

RAVENSWOOD COMMUNITY
SERVICES, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019
(With summarized comparative
information as of and for the year
ended December 31, 2018)

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Independent Auditor's Report

The Board of Directors
Ravenswood Community Services, Inc.
4550 W. Hermitage
Chicago, Illinois 60640

I have audited the accompanying financial statements of Ravenswood Community Services, Inc. (RCS), an Illinois nonprofit organization, which comprise of the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ravenswood Community Services, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from RCS' December 31, 2018 financial statements which were audited by me. My report dated July 25, 2019 expressed an unmodified opinion on those financial statements.

James M. Babic, PC

July 2, 2020

RAVENSWOOD COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019
(With summarized comparative totals as of December 31, 2018)

	December 31, 2019			Total as of Dec. 31, 2018
	Without Donor Restrictions	With Donor Restrictions	Total	
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents (Note 6)	\$ 176,553	\$ 118,159	\$ 294,712	\$ 361,920
Investments (Note 7)	53,070	-	53,070	-
Prepaid expenses and other	8,501	-	8,501	7,048
Total current assets	238,124	118,159	356,283	368,968
Facility improvements and equipment, net of accumulated depreciation (Note 8)	30,326	-	30,326	21,155
Other assets:				
Certificate of deposit, original term to maturity greater than one year (Note 6)	40,416	-	40,416	-
Total assets	\$ 308,866	\$ 118,159	\$ 427,025	\$ 390,123
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 508	\$ -	\$ 508	\$ 1,938
Due to affiliated organization (Note 9)	12,804	-	12,804	5,595
Total current liabilities	13,312	-	13,312	7,533
Net assets	295,554	118,159	413,713	382,590
Total liabilities and net assets	\$ 308,866	\$ 118,159	\$ 427,025	\$ 390,123

The accompanying notes are an integral part of these financial statements

RAVENSWOOD COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
(With summarized comparative totals for the year ended December 31, 2018)

	Year Ended December 31, 2019			Total for the Year Ended Dec. 31, 2018
	Without Donor Restrictions	With Donor Restrictions	Total	
Public support and revenue:				
Public support:				
Grants and contributions (Note 10)	\$ 136,182	\$ -	\$ 136,182	\$ 144,905
Contributions from affiliated organization (Note 9)	15,917	-	15,917	15,056
Contributions, in-kind (Note 11)	397,533	-	397,533	256,667
Fundraising events, net of direct expenses (Note 12)	92,598	-	92,598	99,715
Total public support	642,230	-	642,230	516,343
Net assets released from restrictions upon satisfaction of program requirements	21,765	(21,765)	-	-
Revenue:				
Investment income and gains over losses (Note 7)	3,070	-	3,070	-
Interest income	2,740	-	2,740	1,584
Total revenues	5,810	-	5,810	1,584
Total public support and revenues	669,805	(21,765)	648,040	517,927
Expenses:				
Program services:	540,425	-	540,425	426,118
Supporting services:				
General management & administration	49,242	-	49,242	45,355
Resource development	27,250	-	27,250	22,946
Total supporting services expenses	76,492	-	76,492	68,301
Total expenses	616,917	-	616,917	494,419
Net increase (decrease) in net assets	52,888	(21,765)	31,123	23,508
Net assets:				
Beginning of the year	242,666	139,924	382,590	359,082
End of the year	\$ 295,554	\$ 118,159	\$ 413,713	\$ 382,590

The accompanying notes are an integral part of these financial statements

RAVENSWOOD COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With summarized comparative totals for the year ended December 31, 2018)

	Program Services	SUPPORTING SERVICES			GRAND TOTALS	
		General Mgmt. & Admin.	Resource Develop- ment	Total Supporting Services	2019	2018
Staffing (Note 9)	\$ 87,917	\$ 31,595	\$ 17,858	\$ 49,453	\$ 137,370	\$ 152,441
Cost of food distributed, in-kind (Note 11)	397,449	-	-	-	397,449	256,667
Cost of food distributed, purchased	22,009	-	-	-	22,009	32,733
Kitchen and pantry supplies	3,584	-	-	-	3,584	7,937
All Saints Cafe	4,248	-	-	-	4,248	3,402
Ravenswood School	76	-	-	-	76	991
Tuesday Night Clinic	416	-	-	-	416	747
Facility occupancy (Note 9)	5,580	240	180	420	6,000	6,000
Scavenger and pest control	3,221	-	-	-	3,221	2,220
Insurance	6,593	284	212	496	7,089	3,687
Professional fees	-	12,500	7,629	20,129	20,129	16,160
Mailings, postage, and courier	-	213	-	213	213	196
Supplies and materials	-	2,250	-	2,250	2,250	2,250
Computer, internet, database and maintenance	-	-	708	708	708	767
Promtion and outreach	-	-	663	663	663	32
Volunteer support	959	-	-	-	959	1,165
Board and staff development	549	-	-	-	549	102
Dues and subscriptions	1,369	-	-	-	1,369	-
Depreciation (Note 7)	6,455	-	-	-	6,455	5,864
Bank and credit card transaction processing fees	-	174	-	174	174	-
Miscellaneous	-	1,986	-	1,986	1,986	1,058
Total functional expenses	\$ <u>540,425</u>	\$ <u>49,242</u>	\$ <u>27,250</u>	\$ <u>76,492</u>	\$ <u>616,917</u>	\$ <u>494,419</u>

The accompanying notes are an integral part of these financial statements

RAVENSWOOD COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS

	For the Year Ended:	
	Dec. 31, 2019	Dec. 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Net increase in net assets	\$ 31,123	\$ 23,508
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	6,455	5,864
(Increase) decrease in:		
Prepaid expenses and other	(1,453)	1,762
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,430)	1,615
Due to affiliated organization	7,209	2,506
NET CASH PROVIDED BY OPERATING ACTIVITIES	41,904	35,255
CASH USED IN INVESTING ACTIVITIES		
Purchase certificate of deposit, including interest reinvested	(40,416)	-
Purchases of investments	(50,000)	-
Investment earnings re-invested	(3,070)	-
Purchase of capitalized food service equipment, office equipment and facility upgrades	(15,626)	(15,988)
Total cash used in investing activities	(109,112)	(15,988)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(67,208)	19,267
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	361,920	342,653
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 294,712	\$ 361,920

The accompanying notes are an integral part of these financial statements

RAVENSWOOD COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - HISTORY AND NATURE OF THE ORGANIZATION

Ravenswood Community Services (RCS) began as an outreach program of All Saints Episcopal Church (ASEC) in Chicago's northside Ravenswood neighborhood. In 2001, RCS incorporated as an Illinois not-for-profit organization.

RCS' primary activity is the operation a food pantry and community kitchen located within ASEC. RCS also provides a nurses clinic and social services in conjunction with the food pantry and community kitchen.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation

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

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

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

Under ASC 958-205, RCS is required to report information regarding its financial position according to two classes of net assets; net assets without donor restrictions, and net assets with donor restrictions. The classification of net assets is based on the absence or existence of donor-imposed restrictions.

Donor-imposed restrictions

All contributions are considered to be without donor restrictions 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 donor-restricted support which increases that net asset class. However, donor-restricted support that is received and completely fulfilled within the same fiscal year is reported as support without donor restrictions.

Income taxes

RCS is exempt from federal taxes under Section 501(c)3 of the Internal Revenue Code. Contributions to RCS qualify as charitable contributions under Section 170(b)(1)(A)(vi). RCS is classified as an organization that is not a private foundation under Section 509(a)(2). RCS' management has determined that FASB ASC 740-10, which addresses accounting for uncertainty in income taxes, has no effect on its financial statements due to RCS' tax-exempt status.

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, liabilities, revenues, and expenditures. Actual results could differ from those estimates.

Donated Services

A substantial number of volunteers have donated a significant amount of their time to RCS to help meet the organization's goals and objectives. These donated services are not reported as contributions in the financial statements because they do not meet the criteria of skilled services required to be reported under FASB ASC 958-605-25-16.

RAVENSWOOD COMMUNITY SERVICES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

RCS has evaluated subsequent events through July 2, 2020, the date financial statements were available to be issued.

Functional expense allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Expenses specifically identifiable as program, general management & administrative, or resource development are fully allocated to those respective categories. Staffing is allocated on the basis of estimated time and effort. General overhead expenses such as office rent and other such expenses are allocated on the basis of square footage space utilized.

NOTE 3 - PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized information presented for comparative purposes. Such comparative information is in total but not by net asset class, and therefore, 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 RCS' financial statements for the year ended December 31, 2018, from which the summarized comparative information was derived.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

In the year 2015 RCS received a contribution of \$180,000 designated by the donor for specific program activities. The remaining unspent portion of this contribution as of December 31, 2019 and December 31, 2018 is available for the following specific program activities:

	Dec. 31, 2019	Dec. 31, 2018
Kitchen equipment and furniture	\$ 20,843	\$ 35,071
Facility upgrades and improvements	35,500	35,500
Kitchen and pantry staffing	13,516	16,979
Program food costs	27,300	27,374
Operating reserve	25,000	25,000
Total	\$ 122,159	\$ 139,924

NOTE 5 - CONCENTRATION OF RISK

For the years 2019 and 2018 RCS recognized \$378,149 and \$242,959, respectively, of in-kind food and grocery donations from the Greater Chicago Food Depository. These in-kind contributions comprised 58% and 47% of RCS' total public support and revenues for the years 2019 and 2018, respectively.

RAVENSWOOD COMMUNITY SERVICES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6 - CASH AND CASH EQUIVALENTS AND CERTIFICATE OF DEPOSIT

Cash and cash equivalents consist of interest-bearing demand deposits in financial institutions.

Certificate of deposit consists of one certificate of deposit with an original term of 22 months.

These demand deposits and certificate of deposit were insured by the FDIC up to \$250,000. As of December 31, 2019 and December 31, 2018 the aggregate balances of cash and cash equivalents and certificate of deposit were fully insured under FDIC.

NOTE 7 - INVESTMENTS FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the 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 three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

Level 2 - Inputs to the valuation methodology include:

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

If the asset has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset.

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

The asset'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.

As of December 31, 2019 RCS' sole investment consisted of 846.0003 units in a collective investment fund (the "Fund"). The Fund's asset mix, as reported by the Fund, consisted of mutual funds traded in active markets that the Fund has the ability to access. The Fund reported a per unit value of \$62.73 as of December 31, 2019. The per unit value reported by the Fund is equal to the aggregate value of the underlying assets divided by the number of units held by investors. RCS has the ability purchase or sell units on a calendar quarterly basis.

The following table sets forth by level, within the fair value hierarchy, RCS' investments as of December 31, 2019:

Investments at Fair Value as of December 31, 2019				
	Level 1	Level 2	Level 3	Total
Units held in a collective investment fund	\$ -	\$ 53,070	\$ -	\$ 53,070
	-	53,070	-	53,070

(Continued on the following page)

RAVENSWOOD COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 - INVESTMENTS FAIR VALUE MEASUREMENTS (Continued)

Investment income and gains over losses for the year ended December 31, 2019 consist of the following:

	Amount
Interest and dividends	\$ 616
Net increase in the fair market value of investments held	2,454
Net investment income and gains over losses	\$ 3,070

NOTE 8 - FACILITY IMPROVEMENTS AND EQUIPMENT, net of accumulated depreciation

Facility improvements and equipment are recorded at cost. In-kind contributions of capitalizable facility improvements and equipment are recorded at the fair market value on the date received. Depreciation is provided on a straight-line basis over the estimated useful life of the asset. The estimated useful lives of the assets listed below range from 5 to 7 years. RCS' capitalization policy requires a per-item minimum value of \$500. As of December 31, 2019 and 2018, facility improvements and equipment, net of accumulated depreciation were as follows:

	12/31/2019	12/31/2018
Facility improvements	\$ 85,089	\$ 70,863
Equipment	18,345	18,335
Total cost of facility improvements and equipment	103,434	89,198
Less accumulated depreciation	(73,108)	(68,043)
Facility improvements and equipment, net of accumulated depreciation	\$ 30,326	\$ 21,155

NOTE 9 - DUE TO AFFILIATED ORGANIZATION

RCS is located within facilities owned by All Saints Episcopal Church (ASEC). As of December 31, 2019 no Board member of RCS was a Board member of ASEC.

RCS rents its primary operating space from ASEC on a month-to-month basis. Rent expense for the years 2019 and 2018 was \$6,000 and \$6,000 respectively.

Staffing for RCS' activities is provided by employees of ASEC. RCS reimburses ASEC for its pro rata share of salary/wages, payroll taxes, and employee benefits related to these shared employees. Staffing expense related to these shared employees for the years 2019 and 2018 was \$137,370 and \$152,441, respectively.

During 2019 and 2018 ASEC made discretionary contributions of \$15,917 and \$15,056, respectively, to RCS in the form of a credit against the amount owed by RCS to ASEC for facility rent and shared staffing costs per above.

The cumulative net amount owed by RCS to ASEC as of December 31, 2019 and December 31, 2018; \$12,804 and \$5,595, respectively, is the net effect of rent, staffing, and contributions.

RAVENSWOOD COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - GRANTS AND CONTRIBUTIONS

RCS recognized monetary grants and contributions from the following benefactors for the years ended December 31, 2019 and December 31, 2018:

<u>Benefactor:</u>	<u>2019</u>	<u>2018</u>
Advocate Health Care	\$ -	\$ 6,517
Christ Church Winnetka	5,500	5,500
Cuore e Mani Foundation	-	7,500
Greater Chicago Food Depository	3,759	8,488
Episcopal Charities and Community Services	11,250	11,250
Pierce Family Charitable Foundation	-	7,500
Sandcastle Foundation	5,000	5,000
Washingtonian Health Care Foundation	9,000	7,000
Winnetka Congregational Church	6,000	10,000
Various individuals, each \$5,000 or more.	35,125	15,029
Others under \$5,000 each (both years)	60,548	61,121
Total grants and contributions	<u>\$ 136,182</u>	<u>\$ 144,905</u>

NOTE 11 - CONTRIBUTIONS, IN-KIND

RCS recognized in-kind contributions of food and groceries from the following benefactors for the years ended December 31, 2019 and December 31, 2018:

<u>Benefactor:</u>	<u>2019</u>	<u>2018</u>
Greater Chicago Food Depository	\$ 378,149	\$ 242,959
CBC Specialty Beverage	-	8,357
Whole Foods Rescue	9,600	-
Others under \$5,000 each	9,784	5,351
Total in-kind contributions	<u>\$ 397,533</u>	<u>\$ 256,667</u>

In-kind contributions are valued at the estimated fair market value on the date of receipt and are reflected in the statement of activities and change in net assets as revenue and a corresponding expenditure, resulting in a zero effect on net assets.

RAVENSWOOD COMMUNITY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - FUNDRAISING EVENTS, net of direct expenses

Revenues and direct expenses for fundraising events held during the year ended December 31, 2019 and December 31, 2018 are as follows:

	2019	2018
Ticket sales, monetary donations, and other revenues	\$ 111,057	\$ 120,941
In-kind contribution of event venue, staffing, and management	16,000	16,000
Total revenues	127,057	136,941
Food and catering, printing, and other direct expenses	18,459	21,226
Estimated value of in-kind event venue, staffing,		
and, management (See Note 12A)	16,000	16,000
Total direct expenses	34,459	37,226
Fundraising event revenues net of direct expenses	\$ 92,598	\$ 99,715

Note 12A - In-kind event venue, staffing, and management services for RCS' 2019 and 2018 Fall Fundraising Event was provided by the Ravenswood Event Group.