FAMILY SHELTER SERVICE, INC.

FINANCIAL STATEMENTS
AS OF JUNE 30, 2018 AND 2017

TOGETHER WITH AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Family Shelter Service, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Family Shelter Service, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended and the statement of functional expenses for the year ended June 30, 2018 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Shelter Service, Inc. 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the financial statements. The grant report and consolidated year-end financial report for the State of Illinois fiscal year ended June 30, 2018, is presented for purposes of additional analysis as required by the Illinois Department of Human Services and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Family Shelter Service, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018, on our consideration of Family Shelter Service, Inc.'s internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Shelter Service, Inc.'s internal control over financial reporting and compliance.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
November 16, 2018

FAMILY SHELTER SERVICE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents - Unrestricted	$ 1,616,110	$ 497,531
- Temporarily restricted	309,826	296,787
Pledges receivable	93,950	11,700
Grants receivable	151,886	548,243
Investments	107,081	102,775
Gift certificates	5,083	3,458
Prepaid expenses	38,136	36,928
Total current assets	2,322,072	1,497,422
PROPERTY AND EQUIPMENT:		
Buildings	5,194,808	5,241,157
Building improvements	799,274	1,104,182
Equipment and furniture	494,489	534,111
Land	900,974	941,274
	7,389,545	7,820,724
Less - Accumulated depreciation	(2,703,127)	(2,979,676)
Net property and equipment	4,686,418	4,841,048
OTHER ASSETS:		
Investments - Permanently Restricted	19,900	19,900
Pledges receivable - long term	85,200	-
Security deposits	8,355	8,355
Total other assets	113,455	28,255
	$ 7,121,945	$ 6,366,725

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES:		
Notes payable, current maturities	$ 53,831	$ 51,211
Capital leases, current maturities	3,393	3,123
Accounts payable	58,606	27,618
Accrued wages and payroll taxes	113,108	91,453
Accrued leave liability	115,681	103,672
Accrued other	4,894	5,686
Grant advance	1,879	12,500
Total current liabilities	351,392	295,263
LONG-TERM LIABILITIES:		
Notes payable, net of current maturities	379,820	433,650
Capital leases, net of current maturities	-	270
Total long-term liabilities	379,820	433,920
Total liabilities	731,212	729,183
COMMITMENTS		
NET ASSETS:		
Unrestricted	5,880,920	5,308,909
Temporarily restricted	489,913	308,733
Permanently restricted	19,900	19,900
Total net assets	6,390,733	5,637,542
	$ 7,121,945	$ 6,366,725

FAMILY SHELTER SERVICE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:								
Public support and revenue -								
Churches	$ 34,321	$ -	$ -	$ 34,321	$ 29,665	$ -	$ -	$ 29,665
Corporations	67,996	2,586	-	70,582	1,087	38,949	-	40,036
Donated services	203,179	-	-	203,179	180,058	-	-	180,058
Foundations	270,452	347,400	-	617,852	376,544	155,000	-	531,544
Fundraising, net of expenses of $108,273 and $140,638 2018 and 2017, respectively	219,072	-	-	219,072	177,631	-	-	177,631
Grants -								
Illinois Department of Human Services	654,332	-	-	654,332	650,000	-	-	650,000
Illinois Coalition Against Domestic Violence	406,123	-	-	406,123	170,524	-	-	170,524
Community Development Block Grants	-	-	-	-	-	-	-	-
Emergency Food & Shelter Program	26,257	-	-	26,257	19,332	-	-	19,332
Others	275,608	-	-	275,608	168,277	-	-	168,277
Individuals	290,068	184,000	-	474,068	135,311	147,336	-	282,647
Investment income	11,799	691	-	12,490	12,606	246	-	12,852
Miscellaneous income	26,941	-	-	26,941	6,378	-	-	6,378
Organizations	97,012	-	-	97,012	63,829	-	-	63,829
United Way	71,500	-	-	71,500	86,700	-	-	86,700
Resale shop, net of expenses of $497,558 and $450,118 for 2018 and 2017, respectively	228,278	-	-	228,278	250,476	-	-	250,476
Total public support and revenue	2,882,938	534,677	-	3,417,615	2,328,418	341,531	-	2,669,949
Net assets released from restrictions - Satisfaction of program restrictions	353,497	(353,497)	-	-	298,358	(298,358)	-	-
Net public support and revenue	$ 3,236,435	$ 181,180	$ -	$ 3,417,615	$ 2,626,776	$ 43,173	$ -	$ 2,669,949

The accompanying notes are an integral part of this statement.

FAMILY SHELTER SERVICE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES:								
Program expenses -								
Safer Living	$ 1,179,246	$ -	$ -	$ 1,179,246	$ 1,153,196	$ -	$ -	$ 1,153,196
Safer Communities	967,653	-	-	967,653	861,347	-	-	861,347
Total program expenses	2,146,899	-	-	2,146,899	2,014,543	-	-	2,014,543
Administration	455,942	-	-	455,942	397,670	-	-	397,670
Development	249,334	-	-	249,334	183,826	-	-	183,826
Total expenses	2,852,175	-	-	2,852,175	2,596,039	-	-	2,596,039
CHANGE IN NET ASSETS, before non-operating items	384,260	181,180	-	565,440	30,737	43,173	-	73,910
NON-OPERATING ITEMS:								
Gain on sale of an asset	187,751	-	-	187,751	2,117	-	-	2,117
CHANGE IN NET ASSETS	572,011	181,180	-	753,191	32,854	43,173	-	76,027
NET ASSETS, Beginning of year	5,308,909	308,733	19,900	5,637,542	5,276,055	265,560	19,900	5,561,515
NET ASSETS, End of year	$ 5,880,920	$ 489,913	$ 19,900	$ 6,390,733	$ 5,308,909	$ 308,733	$ 19,900	$ 5,637,542

The accompanying notes are an integral part of this statement.

FAMILY SHELTER SERVICE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from public support and revenue	$ 4,226,788	$ 2,947,215
Cash paid for program services, employees and supplies	(3,191,091)	(2,980,397)
Interest paid	(25,714)	(25,714)
Interest received	12,490	12,852
Net cash provided by (used in) operating activities	1,022,473	(46,044)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(161,194)	(16,109)
Sale of fixed assets	325,026	-
Purchase of investments	(10,017)	(6,548)
Proceeds from sale of investments	6,540	6,559
Net cash provided by (used in) investing activities	160,355	(16,098)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital leases	-	(6,173)
Payments on note payables	(51,210)	(48,718)
Net cash (used in) financing activities	(51,210)	(54,891)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,131,618	(117,033)
CASH AND CASH EQUIVALENTS, Beginning of year	794,318	911,351
CASH AND CASH EQUIVALENTS, End of year	$ 1,925,936	$ 794,318
RECONCILIATION OF CHANGE IN TOTAL NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in total net assets	$ 753,191	$ 76,027
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation	178,549	198,275
Gain on asset sale	(187,751)	-
Unrealized (gain) on investments	(829)	(7,513)
Changes in operating assets and liabilities:		
(Increase) decrease in pledges receivable	(167,450)	110,500
(Increase) decrease in grants receivable	396,357	(414,259)
(Increase) in gift certificates	(1,625)	(137)
(Increase) in prepaid expenses	(1,208)	(18,502)
Increase (decrease) in accounts payable and accrued expenses	63,860	(2,935)
Increase (decrease) in grant advance	(10,621)	12,500
Net adjustments	269,282	(122,071)
Net cash provided by (used in) operating activities	$ 1,022,473	$ (46,044)

The accompanying notes are an integral part of this statement.

EXHIBIT 4

FAMILY SHELTER SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(with comparative totals for 2017)

	Safer Living	Safer Communities	Administration	Development	Total	2017 Total
Wages	$ 613,730	$ 581,737	$ 308,538	$ 137,877	$ 1,641,882	$ 1,431,029
Wages, in-kind	70,586	88,993	-	-	159,579	146,458
Rent, in-kind	-	33,600	-	-	33,600	33,600
Outside services	36,823	28,344	14,311	6,358	85,836	91,662
Payroll taxes	54,629	43,405	30,112	12,855	141,001	135,088
Employee benefits	57,163	87,435	27,017	18,426	190,041	154,058
Building maintenance	46,935	11,031	4,030	3,044	65,040	63,510
Utilities	42,083	11,296	2,181	2,541	58,101	65,189
Telephone	17,386	9,139	1,730	2,110	30,365	35,407
Insurance	21,616	9,197	1,642	1,971	34,426	46,860
Interest	21,465	1,385	231	-	23,081	25,573
Depreciation	125,561	31,141	12,850	7,939	177,491	198,275
Assistance to individuals	25,536	346	-	613	26,495	14,414
Supplies	6,468	3,755	1,884	1,232	13,339	16,319
Furniture/equipment maintenance	11,416	5,488	2,031	144	19,079	12,324
Conference/training	3,177	2,009	921	811	6,918	1,170
Postage/shipping	684	2,206	529	5,449	8,868	6,748
Travel expense	5,272	3,992	3,237	3,269	15,770	13,438
Miscellaneous	5,207	1,076	7,116	10,263	23,662	22,449
Professional fees	7,850	5,361	33,734	11,799	58,744	33,467
Bad debt	-	-	-	-	-	5,000
Subscription/dues	1,268	798	2,349	9,527	13,942	19,596
Printing	3,513	5,374	1,214	8,987	19,088	14,921
Advertising	878	545	285	4,119	5,827	2,604
Board development	-	-	-	-	-	3,034
Sales tax	-	-	-	-	-	3,846
Total functional expenses	$ 1,179,246	$ 967,653	$ 455,942	$ 249,334	$ 2,852,175	$ 2,596,039

The accompanying notes are an integral part of this statement.

FAMILY SHELTER SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES:

Family Shelter Service, Inc. (the Agency) is a not-for-profit social service agency serving victims of domestic violence in DuPage County, Illinois. Services include: temporary safe shelter, a transitional housing program, a 24-hour crisis line, individual counseling, ongoing support groups, specialized counseling and advocacy for children, court and victim advocacy and community education.

The financial statements were available to be issued on November 16, 2018, with subsequent events being evaluated through this date.

The following summarizes the significant accounting policies and practices reflected in the accompanying financial statements:

Accounting Method -

The year-end accounting records of the Agency are maintained on the accrual basis which recognizes revenue as it is earned and expenses as they are incurred.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Agency considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk -

Financial instruments which potentially subject the Agency to concentrations of credit risk consist principally of cash. The Agency places its cash and deposits with high credit quality financial institutions; however, deposits may exceed the federally insured limits in various banks from time to time.

Grants Receivable -

Grants receivable represent grants due to the Agency from governmental agencies. These receivables were reviewed at year end and amounts deemed uncollectible were written off.

Pledges Receivable -

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES: (Continued)

Property and Equipment -

The Agency follows the practice of capitalizing all expenditures and property and equipment having a useful life in excess of one year. Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation and are depreciated over their estimated useful lives, which range from 5 to 40 years, using the straight-line method. Any purchases over $1,000 are capitalized.

Donated Materials, Equipment and Services -

Donated materials, equipment and rent are reflected as in-kind income and expense in the accompanying statements at their estimated values at date of receipt. A substantial number of volunteers have donated significant amounts of their time in the Agency's program services and in its fundraising campaigns. The donated skilled services and rent are $203,179 and $180,058 for June 30, 2018 and 2017, respectively.

Estimates -

The Agency prepares its financial statements according to generally accepted accounting principles which require the use of estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Restricted Resources -

The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Agency reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES: (Continued)

Temporarily restricted net assets are as follows:

	2018	2017
Time restricted	$ 290,400	$ 65,500
Capital improvements	55,433	61,166
Hotline	-	19,505
Children	-	1,150
Counseling	70,000	65,000
Shelter food	1,986	7,723
Development	-	-
Endowment income	937	246
Prevention	70,000	86,755
Downers Grove landscaping	-	1,088
Medical	1,157	600
	$ 489,913	$ 308,733

Allocation of Expenses -

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with Agency's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Reclassification -

Certain prior year amounts have been reclassified to be consistent with the current year presentation.

(2) INCOME TAXES:

The Agency has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code pursuant to a letter dated January 27, 1977. Accordingly, no provision for income tax has been established.

(2) INCOME TAXES: (Continued)

The Agency files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Agency is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2014. The Agency does not expect a material net change in unrecognized tax benefits in the next twelve months.

(3) PLEDGES RECEIVABLE:

Included in pledges receivable are the following unconditional promises to give:

	2018	2017
Pledges	$ 179,150	$ 11,700
Less - Unamortized discount	-	-
Net unconditional promises to give	$ 179,150	$ 11,700
Amount due in:		
Less than one year	$ 93,950	$ 11,700
One to five years	85,200	-
	$ 179,150	$ 11,700

(4) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification (ASC) for Fair Value Measurement establishes a single definition of fair value and a framework for measuring fair value. The ASC sets out a fair value hierarchy to be used to classify the source of information used in fair value measurement 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.

The ASC established market and observable inputs as the preferred source of values, followed by assumptions based on hypothetical transactions in the absence of market inputs.

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

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

(4) FAIR VALUE MEASUREMENTS: (Continued)

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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, 2018 and 2017

DuPage Foundation: Valued at the fair value of the Agency's share of net assets of the Community Foundation as of June 30, 2018 and 2017.

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

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value:

	Assets at Fair Value as of June 30, 2018			
Description	Level 1	Level 2	Level 3	Total
DuPage Foundation	$ -	$ -	$ 126,981	$ 126,981

	Assets at Fair Value as of June 30, 2017			
Description	Level 1	Level 2	Level 3	Total
DuPage Foundation	$ -	$ -	$ 122,675	$ 122,675

The table below sets forth a summary of changes in the fair value of the Agency's level 3 assets for the years ended June 30, 2018 and 2017.

	Community Foundation Fund	
	2018	2017
Balance, beginning of year	$ 122,675	$ 115,173
Unrealized gain (loss) relating to instruments held	829	7,513
Purchases and sales, net	3,477	(11)
Balance, end of year	$ 126,981	$ 122,675

(5) LINE OF CREDIT:

The Agency has a $200,000 line of credit from a bank. It is unsecured with a junior lien on a building, bears interest at prime and is due in March, 2019. As of June 30, 2018 and 2017, the Agency had no borrowings.

In addition, the Agency must meet a debt service coverage ratio of 1.0 to 1.0. The Agency met this covenant at June 30, 2018 and 2017.

(6) NOTE PAYABLE:

	2018	2017
Payable to a not-for-profit organization, in monthly installments of $6,262, principal and interest, bearing interest at 5.0% until April, 2020, at which time the interest rate will be recalculated based on the note payable agreement, due in May, 2025, and secured by a building.	$ 433,651	$ 484,561
Less - current maturities	53,831	51,211
Long-term portion	$ 379,820	$ 433,650

The notes payable mature as follows:

2019	$ 53,831
2020	56,728
2021	60,365
2022	63,454
2023	66,701
Thereafter	132,572
	$ 433,651

(7) LEASE COMMITMENTS:

The Agency leases equipment under capital leases. Total equipment under the capital leases is $17,109 before accumulated amortization. The net book value of the leased property as of June 30, 2018 was $191.

(7) LEASE COMMITMENTS: (Continued)

Minimum lease obligations on these capital leases are as follow:

2019	$ 3,396
Amount representing interest	3
Present value of net minimum lease payments	3,393
Less: Current portion	3,393
Long-term capital lease obligations	$ -

The Agency has lease agreements with third parties for two resale shops, one that is month to month and another that expires in March, 2023. Rent expense for the years ended June 30, 2018 and 2017 was $178,891 and $171,313, respectively.

The future minimum rental commitments are as follows:

2019	$ 69,401
2020	70,809
2021	72,231
2022	73,695
2023	18,516

(8) RETIREMENT PLAN:

The Agency maintains a tax-sheltered retirement savings plan for all employees who have met certain service requirements. The employees may make voluntary pretax contributions to the plan, up to the maximum amount permitted under the Internal Revenue Code. In 2012, the Agency amended the plan to add employer discretionary matching contributions effective July, 2012. There has been no employer contributions for the years ended June 30, 2018 and 2017.

(9) EMPLOYEE BENEFITS:

The Agency has a Section 125 employee benefit plan, which is also referred to as a "cafeteria" plan. The employees have an option to receive their full compensation for any plan year in cash or to have a portion of it applied, by the Agency, towards the cost of one or more of the following plans on a pre-tax basis: 1) Dependent Care Assistance Plan, 2) Health Care Reimbursement Plan, 3) cash benefit, 4) health insurance benefit, or 5) dental insurance benefit. A new employee is eligible to participate in the cafeteria plan as of the date they satisfy the eligibility conditions for the Agency's group medical plan.

(10) CONCENTRATION OF GRANTS:

The Agency received approximately 18% and 24% of its total public support and revenue from grants from the Illinois Department of Human Services for the years ended June 30, 2018 and 2017, respectively.

(11) DUPAGE COUNTY PURCHASE GRANT:

The DuPage County Purchase Grant was accepted by the Agency subject to a covenant by the Agency to comply with several terms and conditions for a twenty-year period commencing with the expiration date of the grant agreement. Some of the key covenants include the following:

1. The property must be used to provide an emergency shelter for victims of domestic violence.

2. The property must be used to meet the benefit of low and moderate-income persons as defined by HUD.

3. The Agency must comply with the standards of all state and local codes and ordinances with respect to the property.

It is the Agency's management's intent to fully comply with all grant provisions. As a result, there is no contingent liability recorded for noncompliance recorded on the financial statements of the Agency.

(12) ENDOWMENT:

The Accounting Standards Codification (ASC) provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The ASC also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The Agency's endowment consists of one fund established for operations. Its endowment consists of donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of the Agency has interpreted the Illinois Prudent Management of Institutional Funds Act (IPMIFA) 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 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

(12) ENDOWMENT: (Continued)

Agency in a manner consistent with the standard of prudence prescribed by IPMIFA. In accordance with IPMIFA, the Agency 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 Agency, and (7) the Agency's investment policies.

Investment Return Objectives, Risk Parameters and Strategies -

The Agency has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a Community Foundation that are intended to result in a consistent rate of return that has sufficient liquidity to make an annual distribution for operations, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy -

The Agency's spending policy will be at the discretion of the Board and applicable federal and state laws.

Endowment net asset composition by type of fund is as follows:

	2018	2017
Unrestricted	$ -	$ -
Temporarily restricted	937	246
Permanently restricted	19,900	19,900
	$ 20,837	$ 20,146

(12) ENDOWMENT: (Continued)

Spending Policy – (Continued)

Changes in endowment net assets for the years ended June 30, 2018 and 2017 are as follows:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 246	$ 19,900	$ 20,146
Contributions	-	-	-	-
Net appreciation	-	136	-	136
Distribution	-	(820)	-	(820)
Investment income	-	1,375	-	1,375
Endowment net assets, end of year	$ -	$ 937	$ 19,900	$ 20,837

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (987)	$ -	$ 19,900	$ 18,913
Contributions	-	-	-	-
Net appreciation	987	247	-	1,234
Distribution	-	(819)	-	(819)
Investment income	-	818	-	818
Endowment net assets, end of year	$ -	$ 246	$ 19,900	$ 20,146

(13) SUBSEQUENT EVENT:

On August 16, 2018, Family Shelter Service leased a new copier from Konica Minolta. The terms of the lease are for 36 months starting on the day of the lease agreement and monthly payments of $1,134 with an option for a lease renewal or 9% purchase upon termination.

(13) SUBSEQUENT EVENT: (Continued)

The future minimum lease commitments are as follows:

For years ended June 30,		
2019	$	12,474
2020		13,608
2021		13,608
2022		1,134
Total:	$	40,824

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Family Shelter Service, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Shelter Service, Inc. which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 16, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Shelter Service, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Shelter Service, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Family Shelter Service, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Shelter Service, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Family Shelter Service, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Shelter Service, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dugan + Lopatka
DUGAN & LOPATKA

Warrenville, Illinois
November 16, 2018

FAMILY SHELTER SERVICE, INC.
SCHEDULE OF SAFER LIVING PROGRAM EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Safe Homes	Safe Adults	Safe Children	Total
Wages	$ 299,339	$ 237,815	$ 76,576	$ 613,730
Wages, in-kind	66,605	1,665	2,316	70,586
Outside services	19,472	10,861	6,490	36,823
Payroll taxes	25,959	21,615	7,055	54,629
Employee benefits	18,060	39,103	-	57,163
Building maintenance	35,352	6,785	4,798	46,935
Utilities	29,769	7,143	5,171	42,083
Telephone	11,344	3,568	2,474	17,386
Insurance	7,884	3,285	10,447	21,616
Interest	15,233	3,462	2,770	21,465
Depreciation	88,107	21,749	15,705	125,561
Assistance to individuals	17,686	6,524	1,326	25,536
Postage	116	365	203	684
Supplies	3,397	1,438	1,633	6,468
Furniture/equipment maintenance	7,737	2,667	1,012	11,416
Conference/training	1,632	1,063	482	3,177
Travel expense	2,261	2,687	324	5,272
Miscellaneous	1,717	2,536	954	5,207
Professional fees	4,595	1,915	1,340	7,850
Subscription/dues	800	327	141	1,268
Printing	1,237	1,979	297	3,513
Advertising	290	87	501	878
Total functional expenses	$ 658,592	$ 378,639	$ 142,015	$ 1,179,246

FAMILY SHELTER SERVICE, INC.
SCHEDULE OF SAFER COMMUNITY PROGRAM EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Prevention	Court and Victim Advocacy	Connections	Total
Wages	$ 194,936	$ 192,098	$ 194,703	$ 581,737
Wages, in-kind	2,140	48,428	38,425	88,993
Rent, in-kind	-	33,600	-	33,600
Outside services	9,536	9,536	9,272	28,344
Payroll taxes	14,248	15,177	13,980	43,405
Employee benefits	34,966	29,214	23,255	87,435
Building maintenance	4,854	1,054	5,123	11,031
Utilities	4,362	2,252	4,682	11,296
Telephone	3,211	2,435	3,493	9,139
Insurance	2,956	2,956	3,285	9,197
Interest	462	231	692	1,385
Depreciation	13,556	3,073	14,512	31,141
Assistance to individuals	-	121	225	346
Supplies	1,231	1,273	1,251	3,755
Furniture/equipment maintenance	271	2,823	2,394	5,488
Conference/training	988	503	518	2,009
Postage/shipping	586	946	674	2,206
Travel expense	2,110	542	1,340	3,992
Miscellaneous	103	261	712	1,076
Professional fees	1,723	1,723	1,915	5,361
Subscription/dues	211	311	276	798
Printing	1,929	1,623	1,822	5,374
Advertising	158	268	119	545
Total functional expenses	$ 294,537	$ 350,448	$ 322,668	$ 967,653

FAMILY SHELTER SERVICE, INC.
SCHEDULE OF ILLINOIS COALITION AGAINST DOMESTIC VIOLENCE
GRANT REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018

	VOCA	VAWA	Total
REVENUE:			
Grant revenue	$ 367,936	$ 38,187	$ 406,123
Match revenue	91,984	-	91,984
Total revenue	459,920	38,187	498,107
EXPENDITURES:			
Personnel/fringe	427,166	38,187	465,353
Supplies	6,437		6,437
Consultants	1,338		1,338
Occupancy	8,032		8,032
Direct administrative cost	7,947		7,947
miscellaneous cost	9,000	-	9,000
Total expenditures	459,920	38,187	498,107
Excess	$ -	$ -	$ -

Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report

Grantee Name	FAMILY SHELTER SERVICE INC
ID Numbers	AUDIT:12443 Grantee:675034 DUNS:153199799 FEIN:362883552
Audit Period	7/1/2017 - 6/30/2018
Submitted	11/21/2018; Cathy Goulet; Director of Finance/Operations; cgoulet@familyshelterservice.net; 630-221-8290 X7104
Accepted	
Program Count	2

All Programs Total				
Category	**State**	**Federal**	**Other**	**Total**
Personal Services (Salaries and Wages)	285,134.95	467,904.00	964,922.00	1,717,960.95
Fringe Benefits	122,058.30	65,714.00	143,269.00	331,041.30
Travel	0.00	0.00	15,770.00	15,770.00
Equipment	0.00	0.00	19,079.00	19,079.00
Supplies	0.00	6,445.00	48,793.00	55,238.00
Contractual Services	0.00	0.00	85,836.00	85,836.00
Consultant (Professional Services)	0.00	1,338.00	57,406.00	58,744.00
Construction	0.00	90,870.00	0.00	90,870.00
Occupancy - Rent and Utilities	37,585.00	8,032.00	346,122.00	391,739.00
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	0.00	30,364.00	30,364.00
Training and Education	0.00	0.00	6,918.00	6,918.00
Direct Administrative Costs	75,553.75	7,947.00	0.00	83,500.75
Miscellaneous Costs	0.00	9,000.00	46,984.00	55,984.00
All Grant Specific Categories	0.00	0.00	0.00	0.00
TOTAL DIRECT EXPENDITURES	**520,332.00**	**657,250.00**	**1,765,463.00**	**2,943,045.00**
Indirect Costs	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	**520,332.00**	**657,250.00**	**1,765,463.00**	**2,943,045.00**

State Agency	Department Of Human Services (444)
Program Name	Domestic Violence Prevention and Intervention Program (444-80-0652)
Program Limitations	No
Mandatory Match	Yes 4.91
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	285,134.95	134,000.00	32,160.00	451,294.95
Fringe Benefits	122,058.30	0.00	0.00	122,058.30
Occupancy - Rent and Utilities	37,585.00	0.00	0.00	37,585.00
Direct Administrative Costs	75,553.75	0.00	0.00	75,553.75
TOTAL DIRECT EXPENDITURES	**520,332.00**	**134,000.00**	**32,160.00**	**686,492.00**

State Agency	Department Of Human Services (444)
Program Name	Sexual Assault Prevention and Response (444-80-0654)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
	0.00	0.00	0.00	0.00
TOTAL DIRECT EXPENDITURES	**0.00**	**0.00**	**0.00**	**0.00**

Program Name	Other grant programs and activities{Grantee_Added}

Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	333,904.00	143,186.00	477,090.00
Fringe Benefits	0.00	65,714.00	8,151.00	73,865.00
Supplies	0.00	6,445.00	17,717.00	24,162.00
Contractual Services	0.00	0.00	7,500.00	7,500.00
Consultant (Professional Services)	0.00	1,338.00	0.00	1,338.00
Construction	0.00	90,870.00	0.00	90,870.00
Occupancy - Rent and Utilities	0.00	8,032.00	0.00	8,032.00
Telecommunications	0.00	0.00	4,772.00	4,772.00
Training and Education	0.00	0.00	2,912.00	2,912.00
Direct Administrative Costs	0.00	7,947.00	0.00	7,947.00
Miscellaneous Costs	0.00	9,000.00	500.00	9,500.00
TOTAL DIRECT EXPENDITURES	**0.00**	**523,250.00**	**184,738.00**	**707,988.00**

Program Name	All other costs not allocated{Grantee_Added}

Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	0.00	789,576.00	789,576.00
Fringe Benefits	0.00	0.00	135,118.00	135,118.00
Travel	0.00	0.00	15,770.00	15,770.00
Equipment	0.00	0.00	19,079.00	19,079.00
Supplies	0.00	0.00	31,076.00	31,076.00
Contractual Services	0.00	0.00	78,336.00	78,336.00
Consultant (Professional Services)	0.00	0.00	57,406.00	57,406.00
Occupancy - Rent and Utilities	0.00	0.00	346,122.00	346,122.00
Telecommunications	0.00	0.00	25,592.00	25,592.00
Training and Education	0.00	0.00	4,006.00	4,006.00
Miscellaneous Costs	0.00	0.00	46,484.00	46,484.00
TOTAL DIRECT EXPENDITURES	**0.00**	**0.00**	**1,548,565.00**	**1,548,565.00**

ILLINOIS DEPARTMENT OF HUMAN SERVICES
GRANT REPORT for the period July 1, 2017 through June 30, 2018
Page 1 of 2 -- Grant Allowable Cost Summary

AGENCY NAME: FAMILY SHELTER SERVICE **FEIN: 36-2883552**

		DHS GRANT- FUNDED SERVICES				All other Programs	Mgmt. & General	Total
		Program 1	Program 2	Program 3	Program 4			
	Program Name / Number / Contract Number / Other Identification:	Domestic Violence Prevention and Intervention FCSWT01542						
A.	Direct Program expenses	610,938		-	-	1,785,295	455,942	2,852,175
B.	Allocate Management and General Costs (Note 1)	75,554		-	-	380,388	(455,942)	-
C.	SUBTOTAL A + B	686,492	-	-	-	2,165,683	-	2,852,175
D.	Subtract Unallowable costs per page 2	-	-	-	-			
E.	Add other approved uses (attach documentation)							
F.	TOTAL Allowable costs	686,492	-	-	-			
G.	Special provisions							
H.	Interest Earned (see instructions)							

NOTE 1: Management and General Costs are allocated based on: _______ direct salaries, ___X____ total direct costs, _______other basis (attach explanation)

ILLINOIS DEPARTMENT OF HUMAN SERVICES
GRANT REPORT for the period July 1, 2017 through June 30, 2018
Page 2 of 2 -- UNALLOWABLE COSTS REPORT

AGENCY NAME: FAMILY SHELTER SERVICE **FEIN: 36-2883552**

	DHS GRANT-FUNDED SERVICES			
	Program 1	Program 2	Program 3	Program 4
Program Name / Number / Contract:	Domestic Violence Prevention and Intervention FCSWT01542			
Unallowable Costs (see instructions)				
compensation of governing body	0	0		
entertainment	0	0		
association dues	0	0		
meetings and conventions	0	0		
fundraising	0	0		
bad debt	0	0		
charity and grants	0	0		
unallowable interest	0	0		
inventories	0	0		
depreciation on DHS - funded assets	0	0		
costs of production	0	0		
in-kind expenses	-	0		
alcoholic beverages	0	0		
personal automobiles	0	0		
fines & penalties	0	0		
personal use items	0	0		
lobbying	0	0		
unallowable relocation	0	0		
gratuities	0	0		
political contributions	0	0		
related party transactions	0	0		
costs where a conflict of interest exists	0	0		
Unallowable costs if Program is Federally funded or cost-restricted by Contract (See Instructions) Explain:	0	0		
TOTAL UNALLOWABLE COSTS (to line D of Grant Report) -- See below if NONE	0	0	0	0

If no unallowable costs are listed, sign and date as follows:
I certify that no unallowable costs are included in either direct costs or allocated Management and General costs on the Grant Report.

Signature Date

Printed Name and Title