

THE BABY FOLD
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016



CliftonLarsonAllen

**THE BABY FOLD
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YEAR ENDED JUNE 30, 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Baby Fold
Normal, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of The Baby Fold, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Baby Fold as of June 30, 2016, 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 Summarized Comparative Information

We have previously audited The Baby Fold's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 24 through 33 is presented for purposes of additional analysis and is not a required part of the financial statements. The 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. Such 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.

The statistical information included on page 34 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2016, on our consideration of The Baby Fold'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 result 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 The Baby Fold's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Peoria, Illinois
November 7, 2016

THE BABY FOLD
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

ASSETS	Unrestricted Fund		
	Operating	Investment	Total
Cash and Cash Equivalents	\$ 590,857	\$ 618,115	\$ 1,208,972
Accounts Receivable	721,718	-	721,718
Pledge Receivable	-	-	-
Food Inventory	12,216	-	12,216
Prepaid Expenses	126,740	413	127,153
Accrued Interest Receivable	-	10,137	10,137
Investment Securities, at Fair Value	-	7,636,558	7,636,558
Grain Inventories, at Fair Value	-	63,595	63,595
Investments in Real Estate	-	1,625,106	1,625,106
Investments Held in Trust by Others, at Fair Value	-	-	-
Cash Value of Life Insurance	-	4,960	4,960
Land, Buildings, and Equipment, Net	5,420,061	-	5,420,061
Total Assets	\$ 6,871,592	\$ 9,958,884	\$ 16,830,476
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable	\$ 164,870	\$ -	\$ 164,870
Line of Credit	300,000	-	300,000
Accrued Expenses	961,720	8,385	970,105
Pension Payable	2,751,419	-	2,751,419
Deferred Revenue - Annuity Contracts	-	72,887	72,887
Deferred Revenue - Program	1,732	-	1,732
Note Payable	697,115	-	697,115
Total Liabilities	4,876,856	81,272	4,958,128
NET ASSETS			
Unrestricted	1,994,736	-	1,994,736
Unrestricted - Designated for Investment by Organization's By-laws	-	9,877,612	9,877,612
Temporarily Restricted	-	-	-
Permanently Restricted	-	-	-
Total Net Assets	1,994,736	9,877,612	11,872,348
Total Liabilities and Net Assets	\$ 6,871,592	\$ 9,958,884	\$ 16,830,476

See accompanying Notes to Financial Statements.

Temporarily Restricted Fund	Permanently Restricted Fund - Endowment	Total 2016	Total (Memorandum Only) 2015
\$ 78,761	\$ 239,293	\$ 1,527,026	\$ 1,013,020
-	-	721,718	1,461,816
-	107,080	107,080	14,000
-	-	12,216	12,008
-	-	127,153	118,563
-	-	10,137	10,018
-	318,328	7,954,886	8,302,933
-	-	63,595	65,923
-	114,500	1,739,606	1,739,606
-	3,758,087	3,758,087	3,863,420
-	-	4,960	4,960
-	-	5,420,061	5,814,528
<u>\$ 78,761</u>	<u>\$ 4,537,288</u>	<u>\$ 21,446,525</u>	<u>\$ 22,420,795</u>
\$ -	\$ -	\$ 164,870	\$ 217,933
-	-	300,000	-
-	-	970,105	918,094
-	-	2,751,419	1,881,012
-	-	72,887	78,870
-	-	1,732	854
-	-	697,115	911,405
-	-	4,958,128	4,008,168
-	-	1,994,736	3,882,337
-	-	9,877,612	10,124,799
78,761	-	78,761	51,643
-	4,537,288	4,537,288	4,353,848
<u>78,761</u>	<u>4,537,288</u>	<u>16,488,397</u>	<u>18,412,627</u>
<u>\$ 78,761</u>	<u>\$ 4,537,288</u>	<u>\$ 21,446,525</u>	<u>\$ 22,420,795</u>

**THE BABY FOLD
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)**

	Unrestricted Fund			Temporarily Restricted Fund	Permanently Restricted Fund - Endowment	Total 2016	Total (Memorandum Only) 2015
	Operating	Investment	Total				
REVENUE, GAINS, AND OTHER SUPPORT							
Contributions	\$ 317,862	\$ 718,889	\$ 1,036,751	\$ 27,118	\$ 288,773	\$ 1,352,642	\$ 936,941
Fees from Governmental Agencies	11,193,227	-	11,193,227	-	-	11,193,227	13,043,643
Grants from Governmental Agencies	1,774,592	-	1,774,592	-	-	1,774,592	1,746,782
Net Investment Income (Loss)	-	(49,761)	(49,761)	-	-	(49,761)	465,976
In-Kind Contributions	44,558	-	44,558	-	-	44,558	28,359
Other	2,441	465,569	468,010	-	(105,333)	362,677	379,984
Total Revenue, Gains, and Other Support	13,332,680	1,134,697	14,467,377	27,118	183,440	14,677,935	16,601,685
EXPENSES							
Program Services:							
Residential Treatment Center	3,005,117	-	3,005,117	-	-	3,005,117	3,830,209
Hammitt School	2,395,893	-	2,395,893	-	-	2,395,893	2,743,674
Partners County Outreach	80,032	-	80,032	-	-	80,032	83,743
Hammitt High School	1,742,674	-	1,742,674	-	-	1,742,674	1,715,137
Hammitt Challenges	2,034,725	-	2,034,725	-	-	2,034,725	1,699,464
Performance Foster Care and Special Needs Adoption	1,276,317	-	1,276,317	-	-	1,276,317	1,302,884
Specialized Foster Care	781,007	-	781,007	-	-	781,007	887,773
Adoption Preservation	1,478,501	-	1,478,501	-	-	1,478,501	1,402,159
Healthy Start	260,449	-	260,449	-	-	260,449	255,902
Pregnant and Parenting Teen	-	-	-	-	-	-	41,358
Intact Family Services	109,904	-	109,904	-	-	109,904	159,971
Adoption Preservation Respite	93,781	-	93,781	-	-	93,781	90,460
Community Schools	54,372	-	54,372	-	-	54,372	62,271
Total	13,312,772	-	13,312,772	-	-	13,312,772	14,275,005

See accompanying Notes to Financial Statements.

THE BABY FOLD
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	Unrestricted Fund			Temporarily Restricted Fund	Permanently Restricted Fund - Endowment	Total 2016	Total (Memorandum Only) 2015
	Operating	Investment	Total				
Support Services:							
Management and General	\$ 1,966,027	\$ 53,529	\$ 2,019,556	\$ -	\$ -	\$ 2,019,556	\$ 1,808,070
Public Relations	-	524,317	524,317	-	-	524,317	586,821
Annuity Payments, net	-	-	-	-	-	-	(27,118)
Total	<u>1,966,027</u>	<u>577,846</u>	<u>2,543,873</u>	<u>-</u>	<u>-</u>	<u>2,543,873</u>	<u>2,367,773</u>
Total Expenses	<u>15,278,799</u>	<u>577,846</u>	<u>15,856,645</u>	<u>-</u>	<u>-</u>	<u>15,856,645</u>	<u>16,642,778</u>
INCREASE (DECREASE) IN NET ASSETS	(1,946,119)	556,851	(1,389,268)	27,118	183,440	(1,178,710)	(41,093)
TRANSFERS IN (OUT)							
Operating Fund from Investment Fund	804,038	(804,038)	-	-	-	-	-
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	<u>(745,520)</u>	<u>-</u>	<u>(745,520)</u>	<u>-</u>	<u>-</u>	<u>(745,520)</u>	<u>(288,929)</u>
TOTAL CHANGES IN NET ASSETS	(1,887,601)	(247,187)	(2,134,788)	27,118	183,440	(1,924,230)	(330,022)
Net Assets - Beginning of year	<u>3,882,337</u>	<u>10,124,799</u>	<u>14,007,136</u>	<u>51,643</u>	<u>4,353,848</u>	<u>18,412,627</u>	<u>18,742,649</u>
NET ASSETS - END OF YEAR	<u>\$ 1,994,736</u>	<u>\$ 9,877,612</u>	<u>\$ 11,872,348</u>	<u>\$ 78,761</u>	<u>\$ 4,537,288</u>	<u>\$ 16,488,397</u>	<u>\$ 18,412,627</u>

See accompanying Notes to Financial Statements.

THE BABY FOLD
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,924,230)	\$ (330,022)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	509,664	550,961
Net Loss on Investments, Realized and Unrealized	509,833	41,810
Gain on Disposal of Fixed Assets	-	(7,963)
Decrease in Cash Value of Life Insurance	-	14,225
Net Unrealized Loss on Trust Held by Others	105,333	91,044
Contributions Restricted for Long-Term Investment	(288,773)	(57,600)
Pension-Related Changes Other than Net Periodic Pension Cost	745,520	288,929
(Increase) Decrease in Assets:		
Accounts Receivable	740,098	(64,489)
Inventories, Food and Grain	2,120	(10,632)
Prepaid Expenses	(8,590)	29,012
Pledges Receivable	(93,080)	(14,000)
Accrued Interest Receivable	(119)	13
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(1,052)	(67,100)
Pension Payable	124,887	21,128
Deferred Revenue - Annuity Contracts	(5,983)	(50,911)
Deferred Revenue - Program	878	854
Net Cash Provided by Operating Activities	416,506	435,259
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investment Securities	(1,754,236)	(3,076,365)
Proceeds from Sale of Investment Securities	1,592,450	3,010,094
Proceeds from Disposition of Property and Equipment	-	7,963
Purchase of Property and Equipment	(115,197)	(265,408)
Net Cash Used by Investing Activities	(276,983)	(323,716)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	288,773	57,600
Net Borrowings on Line of Credit	300,000	-
Principal Payments on Note Payable	(214,290)	(210,056)
Net Cash Provided (Used) by Financing Activities	374,483	(152,456)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	514,006	(40,913)
Cash and Cash Equivalents - Beginning of Year	1,013,020	1,053,933
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,527,026	\$ 1,013,020
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 21,543	\$ 22,214

See accompanying Notes to Financial Statements.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Baby Fold (the Organization) is a nonprofit organization whose mission embodies Christian principles to help families and children develop the hope, courage, and love they need to become whole and healthy. Their vision is to transform children's lives by being the premier provider of mental health, education, and family services.

Financial Statement Presentation

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

Permanently Restricted

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted

Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Unrestricted

Net assets not subject to donor-imposed stipulations.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported in the statements of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues 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. Contributions received with donor-imposed restrictions and the related gains and investment income that are met in the same year as received are reported as unrestricted revenues. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted revenues. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as temporarily restricted revenues; the restrictions are considered to be released at the time of acquisition of such long-lived assets. Contributions of assets other than cash are recorded at their estimated fair value in the period received.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash equivalents are defined as all highly liquid instruments with an original maturity of three months or less.

Accounts Receivable

Accounts receivable represent amounts due from state and federal agencies for services provided under various grant contracts and amounts due from local governmental entities for tuition. Accounts receivable are stated at the invoice amount, net of accounts determined to be uncollectible and specifically written off.

Payments of accounts receivable are applied to the specific invoices or amounts billed to awarding agencies.

Investment Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at fair value in the statement of financial position and realized and unrealized gains and losses are reflected in the statement of activities.

Grain Inventories

Grain inventories, considered to be investment assets of the Organization, are stated at fair value.

Investment in Real Estate

Investment in real estate is carried at cost or estimated fair value at the date of receipt.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, Buildings, and Equipment

Physical assets acquired with a unit cost in excess of \$500 are capitalized as fixed assets. Items with a unit cost below this threshold is expensed in the year purchased. Buildings and equipment are stated at cost or at its estimated fair value at date of donation, if received as a gift, less accumulated depreciation. Depreciation is provided over the following estimated useful lives of the respective assets on a straight-line basis:

Buildings and Improvements	10 to 35 Years
Office Furniture and Equipment	5 to 10 Years
Transportation Equipment	3 to 5 Years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Deferred Revenue

Deferred revenue - annuity contracts is recorded as a liability when the contribution is received. This revenue will be recognized as income upon the death of the annuitant. Payments to the annuitant are reported as an expense of the Unrestricted Investment Fund when paid.

Deferred revenue - program is excess program revenue received for which related expense has not been incurred.

Income Tax Status

The Organization is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization does not believe it has taken any uncertain tax positions and, accordingly, has not recorded any reserves for uncertain tax positions.

Subsequent Events

Subsequent to year-end, management approved a plan to sell approximately 392 acres of farm land. The land is carried at a cost of approximately \$1,000,000 and is included in investments in real estate in the accompanying statement of financial position.

Management evaluated subsequent events through November 7, 2016, the date the financial statements were available to be issued.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 INVESTMENT SECURITIES

Investment securities are presented in the financial statements at fair value. The following reflects the cost and fair value of investment securities at June 30, 2016:

	<u>Cost</u>	<u>Fair Value</u>
Corporate Bonds	\$ 449,625	\$ 588,359
Corporate Stocks	2,417,542	3,147,001
U.S. Government Securities	1,360,649	1,263,758
Mutual Funds	2,825,299	2,577,056
Alternative Investments	355,000	378,712
Total, End of Year	<u>\$ 7,408,115</u>	<u>\$ 7,954,886</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2016:

	<u>Unrestricted</u>
Interest	\$ 42,976
Dividends	182,621
Net Realized Gain on Sale of Investments	27,920
Net Unrealized Loss on Investments	<u>(537,753)</u>
Investment Loss from Securities	(284,236)
Net Farm Rental Income	297,610
Investment Fees	<u>(63,135)</u>
Net Investment Loss	<u>\$ (49,761)</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Accordingly, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could be material in amount in relation to the carrying value of investments.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 INVESTMENTS IN REAL ESTATE

The Organization has acquired real estate as beneficiary under various wills and trusts established by individuals. The following reflects the real estate holdings:

<u>Description</u>	<u>Fair Value at Date of Gift</u>	<u>Estimated Fair Value at June 30, 2016</u>
Lorraine Water - 152 acres	\$ 340,988	\$ 1,394,260
Bruce Goodin - 171 acres	51,580	1,556,100
Maude Burton - 204 acres	61,200	1,703,400
Mary J. Cornell - 160 acres	56,000	1,336,000
Eva Casey - 132 acres	63,986	1,174,800
Alta Johnston - 229 acres	114,500	2,083,900
Rosetta Fox Courtney - 112 acres	55,730	585,165
Irene Blum - 80 acres	200,485	892,000
T. George Baker - 240 acres	663,600	2,054,138
William C. Decker - 60 acres	131,537	457,500
Total	<u>\$ 1,739,606</u>	<u>\$ 13,237,263</u>

NOTE 4 INVESTMENTS HELD IN TRUST BY OTHERS

The Organization receives cash distributions from the trusts listed below. In accordance with the trust agreements, the principal is generally retained by the trust in perpetuity with the income being distributed periodically.

The following values for each trust represent the Organization's share of the fair value of the trust at June 30, 2016 as provided by the outside fiscal agent:

James B. Kennedy Trust	\$ 928,116
O. V. Douglass Trust	136,517
Charles Ockerman Trust	310,372
Bessie Row trust	44,315
Nina Bozarth Trust	339,838
Maude Scranton Trust	369,958
Genevieve Moyer Trust	619,564
Thomas Campbell Trust	1,009,407
Total Investments Held in Trust by Others	<u>\$ 3,758,087</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 INVESTMENTS HELD IN TRUST BY OTHERS (CONTINUED)

The income from these trusts for the year has been included as other revenue in the statement of activities as both unrestricted revenue in the Investment Fund and permanently restricted revenue in the Endowment Fund as follows:

Cash Distributions (Unrestricted)	\$ 173,224
Decrease in Fair Value (Permanently Restricted)	<u>(105,333)</u>
Total	<u><u>\$ 67,891</u></u>

NOTE 5 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish 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 below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

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.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2016.

Common Stocks and Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

U.S. Government Securities and Corporate Bonds: Valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type.

Alternative Investments: Valued based on information provided by the manager of the various funds, developed utilizing net asset value, prices or quotes of similar assets of liabilities, or other discounted cash flow models.

Grain Inventories: Valued by an investment manager based on an active elevator grain price.

Investments Held in Trust by Others: These are valued by a third-party trustee and consist of a variety of investments. Since the lowest level of input that is significant to the fair value measurement must be used for determination and the Organization is restricted from being able to redeem the investments, they are not considered to be traded on an active market and, therefore, are classified as Level 3.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2016:

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Common Stocks	\$ 3,147,001	\$ -	\$ -	\$ 3,147,001
U.S. Government Securities	-	1,263,758	-	1,263,758
Mutual Funds	2,577,056	-	-	2,577,056
Corporate Bonds	-	588,359	-	588,359
Alternative Investments:				
Hedge Funds	-	-	270,631	270,631
Venture Capital	-	-	108,081	108,081
Grain Inventories	63,595	-	-	63,595
Investments Held in Trust by Others	-	-	3,758,087	3,758,087
Total Assets at Fair Value	<u>\$ 5,787,652</u>	<u>\$ 1,852,117</u>	<u>\$ 4,136,799</u>	<u>\$ 11,776,568</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in fair value of the Organization's Level 3 assets for the year ended June 30, 2016:

	Alternative Investments	Investments Held in Trust by Others	Total
Balance - Beginning of Year	\$ 401,171	\$ 3,863,420	\$ 4,264,591
Decrease in Fair Value, Net	(22,459)	(105,333)	(127,792)
Balance - End of Year	<u>\$ 378,712</u>	<u>\$ 3,758,087</u>	<u>\$ 4,136,799</u>

Fair value measurements of investments that calculate Net Asset Value per share (or its equivalent) as of June 30, 2016:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alternative Investments:				
Hedge Funds	\$ 270,631	\$ -	Monthly	30 days

The amount recorded at June 30, 2016 reflects the Organization's initial investment, which approximates the fair value at June 30, 2016. The venture capital fund, which is invested primarily in privately held companies, has an expected life of approximately seven years.

NOTE 6 LAND, BUILDINGS, AND EQUIPMENT

The following is a summary of land, buildings, and equipment at June 30, 2016:

	Cost	Accumulated Depreciation	Book Value	Current Year Depreciation
Land and Improvements	\$ 676,050	\$ 158,560	\$ 517,490	\$ 7,417
Buildings and Improvements	12,770,689	8,140,294	4,630,395	379,353
Equipment:				
Office Furniture, Data Processing, and Other Equipment	1,000,190	845,391	154,799	73,751
Audio Visual and Miscellaneous Tools and Equipment	52,747	40,340	12,407	2,222
Transportation Equipment	438,433	388,362	50,071	46,921
Construction in Progress	54,899	-	54,899	-
Total	<u>\$ 14,993,008</u>	<u>\$ 9,572,947</u>	<u>\$ 5,420,061</u>	<u>\$ 509,664</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 NOTE PAYABLE

The Organization entered into a term loan agreement on March 1, 2012 with the State Farm Bank, F.S.B. to refinance outstanding bonds payable. Payments of principal plus interest at a fixed rate of 2.00% are due monthly, with a final balloon payment due at the end of the five-year term on March 1, 2017.

Annual maturities of the note payable are as follows:

Year Ending June 30,	Amount
2017	\$ 697,115

Interest expense for the year ended June 30, 2016 was \$21,543.

The loan agreement includes certain restrictive covenants, including a covenant relating to additional debt and a covenant relating to the net assets of the Organization.

NOTE 8 LINE OF CREDIT

The Organization entered into a \$2,000,000 revolving line of credit agreement with the State Farm Bank, F.S.B. Amounts drawn against the line of credit are due on July 31, 2016 and bear interest at 100 basis points over the Federal Home Loan Bank of Chicago's three-month Community Investment Program Rate. At June 30, 2016, \$300,000 was drawn on the line of credit. Subsequent to June 30, 2016, the line of credit was renewed to September 30, 2018 under the same terms.

NOTE 9 RESTRICTED NET ASSETS

The following grants and contributions have been permanently restricted for investment in perpetuity with income earned available to support operations.

Permanently Restricted:	
Robert Thomas	\$ 14,425
Alta W. Johnston	114,500
Catharine Bell	260,163
Friends of the Fold	5,256
Charles Prussner	20,000
Luella E. Schultze	2,000
Dora Myers	11,484
William Hammitt	5,000
Investments Held in Trust by Others (Note 4)	3,758,087
Supporting Early Intervention for Family Stability	346,373
Total Permanently Restricted Assets	\$ 4,537,288

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 RESTRICTED NET ASSETS (CONTINUED)

Temporarily restricted net assets are restricted for the following purpose:

Christian Life Coordinator	<u>\$ 78,761</u>
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NOTE 10 PENSION PLANS

The Organization has a noncontributory, defined benefit pension plan covering all employees who met certain eligibility requirements. The plan provides benefits based on the highest consecutive three-year average salary. The Organization's funding policy is to make an annual contribution in accordance with the actuarial computation provided by the plan's actuary. Effective July 1, 2009, this plan was frozen and no new employees were allowed to enter the plan.

The Organization also has a 403(b) plan to which employees may contribute. The board of directors determines annually if any matching contributions will be made by the Organization. During 2016, the Organization matched the lesser of 50% of the amount of employee contributions or 1% of employee wages. Additionally, the Organization contributed, on a quarterly basis, 1% of wages for employees with 10 to 14 years of service and 2% of wages for employees with 15 years of service or more.

The amount charged to expense for the Organization's retirement plans includes \$124,887 of defined benefit pension cost, \$69,300 in accrued contributions, \$67,519 for matching the employees' contributions to their 403(b) plan, and \$87,739 in nonelective additional contributions for the 403(b) plan.

The Organization uses a June 30 measurement date for the defined benefit pension plan.

Net pension cost for the Organization's defined benefit pension plan consisted of the following components for the year ended June 30, 2016:

Interest Cost	\$ 214,432
Expected Return on Plan Assets	(226,039)
Recognition of Net Loss	136,494
Net Pension Cost	<u>\$ 124,887</u>

Weighted-Average Assumptions Used to Determine

Net Pension Cost:

Discount Rate	4.50%
Expected Long-Term Rate of Return	7.75%
Rate of Compensation Increase	N/A

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 PENSION PLANS (CONTINUED)

The following sets forth the plan's funded status and the amounts recognized in the financial statements at June 30, 2016:

Projected Benefit Obligation	\$ (5,512,404)
Adjusted Fair Value of Plan Assets	2,760,985
Funded Status	<u><u>\$ (2,751,419)</u></u>

Weighted-Average Assumptions Used to Determine

Benefit Obligations:

Discount Rate	3.50%
Rate of Compensation Increase	N/A

Employer Contributions	<u><u>\$ -</u></u>
Benefits Paid	<u><u>\$ 53,836</u></u>

The accumulated benefit obligation was \$5,512,404 at June 30, 2016.

Plan Assets

The following table summarizes plan assets measured at fair value on June 30, 2016, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Cash and Cash Equivalents	\$ 111,810	\$ -	\$ -	\$ 111,810
Common Stocks	693,376	-	-	693,376
Mutual Funds	1,330,365	-	-	1,330,365
U.S. Government Securities	-	466,538	-	466,538
Corporate Bonds	-	212,732	-	212,732
Total	<u><u>\$ 2,135,551</u></u>	<u><u>\$ 679,270</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,814,821</u></u>

At June 30, 2016, the pension plan trust includes a liability in the amount of \$53,836 representing funds due to the Organization for benefit payments made by the plan sponsor. The adjusted fair value of the plan assets is \$2,760,985 at June 30, 2016.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 PENSION PLANS (CONTINUED)

Plan Assets (Continued)

The Organization's target asset allocation as of June 30, 2016, by asset category, is as follows:

<u>Asset Category</u>	
Equity Securities	15 - 70%
Fixed Income Securities	30 - 75%
Cash and Cash Equivalents	0 - 25%

The Organization's investment policy includes various guidelines and procedures designed to provide that assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges (shown above) by major asset categories.

The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions, and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The investment policy is periodically reviewed by the Organization and a designated third-party fiduciary for investment matters. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

Contributions

The Baby Fold expects to contribute \$169,300 to the pension plan in fiscal year 2017.

Estimated Future Benefit Payments

The following benefit payments which reflect expected future service, as appropriate, are expected to be paid:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 183,685
2018	713,478
2019	357,994
2020	324,322
2021	246,317
2022-2026	1,289,309

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 PENSION PLANS (CONTINUED)

Estimated Future Benefit Payments (Continued)

Reconciliation of items not yet reflected in net periodic benefit cost:

	<u>July 1, 2015</u>	<u>Reclassified as Net Periodic Benefit Cost</u>	<u>Amounts Arising During Period</u>	<u>June 30, 2016</u>
Net Loss	\$ 1,571,744	\$ 136,494	\$ 882,014	\$ 2,317,264

Estimated effect in next fiscal year - items not yet reflected in net periodic benefit cost:

	<u>July 1, 2016</u>	<u>Estimated Amounts to be Reclassified as Net Periodic Benefit Cost</u>
Net Loss	\$ 2,317,264	\$ 220,753

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Even relatively small changes in these rates would significantly change the recorded pension expense and accrued liability. Management believes the discount rate and expected rate of return on plan assets used in determining its year-end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

NOTE 11 ENDOWMENTS

The Baby Fold's endowments consist of funds established to support a variety of programs at the Organization. Its endowments consist of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of The Baby Fold has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Organization classifies permanently restricted net assets as:

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

- The original value of gifts donated to the permanent endowment,
- The original value of subsequent gifts to the permanent endowment, and
- The accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's board of directors in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. The mission of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible impact of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment policies for endowment assets that attempt to provide conservative earnings potential while reducing risk.

Spending Policy

The Organization spends endowment earnings in accordance with the directives of the donor. If no directive exists, the board of directors designates the spending or retention of endowment earnings.

Strategies Employed for Achieving Objectives

The Organization invests funds in a manner expected to maintain appropriate diversification among investment styles within the equity and fixed income allocations according to the investment policy.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives (Continued)

Endowment net asset composition by type of fund as of June 30, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 78,761	\$ 4,537,288	\$ 4,616,049
Board-Designated Endowment Funds	-	-	-	-
Total Endowment Funds	<u>\$ -</u>	<u>\$ 78,761</u>	<u>\$ 4,537,288</u>	<u>\$ 4,616,049</u>

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ -	\$ 51,643	\$ 4,353,848	\$ 4,405,491
Investment Return:				
Investment Income, net	-	-	-	-
Net Depreciation (Realized and Unrealized)	-	-	(105,333)	(105,333)
Total Investment Return	-	-	(105,333)	(105,333)
Contributions	-	27,118	288,773	315,891
Expenditure of Endowment Assets	-	-	-	-
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 78,761</u>	<u>\$ 4,537,288</u>	<u>\$ 4,616,049</u>

NOTE 12 COMMITMENTS AND CONTINGENCIES

The Organization leases office equipment under various operating lease agreements which expire at various times through December 31, 2018. The total minimum lease payments as of June 30, 2016 are due as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 17,347
2018	8,307
2019	1,893
Total	<u>\$ 27,547</u>

The total rental expense reflected in the schedule of functional expenses is \$200,775 for the year ended June 30, 2016.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Organization is the beneficiary under various wills and trust agreements. The total amount receivable will be recorded when clear title is established and the proceeds are measurable.

The Organization is a defendant in various legal actions arising out of the normal course of its operations. The Organization's legal counsel has advised that any potential liabilities associated with the pending and threatened claims are expected to be fully covered by the available limits of its applicable insurance policy. The legal action remains ongoing at November 7, 2016, and the final outcome and any potential liability cannot currently be determined. Accordingly, the Organization's financial statements do not include a provision for this matter.

NOTE 13 CONCENTRATIONS

The Organization receives a substantial amount of its support from state government. If a significant reduction in the level of this support were to occur, it would have an adverse effect on the Organization's programs and activities.

The Organization maintains the majority of its cash accounts in one commercial bank. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. Total cash held by this bank was \$658,381 at June 30, 2016.

THE BABY FOLD
SCHEDULE OF SUPPORT AND REVENUE
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)
(SEE INDEPENDENT AUDITORS' REPORT)

	Unrestricted Fund			Temporarily Restricted Fund	Permanently Restricted Fund - Endowment	Total All Funds 2016	Total (Memorandum Only) 2015
	Operating	Investment	Total				
PUBLIC SUPPORT AND REVENUE							
Public Support							
Contributions:							
Churches	\$ 225	\$ 88,662	\$ 88,887	\$ -	\$ -	\$ 88,887	\$ 64,229
Nonchurch Organizations	2,324	13,421	15,745	-	-	15,745	8,261
Corporate	1,222	39,695	40,917	-	-	40,917	52,111
Individuals	53,010	247,774	300,784	27,118	-	327,902	389,821
Foundations	26,732	17,050	43,782	-	-	43,782	38,000
Bequests	-	312,287	312,287	-	-	312,287	104,521
Campaign	-	-	-	-	288,773	288,773	57,600
United Way	234,349	-	234,349	-	-	234,349	222,398
Total Public Support	317,862	718,889	1,036,751	27,118	288,773	1,352,642	936,941
FEES AND GRANTS FROM GOVERNMENTAL AGENCIES							
Residential Purchase of Service	2,025,723	-	2,025,723	-	-	2,025,723	3,560,997
Residential Medicaid Purchase of Service	214,003	-	214,003	-	-	214,003	272,231
Hammitt School Tuition	2,415,436	-	2,415,436	-	-	2,415,436	2,936,992
Hammitt High School Tuition	1,817,481	-	1,817,481	-	-	1,817,481	1,744,362
Hammitt Training and Consultation Fees	52,002	-	52,002	-	-	52,002	31,716
Tri-County Special Education	45,000	-	45,000	-	-	45,000	45,000
State and Federal Meals Reimbursement	60,125	-	60,125	-	-	60,125	80,677
Challenges Tuition	2,233,304	-	2,233,304	-	-	2,233,304	1,928,903
Adoption Preservation	1,601,782	-	1,601,782	-	-	1,601,782	1,601,782
Foster Care	2,222,757	-	2,222,757	-	-	2,222,757	2,262,571
Pregnant and Parenting Teen	-	-	-	-	-	-	37,071
Healthy Start	27,810	-	27,810	-	-	27,810	-
Adoption Preservation Respite	100,000	-	100,000	-	-	100,000	100,000
Community Schools	36,639	-	36,639	-	-	36,639	29,406
Intact Family Services	115,757	-	115,757	-	-	115,757	158,717
Total Fees and Grants from Governmental Agencies	12,967,819	-	12,967,819	-	-	12,967,819	14,790,425

OTHER REVENUE

Fundraising Events	-	292,345	292,345	-	-	292,345	330,813
Net Investment Income (Loss)	-	(49,761)	(49,761)	-	-	(49,761)	465,976
Earnings and Distributions from Estates in Trust	-	173,224	173,224	-	(105,333)	67,891	44,661
In-Kind Contributions	44,558	-	44,558	-	-	44,558	28,359
Miscellaneous	2,441	-	2,441	-	-	2,441	4,510
Total Other Revenue	<u>46,999</u>	<u>415,808</u>	<u>462,807</u>	<u>-</u>	<u>(105,333)</u>	<u>357,474</u>	<u>874,319</u>
Total Support and Revenue	<u>\$ 13,332,680</u>	<u>\$ 1,134,697</u>	<u>\$ 14,467,377</u>	<u>\$ 27,118</u>	<u>\$ 183,440</u>	<u>\$ 14,677,935</u>	<u>\$ 16,601,685</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE
YEAR ENDED JUNE 30, 2016
(OPERATING FUND)
(SEE INDEPENDENT AUDITORS' REPORT)

	Residential Treatment Center	Hammitt School	Partners County Outreach
PUBLIC SUPPORT AND REVENUE			
Public Support			
Contributions:			
Churches	\$ -	\$ -	\$ -
Nonchurch Organizations	-	735	-
Corporate	-	552	-
Individuals	3,454	2,230	-
Foundations	9,232	-	-
United Way	-	-	45,789
Total Public Support	<u>12,686</u>	<u>3,517</u>	<u>45,789</u>
FEES AND GRANTS FROM GOVERNMENTAL AGENCIES			
Residential Purchase of Service	2,025,723	-	-
Residential Medicaid Purchase of Service	214,003	-	-
Hammitt School Tuition	-	2,415,436	-
Hammitt High School Tuition	-	-	-
Hammitt Training and Consultation Fees	-	52,002	-
Tri-County Special Education	-	-	45,000
State and Federal Meals Reimbursement	15,233	21,210	-
Challenges Tuition	-	-	-
Adoption Preservation	-	-	-
Foster Care	-	-	-
Healthy Start	-	-	-
Adoption Preservation Respite	-	-	-
Community Schools	-	-	-
Intact Family Services	-	-	-
Total Fees and Grants from Governmental Agencies	<u>2,254,959</u>	<u>2,488,648</u>	<u>45,000</u>
OTHER REVENUE			
In-Kind Contributions	12,359	4,425	-
Miscellaneous	1,081	410	14
Total Other Revenue	<u>13,440</u>	<u>4,835</u>	<u>14</u>
Total Support and Revenue	<u>\$ 2,281,085</u>	<u>\$ 2,497,000</u>	<u>\$ 90,803</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE (CONTINUED)
YEAR ENDED JUNE 30, 2016
(OPERATING FUND)
(SEE INDEPENDENT AUDITORS' REPORT)

Hammitt High School	Hammitt Challenges	Performance Foster Care and Special Needs Adoption	Specialized Foster Care	Adoption Preservation	Healthy Start
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225
500	500	-	-	-	589
-	-	670	-	-	-
-	-	-	-	25	47,101
-	-	10,000	-	-	7,500
-	-	-	-	-	146,160
<u>500</u>	<u>500</u>	<u>10,670</u>	<u>-</u>	<u>25</u>	<u>201,575</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,817,481	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,821	9,861	-	-	-	-
-	2,233,304	-	-	-	-
-	-	-	-	1,601,782	-
-	-	1,385,789	836,968	-	-
-	-	-	-	-	27,810
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,831,302</u>	<u>2,243,165</u>	<u>1,385,789</u>	<u>836,968</u>	<u>1,601,782</u>	<u>27,810</u>
3,744	-	19,425	-	185	4,420
295	356	135	84	-	45
<u>4,039</u>	<u>356</u>	<u>19,560</u>	<u>84</u>	<u>185</u>	<u>4,465</u>
<u>\$ 1,835,841</u>	<u>\$ 2,244,021</u>	<u>\$ 1,416,019</u>	<u>\$ 837,052</u>	<u>\$ 1,601,992</u>	<u>\$ 233,850</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE (CONTINUED)
YEAR ENDED JUNE 30, 2016
(OPERATING FUND)
(SEE INDEPENDENT AUDITORS' REPORT)

Pregnant and Parenting Teen	Intact Family Services	Adoption Preservation Respite	Community Schools	Total
\$ -	\$ -	\$ -	\$ -	\$ 225
-	-	-	-	2,324
-	-	-	-	1,222
-	-	-	200	53,010
-	-	-	-	26,732
-	-	-	42,400	234,349
<u>-</u>	<u>-</u>	<u>-</u>	<u>42,600</u>	<u>317,862</u>
-	-	-	-	2,025,723
-	-	-	-	214,003
-	-	-	-	2,415,436
-	-	-	-	1,817,481
-	-	-	-	52,002
-	-	-	-	45,000
-	-	-	-	60,125
-	-	-	-	2,233,304
-	-	-	-	1,601,782
-	-	-	-	2,222,757
-	-	-	-	27,810
-	-	100,000	-	100,000
-	-	-	36,639	36,639
<u>-</u>	<u>115,757</u>	<u>-</u>	<u>-</u>	<u>115,757</u>
-	115,757	100,000	36,639	12,967,819
-	-	-	-	44,558
<u>-</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>2,441</u>
<u>-</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>46,999</u>
<u>\$ -</u>	<u>\$ 115,778</u>	<u>\$ 100,000</u>	<u>\$ 79,239</u>	<u>\$ 13,332,680</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION OF
MANAGEMENT AND GENERAL EXPENSES
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)
(SEE INDEPENDENT AUDITORS' REPORT)

	Residential Treatment Center	Hammitt School	Partners County Outreach
Salaries and Wages	\$ 1,988,071	\$ 1,661,271	\$ 52,500
Group insurance	300,361	211,822	12,478
Pensions	68,920	66,149	2,400
Social Security and Medicare Tax	142,178	122,338	3,558
Unemployment Compensation Taxes	18,441	3,967	110
Workers' Compensation Insurance	63,938	28,500	812
Professional Liability Insurance	33,756	25,256	607
Employee Medical	3,515	807	10
Auditing and Legal Fees	93	-	-
Administrative Consultants	-	-	-
Technology Supplies and Services	12,090	10,453	382
Office Supplies and Expense	5,430	5,326	81
Telephone	(12,264)	(11,868)	299
Printing	-	-	-
Postage	3,219	4,621	-
Office Equipment Rental	869	5,467	16
Subscriptions	312	75	-
Rent	-	-	-
Utilities	54,415	24,570	214
Buildings and Grounds Supplies	14,443	6,087	105
Maintenance of Buildings and Grounds	27,527	43,802	1,464
Equipment Repairs	13,469	2,227	5
Property Insurance	8,795	4,858	114
Travel	29,357	11,689	3,721
Auto Insurance	4,743	539	128
Conference and Convention Expense	15,054	3,460	49
Program Supplies	46,755	40,755	123
Specific Assistance	12,798	-	-
Medical Supplies	4,126	374	-
Food	23,459	37,928	-
Kitchen Service Supplies	2,135	1,930	-
Professional Consultants	8,426	94	-
Student Stipend	-	-	-
Foster Home Care	-	-	-
Festival Expenses	-	-	-
Dues	2,300	3,280	-
Board of Trustees Expense	-	-	-
Interest Expense	4,463	351	58
Miscellaneous	1,474	1,014	-
Depreciation Expense	102,449	78,751	798
Total	<u>3,005,117</u>	<u>2,395,893</u>	<u>80,032</u>
Allocation of Management Cost to Program Cost	<u>471,159</u>	<u>381,921</u>	<u>13,098</u>
Total Expenses	<u><u>\$ 3,476,276</u></u>	<u><u>\$ 2,777,814</u></u>	<u><u>\$ 93,130</u></u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION OF
MANAGEMENT AND GENERAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)
(SEE INDEPENDENT AUDITORS' REPORT)

Program Services				
Hammitt High School	Hammitt Challenges	Performance Foster Care and Special Needs Adoption	Specialized Foster Care	Adoption Preservation
\$ 1,178,288	\$ 1,433,797	\$ 644,274	\$ 288,684	\$ 900,169
160,918	160,952	62,378	41,080	121,142
45,550	46,001	20,637	9,015	28,688
82,472	98,733	46,258	20,649	63,171
2,725	5,863	10,521	878	1,829
37,840	29,290	12,990	4,802	17,267
14,935	16,149	8,500	5,646	11,535
1,391	1,250	932	517	527
-	-	-	-	-
-	-	-	-	-
11,190	10,208	5,378	3,284	13,244
3,633	6,434	3,859	1,799	9,107
(7,053)	(7,021)	7,616	4,469	24,506
545	-	-	-	-
66	1,999	1,271	632	-
2,087	5,020	302	177	452
95	23	-	-	-
115,321	77,194	-	-	8,260
111	17,531	20,374	11,900	31,235
4,114	5,791	2,492	1,128	3,245
19,836	41,023	9,402	4,360	11,489
1,376	2,303	2,263	1,331	3,526
2,870	3,154	1,506	985	2,074
6,221	4,705	34,282	29,538	72,659
1,412	102	11,553	3,235	1,874
1,470	3,330	3,231	2,439	11,679
11,390	23,828	21,540	342	22,634
-	-	5,135	5,061	6,033
213	292	-	168	-
26,283	11,256	-	-	-
610	1,814	-	-	-
66	3,928	43,181	17,774	1,210
6,523	1,426	1,500	-	-
-	-	244,680	295,606	-
-	-	-	-	-
1,611	1,215	-	-	-
-	-	-	-	-
92	155	2,201	1,272	3,587
-	-	-	-	32,702
8,473	26,980	48,061	24,236	74,657
<u>1,742,674</u>	<u>2,034,725</u>	<u>1,276,317</u>	<u>781,007</u>	<u>1,478,501</u>
<u>277,001</u>	<u>328,877</u>	<u>147,204</u>	<u>67,209</u>	<u>208,256</u>
<u>\$ 2,019,675</u>	<u>\$ 2,363,602</u>	<u>\$ 1,423,521</u>	<u>\$ 848,216</u>	<u>\$ 1,686,757</u>

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION OF
MANAGEMENT AND GENERAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)
(SEE INDEPENDENT AUDITORS' REPORT)

Program Services

Healthy Start	Intact Family Services	Adoption Preservation Respite	Community Schools	Total Program Services
\$ 175,927	\$ 55,418	\$ 46,336	\$ 43,510	\$ 8,468,245
7,915	6,252	8,215	2,294	1,095,807
5,009	1,817	1,466	1,053	296,705
12,778	3,800	3,244	3,217	602,396
334	264	110	110	45,152
3,079	1,068	561	682	200,829
2,247	1,700	729	364	121,424
-	-	10	128	9,087
-	-	-	-	93
-	-	-	-	-
1,601	1,070	479	168	69,547
889	513	232	51	37,354
2,530	1,040	822	324	3,400
-	-	-	-	545
-	159	-	60	12,027
95	59	27	7	14,578
-	-	-	-	505
-	-	-	-	200,775
5,361	2,745	1,873	-	170,329
295	394	200	-	38,294
3,205	1,486	958	-	164,552
740	448	213	68	27,969
379	313	114	114	25,276
8,810	4,419	571	1,626	207,598
899	693	-	-	25,178
3,570	36	173	61	44,552
9,628	166	12,957	535	190,653
-	10,949	-	-	39,976
-	-	-	-	5,173
-	-	-	-	98,926
-	-	-	-	6,489
180	5,881	-	-	80,740
-	-	-	-	9,449
-	-	8,652	-	548,938
-	-	-	-	-
-	-	-	-	8,406
-	-	-	-	-
729	433	214	-	13,555
-	-	2,246	-	37,436
14,249	8,781	3,379	-	390,814
260,449	109,904	93,781	54,372	13,312,772
37,949	12,516	11,379	9,458	1,966,027
\$ 298,398	\$ 122,420	\$ 105,160	\$ 63,830	\$ 15,278,799

THE BABY FOLD
SCHEDULE OF FUNCTIONAL EXPENSES WITH ALLOCATION OF
MANAGEMENT AND GENERAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)
(SEE INDEPENDENT AUDITORS' REPORT)

Support Services			Total Expenses	
Management and General	Public Relations	Total Support Services	2016	2015
\$ 1,180,264	\$ 250,025	\$ 1,430,289	\$ 9,898,534	\$ 10,370,457
141,889	19,799	161,688	1,257,495	1,308,230
43,745	8,995	52,740	349,445	333,289
82,194	19,127	101,321	703,717	751,608
2,402	507	2,909	48,061	20,339
9,135	2,119	11,254	212,083	160,943
-	-	-	121,424	126,953
4,077	318	4,395	13,482	24,714
57,558	-	57,558	57,651	57,772
108,834	34,537	143,371	143,371	139,228
54,256	7,222	61,478	131,025	120,728
14,297	4,287	18,584	55,938	55,174
(966)	4,324	3,358	6,758	133,269
235	20,921	21,156	21,701	44,348
3,300	5,817	9,117	21,144	27,645
4,398	5,024	9,422	24,000	29,634
299	1,178	1,477	1,982	2,632
-	-	-	200,775	194,948
34,346	4,372	38,718	209,047	234,455
3,913	584	4,497	42,791	59,554
31,785	3,380	35,165	199,717	198,441
2,094	16	2,110	30,079	44,085
19,717	540	20,257	45,533	54,862
19,197	1,266	20,463	228,061	218,189
417	77	494	25,672	33,169
17,738	5,990	23,728	68,280	61,740
-	-	-	190,653	225,393
-	-	-	39,976	33,245
-	-	-	5,173	7,812
-	-	-	98,926	119,948
-	-	-	6,489	8,624
-	-	-	80,740	85,046
-	-	-	9,449	6,000
-	-	-	548,938	626,825
-	90,742	90,742	90,742	92,515
57,719	302	58,021	66,427	45,400
1,348	-	1,348	1,348	1,803
7,988	-	7,988	21,543	22,214
10,695	20,680	31,375	68,811	37,704
106,682	12,168	118,850	509,664	550,961
2,019,556	524,317	2,543,873	15,856,645	16,669,896
(2,019,556)	53,529	(1,966,027)	-	-
\$ -	\$ 577,846	\$ 577,846	\$ 15,856,645	\$ 16,669,896

THE BABY FOLD
SCHEDULE OF EARNINGS ON INVESTED ASSETS –
INVESTMENT FUND (UNRESTRICTED)
YEAR ENDED JUNE 30, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

INVESTMENT INCOME FROM REAL ESTATE

Income from Farms and Rental Property	\$ 422,387	
Less:		
Farm and Rental Expenses	(76,835)	
Farm Management Fees	(47,942)	
Net Investment Income from Real Estate	<u>297,610</u>	297,610

INVESTMENT INCOME FROM SECURITIES

Interest - U.S. Government securities	23,378	
Interest - Corporate Bonds	19,598	
Dividends - Corporate Stocks	182,621	
Total Interest and Dividends	<u>225,597</u>	

Net Unrealized Loss on Investments	(537,753)	
Net Realized Gain on Sale of Investments	<u>27,920</u>	
Total		
Net Realized and Unrealized Loss	(509,833)	
Less: Investment Fees	<u>(63,135)</u>	
Net Investment Loss from Securities		<u>(347,371)</u>

NET INVESTMENT LOSS		<u><u>\$ (49,761)</u></u>
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THE BABY FOLD
RESIDENTIAL TREATMENT CENTER, FOSTER FAMILY CARE,
AND ADOPTION PROGRAMS STATISTICS (UNAUDITED)
YEAR ENDED JUNE 30, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Days of Care</u>
RESIDENTIAL TREATMENT CENTER PROGRAM	
Children Placed by:	
Department of Children and Family Services	5,245
Illinois State Board of Education	581
Illinois Department of Human Services	368
Total	6,194
 FOSTER FAMILY CARE PROGRAM	
Children Placed by Department of Children and Family Services on a Long-Term Basis	35,846