

KAN-WIN
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020
(With summarized comparative information
for the fiscal year ended June 30, 2019)

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Independent Auditor's Report

Board of Directors
KAN-WIN

I have audited the accompanying financial statements of the KAN-WIN, an Illinois nonprofit organization, which comprise of the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the fiscal 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 the KAN-WIN as of June 30, 2020 and the changes in its net assets and its cash flows for the fiscal 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, which has been restated by me for prior adjustments (see Note 11), has been derived from KAN-WIN's financial statements as of and for the fiscal year ended June 30, 2019. Those financial statements, as originally stated, were audited by me. My report dated November 8, 2019 expressed an unmodified opinion on those financial statements.

James M. Babic, PC

February 2, 2021

KAN-WIN
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020
(With summarized comparative totals as of June 30, 2019)

	As of June 30, 2020			Summarized Comparative Totals as of June 30, 2019
	Without Donor Restrictions	With Donor Restrictions	Total	
<u>ASSETS</u>				
Current assets:				
Cash (Note 5)	\$ 765,379	\$ 100,000	\$ 865,379	\$ 675,553
Certificate of deposit, original date to maturity one year or less (Note 5)	123,667	-	123,667	-
Contract fees receivable	217,042	-	217,042	179,395
Grant receivable within one year	-	15,000	15,000	35,000
Prepaid expenses	6,831	-	6,831	9,798
Total current assets	<u>1,112,919</u>	<u>115,000</u>	<u>1,227,919</u>	<u>899,746</u>
Office furniture, fixtures, and equipment at cost net of \$82,000 and \$77,580 of accumulated depreciation as of June 30, 2020 and June 30, 2019 (Note 6) respectively	<u>20,739</u>	<u>-</u>	<u>20,739</u>	<u>22,898</u>
Other assets:				
Certificate of deposit, original date to maturity greater than one year (Note 5)	-	-	-	123,667
Office lease security deposits	18,294	-	18,294	18,294
Total other assets	<u>18,294</u>	<u>-</u>	<u>18,294</u>	<u>141,961</u>
Total assets	<u>\$ 1,151,952</u>	<u>\$ 115,000</u>	<u>\$ 1,266,952</u>	<u>\$ 1,064,605</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 7,336	\$ -	\$ 7,336	\$ -
Accrued payroll and payroll liabilities	46,685	-	46,685	-
Total current liabilities	<u>54,021</u>	<u>-</u>	<u>54,021</u>	<u>-</u>
Long-term liabilities:				
U.S. Small Business Administration Payroll Protection Program loan (Note 7)	80,120	-	80,120	-
Total liabilities	<u>134,141</u>	<u>-</u>	<u>134,141</u>	<u>-</u>
Net assets (Note 4)	<u>1,017,811</u>	<u>115,000</u>	<u>1,132,811</u>	<u>938,025</u>
Total liabilities and net assets	<u>\$ 1,151,952</u>	<u>\$ 115,000</u>	<u>\$ 1,266,952</u>	<u>\$ 938,025</u>

The accompanying notes are an integral part of these financial statements

KAN-WIN
STATEMENT OF ACTIVITIES
AND CHANGE IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(With summarized comparative totals for the fiscal year ended June 30, 2019)

	Fiscal Year Ended June 30, 2020			Summarized Comparative Totals, Fiscal Year Ended June 30, 2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Public support and revenue:				
Public support:				
Grants and contributions (Note 8)	\$ 205,565	\$ 115,000	\$ 320,565	\$ 220,282
Special events, net of direct expenses (Note 9)	69,273	-	69,273	46,962
Total public support	<u>274,838</u>	<u>115,000</u>	<u>389,838</u>	<u>267,244</u>
Net assets released from restrictions upon satisfaction of program requirements	<u>67,083</u>	<u>(67,083)</u>	<u>-</u>	<u>-</u>
Revenues:				
Contract fees and awards (Note 10)	702,472	-	702,472	598,469
Program services	5,925	-	5,925	-
Interest income	5,192	-	5,192	1,608
Other	1,783	-	1,783	4,530
Total revenues	<u>715,372</u>	<u>-</u>	<u>715,372</u>	<u>604,607</u>
Total public support and revenues	<u>1,057,293</u>	<u>47,917</u>	<u>1,105,210</u>	<u>871,851</u>
Expenses:				
Program services	902,282	-	902,282	652,343
Supporting services:				
Management and general	94,896	-	94,896	72,361
Resource development	39,826	-	39,826	26,854
Total supporting services expenses	<u>134,722</u>	<u>-</u>	<u>134,722</u>	<u>99,215</u>
Total expenses	<u>1,037,004</u>	<u>-</u>	<u>1,037,004</u>	<u>751,558</u>
Net increase in net assets	20,289	47,917	68,206	120,293
Net assets:				
Beginning of the fiscal year, before prior year adjustment	870,942	67,083	938,025	944,312
Prior year adjustment (Note 11)	<u>126,580</u>	<u>-</u>	<u>126,580</u>	<u>-</u>
Beginning of the fiscal year, after prior year adjustment	<u>997,522</u>	<u>67,083</u>	<u>1,064,605</u>	<u>944,312</u>
End of the fiscal year	<u>\$ 1,017,811</u>	<u>\$ 115,000</u>	<u>\$ 1,132,811</u>	<u>\$ 1,064,605</u>

The accompanying notes are an integral part of these financial statements

KAN-WIN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(With summarized comparative totals for the fiscal year ended June 30, 2019)

	Program Services	Supporting Services			Grand Totals	
		Management and General	Resource Develop- ment	Total	2020	2019
Staff salaries and wages	\$ 413,369	\$ 49,254	\$ 29,923	\$ 79,177	\$ 492,546	\$ 336,844
Employer retirement plan contributions	4,196	1,248	-	1,248	5,444	1,303
Staff benefits	38,290	3,645	2,117	5,762	44,052	36,822
Employer payroll taxes	38,242	3,202	158	3,360	41,602	21,648
Professional and contract services	47,961	20,284	-	20,284	68,245	61,509
Client services	147,407	-	-	-	147,407	110,237
Community education	20,481	-	-	-	20,481	11,615
Office occupancy (Note 12)	73,037	9,240	4,235	13,475	86,512	85,745
Equipment maintenance and non-capitalized purchases	8,648	2,358	786	3,144	11,792	2,468
Office supplies and expenses	12,029	1,520	320	1,840	13,869	8,046
Insurance	19,941	3,295	1,117	4,412	24,353	20,693
Printing and photocopying	2,979	-	-	-	2,979	4,185
Telecommunications	13,709	-	-	-	13,709	12,023
Postage and courier	4,344	-	250	250	4,594	2,076
Travel	8,479	-	400	400	8,879	11,783
Meetings and conferences	-	-	-	-	-	2,177
Advertising and promotion	-	-	-	-	-	-
Training and development	12,103	-	100	100	12,203	9,748
Dues and subscriptions	7,416	-	-	-	7,416	7,592
Refund of contract revenue	14,609	-	-	-	14,609	-
Depreciation	4,420	-	-	-	4,420	4,145
Other	10,622	850	420	1,270	11,892	899
Total functional expenses	\$ 902,282	\$ 94,896	\$ 39,826	\$ 134,722	\$ 1,037,004	\$ 751,558

The accompanying notes are an integral part of these financial statements

KAN-WIN
STATEMENT OF CASH FLOWS

	Fiscal Year Ended June 30,	
	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Net (decrease) increase in net assets	\$ 68,206	\$ 120,293
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation expense	4,420	4,145
(Increase) decrease in:		
Contract fees receivable	(37,647)	167,819
Grant receivable within one year	20,000	35,000
Prepaid expenses	2,967	3,369
Security deposit	-	(2,000)
Increase (decrease) in:		
Accounts payable	7,336	(5,749)
Accrued payroll and payroll liabilities	46,685	(3,991)
NET CASH PROVIDED BY OPERATING ACTIVITIES	111,967	318,886
CASH USED IN INVESTING ACTIVITIES		
Purchases of office furniture, fixtures, and equipment	(2,261)	(9,016)
CASH PROVIDED BY FINANCING ACTIVITIES		
Proceeds, U.S. Small Business Administration Payroll Protection Program loan	80,120	-
NET INCREASE IN CASH	189,826	309,870
CASH, BEGINNING OF THE YEAR	675,553	492,263
CASH, END OF THE YEAR	\$ 865,379	\$ 802,133

The accompanying notes are an integral part of these financial statements

KAN-WIN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - HISTORY AND NATURE OF THE ORGANIZATION

KAN-WIN is an Illinois not-for-profit organization that was officially founded on August 15, 1990.

KAN-WIN's mission is to eradicate all forms of violence against women, including domestic violence and sexual assault, by empowering Asian American survivors and engaging the community through culturally competent services, community education and outreach, and advocacy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Basis of presentation

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

Under FASB 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 FASB ASC 958-205, KAN-WIN 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 available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor-restricted support, which increases that net asset class. However, donor-restricted support that is received and fulfilled within the same fiscal year is reported as support without donor restrictions.

Income taxes

KAN-WIN is exempt from federal taxes under Section 501(c)3 of the Internal Revenue Code. It qualifies for charitable contributions under Section 170(b)(1)(A), and has been classified as an organization that is not a private foundation under Section 509(a)(2). KAN-WIN's 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 KAN-WIN's tax-exempt status.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles may require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures. Actual results could differ from those estimates.

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. Staff salaries, payroll taxes, and benefits are allocated on the basis of estimated time and effort. General overhead expenses such as office rent and other such expenses are allocated on the same basis as staff salaries.

Subsequent Events

KAN-WIN has evaluated subsequent events through February 2, 2021, the date financial statements were available to be issued.

(Continued on the following page)

KAN-WIN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

During the fiscal year ended June 30, 2020 KAN-WIN benefited from many hours of donated services from several individuals that helped KAN-WIN meet program 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.

NOTE 3 - PRIOR YEAR SUMMARIZED 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 KAN-WIN's financial statements for the fiscal year ended June 30, 2019, from which the summarized information was derived.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with temporary donor restrictions as of June 30, 2020 will be available for the following program services:

General operations and program support, time-restricted	\$ <u>115,000</u>
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NOTE 5 - CASH AND CERTIFICATES OF DEPOSIT

Cash consists of demand deposits in financial institutions.

Certificate of deposits with an original term to maturity greater than 30 days are classified on the statement of financial position separately from cash.

As of June 30, 2020 the amount of KAN-WIN's demand deposits in financial institutions and certificates of deposit exceeded the FDIC insured limit by \$84,086. KAN-WIN has not experienced a loss, and believes it is not exposed to any significant risk of loss, on such bank balances.

NOTE 6 - OFFICE FURNITURE, FIXTURES, AND EQUIPMENT, at cost net of accumulated depreciation

Purchased office furniture, furniture, and equipment is recorded at cost. Donated office furniture and equipment is recorded at the estimated fair market value on the date of receipt. Depreciation is provided on a straight-line basis over an estimated useful life of five or seven years.

KAN-WIN's capitalization policy requires a per-item minimum value of 1,000.

NOTE 7 - U.S. SMALL BUSINESS ADMINISTRATION PAYROLL PROTECTION PROGRAM LOAN

In May, 2020 KAN-WIN obtained an \$80,120 loan from the U.S. Small Business Administration under the Payroll Protection Program. The loan is unsecured, has a two-year term beginning on the date of disbursement, and bears a fixed interest rate of 1.00 percent. No payments of principal or interest are due during the six-month deferral period following the date of disbursement. Commencing one month after the expiration of the deferral period KAN-WIN is required to make equal monthly payments of \$4,509 (principal and interest) to fully amortize the principal amount by the loan maturity date.

This loan may be forgiven in full or in part if the lender determines that KAN-WIN used the loan proceeds in compliance with the Paycheck Protection Program, including provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Securities Act. Forgiveness of the loan is not automatic, KAN-WIN must request it.

KAN-WIN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - GRANTS AND CONTRIBUTIONS

KAN-WIN recognized grants and contributions from the following grantors and donors for the fiscal years ended June 30, 2020 and June 30, 2019:

<u>Grantor / Donor:</u>	<u>06/30/2020</u>	<u>06/30/2019</u>
American Council of Learned Societies	\$ 10,000	\$ -
Alphawood Foundation	40,000	-
Bank of Hope	7,500	-
BISCO Charitable Foundation	-	5,000
Blowitz-Ridgeway Foundation	15,000	10,000
Chicago Foundation for Women	50,000	60,000
Circle of Service Foundation	15,000	15,000
Cook County Illinois Community Development Block Grant	22,400	11,000
Full Circle Foundation	-	6,000
Illinois Attorney General	24,500	24,500
Northfield Township	6,000	-
Polk Brothers. Foundation	40,000	32,500
Swedish Covenant Hospital	5,000	-
Young Family Health Associates	-	5,500
United Way	25,000	-
Individuals, each \$5,000 or more	5,000	-
Others under \$5,000 each	55,165	50,782
Total grants and contributions	<u>\$ 320,565</u>	<u>\$ 220,282</u>

NOTE 9 - SPECIAL EVENTS, net of direct expenses

Gross proceeds from special events held during the fiscal year ended June 30, 2020 were \$85,582, related direct expenses were \$16,309, gross proceeds net of related direct expenses were \$69,273

Gross proceeds from special events held during the fiscal year ended June 30, 2019 were \$57,258, related direct expenses were \$10,296, gross proceeds net of related direct expenses were \$46,962.

KAN-WIN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10 - CONTRACT FEES AND AWARDS

KAN-WIN recognized contract fees and awards from the following contractors for the fiscal years ended June 30, 2020 and June 30, 2019:

<u>Contractor:</u>	<u>06/30/2020</u>	<u>06/30/2019</u>
City of Chicago, Dept. of Family and Support Services	\$ 48,621	\$ 47,795
Illinois Criminal Justice Information Authority	93,076	98,923
Illinois Coalition Against Domestic Violence	199,080	192,439
Illinois Department of Human Services	140,342	93,074
U.S. Department of Justice, Office on Violence Against Women . . .	221,203	157,453
Others, less than \$5,000 each (both years)	150	8,785
Total grants and contributions	<u>\$ 702,472</u>	<u>\$ 598,469</u>

NOTE 11 - PRIOR YEAR ADJUSTMENT

Net assets as of June 30, 2019 were adjusted to correct a \$126,580 understatement of contract receivables and revenues.

The summarized comparative information presented for the fiscal year ended June 30, 2019 has been restated to reflect these adjustments.

NOTE 12 - LEASE COMMITMENTS

KAN-WIN leases office space located in Park Ridge, IL under a four-year agreement that began on October 1, 2018 and continues through February 28, 2022. Initial monthly base rent under this lease was \$4,654 and is scheduled to increase by 3.42% on each anniversary date of the agreement. In addition to base rent, the agreement requires KAN-WIN to pay for its pro rata share of common area maintenance and real estate taxes. Office rent expense under this lease, including KAN-WIN's pro rata share of common area maintenance and real estate taxes, for the fiscal years ended June 30, 2020 and June 30, 2019 was \$63,494 and \$62,375, respectively.

KAN-WIN also leases office space, located in Chicago, IL, under a two-year agreement that began on January 1, 2019 and continues through December 31, 2020. Initial monthly rent under this lease is \$1,500 and has a scheduled increase to \$1,550 on January 1, 2020. Office rent expense under this lease for the fiscal years ended June 30, 2020 and June 30, 2019 was \$18,250 and \$18,600, respectively.

Total office lease expense for the fiscal years ended June 30, 2020 and June 30, 2019 was \$81,744 and \$80,975, respectively.

Future minimum office lease base rent obligations are as follows:

<u>Fiscal year ended:</u>	<u>Park Ridge, Illinois Office</u>	<u>Chicago, Illinois Office</u>	<u>Total</u>
June 30, 2021	\$ 60,419	\$ 9,300	\$ 69,719
June 30, 2022	41,187	-	41,187
Total	<u>\$ 101,606</u>	<u>\$ 9,300</u>	<u>\$ 110,906</u>

KAN-WIN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - MANAGEMENT'S RESPONSE TO THE COVID 19 PANDEMIC

KAN-WIN will not experience a decrease in funding for the fiscal year ending June 30, 2021 (FY2021). Thus, no expense cuts were made for FY2021. The board of directors approved a greater allocation to emergency funding in response to COVID needs for FY2021 budget. In response to the COVID pandemic, KAN-WIN administered a staggered schedule since March 2020 until November 2020, and since then has been working remotely starting with the second peak. Staff are going in when necessary for in-person counseling or other essential work. Each staff member is provided with a work laptop and cell phone. Other than in-person group counseling being canceled, none of KAN-WIN's services have been compromised.

The approved budget for FY2021, which factors in all known and confirmed funding for FY2021, shows a modest surplus. KAN-WIN's management will closely monitor actual performance versus budget expectations and make modifications to budgeted activities if needed.

Due to the requirement of the staff to working remotely during the pandemic, completion of the audit report for the fiscal year ended June 30, 2019 took longer than usual.