u>	<u>2,467,848</u>
<u>8,031</u>	<u>2,016</u>	<u>201</u>	<u>2,217</u>	<u>10,248</u>
<u><u>\$ 1,954,792</u></u>	<u><u>\$ 476,192</u></u>	<u><u>\$ 47,112</u></u>	<u><u>\$ 523,304</u></u>	<u><u>\$ 2,478,096</u></u>

See accompanying notes and independent auditors' report.
The accompanying notes are an integral part of these financial statements.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION
(a not-for-profit corporation)

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	(\$ 399,625)	\$ 4,801
Adjustments to Reconcile Increase in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	10,248	10,248
Net Unrealized and Realized (Gains) Losses on Investments	(53,948)	9,209
(Increase) Decrease in Assets:		
Contributions Receivable and Other Receivables	(3,439)	23,944
Prepaid Expenses	38,336	(44,715)
Increase (Decrease) in Liabilities:		
Accounts Payable	(938)	758
Accrued Payroll Taxes	(798)	620
Accrued Employee Benefits	1,000	(1,500)
Deferred Revenue	101,161	36,107
Deferred Rent	(56,414)	106,224
Redeposits Payable	46,398	(1,471)
Net Cash Provided (Used) by Operating Activities	(318,019)	144,225
INVESTING ACTIVITIES		
Proceeds from Sale of Investments	357,399	326,836
Purchase of Investments	(381,064)	(353,702)
Net Cash Used by Investing Activities	(23,665)	(26,866)
Net Increase (Decrease) in Cash and Cash Equivalents	(341,684)	117,359
Beginning Cash and Cash Equivalents	515,304	397,945
Ending Cash and Cash Equivalents	\$ 173,620	\$ 515,304

See accompanying notes and independent auditors' report.
The accompanying Notes are an integral part of these financial statements.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Chicago Volunteer Legal Services Foundation (the “Foundation”) is organized as an Illinois not-for-profit corporation. Its purpose is to administer programs to assist in securing legal assistance and related service for persons of low income in the Chicagoland area.

The Foundation’s support comes primarily from individual and corporate contributions, foundations, and law firms, as well as fundraising activities.

Significant Accounting Policies

Financial Statement Presentation

The financial statements are presented using the accrual method of accounting, which recognizes revenue when it is earned and expenses when they are incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board’s Accounting Standards Codification (“FASB ASC”). As specified in FASB ASC 958, *Not-for-Profit Entities*, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted net assets are net assets not subject to donor-imposed stipulations on their use in the Foundation’s operations, as reported in the statements of activities.

Temporarily restricted net assets are donor contributions with stipulations that are to be met by actions of the Foundation or others and/or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as released from restrictions. Restrictions fulfilled in the same period as the funds were received are classified as unrestricted net assets.

Permanently restricted net assets are subject to donor-imposed restrictions that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments and/or unrestricted income for the Foundation’s operations.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Other Receivables

Contributions and grants are unconditional promises to give cash and other assets to the Foundation that are expected to be collected within one year at fair value at the date the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. Conditional promises to give are reported at fair value when the conditions are substantially met. There were no conditional promises to give at June 30, 2017 and June 30, 2016. In the absence of donor stipulations, the Foundation classifies contributions as unrestricted. Donated goods and services are recognized as revenue and expense at the fair value of the donated goods or services.

Contributions, grants and promises to give, are recorded as restricted support, if they are received with donor stipulations that limit the use of the donated funds. When the stipulated purpose of the restriction imposed by the donor is met, these funds are transferred from temporary restricted to unrestricted. Total unconditional promises to give, grants and other receivables were \$-0- at June 30, 2017 and 2016, respectively.

Donated Assets

Donated marketable securities are recorded as contributions at their estimated fair value at the date of donation and adjusted to market value at the end of the year. Donated securities at June 30, 2017 and 2016, were valued at \$6,759, and \$11,675, respectively.

Donated Services

The programs of the Foundation utilize volunteer legal services, which are provided directly to beneficiaries of the Foundation. No amounts have been reflected in the financial statements for donated volunteers' time because the criteria under FASB ASC 958, *Not-for-Profit Entities*, have not been satisfied. However, a substantial number of volunteers have donated significant amounts of time towards activities of the Foundation.

Cash

Cash includes highly liquid debt instruments purchased with an initial maturity of three months or less which approximates market value. Cash includes petty cash and amounts deposited in the checking account and custodial account. Amounts deposited in the custodial account are required to be maintained in a separate account. In certain situations, cash held as short and long-term investments is classified as such.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are reported at original cost. All property and equipment purchases in excess of \$750 for the years ended June 30, 2017 and 2016, were capitalized, while lesser amounts were charged to expense.

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets (5 to 8 years).

Depreciation expense was \$10,248 in each of the years ended June 30, 2017 and 2016.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been detailed in the statements of functional expenses. The costs have been summarized in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefits.

Comparative Financial Information

The financial statements may include in certain cases prior-year summarized comparative information in total, but not by detail and net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2016 from which the summarized information was derived.

Tax Status

The Foundation is not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Service Code ("IRC") and is exempt from federal and state income taxes for related income. It qualifies for a charitable contribution deduction in regard to its donors, and is subject to income taxes only to the extent of unrelated business income. In addition, per letter dated March 1972, the Internal Revenue Service has determined that the Foundation is a public foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE B – INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values, certifications of deposit are valued at the bank valuation, in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized.

Investments consisted of the following:

	June 30, 2017			June 30, 2016		
	Cost	Market Value	Accumulated Unrealized Gains/ (Losses)	Cost	Market Value	Accumulated Unrealized Gains/ (Losses)
Money Market Cash						
Reserve Funds	\$ 432,954	\$ 432,954	\$ -	\$ 434,345	\$ 434,345	\$ -
Mutual Funds	661,989	783,719	121,730	624,672	705,408	80,736
Certificates of Deposit	310,189	310,189	-	309,496	309,496	-
	<u>\$1,405,132</u>	<u>\$1,526,862</u>	<u>\$ 121,730</u>	<u>\$1,368,513</u>	<u>\$1,449,249</u>	<u>\$ 80,736</u>

Investment return was as follows:

	June 30, 2017			June 30, 2016		
	Investment Income	Net Unrealized and Realized Gains/ (Losses)	Total Investment Return	Investment Income	Net Unrealized and Realized Gains/ (Losses)	Total Investment Return
Money Market Cash						
Reserve Funds	\$ 643	\$ -	\$ 643	\$ 658	\$ -	\$ 658
Mutual Funds	17,605	53,887	71,492	16,256	(7,786)	8,470
Corporate Equities	-	61	61	-	(1,423)	(1,423)
Certificates of Deposit	692	-	692	834	-	834
	<u>\$ 18,940</u>	<u>\$ 53,948</u>	<u>\$ 72,888</u>	<u>\$ 17,748</u>	<u>(\$ 9,209)</u>	<u>\$ 8,539</u>

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE C – FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective January 1, 2008, the Foundation adopted FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820, which establishes a single definition of fair value and framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurements, and expands disclosures about fair value measurements required under other accounting pronouncements. It does not change existing guidance as to whether or not an instrument is carried at fair value.

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy is used in selecting inputs, with the highest priority given to Level 1, as these are the most transparent or reliable.

The valuation techniques required by FASB ASC 820 are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Foundation's market assumptions. These two types of inputs create the following fair value hierarchy.

- | | |
|---------|--|
| Level 1 | Quoted prices for identical instruments in an active market. |
| Level 2 | Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable in active markets. |
| Level 3 | Valuations derived from valuation techniques in which one or more significant inputs are not observable, or supported by little or no market activity. |

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

Mutual Funds: Valued at the closing price reported on the active market on which the individual funds are traded.

Money Market: Valued at cost plus interest earned, which approximates fair value.

The preceding approach described might produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation 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.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE C – FAIR VALUE OF FINANCIAL INSTRUMENTS – (continued)

Description	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Spartan 500 Index FD Advantage Class	\$ 237,147	\$ -	\$ -	\$ 237,147
Spartan Intl Index FID Adv Class	81,992	-	-	81,992
Spartan Extended Mkt Index FID Adv Class	79,363	-	-	79,363
Fidelity Investment Grade	177,763	-	-	177,763
Fidelity Short Term Bond	176,790	-	-	176,790
	<u>\$ 753,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>753,055</u>
Fidelity Cash Reserve Fund				30,664
Certificates of Deposit				310,189
Money Market, Cash Reserves				432,954
				<u>773,807</u>
Total Investments				<u>\$ 1,526,862</u>

Description	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Spartan 500 Index FD Advantage Class	\$ 218,507	\$ -	\$ -	\$ 218,507
Spartan Intl Index FID Adv Class	68,487	-	-	68,487
Spartan Extended Mkt Index FID Adv Class	74,931	-	-	74,931
Fidelity Investment Grade	154,920	-	-	154,920
Fidelity Short Term Bond	148,547	-	-	148,547
	<u>\$ 665,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>665,392</u>
Fidelity Cash Reserve Fund				40,016
Certificates of Deposit				309,496
Money Market, Cash Reserves				434,345
				<u>783,857</u>
Total Investments				<u>\$ 1,449,249</u>

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE D – NET ASSETS

Temporarily Restricted

The Organization had no Temporarily restricted net assets at the end of the fiscal year in both 2017 and 2016.

Permanently Restricted

Permanently restricted net assets of \$326,549 at June 30, 2017 and 2016 were restricted to an investment in perpetuity, the income from which is expendable to support the Foundation's operations and activities.

NOTE E – PERMANENTLY RESTRICTED NET ASSETS AND FSP FASB ASC 958

The Foundation received an initial endowment (the "Endowment") in 1993 in the amount of \$200,000; and the Foundation has raised additional funds from various contributions to this endowment fund in the amount of \$126,549. The Endowment has been established as a permanently restricted fund for which the income may be used to support the Foundation's operations and activities, per the donor gift instrument.

In August 2008, the Financial Accounting Standards Board issued Staff Position FSP FASB ASC 958, *Endowments of Not-for Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* ("FSP FASB ASC 958"). This standard provides guidance on classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the *Uniform Prudent Management of Institutional Funds Act* of 2006 ("UPMIFA") and provides other disclosures about an organization's endowment funds.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

**NOTE E – PERMANENTLY RESTRICTED NET ASSETS AND FSP FASB ASC 958 –
(continued)**

Description of the Governing Board's Interpretation of the Law(s) that Underlie the Organization's
Net Asset Classification of Donor-Restricted Endowment Funds

The Board of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act 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 Foundation would classify as permanently restricted net assets (a) the original value of the funds donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. The remaining portion of the donor-restricted endowment fund not classified in permanently restricted net assets would be classified as temporarily restricted net assets until those amounts were approved for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the Endowment,
- 2) The purposes of the Organization and the donor-restricted Endowment,
- 3) General economic conditions,
- 4) The possible effect of inflation and deflation,
- 5) The expected total return from income and appreciation of investments,
- 6) Other resources of the Organization,
- 7) The investment policies of the Organization.

As provided by UPMIFA, its guidelines for expenditure of a donor-restricted endowment funds apply in the *absence* of overriding, explicit donor stipulations. Specific provisions of donor gift instruments will take precedence over the general default provisions of UPMIFA, and these have been specified in the first paragraph of this note.

Description of the Foundation's Endowment Spending Policy

The Board of the Foundation has interpreted the income and the changes in realized and unrealized value of investments as unrestricted, and available to be spent per the terms of the donor instrument gift referenced above.

Description of the Foundation's Investment Policies

The Endowment has been invested in cash and the investments described in Notes B and C, with the objective of maintaining its funding power over time. It 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). Actual returns may vary.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE E – PERMANENTLY RESTRICTED NET ASSETS AND FSP FASB ASC 958 (continued)

Details of the Composition of Endowment Funds at the End of the Fiscal Year

<u>June 30, 2017</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 326,549	\$ 326,549
Total Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,549</u>	<u>\$ 326,549</u>

<u>June 30, 2016</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 326,549	\$ 326,549
Total Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,549</u>	<u>\$ 326,549</u>

Reconciliation of the Beginning and Ending Balances of Endowment Funds

	<u>FYE June 30th</u>	
	<u>2017</u>	<u>2016</u>
Balance at Beginning of the Year	\$ 326,549	\$ 326,549
Interest and Dividends	8,684	8,498
Unrealized Gains (Losses) on Investments	26,612	(4,814)
Transfer (to) from Unrestricted Funds	<u>(35,296)</u>	<u>(3,684)</u>
Balance at End of the Year	<u>\$ 326,549</u>	<u>\$ 326,549</u>

Nature and Types of Restrictions

Per the terms of the Endowment instrument, the original gift is held in perpetuity. Subsequent gifts are treated in the same manner.

Information on Deficiencies

The Endowment was not deficient as of June 30, 2017 or June 30, 2016.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE F – LEASES

The Foundation entered into a rental agreement for office space in April 2013 under a 12-year, non-cancellable operating lease, which expires November 30, 2025, with lease payments commencing in December 1, 2013. The Foundation has provided the landlord with an irrevocable letter of credit in the amount of \$160,000 expiring on November 30, 2017 and is subject to renewal at reducing amounts per the rental agreement. The Foundation is also responsible for its share of common area maintenance costs and real estate taxes.

The landlord provided a credit for the buildout and purchase of furniture and fixtures in the amount of \$517,870. Committed future minimum lease payments are as follows.

	For the Fiscal Year Ending June 30,
2018	\$ 241,637
2019	241,637
2020	241,637
2021	241,637
2022	241,637
2023 and after	<u>875,593</u>
	<u>\$ 2,083,778</u>

The Foundation has recouped a portion of the rent liability by renting out unused office space on a month to month basis.

	For the Fiscal Year Ending June 30,	
	<u>2017</u>	<u>2016</u>
Total Building Rent Expense under all Leases	\$ 280,868	\$ 271,861
Less Reimbursed Rents Received	<u>(49,513)</u>	<u>(32,557)</u>
Net Total Rental Expense	<u>\$ 231,355</u>	<u>\$ 239,304</u>

The Foundation leases certain office equipment on a month to month basis and during the year entered into a new 60 month office equipment lease of \$1,305 per month. Leased expenses were \$16,985 and \$11,883 for the fiscal years ending June 30, 2017 and 2016, respectively.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE F – LEASES (continued)

Committed future minimum lease payments are as follows.

	For the Fiscal Year Ending June 30,
2018	\$ 15,660
2019	15,666
2020	15,666
2021	15,666
2022	2,610

NOTE G – SPECIAL EVENTS

The Foundation sponsors a 5K run/walk and fundraisers as special events during the year to raise funds to support the Foundation's purpose of providing legal services to low-income clients. The gross receipts and related costs of these events shown below and include in-kind revenue and expenses in the amount of \$11,500 for 2017 and \$21,800 for 2016, respectively.

	For the Fiscal Year Ending June 30,	
	2017	2016
Revenue and In-Kind Contributions	\$ 560,898	\$ 529,488
(Expenses and In-Kind Contributions)	(277,019)	(244,039)
Net Total	<u>\$ 283,879</u>	<u>\$ 285,449</u>

NOTE H – DEFERRED REVENUE

Deferred revenue includes amounts received prior to year-end related to the Foundation's annual 5K run/walk special event held in September. Deferred revenue for the years ended June 30, 2017 and 2016, totaled \$282,633 and \$181,472, respectively.

NOTE I – REDEPOSITS PAYABLE

Redeposits payable represent the Foundation's client retainers for case settlement and court costs. Redeposits payable for the year ended June 30, 2017 and 2016, totaled \$52,568 and \$6,170, respectively.

CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE J – EMPLOYEE 403(b) PLAN

The Foundation sponsors a defined contribution 403(b) plan for its employees. Eligible employees are responsible for their investment in the Plan and may make elective deferrals of their compensation, on a pre-tax basis, to the plan. The Foundation makes a discretionary contribution. The Foundation's contributions to the Plan for the years ended June 30, 2017 and 2016, were \$48,000 and \$47,000, respectively.

NOTE K – SIGNIFICANT CONCENTRATIONS

Donations

The Foundation had two contributors who contributed approximately 54.2% of the total Foundation support for the fiscal year ended June 30, 2017, and two contributors who contributed 59.2% for the fiscal year ended June 30, 2016.

Cash

The Foundation maintains its cash balances at financial institutions in the Chicago metropolitan area, which at times may exceed federally insured limits. Management believes that the Foundation is not exposed to any significant credit risk related to their accounts.

NOTE L – UNCERTAIN TAX POSITIONS

As of June 30, 2017, the Chicago Volunteer Legal Services Foundation was not aware of any uncertain tax positions that it is obligated to disclose in accordance with FASB ASC 740, *Income Taxes*. Additionally, there were no returns open to review or under review by taxing authorities in excess of annual statutory periods. The Foundation follows a conservative approach of research and open disclosure in regard to its tax-exempt status and positions held. The Foundation files Forms 990 in the U.S. federal jurisdiction and the State of Illinois. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2013.

NOTE M – SUBSEQUENT EVENTS

The management of the Foundation has evaluated events subsequent to the statement of financial position date of June 30, 2017, through October 18, 2017, the date the financial statements were available to be issued. It has concluded that there are no effects that provide additional evidence about conditions that existed at the statement of financial position date that require recognition in the June 30, 2017, financial statements or related note disclosures in accordance with FASB ASC No. 855, *Subsequent Events*.