

**EVANGELICAL CHILD AND FAMILY AGENCY
AND ECFA FOUNDATION, INC.**

**COMBINED FINANCIAL STATEMENTS
AS OF JUNE 30, 2017 AND 2016**

TOGETHER WITH AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Evangelical Child and Family Agency:

We have audited the accompanying financial statements of Evangelical Child and Family Agency and ECFA Foundation, Inc. which comprise the combined statement of financial position as of June 30, 2017 and 2016, and the related combined statements of activities, cash flows and functional expenses for the years then ended and the related notes to the combined 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. Those standards require that we plan and perform the audit 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 Evangelical Child and Family Agency and ECFA Foundation, Inc. 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.

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 and 2 is presented for purposes of additional analysis 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.



DUGAN & LOPATKA

Wheaton, Illinois
September 26, 2017

EVANGELICAL CHILD AND FAMILY AGENCY
AND ECFA FOUNDATION, INC.
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 428,711	\$ 446,844
Investments	1,702,708	1,850,841
Receivables - Program fees	181,056	110,185
Other current assets	28,129	26,599
Total current assets	<u>2,340,604</u>	<u>2,434,469</u>
PROPERTY AND EQUIPMENT:		
Land	83,000	83,000
Building and improvements	760,046	742,143
Furniture and equipment	68,560	68,560
Automobiles	88,063	88,063
	<u>999,669</u>	<u>981,766</u>
Less - Accumulated depreciation	<u>683,743</u>	<u>652,009</u>
Net property and equipment	<u>315,926</u>	<u>329,757</u>
OTHER ASSETS:		
Rent security deposits	4,702	4,717
Certificate of deposit	7,991	7,915
Total other assets	<u>12,693</u>	<u>12,632</u>
	<u>\$ 2,669,223</u>	<u>\$ 2,776,858</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 51,382	\$ 25,109
Other liabilities and accrued expenses	44,638	139,135
Total current liabilities	<u>96,020</u>	<u>164,244</u>
COMMITMENTS		
NET ASSETS:		
Unrestricted	2,526,106	2,560,614
Unrestricted - Board designated	34,097	52,000
Temporarily restricted	13,000	-
Total net assets	<u>2,573,203</u>	<u>2,612,614</u>
	<u>\$ 2,669,223</u>	<u>\$ 2,776,858</u>

The accompanying notes are an integral part of this statement.

EVANGELICAL CHILD AND FAMILY AGENCY
AND ECFA FOUNDATION
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017		2016	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
		Total		Total
SUPPORT AND REVENUE:				
Contributions	\$ 761,149	\$ 13,000	\$ 774,149	\$ 629,794
Program service fees	177,374	-	177,374	134,475
Government payment for services	733,148	-	733,148	682,413
Resale shop sales (net of direct expenses of \$57,602 in 2017 and \$103,082 in 2016)	40,607	-	40,607	70,860
Special projects and events (net of direct expenses of \$89,580 in 2017 and \$106,788 in 2016)	282,196	-	282,196	259,501
Income on investments	77,032	-	77,032	34,925
Net unrealized and realized gains on investments	125,987	-	125,987	35,144
	<u>2,197,493</u>	<u>13,000</u>	<u>2,210,493</u>	<u>1,847,112</u>
Total support and revenue				<u>1,847,112</u>
RECLASSIFICATIONS:				
Net assets released upon satisfaction of purpose restrictions	-	-	-	<u>(46,296)</u>

The accompanying notes are an integral part of this statement.

EVANGELICAL CHILD AND FAMILY AGENCY
AND ECFA FOUNDATION, INC.
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017		2016		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
FUNCTIONAL EXPENSES:					
Program -					
Adoption Services	\$ 249,507	\$ -	\$ 249,507	\$ -	\$ 275,125
Safe Families Foster Care	94,088	-	94,088	-	112,734
Pregnancy Support Services	337,030	-	337,030	-	374,119
Family and Individual Counseling	83,169	-	83,169	-	90,588
Intact Family Services	673,277	-	673,277	-	685,715
Total program expense	1,437,071	-	1,437,071	-	1,538,281
Management and General	311,252	-	311,252	-	293,734
Fundraising	183,468	-	183,468	-	178,293
Total functional expenses	1,931,791	-	1,931,791	-	2,010,308
CHANGE IN NET ASSETS, before bequest for long-term purposes received (returned)	265,702	13,000	278,702	(46,296)	(163,196)
BEQUEST FOR LONG-TERM PURPOSES RECEIVED (RETURNED)	(318,113)	-	(318,113)	-	754,774
CHANGE IN NET ASSETS	(52,411)	13,000	(39,411)	(46,296)	591,578
NET ASSETS, Beginning of year	2,612,614	-	2,612,614	46,296	2,021,036
NET ASSETS, End of year	\$ 2,560,203	\$ 13,000	\$ 2,573,203	\$ -	\$ 2,612,614

The accompanying notes are an integral part of this statement.

EVANGELICAL CHILD AND FAMILY AGENCY
AND ECFA FOUNDATION, INC.
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (39,411)	\$ 591,578
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	31,736	30,153
Unrealized and realized (gain) on investments	(125,987)	(35,144)
Donated investments	(26,981)	(5,986)
Increase (decrease) in receivables	(70,871)	59,436
(Increase) in other current assets	(1,530)	(2,123)
(Increase) decrease in rent security deposits	15	(16)
(Increase) in certificate of deposit	(76)	-
Increase in accounts payable	26,273	556
Increase (decrease) in other liabilities and accrued expenses	(94,497)	93,092
	<u>(301,329)</u>	<u>731,546</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(457,077)	(552,259)
Proceeds from sale of investments	758,178	-
Purchase of property and equipment	(17,905)	(56,171)
	<u>283,196</u>	<u>(608,430)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(18,133)	123,116
CASH AND CASH EQUIVALENTS, Beginning of year	<u>446,844</u>	<u>323,728</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 428,711</u>	<u>\$ 446,844</u>

The accompanying notes are an integral part of this statement.

EVANGELICAL CHILD AND FAMILY AGENCY
AND ECFA FOUNDATION, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Adoption Services	Safe Families Foster Care	Pregnancy Support Services	Family and Individual Counseling	Intact Family Services	Total Program Expense	Management and General	Fund-raising	Total
Salaries	\$ 166,876	\$ 63,001	\$ 203,401	\$ 50,319	\$ 388,960	\$ 872,557	\$ 213,144	\$ 112,629	\$ 1,198,330
Employee benefits	35,090	13,965	60,838	12,306	84,016	206,215	28,997	13,858	249,070
Payroll taxes	11,563	4,466	14,700	3,590	27,753	62,072	15,174	7,874	85,120
Professional fees	2,584	736	3,723	654	4,954	12,651	7,658	1,221	21,530
Supplies	1,792	1,038	3,451	1,182	7,259	14,722	1,881	1,934	18,537
Telephone	4,084	1,825	4,818	242	8,661	19,630	1,033	1,540	22,203
Postage	974	366	1,381	232	1,755	4,708	920	5,800	11,428
Occupancy	5,089	1,758	5,753	3,751	6,317	22,668	2,846	1,471	26,985
Printing	200	128	10,644	828	860	12,660	306	25,888	38,854
Subscriptions	-	-	-	-	-	-	164	-	164
Local transportation	4,885	2,094	7,430	153	14,251	28,813	505	2,250	31,568
Conferences	3,367	(790)	1,226	1,710	324	5,837	4,693	439	10,969
Specific assistance	-	253	2,498	-	96,637	99,388	-	-	99,388
Membership dues	146	93	149	183	5,379	5,950	825	2,800	9,575
Insurance	4,767	1,713	5,200	3,811	6,418	21,909	8,629	1,409	31,947
Equipment rental and maintenance	2,599	1,381	3,322	1,622	10,654	19,578	9,198	2,414	31,190
Miscellaneous	35	-	28	-	752	815	12,382	-	13,197
Depreciation	5,456	2,061	8,468	2,586	8,327	26,898	2,897	1,941	31,736
Total functional expenses	\$ 249,507	\$ 94,088	\$ 337,030	\$ 83,169	\$ 673,277	\$ 1,437,071	\$ 311,252	\$ 183,468	\$ 1,931,791

The accompanying notes are an integral part of this statement.

EVANGELICAL CHILD AND FAMILY AGENCY
AND ECFA FOUNDATION, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Adoption Services	Safe Families Foster Care	Pregnancy Support Services	Family and Individual Counseling	Intact Family Services	Total Program Expense	Management and General	Fund-raising	Total
Salaries	\$ 187,471	\$ 80,188	\$ 226,733	\$ 56,015	\$ 404,809	\$ 955,216	\$ 201,727	\$ 110,004	\$ 1,266,947
Employee benefits	38,479	14,046	71,964	10,588	71,250	206,327	27,519	14,271	248,117
Payroll taxes	13,342	5,779	16,157	4,040	29,199	68,517	14,510	7,445	90,472
Professional fees	4,652	686	1,403	1,045	11,013	18,799	6,078	767	25,644
Supplies	1,407	929	2,253	1,342	5,912	11,843	1,195	1,600	14,638
Telephone	3,092	1,532	3,670	239	7,188	15,721	1,000	1,495	18,216
Postage	1,407	437	2,050	367	2,434	6,695	1,042	4,864	12,601
Occupancy	5,812	2,070	6,668	5,274	6,952	26,776	3,239	1,494	31,509
Printing	1,926	-	8,766	2,696	-	13,388	-	27,613	41,001
Subscriptions	-	-	-	-	-	-	82	-	82
Local transportation	3,088	2,294	7,947	336	13,119	26,784	642	2,468	29,894
Conferences	2,070	(99)	1,503	1,224	9,959	14,657	6,707	88	21,452
Specific assistance	-	109	9,119	-	98,632	107,860	-	-	107,860
Membership dues	329	59	129	78	5,365	5,960	825	2,700	9,485
Insurance	5,135	1,652	6,178	3,777	4,978	21,720	8,870	1,158	31,748
Equipment rental and maintenance	1,811	980	1,504	1,008	6,619	11,922	6,913	642	19,477
Miscellaneous	77	70	-	-	180	327	10,685	-	11,012
Depreciation	5,027	2,002	8,075	2,559	8,106	25,769	2,700	1,684	30,153
Total functional expenses	\$ 275,125	\$ 112,734	\$ 374,119	\$ 90,588	\$ 685,715	\$ 1,538,281	\$ 293,734	\$ 178,293	\$ 2,010,308

The accompanying notes are an integral part of this statement.

EVANGELICAL CHILD AND FAMILY AGENCY
AND ECFA FOUNDATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Evangelical Child and Family Agency (the Agency) was incorporated on June 24, 1959, under the Illinois General Not-For-Profit Act. The Agency was formed to provide programs of adoption, foster family care, pregnancy support services, and family counseling under the evangelical protestant Christian auspices.

The ECFA Foundation, Inc. (the Foundation) was formed in 1996 for the purpose of promoting and financially supporting the purposes of the Evangelical Child and Family Agency.

The Agency and Foundation statements are combined due to the fact that the main purpose of the Foundation is to promote and support the Agency through contributions and borrowing abilities.

The financial statements were available to be issued on September 26, 2017, with subsequent events being evaluated through this date.

The following is a brief summary of the accounting policies adopted by the Agency and the Foundation:

Accounting Method -

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

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) for *Financial Statements of Not-for-Profit Organizations*. Under the ASC, the Agency and Foundation are required to report information regarding their financial position and activities according to three classes of net assets, which are unrestricted, temporarily restricted and permanently restricted net assets.

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. As of June 30, 2017, the Board has designated \$34,097 for capital improvements.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Agency or Foundation and/or the passage of time. At June 30, 2017, there was \$13,000 restricted for pregnancy support services.

Permanently Restricted Net Assets - Net assets to be held indefinitely, the income from which is expendable to support operating activities. At June 30, 2017 and 2016, there were no permanently restricted net assets.

The Foundation is combined with the Agency for financial reporting. All significant intercompany account balances and transactions have been eliminated in the combined financial statements.

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

Cash and Cash Equivalents -

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

Credit Risk -

Financial instruments which potentially subject the Agency and Foundation to concentrations of credit risk consist principally of cash. The Agency and Foundation place their cash and deposits with high credit quality financial institutions; however, deposits may exceed the federally insured limits during the year.

Receivables -

Receivables consist mostly of amounts due from governmental agencies and are considered fully collectible. Therefore, no allowance for doubtful accounts was required.

Investments -

Investments are recorded at fair market value.

Property and Equipment -

Property and equipment are stated at cost, except for donations of equipment, which are stated at fair market value as of the date of donation. The Agency follows the practice of capitalizing all expenditures for fixed assets in excess of \$1,000. Depreciation is computed using the straight-line method to amortize the cost of fixed assets over their estimated useful lives, ranging from 3 to 40 years. Equipment replacements or improvements are capitalized. Expenditures for repairs or maintenance are expensed when incurred. When assets are disposed of or considered no longer useful, the cost and related depreciation are removed from the books.

Depreciation for the fiscal years ended June 30, 2017 and 2016 amounted to \$31,736 and \$30,153, respectively.

Donated Materials -

Donated property, marketable securities, and other non-cash donations are recorded as contributions at their estimated market value at the date of donation.

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

Donated Services -

Donated services are recognized as contributions in accordance with the Accounting Standards Codification for *Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency.

Restricted and Unrestricted Revenue -

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions received are reported as increases in temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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.

Functional Expenses -

The costs of providing the various programs and other activities are summarized on a functional basis. The costs have been allocated among the various programs and supporting service classifications on the basis of time records, square feet of building usage, and other estimates made by the Agency's management.

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 and disclosures. Actual results could differ from those estimates.

Income Taxes -

The Agency and Foundation have been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) as described under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Agency and Foundation file income tax returns in the U.S. federal jurisdiction. With few exceptions, the Agency and Foundation are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2013. The Agency and Foundation do not expect a material net change in unrecognized tax benefits in the next twelve months.

Reclassification:

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

(2) INVESTMENTS:

Investments are carried at fair market value. Investments consist of the following:

<u>Summary of Investments</u>	<u>2017</u>		<u>2016</u>	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
Evangelical Child and Family Agency -				
Mutual funds	\$ 12,921	\$ 12,210	\$ 9,077	\$ 9,403
Exchange traded funds	2,951	2,951	-	-
Stocks	<u>118,853</u>	<u>98,260</u>	<u>83,310</u>	<u>74,413</u>
	134,725	113,421	92,387	83,816
ECFA Foundation -				
Mutual funds	<u>1,567,983</u>	<u>1,083,336</u>	<u>1,758,454</u>	<u>1,387,244</u>
Total investments	<u>\$ 1,702,708</u>	<u>\$ 1,196,757</u>	<u>\$ 1,850,841</u>	<u>\$ 1,471,060</u>

(3) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurement established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

(3) FAIR VALUE MEASUREMENTS: (Continued)

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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, 2017 and 2016.

Stocks/Exchange Traded Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Agency or Foundation at year end.

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 and the Foundation believe 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.

Fair values of assets measured on a recurring basis at June 30, 2017 and 2016 are as follow:

<u>Description</u>	<u>Assets at Fair Value as of June 30, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments -				
Stocks -				
Services	\$ 72,222	\$ -	\$ -	\$ 72,222
Technology	6,893	-	-	6,893
Industrial	2,567	-	-	2,567
Consumer goods	19,083	-	-	19,083
Financial	<u>18,088</u>	<u>-</u>	<u>-</u>	<u>18,088</u>
Total stocks	<u>118,853</u>	<u>-</u>	<u>-</u>	<u>118,853</u>
Exchange traded funds	<u>2,951</u>	<u>-</u>	<u>-</u>	<u>2,951</u>
Mutual funds -				
International stock -				
World allocations	1,543,354	-	-	1,543,354
World stock	6,355	-	-	6,355
U.S. stock mid-cap	<u>31,195</u>	<u>-</u>	<u>-</u>	<u>31,195</u>
Total mutual funds	<u>1,580,904</u>	<u>-</u>	<u>-</u>	<u>1,580,904</u>
Total investments	<u>\$ 1,702,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,702,708</u>

(3) FAIR VALUE MEASUREMENTS: (Continued)

Description	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Investments -				
Stocks -				
Services	\$ 46,132	\$ -	\$ -	\$ 46,132
Technology	4,983	-	-	4,983
Industrial	2,230	-	-	2,230
Consumer goods	17,222	-	-	17,222
Financial	12,743	-	-	12,743
Total stocks	83,310	-	-	83,310
Exchange traded funds	-	-	-	-
Mutual funds -				
International stock -				
World allocations	1,756,618	-	-	1,756,618
World stock	5,274	-	-	5,274
U.S. stock mid-cap	5,639	-	-	5,639
Total mutual funds	1,767,531	-	-	1,767,531
Total investments	\$ 1,850,841	\$ -	\$ -	\$ 1,850,841

(4) LINE OF CREDIT:

The Agency and Foundation have a loan agreement with an investment broker in which they can borrow up to 50% of qualified investments held with this broker. The interest rate is a variable rate based on an amount greater than prime. As of June 30, 2017 and 2016, there was no outstanding balance on these loans.

(5) RELATED PARTY TRANSACTIONS:

The Agency has a line-of-credit arrangement that provides for a maximum borrowing of \$100,000 with the Foundation. The line of credit from the Foundation is secured by a mortgage and security agreement with respect to real estate located in Wheaton, Illinois and New Berlin, Wisconsin. The interest rate on the line of credit from the Foundation to Illinois is set on the first day of each month and is equal to the prime rate of interest in effect prior to the first day of each month. As of June 30, 2017 and 2016, the line of credit had a \$-0- balance. The line-of-credit note comes due on May 31, 2018.

The loans outstanding between the Foundation and the Agency are offset when the Foundation and the Agency in Illinois and Wisconsin are combined into one entity for financial reporting purposes.

The Foundation contributed \$467,013 and \$39,000 to the Agency for the years ended June 30, 2017 and 2016, respectively. The Agency contributed \$-0- and \$600,000 to the Foundation for the years ended June 30, 2017 and 2016, respectively. These amounts are offset on the combined financial statements. No DCFS funds were transferred out of the Agency to the Foundation.

As of June 30, 2017, the Foundation owed the Agency \$31,637 for a promise to give. This amount is offset on the combined financial statements.

(6) LEASE AGREEMENTS:

As of June 30, 2017, the Agency had a one-year lease which expired in June, 2017 for its resale shop and the lease was not renewed. The total rent paid for the resale shop was \$39,876 and \$71,963 for the years ended June 30, 2017 and 2016, respectively.

(7) RETIREMENT PLAN:

A 401(k) Plan was started on January 1, 2005 and is available to all employees. The Agency contributes a percentage of the employee's annual salary to the plan based on years of service up to a maximum of 5% for the years ended June 30, 2017 and 2016. There were employer contributions of \$56,432 and \$54,920 for the years ended June 30, 2017 and 2016, respectively.

(8) MAJOR SUPPORT AND REVENUE:

The Agency has a contract which must be renewed every year with the Illinois Department of Children and Family Services (DCFS) for Intact Family Services. The funding received under these agreements is 33% and 37% of the total unrestricted revenue and support received by the Agency for the years ended June 30, 2017 and 2016, respectively. The Agency also is required to be licensed as a Child Welfare Agency by DCFS.

(9) FEDERAL AND STATE GRANTS:

The Agency receives significant financial assistance from a state agency in the form of a grant. Program revenue in excess of program expenses is typically subject to recapture under various provisions. Additionally, the disbursement of funds received under this program generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the Agency.

(10) LETTER OF CREDIT:

The Agency has a letter of credit with a bank for Wisconsin unemployment in the amount of \$7,991 expiring on December 31, 2020. The letter of credit is collateralized by a certificate of deposit.

EVANGELICAL CHILD AND FAMILY AGENCY
AND ECFA FOUNDATION, INC.
SCHEDULE OF FINANCIAL POSITION BY AREA
JUNE 30, 2017

<u>ASSETS</u>	<u>Illinois</u>	<u>Wisconsin</u>	<u>Foundation</u>	<u>Elimination</u>	<u>Total</u>
CURRENT ASSETS:					
Cash and cash equivalents	\$ 297,809	\$ 125,466	\$ 5,436	\$ -	\$ 428,711
Investments	109,186	25,539	1,567,983	-	1,702,708
Receivables - Program fees	204,966	7,727	-	(31,637)	181,056
Other current assets	14,915	13,214	-	-	28,129
Total current assets	<u>626,876</u>	<u>171,946</u>	<u>1,573,419</u>	<u>(31,637)</u>	<u>2,340,604</u>
PROPERTY AND EQUIPMENT:					
Land	60,000	23,000	-	-	83,000
Building and improvements	575,383	184,663	-	-	760,046
Furniture and equipment	47,141	21,419	-	-	68,560
Automobiles	70,063	18,000	-	-	88,063
	752,587	247,082	-	-	999,669
Less - Accumulated depreciation	<u>569,377</u>	<u>114,366</u>	<u>-</u>	<u>-</u>	<u>683,743</u>
Net property and equipment	<u>183,210</u>	<u>132,716</u>	<u>-</u>	<u>-</u>	<u>315,926</u>
OTHER ASSETS:					
Certificate of deposit	-	7,991	-	-	7,991
Rent security deposits	<u>2,802</u>	<u>1,900</u>	<u>-</u>	<u>-</u>	<u>4,702</u>
Total other assets	<u>2,802</u>	<u>9,891</u>	<u>-</u>	<u>-</u>	<u>12,693</u>
	<u>\$ 812,888</u>	<u>\$ 314,553</u>	<u>\$ 1,573,419</u>	<u>\$ (31,637)</u>	<u>\$ 2,669,223</u>
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES:					
Accounts payable	\$ 48,245	\$ 3,137	\$ 31,637	(31,637)	\$ 51,382
Other liabilities and accrued expenses	<u>38,304</u>	<u>6,334</u>	<u>-</u>	<u>-</u>	<u>44,638</u>
Total current liabilities	<u>86,549</u>	<u>9,471</u>	<u>31,637</u>	<u>(31,637)</u>	<u>96,020</u>
COMMITMENTS					
NET ASSETS					
Unrestricted	<u>726,339</u>	<u>305,082</u>	<u>1,541,782</u>	<u>-</u>	<u>2,573,203</u>
	<u>\$ 812,888</u>	<u>\$ 314,553</u>	<u>\$ 1,573,419</u>	<u>(31,637)</u>	<u>\$ 2,669,223</u>

EVANGELICAL CHILD AND FAMILY AGENCY
AND ECFA FOUNDATION, INC.
SCHEDULE OF ACTIVITIES BY AREA
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Illinois</u>	<u>Wisconsin</u>	<u>Foundation</u>	<u>Total</u>
SUPPORT AND REVENUE:				
Contributions	\$ 552,112	\$ 207,093	\$ 14,944	\$ 774,149
Program service fees	102,004	75,370	-	177,374
Government payment for services	733,148	-	-	733,148
Resale shops (net of direct expenses of \$57,602)	-	40,607	-	40,607
Special projects and events (net of direct expenses of \$89,580)	225,711	56,485	-	282,196
Income on investments	2,509	660	73,863	77,032
Net unrealized and realized gain on investments	11,094	1,455	113,438	125,987
Total support and revenue	1,626,578	381,670	202,245	2,210,493
FUNCTIONAL EXPENSES:				
Adoption Services	161,349	88,158	-	249,507
Safe Families Foster Care	84,331	9,757	-	94,088
Pregnancy Support Services	143,901	193,129	-	337,030
Family and Individual Counseling	83,169	-	-	83,169
Intact Family Services	673,277	-	-	673,277
Management and General	257,587	45,931	7,734	311,252
Fundraising	104,993	78,475	-	183,468
Total functional expenses	1,508,607	415,450	7,734	1,931,791
CHANGE IN NET ASSETS, before contributions for long-term purposes	117,971	(33,780)	194,511	278,702
CONTRIBUTIONS FOR LONG-TERM PURPOSES	(318,113)	-	-	(318,113)
CHANGE IN NET ASSETS	(200,142)	(33,780)	194,511	(39,411)
NET ASSETS, Beginning of year	474,968	323,362	1,814,284	2,612,614
TRANSFERS BETWEEN FUNDS	451,513	15,500	(467,013)	-
NET ASSETS, End of year	<u>\$ 726,339</u>	<u>\$ 305,082</u>	<u>\$ 1,541,782</u>	<u>\$ 2,573,203</u>