

AFFINITY COMMUNITY SERVICES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2014
(With summarized comparative information for
the year ended December 31, 2013)

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Independent Auditor's Report

Board of Directors
Affinity Community Services
1424-28 East 53rd Street, Suite 306
Chicago, Illinois 60615

I have audited the accompanying financial statements of Affinity Community Services (ACS), an Illinois nonprofit organization, which are comprised of the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Affinity Community Services as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from ACS' December 31, 2013 financial statements and, in my report dated March 13, 2014, I expressed an unqualified opinion on those financial statements.

James M. Babic, PC

January 22, 2015

AFFINITY COMMUNITY SERVICES
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014

(With summarized comparative totals as of December 31, 2013)

	As of December 31, 2014			Total as of Dec. 31, 2013
	Unrestricted	Temporarily Restricted	Total	
<u>ASSETS</u>				
CURRENT ASSETS				
Cash	\$ 48,340	\$ 57,525	\$ 105,865	\$ 51,590
Contributions and contract fees receivable	522	23,000	23,522	115
Prepaid expenses	8,947	-	8,947	1,538
Total current assets	57,809	80,525	138,334	53,243
OFFICE EQUIPMENT, net of \$840 and \$572 accumulated depreciation as of December 31 2014 and 2013, respectively	2,570	-	2,570	-
Total assets	<u>\$ 60,379</u>	<u>\$ 80,525</u>	<u>\$ 140,904</u>	<u>\$ 53,243</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 1,600	\$ -	\$ 1,600	\$ 6,927
Contract advances and deferred revenues (Note 5)	20,150	-	20,150	-
Total current liabilities	21,750	-	21,750	6,927
NET ASSETS	38,629	80,525	119,154	46,316
Total liabilities and net assets	<u>\$ 60,379</u>	<u>\$ 80,525</u>	<u>\$ 140,904</u>	<u>\$ 53,243</u>

The accompanying notes are an integral part of these financial statements

AFFINITY COMMUNITY SERVICES
STATEMENT OF ACTIVITIES
AND CHANGE IN NET ASSETS (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2014
(With summarized comparative totals for the year ended December 31, 2013)

	Year Ended December 31, 2014			Total for the Year Ended Dec. 31, 2013
	Unrestricted	Temporarily Restricted	Total	
PUBLIC SUPPORT AND REVENUE:				
Public support:				
Grants and contributions (Note 4)	\$ 111,678	\$ 79,525	\$ 191,203	\$ 130,899
Fundraising events	14,276	-	14,276	8,116
Total public support	125,954	79,525	205,479	139,015
Net assets released from restrictions upon satisfaction of program requirements	35,950	(35,950)	-	-
Revenue:				
Contract service fees (Note 4)	5,420	-	5,420	-
Program service and other fees	7,750	-	7,750	3,565
Interest income	41	-	41	20
Sundry	1,515	-	1,515	30
Total revenue	14,726	-	14,726	3,615
Total public support and revenues	176,630	43,575	220,205	142,630
EXPENSES:				
Program services:				
Core program services	113,291	-	113,291	82,296
Affiliated program services	13,733	-	13,733	-
Total program services	127,024	-	127,024	82,296
Supporting services:				
General management and administration	10,757	-	10,757	5,908
Resource development	9,586	-	9,586	7,435
Total supporting services expenses	20,343	-	20,343	13,343
Total expenses	147,367	-	147,367	95,639
NET INCREASE (DECREASE) IN NET ASSETS	29,263	43,575	72,838	46,991
NET ASSETS (DEFICIT):				
Beginning of the year	9,366	36,950	46,316	(675)
End of the year	\$ 38,629	\$ 80,525	\$ 119,154	\$ 46,316

The accompanying notes are an integral part of these financial statements

AFFINITY COMMUNITY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(With comparative totals for the year ended December 31, 2013)

	PROGRAM SERVICES			SUPPORTING SERVICES			GRAND TOTALS	
	Core Program Services	Affiliated Program Services	Total Program Services	General Mgmt. & Admin.	Resource Develop- ment	Total Supporting Services	2014	2013
Staff salaries and wages	\$ 38,675	-	38,675	\$ 2,275	\$ 4,550	\$ 6,825	\$ 45,500	\$ -
Employer payroll taxes	3,554	-	3,554	209	418	627	4,181	-
Employee benefits	-	-	-	-	-	-	-	6,933
Contract services	7,567	7,185	14,752	-	-	-	14,752	41,589
Facility occupancy (Note 5)	18,617	-	18,617	1,095	2,190	3,285	21,902	21,088
Professional fees	14,354	-	14,354	199	398	597	14,951	3,466
Event and program expenses	1,798	4,645	6,443	-	-	-	6,443	1,353
Meetings, travel, conference	16,533	151	16,684	2,893	613	3,506	20,190	7,592
Office supplies and expenses	2,642	1,100	3,742	220	440	660	4,402	3,906
Telecommunications	1,950	-	1,950	99	197	296	2,246	1,722
Printing and photocopying	1,215	652	1,867	360	-	360	2,227	732
Postage and courier	221	-	221	13	26	39	260	364
Insurance	1,983	-	1,983	117	233	350	2,333	2,174
Public relations	3,404	-	3,404	-	-	-	3,404	1,070
Bank and credit card fees	-	-	-	2,038	199	2,237	2,237	1,690
Depreciation	228	-	228	13	27	40	268	684
Other	550	-	550	1,226	295	1,521	2,071	1,276
Total functional expenses	\$ 113,291	\$ 13,733	\$ 127,024	\$ 10,757	\$ 9,586	\$ 20,343	\$ 147,367	\$ 95,639

The accompanying notes are an integral part of these financial statements

AFFINITY COMMUNITY SERVICES
STATEMENT OF CASH FLOWS

	Year Ended December 31,	
	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES:		
Net increase (decrease) in net assets	\$ 72,838	\$ 46,991
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	268	684
(Increase) decrease in:		
Accounts receivable	(23,407)	716
Prepaid expenses	(7,409)	342
Increase (decrease) in:		
Accounts payable	(5,327)	2,467
Contract advances and deferred revenues	20,150	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	57,113	51,200
CASH USED IN INVESTING ACTIVITIES		
Purchases of office equipment	(2,838)	-
NET INCREASE IN CASH	54,275	51,200
CASH, BEGINNING OF THE YEAR	51,590	390
CASH, END OF THE YEAR	\$ 105,865	\$ 51,590

The accompanying notes are an integral part of these financial statements

AFFINITY COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - HISTORY AND NATURE OF THE ORGANIZATION

Affinity Community Services (ACS) was incorporated on September 9, 1997 under the 1987 General Not-For-Profit-Act of Illinois. ACS is a social justice organization that works with and on behalf of Black LGBTQ communities, queer youth, and allies to identify emergent needs, create safe spaces, develop leaders, and bridge communities through collective analysis and action for social justice, freedom, and human rights.

ACS sponsors an array of programs, many of which are organized by committees of volunteers. Such sponsored programs include the Youth Leadership Institute, the Health Committee, and various social programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

Basis of presentation

Financial statement presentation follows the Financial Accounting Standards Board Accounting Standards Codification (ASC) No. 958-605 and No. 958-205.

Under ASC No. 958-605 contributions are recognized in the period received, or in the period in which an unconditional promise to give is made.

Under ASC 958-205, ACS is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Classification of net assets as unrestricted, temporarily restricted, or permanently restricted is based on the absence or existence of donor imposed restrictions.

Donor-imposed restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, restricted support that is received and fulfilled within the same fiscal year is reported as unrestricted.

Income taxes

ACS is exempt from federal taxes under Section 501(c)3 of the Internal Revenue Code. It qualifies for charitable contributions under Section 170(b)(1)(A), and has been classified as an organization that is not a private foundation under Section 509(a)(2). ACS' management has determined that FIN 48, which addresses accounting for uncertainty in income taxes, has no effect on its financial statements due to ACS' tax-exempt status.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles may require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures. Actual results could differ from those estimates.

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board

Expense allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(Continued on the following page)

AFFINITY COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated goods and services

ACS received donated goods and services from individuals. These in-kind services are not reported as contributions in the financial statements because they do not meet the criteria of skilled services required to be reported under FASB ASC 958-605-25-16.

Subsequent Events

ACS has evaluated subsequent events through January 22, 2015 the date financial statements were available to be issued. No material transactions occurred through this date that are required to be reported in this audit report.

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2014 are available for the following specific program services:

General operations, time restricted	\$ 56,083
Immigration Initiative	11,250
Communications	6,858
Succession planning	5,334
Youth programs	1,000
Total temporarily restricted net assets as of December 31, 2014	<u>\$ 80,525</u>

NOTE 4 - GRANTS AND CONTRIBUTIONS, AND CONTRACT FEES

ACS recognized grants and contributions and contract fees from the following benefactors during the years ended December 31, 2014 and December 31, 2013:

<u>Grantor / contributor:</u>	<u>2014</u>	<u>2013</u>
Alphawood Foundation	\$ 20,000	\$ 20,000
Astrea Lesbian Foundation for Justice	25,000	5,000
Chicago Foundation for Women	27,500	-
Crossroads Fund	26,160	6,000
Elizabeth McGeachin-McKee Foundation	2,000	8,000
Nathan Cummings Foundation	-	5,000
New World Foundation	7,000	15,000
Polk Bros. Foundation	-	6,000
Woods Fund of Chicago	47,500	35,000
Various individuals, each \$5,000 or more	15,000	7,500
Others, under \$5,000 each (both years)	21,043	23,399
Total grants and contributions	<u>\$ 191,203</u>	<u>\$ 130,899</u>

(Continued on the following page)

AFFINITY COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 - GRANTS AND CONTRIBUTIONS, AND CONTRACT FEES (Continued)

<u>Contract fees:</u>	<u>2014</u>	<u>2013</u>
Illinois Department of Public Health	\$ 5,420	\$ -

NOTE 5 - CONTRACT ADVANCES AND DEFERRED REVENUES

Contract advances can be applied to related contract expenses incurred in succeeding fiscal years in accordance with contract terms, or refunded if related contract expenses incurred in succeeding fiscal years are less than the advance balance. Revenue on contract advances is recognized as related contract expenses are incurred. The balance of contract advance as of December 31, 2014 was \$18,580.

Deferred revenues as of December 31, 2014 consists of \$1,570 program fees for an event held in January 2015. These fees will be recognized as income when the event takes place.

The combined balance of contract advances and deferred revenues as of December 31, 2014 was \$20,150.

NOTE 6 - FACILITY OCCUPANCY

ACS leases its primary office space under an agreement that commenced in August, 2013 and continues through August, 2016. Initial monthly rent under this agreement was \$1,591, and is scheduled for 5% increases on each anniversary date of the agreement. Total rent expense for this lease during 2014 and 2013 was \$19,320 and \$18,960, respectively. Future minimum obligations under this agreement are as follows

	<u>Amount</u>
Calendar year 2015	\$ 20,378
Calendar year 2016	14,030
Total	<u>\$ 34,408</u>

During 2014 and 2014 ACS rented storage space on a month-to-month basis at a rate of \$175 per month. Total expense for such rentals for the years 2014 and 2013 was \$2,100 and \$2,100, respectively.

Total rent expense for the years 2014 and 2013 was \$21,420 and \$21,060, respectively.