

Healthy Schools Campaign

Financial Statements

Years ended December 31, 2016 and 2015

**HEALTHY SCHOOLS
CAMPAIGN**

WIPFLI^{LLP}
CPAs and Consultants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Healthy School Campaign
Chicago, Illinois

We have audited the accompanying financial statements of Healthy School Campaign (an Illinois non-profit corporation), which comprise the statements of financial position as of December 31, 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. 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 Healthy School Campaign as of December 31, 2016, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Prior Period Financial Statements

The financial statements as of December 31, 2015, were audited by Horwich Coleman Levin, LLC, who merged with Wipfli LLP as of February 1, 2017 and whose report dated May 27, 2016, expressed and unmodified opinion on those financial statements.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on page 10 is presented for purposes of additional analysis and is not a required part of the basic 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 basic 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 basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Chicago, Illinois
June 21, 2017

**HEALTHY SCHOOLS CAMPAIGN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	ASSETS		
		2016	2015
Current assets			
Cash and cash equivalents		\$ 665,336	\$ 626,597
Accounts receivable and other receivables		359,736	137,394
Prepaid expenses		<u>4,650</u>	<u>24,038</u>
 Total current assets		 <u>1,029,722</u>	 <u>788,029</u>
 Office furniture and equipment, net		 10,480	 11,806
 Other assets		 <u>62,444</u>	 <u>52,711</u>
 TOTAL ASSETS		 <u><u>\$ 1,102,646</u></u>	 <u><u>\$ 852,546</u></u>

LIABILITIES AND NET ASSETS

Current liabilities			
Accounts payable		\$ 68,238	\$ 34,802
Accrued wages and benefits		103,608	86,845
Accrued expenses		61,387	45,886
Deferred rent		7,973	4,916
Deferred revenue		<u>363,333</u>	<u>188,874</u>
 Total current liabilities		 <u>604,539</u>	 <u>361,323</u>
Net assets			
Unrestricted net assets		<u>498,107</u>	<u>491,223</u>
 Total net assets		 <u>498,107</u>	 <u>491,223</u>
 TOTAL LIABILITIES AND NET ASSETS		 <u><u>\$ 1,102,646</u></u>	 <u><u>\$ 852,546</u></u>

The accompanying notes are an integral part of these statements

**HEALTHY SCHOOLS CAMPAIGN
STATEMENTS OF ACTIVITIES
FOR YEARS ENDED DECEMBER 31, 2016 AND 2015**

Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2015 Total</u>
Public support and revenues				
Grants and contributions	\$ 2,001,104	\$ -	\$ 2,001,104	\$ 1,816,540
Special events, net of expenses	194,770	-	194,770	200,795
Program service fees	446,439	-	446,439	340,739
Other income	9,397	-	9,397	2,925
Donated goods and services	20,800	-	20,800	41,286
Interest income	164	-	164	308
	<u>2,672,674</u>	<u>-</u>	<u>2,672,674</u>	<u>2,402,593</u>
Total support and revenues				
Expenses				
Program services	2,270,222	-	2,270,222	2,006,806
Management and general	208,600	-	208,600	185,212
Fundraising	186,968	-	186,968	201,788
	<u>2,665,790</u>	<u>-</u>	<u>2,665,790</u>	<u>2,393,806</u>
Total expenses				
Change in net assets	6,884	-	6,884	8,787
Net assets - beginning of the year	<u>491,223</u>	<u>-</u>	<u>491,223</u>	<u>482,436</u>
Net assets - end of the year	<u>\$ 498,107</u>	<u>\$ -</u>	<u>\$ 498,107</u>	<u>\$ 491,223</u>

The accompanying notes are an integral part of these statements

**HEALTHY SCHOOLS CAMPAIGN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,884	\$ 8,787
Adjustments to reconcile net assets to net cash provided by (used in) operating activities		
Depreciation	5,244	7,923
Changes in operating assets and liabilities		
Accounts receivable	(222,342)	(9,976)
Prepaid expenses	19,388	(7,708)
Accounts payable	33,436	(2,737)
Accrued expenses	16,763	(10,009)
Accrued wages and benefits	15,501	10,423
Deferred rent	3,057	3,174
Deferred revenue	174,459	(408,181)
	<u>52,390</u>	<u>(408,304)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for other assets	(9,733)	(3,523)
Cash paid for office furniture and equipment	(3,918)	(10,039)
	<u>(13,651)</u>	<u>(13,562)</u>
Net cash (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	38,739	(421,866)
Cash and cash equivalents - beginning of the year	<u>626,597</u>	<u>1,048,463</u>
Cash and cash equivalents - end of the year	<u>\$ 665,336</u>	<u>\$ 626,597</u>

The accompanying notes are an integral part of these statements

**HEALTHY SCHOOLS CAMPAIGN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. ORGANIZATION AND ACTIVITIES

Healthy Schools Campaign is a non-profit organization headquartered in Chicago and organized under Illinois law. Healthy Schools Campaign is the leading advocate for policies and practices that allow all students, teachers, and staff to learn and work in a healthy school environment. Healthy School Campaign is a voice for people who care about the environment, children, and education. Healthy Schools Campaign receives contributions and grants from individuals, corporations, and foundations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

Healthy Schools Campaign prepares its financial statements on the accrual basis in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in ASC 958. Under ASC 958, Healthy Schools Campaign is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Restricted, Temporarily Restricted and Unrestricted Revenue and Support

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. At December 31, 2016 and 2015 there were no temporarily or permanently restricted net assets.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash in banks and all highly liquid debt instruments purchased with a maturity of three months or less.

Income Taxes

Healthy Schools Campaign is an exempt organization under Section 501(c) (3) of the Internal Revenue Code and files forms 990 in the U.S. federal jurisdiction and the State of Illinois. Healthy Schools Campaign follows U.S. GAAP on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. There were no unrecognized tax benefits identified or recorded as liabilities during the reporting periods covered by these financial statements. As of December 31, 2016, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are 2013 through 2016.

**HEALTHY SCHOOLS CAMPAIGN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates and Assumptions

The presentation of financial statements in conformity with U.S. GAAP 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Healthy Schools Campaign values its cash and cash equivalents at fair value, based on the Level 1 hierarchy established by FASB in ASC 820-10.

Subsequent Events

Management evaluated all activity of the Organization through June 21, 2017, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements

Office Furniture and Equipment

It is Healthy Schools Campaign's policy to capitalize acquisitions of office furniture, equipment, and building improvements over \$1,500 and depreciate by straight-line methods over the estimated useful lives as follows:

Building improvements	5-40 years
Office furniture, fixtures & equipment	3- 5 years

The summary of office furniture and equipment at December 31, 2016 and 2015 is as follows:

	2016	2015
Office furniture and equipment	\$ 117,934	\$ 114,016
Less – accumulated depreciation	<u>(107,454)</u>	<u>(102,210)</u>
Office furniture and equipment, net	<u>\$ 10,480</u>	<u>\$ 11,806</u>

During the years ending December 31, 2016 and 2015, depreciation expense amounted to \$5,244 and \$7,923 respectively.

**HEALTHY SCHOOLS CAMPAIGN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. ACCOUNTS RECEIVABLE

The receivables represent the net realizable value of the amounts due from governmental and other funding sources. As of December 31, 2016, management believes all amounts are collectible and, accordingly, an allowance for uncollectible receivables is not considered necessary.

4. DEFERRED REVENUE

Healthy Schools Campaign has received corporate sponsorships and foundation grants in which the grants state the revenue is to be used in future periods. This amount totals \$363,333 at December 31, 2016 which has been reflected as deferred revenue in the accompanying Statement of Financial Position. This revenue will be recognized as income in 2017.

5. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

6. OPERATING LEASE

Healthy Schools Campaign leases its administrative facilities under a lease that as amended in January 2015 will expire on March 31, 2021. The lease contains provisions for future rent increases, rent free periods, and periods in which rent payments are reduced. The total amount of rental payments due over the lease term is being reflected as rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is charged to "Deferred rent" which is included in "Current liabilities" in the accompanying Statement of Financial Position.

Minimum rentals for the remaining lease term are as follows:

Year ended December 31,	
2017	\$ 77,101
2018	78,824
2019	80,548
2020 and thereafter	<u>104,838</u>
Total	<u>\$ 341,311</u>

Rent expense for the years ended December 31, 2016 and 2015 was \$78,433 and \$74,575 respectively, and has been allocated to the programs benefited.

**HEALTHY SCHOOLS CAMPAIGN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

7. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at nationally known banks. These cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization believes that it is not exposed to any significant credit risk resulting from cash balances in excess of FDIC insurance limits at December 31, 2016.

8. COST OF FUNDRAISING EVENTS

Cost of fundraising events for the years ended December 31, 2016 and 2015 was \$75,959 and \$75,734 respectively and is included as a reduction in revenue from special events in the Statement of Activities.

9. CONTRIBUTIONS IN-KIND

The Organization records various types of in-kind support, including services, books, materials and other tangible assets. Contributed in-kind support is recognized in accordance with the FASB requirement as described in ASC 958, Not-for-Profit Entities, which specifies that professional services received be recognized if such services (a) create or enhance long-lived assets or (b) require specialized skills, is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In 2016, \$20,800 was recognized as contributed in-kind support and has been reflected in the Statement of Activities as "Donated goods and services". The amounts reflected as Donated goods and services are offset by like amounts included in allocated expense accounts.

SUPPLEMENTAL INFORMATION

**HEALTHY SCHOOLS CAMPAIGN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>	<u>2016 Total</u>
<u>Functional Expenses</u>				
Salaries, taxes and fringe benefits:				
Salaries and wages	\$ 1,094,593	\$ 133,487	\$ 106,790	\$ 1,334,870
Payroll taxes and fringe benefits	291,427	35,540	28,432	355,399
Total salaries, taxes and fringe benefits	<u>1,386,020</u>	<u>169,027</u>	<u>135,222</u>	<u>1,690,269</u>
Other Operating Expenses:				
Accounting fees	-	11,240	-	11,240
Data services	2,394	292	234	2,920
Depreciation	4,300	524	420	5,244
Equipment	1,877	229	183	2,289
Fees and licenses	-	2,461	-	2,461
Insurance	-	4,401	-	4,401
Information technology	22,842	2,786	2,229	27,857
Meetings, trainings and conferences	128,928	1,363	246	130,537
Miscellaneous	12,240	1,493	1,194	14,927
Occupancy	70,461	8,593	6,874	85,928
Office Expenses	13,731	1,674	1,340	16,745
Printing and postage	46,978	259	120	47,357
Professional fees	395,163	3,167	38,264	436,594
Program materials	14,934	-	-	14,934
Subscription and dues	949	116	93	1,158
Telephone	4,655	568	454	5,677
Travel	164,750	407	95	165,252
Total other operating expenses	<u>884,202</u>	<u>39,573</u>	<u>51,746</u>	<u>975,521</u>
Total Expenses	<u><u>\$ 2,270,222</u></u>	<u><u>\$ 208,600</u></u>	<u><u>\$ 186,968</u></u>	<u><u>\$ 2,665,790</u></u>

The accompanying notes are an integral part of these statements