

**OUR CHILDREN'S HOMESTEAD
AND
OUR CHILDREN'S HOMESTEAD FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2016 AND 2015

**OUR CHILDREN'S HOMESTEAD AND
OUR CHILDREN'S HOMESTEAD FOUNDATION
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June 30, 2016 and 2015**

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WEISS, SUGAR, DVORAK & DUSEK, LTD.

Certified Public Accountants & Consultants

20 North Wacker Drive, Suite 2250

Chicago, Illinois 60606

Telephone: (312) 332-6622

Facsimile: (312) 332-3707

Stanley H. Weiss, CPA

David S. Sugar, CPA

Frank A. Dusek, CPA

Robert Rehayem, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
OUR CHILDREN'S HOMESTEAD AND
OUR CHILDREN'S HOMESTEAD FOUNDATION
Naperville, Illinois

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Our Children's Homestead (a nonprofit organization) and affiliate which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Our Children's Homestead and affiliate as of June 30, 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.

Report on Summarized Comparative Information

We previously audited Our Children's Homestead and affiliate 2015 financial statement, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 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 January 24, 2017, on our consideration of Our Children's Homestead and affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions 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 Our Children's Homestead and affiliate's internal control over financial reporting and compliance.


Weiss, Sugar, Dvorak & Dusek, Ltd.

Chicago, Illinois
January 24, 2017

**OUR CHILDREN'S HOMESTEAD AND
OUR CHILDREN'S HOMESTEAD FOUNDATION**
Consolidated Statements of Financial Position
June 30, 2016 with Comparative Totals for June 30, 2015

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash	\$ 255,062	\$ 165,211
Receivables:		
Governmental agencies	207,207	202,965
Other	20,730	2,591
Prepaid expenses	<u>28,871</u>	<u>29,683</u>
Total Current Assets	<u>511,870</u>	<u>400,450</u>
FURNITURE AND EQUIPMENT		
Cost	297,588	268,921
Less: Accumulated depreciation	<u>244,145</u>	<u>241,875</u>
Net Furniture and Equipment	<u>53,443</u>	<u>27,046</u>
DEPOSITS		
	<u>6,385</u>	<u>6,426</u>
TOTAL ASSETS	<u>\$ 571,698</u>	<u>\$ 433,922</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 185,241	\$ 251,827
Accrued payroll and related expenses	411,784	256,432
Related party loans	235,000	230,000
Current portion of capital lease obligation	<u>6,304</u>	<u> </u>
Total Current Liabilities	<u>838,329</u>	<u>738,259</u>
LONG-TERM LIABILITIES (net of current portion)		
Deferred rent	25,297	16,611
Capital lease obligation	<u>24,947</u>	<u> </u>
Total Long-Term Liabilities	<u>50,244</u>	<u>16,611</u>
TOTAL LIABILITIES	<u>888,573</u>	<u>754,870</u>
NET ASSETS		
Unrestricted	(316,875)	(320,948)
*Temporarily restricted	<u> </u>	<u> </u>
Total Net Assets	<u>(316,875)</u>	<u>(320,948)</u>
TOTAL LIABILITES AND NET ASSETS	<u>\$ 571,698</u>	<u>\$ 433,922</u>

See independent auditors' report and notes to financial statements.

**OUR CHILDREN'S HOMESTEAD AND
OUR CHILDREN'S HOMESTEAD FOUNDATION
Consolidated Statements of Activities**

For the Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	FOR THE YEAR ENDED JUNE 30,	
			2016	2015
REVENUES AND OTHER SUPPORT				
Illinois Department of Children and Family Services:				
Foster care - treatment	\$	\$ 4,719,632	\$ 4,719,632	\$ 4,901,453
Foster care - traditional		219,203	219,203	160,349
Adoption		10,069	10,069	683
Illinois Department of Human Services		74,173	74,173	191,902
Social security		20,544	20,544	23,243
Other		30,587	30,587	5,609
		5,074,208	5,074,208	5,283,239
Other contributions and donations	59,078		59,078	86,781
Special events, net of direct benefit to donors of \$-0- in 2016 and \$24,125 in 2015				30,168
In-kind		51,000	51,000	51,000
Interest income		138	138	83
	59,078	5,125,346	5,184,424	5,451,271
Net assets released from restrictions:				
Satisfaction of program restrictions	5,125,346	(5,125,346)		
Total Revenues and Other Support	5,184,424		5,184,424	5,451,271
EXPENSES				
Program services	4,602,889		4,602,889	4,760,358
General and administrative	499,533		499,533	496,263
Fundraising	77,929		77,929	144,450
Total Expenses	5,180,351		5,180,351	5,401,071
CHANGE IN NET ASSETS	4,073		4,073	50,200
NET ASSETS - BEGINNING OF YEAR	(320,948)		(320,948)	(371,148)
NET ASSETS - END OF YEAR	\$ (316,875)	\$ 0	\$ (316,875)	\$ (320,948)

**OUR CHILDREN'S HOMESTEAD AND
OUR CHILDREN'S HOMESTEAD FOUNDATION**
Consolidated Statements of Functional Expenses
For the Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015

	<u>PROGRAM SERVICES</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>FUNDRAISING</u>	<u>FOR THE YEAR ENDED JUNE 30,</u>	
				<u>2016</u>	<u>2015</u>
Salaries and employee benefits	\$ 2,022,239	\$ 405,430	\$ 6,174	\$ 2,433,843	\$ 2,365,226
Consultants	372,521	27,472	8,584	408,577	390,415
Foster care providers	1,508,499			1,508,499	1,622,153
Conferences and training	4,733	622	212	5,567	4,277
Other client assistance	9,497			9,497	14,398
Occupancy	197,060	27,484	679	225,223	259,779
Equipment and supplies	37,506	4,258	830	42,594	63,037
Transportation	291,675	6,099	3,826	301,600	370,092
Insurance	82,253	10,851		93,104	99,114
Telecommunications	43,775	5,068	130	48,973	61,656
Depreciation	14,654	1,624	42	16,320	15,161
All other	18,477	10,625	57,452	86,554	135,763
Total Expenses - 2016	<u>\$ 4,602,889</u>	<u>\$ 499,533</u>	<u>\$ 77,929</u>	<u>\$ 5,180,351</u>	
Total Expenses - 2015	<u>\$ 4,760,358</u>	<u>\$ 496,263</u>	<u>\$ 144,450</u>		<u>\$ 5,401,071</u>

**OUR CHILDREN'S HOMESTEAD AND
OUR CHILDREN'S HOMESTEAD FOUNDATION
Consolidated Statements of Cash Flows
For the Year Ended June 30, 2016 with
Comparative Totals for the Year Ended June 30, 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,073	\$ 50,200
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,320	15,161
Changes in operating assets and liabilities:		
Receivables	(22,381)	(46,361)
Prepaid expenses and deposits	853	(1,425)
Accounts payable	(66,586)	(1,808)
Accrued payroll and related expenses	155,352	45,989
Deferred rent	<u>8,686</u>	<u>15,664</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>96,317</u>	<u>77,420</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>(6,671)</u>	<u>(27,366)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of capital lease obligation	(4,795)	
Net borrowings (repayments) of related party loans	<u>5,000</u>	<u>(70,000)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>205</u>	<u>(70,000)</u>
NET INCREASE (DECREASE) IN CASH	89,851	(19,946)
CASH - BEGINNING OF YEAR	<u>165,211</u>	<u>185,157</u>
CASH - END OF YEAR	<u>\$ 255,062</u>	<u>\$ 165,211</u>

**OUR CHILDREN'S HOMESTEAD AND
OUR CHILDREN'S HOMESTEAD FOUNDATION**
Consolidated Statements of Cash Flows (Continued)
For the Year Ended June 30, 2016 with
Comparative Totals for the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Interest paid	\$ 2,954	\$
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Capital lease incurred in purchase of equipment	\$ 36,047	\$

**OUR CHILDREN'S HOMESTEAD AND
OUR CHILDREN'S HOMESTEAD FOUNDATION
Notes to Consolidated Financial statements
June 30, 2016 and 2015**

NOTE 1 - NATURE OF ORGANIZATION

The mission of Our Children's Homestead ("OCH") is to ensure safe and secure homes for abused, neglected and troubled children. OCH is committed to a continuum of professional care that provides parental training, support and services to maximize the growth of development of each child in a caring family environment in the Chicago and Rockford areas.

On August 4, 1998, Our Children's Homestead Foundation ("OCHF") was formed to support the operations of OCH. On April 9, 1999, OCHF acquired land, building and improvements to provide facilities for the OCH programs. On March 10, 2014, OCHF sold eight residential buildings they rented to OCH for its programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the user.

Both companies (collectively the "Organization") are under common management and operating control. All material inter-organizational transactions and balances have been eliminated in the consolidation.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

- *Unrestricted net assets* - Net assets that are not subject to donor-imposed restrictions. Such assets are available for any purpose consistent with the Organization's mission. Unrestricted net assets may be further classified into designated and undesignated with designated assets representing funds set aside at the discretion of the Board for certain purposes.
- *Temporarily restricted net assets* - Net assets that are subject to specific donor-imposed restrictions that will be met by actions of the Organization and/or passage of time. The Organization had no temporarily restricted net assets.
- *Permanently restricted net assets* - Net assets that are subject to donor-imposed restrictions to be maintained permanently by the Organization. The Organization has no permanently restricted net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Concentrations

OCH routinely maintains balances in financial institutions in excess of federally insured amounts.

Receivables

Receivables from governmental agencies and others are valued at management's estimate of the amount that will ultimately be collected. An allowance for uncollectible amounts, if any, is based upon the Organization's collection experience.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give are reported as contributions receivable in the accompanying financial statements.

Furniture and Equipment

Furniture and equipment are stated at cost. OCH and OCHF follow the practice of capitalizing expenditures for office furniture, fixtures, and equipment in excess of \$1,000. Depreciation is provided on the straight-line method over the estimated useful lives of 3 - 5 years. Depreciation for the years ended June 30, 2016 and 2015 amounted to \$16,320 and \$15,161, respectively.

Revenue

OCH programs are supported by contracts with the Illinois Department of Children and Family Services, Illinois Department of Human Services, and Illinois State Board of Education as well as by donations from corporations and individuals.

Revenue is recorded at the time reimbursable expenses are incurred or as performance units are earned on government grants. Deferred revenues on grants are recorded as liabilities until such time as they are earned by incurring proper costs, attaining performance units, repaid, or liquidated by the government funding agency against grant receivables.

Contributed Materials and Services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and equipment, if any, are reflected as contributions at their fair value in the accompanying financial statements. The Organization generally pays for services requiring specific expertise. Nevertheless, a substantial number of volunteers donated significant amounts of their time to the Organization's operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. There were no unconditional promises to give at June 30, 2016 and 2015.

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. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Additionally, contributions received with donor-imposed restrictions which are met in the same period are recorded as unrestricted net assets.

Income Tax Status

OCH is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. OCHF is exempt from income taxes under Section 501(c)(2). They both remain liable for tax on unrelated income.

Accounting for Uncertain Tax Positions

In June 2006, the FASB issued Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, which was codified into Accounting Standards Codification No. 740, *Income Taxes* (ASC No. 740). FIN 48/ASC No. 740 provides detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*, which was codified into ASC No. 740. FIN 48/ASC No. 740 requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Organization adopted the provisions of this statement in 2010.

The Organization has no ongoing federal or state tax examinations. The Organization is no longer subject to federal or state income tax examinations before the 2014 tax year.

Comparative 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 the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2015 financial statements have been reclassified for comparative purposes to conform to the 2016 presentation with no effect on previously reported changes in net assets.

NOTE 3 - PROGRAM DESCRIPTIONS

Programs for children include the following:

- **Treatment Foster Care:** To provide a specialized foster care home for children with mental health issues and behavioral concerns. Children are provided with intensive services that include therapy, mentoring, respite, medication monitoring, cash management, and educational support.
- **Traditional Foster Care:** To provide children experiencing minimal needs with a foster home. Each child is evaluated and services may include therapy, mentoring, educational support, and case management.
- **Adoption:** To place children who are legally free in adoptive homes. The agency supports the family by coordinating a subsidy that provides the family with on-going financial support and services.
- **Department of Human Services Respite:** To provide respite, or a break, to families caring for individuals with disabilities. The individual must be diagnosed with autism, cerebral palsy, epilepsy, or mental retardation to qualify for 180 hours of respite a year.
- **Department of Human Services Specialized Home Placement:** To provide adults with disabilities with a foster home that can meet their developmental, emotional and physical needs. The agency provides case management and support to these clients.

NOTE 4 – OPERATING LEASES

Naperville Office Lease

During June 2014, OCH entered into the third amendment of its existing Naperville office lease for a six year period commencing June 2014. The lease requires base monthly rental payments ranging from \$13,638 to \$15,532 over the lease term, and expires on May 31, 2020. In addition to the monthly lease payments, OCH is also liable for their proportionate share of operating expenses as defined in the lease.

Rockford Office Lease

During March 2015, OCH entered into a sixty four month lease for its Rockford office space commencing April 2015. After a four month rent abatement, the lease requires monthly rental payments ranging from \$1,497 to \$1,830 over the lease term, and expires on July 31, 2020. In addition to the monthly lease payments, OCH is also liable for their proportionate share of operating expenses as defined in the lease.

Equipment Lease

During July 2015, OCH entered into a thirty seven month lease for certain office equipment. The lease requires an initial payment of \$2,894 followed by thirty six payments of \$859 through July 2018.

NOTE 4 - OPERATING LEASES (Continued)

The future minimum base rental payments for the years ended June 30, are as follows:

	Naperville Office	Rockford Office	Equip.	Total
2017	\$ 173,127	\$ 17,964	\$ 10,308	\$ 201,399
2018	177,673	19,794	10,308	207,775
2019	182,219	21,790	859	204,868
2020	170,854	21,956		192,810
2021		1,830		1,830
	<u>\$ 703,873</u>	<u>\$ 83,334</u>	<u>\$ 21,475</u>	<u>\$ 808,682</u>

The Rockford office lease allows for a four month rent abatement and both office leases contain scheduled rent increases, all of which are required to be recognized ratably in accordance with generally accepted accounting principles. Accordingly, the amount of rent expenses does not coincide with cash payments. This gives rise to a deferred lease benefit liability which is being amortized over the term of the leases. The deferred lease benefit liability at June 30, 2016 and 2015, amounted to \$25,297 and \$16,611, respectively.

Rental expense on all operating leases for the years ended June 30, 2016 and 2015, amounted to \$213,622 and \$261,125, respectively.

NOTE 5 - CAPITAL LEASE OBLIGATION

OCH is obligated under a capital lease for three office copiers commencing in August 2015. The equipment, costing \$36,047, had a net book value of \$29,438 as of June 30, 2016. Depreciation expense on the equipment was \$6,609 for the year ended June 30, 2016. Total interest paid was \$2,954 for the year ended June 30, 2016. Future minimum capital lease payments as of June 30, 2016 are as follows:

2017	\$ 9,300
2018	9,300
2019	9,300
2020	9,300
2021	<u>1,550</u>
	38,750
Less: Amount representing interest	<u>7,499</u>
	<u>\$ 31,251</u>

NOTE 6 - RETIREMENT PLAN

The Organization has instituted a SIMPLE Retirement Plan (Savings Incentive Match Plan for Employees) effective January 1, 2004. The Organization's matching contribution for the years ended June 30, 2016 and 2015 amounted to \$33,558 and \$36,251, respectively.

NOTE 7 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 24, 2017, the date the financial statements were available to be issued.

NOTE 8 - RELATED PARTY LOANS

On October 1, 2014, OCH established a non-interest bearing line of credit with a Director to be used for cash flow purposes. The Director has no obligation to loan OCH any amounts and any decision to loan money lies in the sole and complete discretion of the Director. Outstanding balances under the line amounted to \$35,000 and \$230,000 at June 30, 2016 and 2015, respectively.

On June 30, 2016, OCH established a similar non-interest bearing line of credit with certain relatives of the same Director, also to be used for cash flow purposes. The outstanding balance under the line amounted to \$200,000 at June 30, 2016, and was paid in full on July 19, 2016.

NOTE 9 - DIVERSION OF ORGANIZATION'S ASSETS

On March 18, 2011, the Chief Executive Officer was removed from office after an internal investigation revealed excessive use of agency resources for personal needs. The matter was reported to government authorities. The Board of Directors and OCH have been cooperating in an investigation into the matter by the Illinois Attorney General's Office. On October 5, 2012, the Illinois Attorney General's Office filed an indictment against the former Chief Executive Officer. On September 30, 2014 the former Chief Executive Officer was convicted of multiple charges; he was subsequently sentenced to four and a half years in prison, and a \$100,000 judgment was entered against him in favor of Our Children's Homestead.

NOTE 10 - RISKS AND UNCERTAINTIES

The Organization has received significant financial assistance from state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Organization. Requests for funding must be made on an annual basis.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

In late 2013, the Organization was served with a complaint in State Court in DuPage County, Illinois, alleging the Organization and three other foster care agencies had violated the Illinois False Claims Act. It is the opinion of the Organization's counsel and management that based on the facts known to date, the allegations of the complaint are without merit, and they intend to vigorously contest the case.

WEISS, SUGAR, DVORAK & DUSEK, LTD.

Certified Public Accountants & Consultants

20 North Wacker Drive, Suite 2250

Chicago, Illinois 60606

Telephone: (312) 332-6622

Facsimile: (312) 332-3707

Stanley H. Weiss, CPA

David S. Sugar, CPA

Frank A. Dusek, CPA

Robert Rehayem, CPA

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
OUR CHILDREN'S HOMESTEAD and
OUR CHILDREN'S HOMESTEAD FOUNDATION
Naperville, Illinois

We have audited the financial statements of Our Children's Homestead and affiliate as of and for the year then ended June 30, 2016, and have issued our report thereon dated January 24, 2017, which expressed an unmodified opinion on those financial statements, appears on pages 1 through 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The following supplementary information contained on pages 15 - 16 is presented for purposes of additional analysis and is not a required part of the consolidated 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.



Weiss, Sugar, Dvorak & Dusek, Ltd.

Chicago, Illinois
January 24, 2017

OUR CHILDREN'S HOMESTEAD AND
OUR CHILDREN'S HOMESTEAD FOUNDATION
 Consolidated Schedule of Program Expenses
ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES
ILLINOIS DEPARTMENT OF HUMAN SERVICES
 For the Year Ended June 30, 2016

Program Name	Foster Care		Department of Human Services	Other	Our Children's Homestead Foundation	Total
	Treatment	Traditional				
Salaries and wages	\$ 1,578,811	\$ 73,256	\$ 15,491	\$ 26,667	\$	\$ 1,694,225
Payroll taxes	110,918	5,134	1,069	1,863		118,984
Fringe benefits	194,634	9,024	1,650	3,722		209,030
Consultants	337,404	32,905	355	1,857		372,521
Payments to foster parents	1,400,824	47,828	39,303	20,544		1,508,499
Conference and conventions	4,494	203	7	29		4,733
Client specific assistance	7,945	1,040	81	431		9,497
Occupancy	181,051	8,430	3,948	3,631		197,060
Equipment and supplies	34,757	1,623	482	644		37,506
Transportation	268,436	15,612	5,920	1,707		291,675
Insurance	76,422	3,544	1,058	1,229		82,253
Telecommunications	40,958	1,918	322	577		43,775
Depreciation	13,622	636	179	217		14,654
Miscellaneous	17,362	879		236		18,477
Total	\$ 4,267,638	\$ 202,032	\$ 69,865	\$ 63,354	\$ 0	\$ 4,602,889

See independent auditors' report and notes to financial statements.

**OUR CHILDREN'S HOMESTEAD AND
OUR CHILDREN'S HOMESTEAD FOUNDATION**
Consolidated Schedule of Expenses
For the Year Ended June 30, 2016

	Our Children's Homestead Foundation		Fundraising Program	Administration	Total Contracts	Foster Care		Department of Human Services	
	Total	\$				Treatment	Traditional	Services	Other
Salaries and wages	\$ 2,048,694	\$	4,944	349,525	\$ 1,694,225	\$ 1,578,811	\$ 73,256	\$ 15,491	\$ 26,667
Payroll taxes	143,424		342	24,098	118,984	110,918	5,134	1,069	1,863
Fringe benefits	241,726		888	31,807	209,031	194,634	9,024	1,650	3,723
Consultants	408,576		8,584	27,472	372,520	337,404	32,905	355	1,856
Payments to foster parents	1,508,499				1,508,499	1,400,824	47,828	39,303	20,544
Conference and conventions	5,567		212	622	4,733	4,494	203	7	29
Client specific assistance	9,497				9,497	7,945	1,040	81	431
Occupancy	225,223		679	27,484	197,060	181,051	8,430	3,948	3,631
Equipment and supplies	42,594		830	4,258	37,506	34,757	1,623	482	644
Transportation	301,601		3,826	6,099	291,676	268,436	15,612	5,920	1,708
Insurance	93,104			10,851	82,253	76,422	3,544	1,058	1,229
Telecommunications	48,972		130	5,068	43,774	40,958	1,918	322	576
Depreciation	16,319		42	1,624	14,653	13,622	636	179	216
Miscellaneous	86,555		57,452	10,625	18,478	17,362	879		237
Overhead allocations	5,180,351		77,929	499,533	4,602,889	4,267,638	202,032	69,865	63,354
			10,181	(499,533)	489,352	456,921	21,258	7,205	3,968
Total	\$ 5,180,351	\$ 0	\$ 88,110	\$ 0	\$ 5,092,241	\$ 4,724,559	\$ 223,290	\$ 77,070	\$ 67,322

See independent auditors' report and notes to financial statements.

WEISS, SUGAR, DVORAK & DUSEK, LTD.

Certified Public Accountants & Consultants

20 North Wacker Drive, Suite 2250

Chicago, Illinois 60606

Telephone: (312) 332-6622

Facsimile: (312) 332-3707

Stanley H. Weiss, CPA

David S. Sugar, CPA

Frank A. Dusek, CPA

Robert Rehayem, CPA

**INDEPENDENT AUDITORS' "IN RELATION TO" OPINION ON
CONSOLIDATED FINANCIAL REPORT**

Board of Directors
OUR CHILDREN'S HOMESTEAD and
OUR CHILDREN'S HOMESTEAD FOUNDATION

Our report on our audit of the financial statements of OUR CHILDREN'S HOMESTEAD and OUR CHILDREN'S HOMESTEAD FOUNDATION for the year ended June 30, 2016, appears on pages 1 through 2. That audit was made for the purpose of forming an opinion on such financial statements taken as a whole. The information on pages 18 through 40 for the year ended June 30, 2016, is presented for purposes of additional analysis, as required by the Illinois Department of Children and Family 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, such information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2016, taken as a whole.



Weiss, Sugar, Dvorak & Dusek, Ltd.

Chicago, Illinois
January 24, 2017