

**LOVE INC OF LAKE COUNTY  
REPORT ON THE AUDIT  
OF THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2015 AND 2014**

**LOVE INC OF LAKE COUNTY**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Love INC of Lake County

We have audited the accompanying financial statements of Love INC of Lake County (an Illinois not-for-profit corporation), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2015 and 2014 and the related statements of support, revenue, and expenses - modified cash basis, functional expenses - modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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 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 opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Love INC of Lake County as of December 31, 2015 and 2014, and the changes in its support, revenue, expenses and cash flows for the years then ended, in accordance with the basis of accounting as described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Kuntle & Associates, P.C.*

**LOVE INC OF LAKE COUNTY  
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS  
MODIFIED CASH BASIS  
DECEMBER 31, 2015 AND 2014**

**ASSETS**

	<b>2015</b>	<b>2014</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 102,747	\$ 94,116
Investments	1,093	0
	<u>103,840</u>	<u>94,116</u>
<b>TOTAL CURRENT ASSETS</b>		
<b>FIXED ASSETS</b>		
Vehicles	21,000	18,000
Furniture and Equipment	9,681	9,681
	<u>30,681</u>	<u>27,681</u>
Less -- Accumulated Depreciation	23,931	20,512
	<u>6,750</u>	<u>7,169</u>
<b>TOTAL FIXED ASSETS</b>		
<b>OTHER ASSETS</b>		
Deposits	4,250	4,250
	<u>4,250</u>	<u>4,250</u>
<b>TOTAL OTHER ASSETS</b>		
<b>TOTAL ASSETS</b>		
	<u>\$ 114,840</u>	<u>\$ 105,535</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accrued Payroll Liabilities	\$ 3,429	\$ 2,620
<b>TOTAL CURRENT LIABILITIES</b>		
	<u>3,429</u>	<u>2,620</u>
<b>TOTAL LIABILITIES</b>		
	<u>3,429</u>	<u>2,620</u>
<b>NET ASSETS</b>		
Unrestricted	99,630	84,025
Temporarily Restricted	11,781	18,890
	<u>111,411</u>	<u>102,915</u>
<b>TOTAL NET ASSETS</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>		
	<u>\$ 114,840</u>	<u>\$ 105,535</u>

See The Accompanying Notes To The Financial Statements.

**LOVE INC OF LAKE COUNTY  
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUES</b>				
Contributions	\$ 211,263	\$ 11,908	\$ 0	\$ 223,171
Fundraising	76,148	0	0	76,148
In-Kind Donations	51,714	0	0	51,714
Miscellaneous	3,532	0	0	3,532
Net Assets Released from Restrictions	19,017	(19,017)	0	0
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>361,674</u>	<u>(7,109)</u>	<u>0</u>	<u>354,565</u>
<b>FUNCTIONAL EXPENSES</b>				
Program Services				
Financial Counseling, The Help Center and Transportation	210,750	0	0	210,750
Furniture Ministry	51,578	0	0	51,578
Clothing Closet	13,260	0	0	13,260
Total Program Services	<u>275,588</u>	<u>0</u>	<u>0</u>	<u>275,588</u>
Management and General	37,351	0	0	37,351
Fundraising	33,130	0	0	33,130
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>346,069</u>	<u>0</u>	<u>0</u>	<u>346,069</u>
<b>CHANGE IN NET ASSETS</b>	15,605	(7,109)	0	8,496
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>84,025</u>	<u>18,890</u>	<u>0</u>	<u>102,915</u>
<b>END OF YEAR</b>	<u>\$ 99,630</u>	<u>\$ 11,781</u>	<u>\$ 0</u>	<u>\$ 111,411</u>

See The Accompanying Notes To The Financial Statements.

**LOVE INC OF LAKE COUNTY  
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUES</b>				
Contributions	\$ 176,625	\$ 13,407	\$ 0	\$ 190,032
Fundraising	75,551	0	0	75,551
In-Kind Donations	41,953	0	0	41,953
Miscellaneous	2,475	0	0	2,475
Net Assets Released from Restrictions	17,727	(17,727)	0	0
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>314,331</u>	<u>(4,320)</u>	<u>0</u>	<u>310,011</u>
<b>FUNCTIONAL EXPENSES</b>				
Program Services				
Financial Counseling, The Help Center and Transportation	201,599	0	0	201,599
Furniture Ministry	46,452	0	0	46,452
Clothing Closet	9,587	0	0	9,587
Total Program Services	<u>257,638</u>	<u>0</u>	<u>0</u>	<u>257,638</u>
Management and General	46,499	0	0	46,499
Fundraising	38,327	0	0	38,327
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>342,464</u>	<u>0</u>	<u>0</u>	<u>342,464</u>
<b>CHANGE IN NET ASSETS</b>	(28,133)	(4,320)	0	(32,453)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>112,158</u>	<u>23,210</u>	<u>0</u>	<u>135,368</u>
<b>END OF YEAR</b>	<u>\$ 84,025</u>	<u>\$ 18,890</u>	<u>\$ 0</u>	<u>\$ 102,915</u>

**See The Accompanying Notes To The Financial Statements.**

**LOVE INC OF LAKE COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Services	Management and General	Fundraising	Total
<b>EXPENSES</b>				
Accounting Fees	\$ 0	\$ 4,375	\$ 0	\$ 4,375
Bank Fees	0	901	0	901
Beds Ministry	15,235	0	0	15,235
Board Training	320	0	0	320
Clothing Closet	13,260	0	0	13,260
Depreciation	2,906	342	171	3,419
Donated Goods	47,021	0	0	47,021
Donated Services	600	0	0	600
Equipment & Maintenance	1,768	0	0	1,768
Facility	10,829	1,892	110	12,831
Furniture Serviced	36,343	0	0	36,343
Miscellaneous	3,861	631	0	4,492
Office Insurance	0	1,892	0	1,892
Office Supplies	1,431	1,789	358	3,578
Payroll Taxes	7,688	1,005	513	9,206
Postage	46	46	367	459
Promotion	0	0	23,223	23,223
Rent	15,859	1,041	0	16,900
Salaries	90,776	22,662	6,687	120,125
Starter Kit Ministry	398	0	0	398
Telephone	2,852	535	178	3,565
Tithes and Offerings	21,388	0	0	21,388
Training	142	0	0	142
Transportation Ministry	495	0	0	495
Truck	1,135	0	0	1,135
Web Design & Internet	360	0	1,439	1,799
Worker's Compensation	875	240	84	1,199
<b>TOTAL EXPENSES</b>	<b>\$ 275,588</b>	<b>\$ 37,351</b>	<b>\$ 33,130</b>	<b>\$ 346,069</b>

**See The Accompanying Notes To The Financial Statements.**



**LOVE INC OF LAKE COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Services	Management and General	Fundraising	Total
<b>EXPENSES</b>				
Accounting Fees	\$ 0	\$ 8,625	\$ 0	\$ 8,625
Bank Fees	0	1,041	0	1,041
Beds Ministry	13,144	0	0	13,144
Clothing Closet	9,587	0	0	9,587
Depreciation	2,873	338	169	3,380
Donated Goods	40,084	0	0	40,084
Donated Services	1,869	0	0	1,869
Equipment & Maintenance	3,128	0	0	3,128
Facility	12,698	2,313	1,239	16,250
Furniture Serviced	33,308	0	0	33,308
Miscellaneous	1,648	54	0	1,702
Office Insurance	0	2,528	0	2,528
Office Supplies	1,638	2,047	409	4,094
Organization Fees	0	395	0	395
Payroll Taxes	6,860	1,031	485	8,376
Postage	843	843	6,742	8,428
Promotion	0	0	20,396	20,396
Rent	15,758	2,075	510	18,343
Salaries	84,363	24,437	6,794	115,594
Starter Kit Ministry	979	0	0	979
Telephone	3,806	526	175	4,507
Tithes and Offerings	19,847	0	0	19,847
Training	460	0	0	460
Transportation Ministry	784	0	0	784
Travel	2,733	0	0	2,733
Web Design & Internet	331	0	1,322	1,653
Worker's Compensation	897	246	86	1,229
<b>TOTAL EXPENSES</b>	<b>\$ 257,638</b>	<b>\$ 46,499</b>	<b>\$ 38,327</b>	<b>\$ 342,464</b>

**See The Accompanying Notes To The Financial Statements.**

**LOVE INC OF LAKE COUNTY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from Grantors and Supporters	\$ 302,851	\$ 268,058
Paid to Suppliers and Employees	(294,220)	(301,106)
Interest Paid	0	0
Taxes Paid	0	0
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>8,631</b>	<b>(33,048)</b>
	<hr/>	<hr/>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>8,631</b>	<b>(33,048)</b>
<b>CASH AND CASH EQUIVALENTS,</b>		
<b>BEGINNING OF YEAR</b>	<u>94,116</u>	<u>127,164</u>
<b>END OF YEAR</b>	<u><u>\$ 102,747</u></u>	<u><u>\$ 94,116</u></u>
 <b>NON-CASH OPERATING ACTIVITIES</b>		
Donated Goods	\$ 47,021	\$ 40,084
Donated Fixed Assets	3,000	0
Donated Investments	1,093	0
Donated Services	600	1,869
	<hr/>	<hr/>
<b>TOTAL NON-CASH OPERATING ACTIVITIES</b>	<u><u>\$ 51,714</u></u>	<u><u>\$ 41,953</u></u>

**See The Accompanying Notes To The Financial Statements.**

**LOVE INC OF LAKE COUNTY  
STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Change in Net Assets	<u>\$ 8,496</u>	<u>\$ (32,453)</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used in) Operating Activities:		
Depreciation	3,419	3,380
Donated Fixed Assets	(3,000)	0
Donated Investments	(1,093)	0
Changes in Certain Assets and Liabilities:		
Deposits	0	(4,250)
Accrued Payroll Liabilities	<u>809</u>	<u>275</u>
Total Adjustments	<u>135</u>	<u>(595)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u><u>\$ 8,631</u></u>	<u><u>(33,048)</u></u>

**See The Accompanying Notes To The Financial Statements.**

**LOVE INC OF LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Love INC of Lake County (the "Organization") mobilizes local churches to provide various community services to disadvantaged individuals. The Organization was incorporated as a not-for-profit in 1994. The Organization's principal facility is located in Lake County, Illinois. The Organization's mission is to organize and coordinate churches in the community to respond to individual family and project needs in the name of Christ. The Organization's mission is accomplished through the following five strategic initiatives:

*Furniture Ministry* – Volunteers deliver furniture from those with goods to donate to those in need.

*Clothing Closet* – Volunteers work at clothing 'stores' where families in need can purchase clothing using 'Love INC dollars'.

*Financial Counseling* – Volunteers recruit and encourage people to learn basic skills in budgeting, banking, and advocating for themselves.

*The Help Center* – Volunteers answer phones in the main office and are the voice of Christ to the general public to those in need.

*Transportation* – The Organization partners with local car repair shops to provide safety related repairs to ensure reliable transportation for a person to get to work, school, or appointments.

A) Method of Accounting

The Organization's accounts are maintained on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recognized when paid. If the books were maintained on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, all revenues would be recognized when earned and all expenses would be recognized when incurred. The modified cash basis includes fixed assets, deposits and accrued payroll liabilities, as it does on the accrual basis.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not use fund accounting.

**LOVE INC OF LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B) Accounting Policies

Cash and Cash Equivalents - For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Unrealized and realized gains and losses are included in the change in net assets.

Fixed Assets - Equipment is recorded at cost when purchased. Donated fixed assets are recorded at fair value on the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the useful lives. Depreciation expense is \$3,419 and \$3,380 for the years ended December 31, 2015 and 2014, respectively.

Revenue - The Organization receives substantially all of its revenue from contributions from the community and local churches.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, a provision for income taxes has not been made on the financial statements.

The Organization files its tax return with the U.S. federal and various state and local tax jurisdictions. With few exceptions, the Organization is no longer subject to examinations by major tax jurisdictions for tax years 2012 and prior. The Organization had no income tax expense for the years ended December 31, 2015 and 2014.

**LOVE INC OF LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2 - IN-KIND DONATIONS**

Donated Goods - Donated goods are recorded at their estimated fair value on the date of donation. The Organization received donated goods totaling \$47,021 and \$40,084 for the years ended December 31, 2015 and 2014, respectively. Total donated goods are included in in-kind donations revenue on the Statements of Support, Revenue, and Expenses - Modified Cash Basis, and in donated goods expense on the Statements of Functional Activities - Modified Cash Basis.

Donated Services - Donated services are recognized as in-kind revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. Donated services totals \$600 and \$1,869 for the years ended December 31, 2015 and 2014, respectively, and is included in in-kind donations revenue on the Statements of Support, Revenue, and Expenses - Modified Cash Basis, and as donated services expense on the Statements of Functional Activities - Modified Cash Basis.

Donated Fixed Assets - During the years ended December 31, 2015 and 2014, the Organization received donations of fixed assets valued at \$3,000 and \$0, respectively. This amount is included in in-kind donations revenue on the Statements of Support, Revenue, and Expenses - Modified Cash Basis.

Donated Investments - During the years ended December 31, 2015 and 2014, the Organization received donations of stocks valued at \$1,093 and \$0, respectively. The Organization's policy is to liquidate donated securities immediately upon their receipt. This amount is included in in-kind donations revenue on the Statements of Support, Revenue, and Expenses - Modified Cash Basis.

**NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Purpose Restriction:	<b>2015</b>	<b>2014</b>
Beds Ministry	\$ 0	\$ 8,508
Board Training	1,180	0
Church Benevolence Fund	28	28
Clothing Closet	344	0
Starter Kits Ministry	550	71
Transportation Ministry	814	283
Truck Fund	8,865	10,000
	<hr/>	<hr/>
Total Temporarily Restricted Net Assets:	<u>\$ 11,781</u>	<u>\$ 18,890</u>

**LOVE INC OF LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose Restriction Accomplished:	<b>2015</b>	<b>2014</b>
Back to School	\$ 0	\$ 206
Beds Ministry	15,106	13,293
Board Training	320	0
Clothing Closet	1,563	995
Facility	0	1,000
Lake Community Foundation Grant	0	270
Layette Ministry	0	200
Starter Kits Ministry	398	979
Transportation Ministry	495	784
Trunk Fund	<u>1,135</u>	<u>0</u>
Total Temporarily Restricted Net Assets Released:	<u>\$ 19,017</u>	<u>\$ 17,727</u>

**NOTE 4 - OPERATING LEASE**

The Organization leases its facility from Robert E. Runyan under a two year non-cancellable operating lease expiring May 31, 2016. Rent expense for the years ended December 31, 2015 and 2014 is \$52,000 and \$38,311, respectively.

Future minimum lease payments are as follows:

For the year ended December 31, 2016 \$ 21,875

**NOTE 5 - SUBSEQUENT EVENTS**

The date to which events occurring after December 31, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is July 28, 2016 the date the financial statements were available to be issued.