The Allendale Association

Financial Report
with Additional Information
June 30, 2017

The Allendale Association

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Independent Auditor's Report

To the Board of Trustees
The Allendale Association

Report on the Financial Statements

We have audited the accompanying financial statements of The Allendale Association (Allendale), which comprise the statement of financial position as of June 30, 2017 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

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 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, 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.

To the Board of Trustees
The Allendale Association

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Allendale Association as of June 30, 2017 and the changes in its net assets, functional expenses, 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 Allendale Association's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 22, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017 on our consideration of The Allendale Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Allendale Association's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 15, 2017

The Allendale Association

Statement of Financial Position

	June 30, 2017	June 30, 2016
Assets		
Cash and cash equivalents	$ 511,992	$ 3,565,786
Accounts receivable - Net	3,414,930	3,028,516
Pledges receivable - Net	25,000	148,073
Prepaid expenses and other	166,643	144,064
Investments	7,154,199	6,482,038
Property and equipment - Net	13,034,777	14,040,767
Bond issuance costs - Net	111,069	121,878
Advances and deposits	23,287	51,402
Total assets	**$ 24,441,897**	**$ 27,582,524**
Liabilities and Net Assets		
Liabilities		
Accounts payable and other accrued expenses	$ 659,141	$ 713,551
Accrued salaries, wages, and other compensation	848,746	812,256
Interest rate swap agreements	98,565	250,814
Bond payable	3,717,800	4,146,400
Accrued pension cost	1,695,418	2,323,664
Total liabilities	7,019,670	8,246,685
Net Assets		
Undesignated	10,193,755	12,654,114
Board designated	6,964,507	6,289,122
Total undesignated and board designated	17,158,262	18,943,236
Temporarily restricted	93,322	221,960
Permanently restricted	170,643	170,643
Total net assets	17,422,227	19,335,839
Total liabilities and net assets	**$ 24,441,897**	**$ 27,582,524**

Statement of Activities
Year Ended June 30, 2017
(with summarized totals for the year ended June 30, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Total 2016
Government Support					
Service fees and grants	$ 25,649,702	$ -	$ -	$ 25,649,702	$ 31,210,636
School lunch program	180,958	-	-	180,958	270,103
Public Support - Contributions and special events	639,904	92,407	-	732,311	693,542
Revenue and Gains					
Service fees - Third party	307,812	-	-	307,812	355,701
Client and family fees	165,513	-	-	165,513	118,668
Program sales	32,355	-	-	32,355	35,413
Net realized and unrealized gain (loss) on investments	513,584	1,170	-	514,754	(249,920)
Investment and dividend income	172,364	623	-	172,987	175,369
Change in fair value of interest rate swap agreements - Net of periodic settlement payments	152,249	-	-	152,249	(8,843)
Miscellaneous	1,904	-	-	1,904	10,352
Net assets released from restrictions	222,838	(222,838)	-	-	-
Total support and revenue	28,039,183	(128,638)	-	27,910,545	32,611,021
Expenses					
Program services:					
Residential treatment	11,722,865	-	-	11,722,865	12,590,209
North Chicago	2,020,980	-	-	2,020,980	2,128,522
Group homes	1,866,550	-	-	1,866,550	2,631,512
Benet Lake, WI	1,916,443	-	-	1,916,443	2,015,514
Special education	8,876,670	-	-	8,876,670	9,679,487
Foster care	1,002,700	-	-	1,002,700	1,068,102
Independent living	-	-	-	-	96,306
Youth community services	112,412	-	-	112,412	342,922
Outpatient clinic	409,287	-	-	409,287	440,424
Total program services	27,927,907	-	-	27,927,907	30,992,998
Support services:					
Management and general	2,450,145	-	-	2,450,145	2,468,874
Fundraising	411,773	-	-	411,773	207,647
Total support services	2,861,918	-	-	2,861,918	2,676,521
Total expenses	30,789,825	-	-	30,789,825	33,669,519
Decrease in Net Assets Before Pension-related Changes Other Than Net Periodic Benefit Cost	(2,750,642)	(128,638)	-	(2,879,280)	(1,058,498)
Pension-related Changes Other Than Net Periodic Pension Benefit Cost	965,668	-	-	965,668	(1,280,188)
Decrease in Net Assets	(1,784,974)	(128,638)	-	(1,913,612)	(2,338,686)
Net Assets - Beginning of year	18,943,236	221,960	170,643	19,335,839	21,674,525
Net Assets - End of year	**$ 17,158,262**	**$ 93,322**	**$ 170,643**	**$ 17,422,227**	**$ 19,335,839**

See Notes to Financial Statements.

Statement of Functional Expenses
Year Ended June 30, 2017
(with summarized totals for the year ended June 30, 2016)

	2017													Total Expenses	
	Program Services										Support Services				
	Residential Treatment	North Chicago	Group Homes	Benet Lake	Special Education	Foster Care	Independent Living	Youth Community Services	Outpatient Clinic	Total	Management and General	Fundraising	Total	2017	2016
Salaries	$ 6,967,109	$ 1,203,358	$ 1,127,474	$ 1,070,614	$ 5,145,197	$ 327,024	$ -	$ 56,938	$ 180,690	$ 16,078,404	$ 1,352,222	$ 134,082	$ 1,486,304	$ 17,564,708	$ 19,348,477
Employee benefits	1,413,264	263,222	254,358	232,238	1,235,685	79,327	-	13,955	44,115	3,536,164	345,693	33,029	378,722	3,914,886	4,362,999
Payroll taxes	516,219	89,265	83,679	79,408	382,273	24,302	-	4,231	13,429	1,192,806	100,581	9,967	110,548	1,303,354	1,456,308
Total salaries and related expenses	8,896,592	1,555,845	1,465,511	1,382,260	6,763,155	430,653	-	75,124	238,234	20,807,374	1,798,496	177,078	1,975,574	22,782,948	25,167,784
Professional fees and contract service payments	448,824	67,494	40,976	54,303	268,941	10,184	-	17,642	46,544	954,908	242,944	-	242,944	1,197,852	1,371,470
Supplies	651,200	94,431	57,313	84,423	283,620	24,276	-	2,500	8,492	1,206,255	87,172	11,237	98,409	1,304,664	1,500,623
Telecommunications	91,952	6,411	10,313	13,822	38,841	9,467	-	1,514	6,004	178,324	7,776	980	8,756	187,080	216,563
Postage and shipping	20,612	3,637	3,472	3,801	15,379	1,166	-	178	645	48,890	5,352	4,510	9,862	58,752	58,090
Occupancy	406,363	47,362	49,197	178,658	570,581	30,393	-	7,093	60,159	1,349,806	20,959	3,489	24,448	1,374,254	1,450,566
Equipment repairs, maintenance, and rentals	60,686	12,113	4,641	11,454	40,652	1,720	-	235	2,906	134,407	-	-	-	134,407	174,414
Insurance premiums	179,103	31,599	30,168	33,030	127,351	10,136	-	1,550	5,605	418,542	24,206	2,743	26,949	445,491	380,546
Outside printing, artwork, etc.	8,836	979	935	1,024	4,918	354	-	48	175	17,269	-	6,484	6,484	23,753	28,252
Local transportation	108,791	23,939	20,851	14,477	47,947	37,903	-	2,322	4,098	260,328	11,712	213	11,925	272,253	335,695
Training, conferences, and meetings	16,442	2,259	2,157	2,721	4,611	-	-	-	304	28,494	11,138	-	11,138	39,632	20,008
Subscriptions and reference publications	625	218	36	220	598	12	-	2	247	1,958	168	-	168	2,126	5,529
Client-specific assistance	256,904	37,261	85,075	41,002	90,750	421,453	-	115	119	932,679	-	-	-	932,679	1,035,218
Membership and accreditation dues	16,476	2,764	2,761	6,879	26,907	887	-	136	1,461	58,271	1,205	400	1,605	59,876	98,706
Staff recruitment and marketing advertising	28,935	5,104	4,873	5,337	30,397	5,606	-	819	2,962	84,033	5,099	-	5,099	89,132	116,177
Interest expense and financing fees	88,547	24,148	2,796	2,863	63,468	5,465	-	1,081	11,705	200,073	4,681	2,016	6,697	206,770	231,343
Bad debt expense	1,484	-	-	-	10,059	-	-	-	(893)	10,650	-	123,073	123,073	133,723	8,335
Miscellaneous, primarily special event fees	28,255	768	1,449	3,220	9,259	492	-	6	383	43,832	1,238	78,749	79,987	123,819	14,667
Depreciation	412,238	104,648	84,026	76,949	479,236	12,533	-	2,047	20,137	1,191,814	227,999	801	228,800	1,420,614	1,455,533
Total functional expenses for year ended June 30, 2017	**$11,722,865**	**$2,020,980**	**$1,866,550**	**$1,916,443**	**$8,876,670**	**$1,002,700**	**$ -**	**$ 112,412**	**$ 409,287**	**$27,927,907**	**$2,450,145**	**$ 411,773**	**$2,861,918**	**$30,789,825**	
Total functional expenses for year ended June 30, 2016	**$12,590,209**	**$2,128,522**	**$2,631,512**	**$2,015,514**	**$9,679,487**	**$1,068,102**	**$ 96,306**	**$ 342,922**	**$ 440,424**	**$30,992,998**	**$2,468,874**	**$ 207,647**	**$2,676,521**		**$33,669,519**

Statement of Cash Flows

	Year Ended June 30, 2017	Year Ended June 30, 2016
Cash Flows from Operating Activities		
Decrease in net assets	$ (1,913,612)	$ (2,338,686)
Adjustments to reconcile decrease in net assets to net cash from operating activities:		
Depreciation	1,420,614	1,455,533
Bond cost amortization	10,809	10,810
Net realized and unrealized (gains) losses on investments	(514,754)	249,920
Change in fair value of interest rate swap agreements	(152,249)	8,843
Bad debt expense	133,723	8,335
Changes in operating assets and liabilities which (used) provided cash:		
Accounts receivable	(520,137)	(213,697)
Pledges receivable	123,073	-
Prepaid expenses and other	(22,579)	(3,383)
Advances and deposits	28,115	(15,958)
Accounts payable and other accrued expenses	62,635	(947,454)
Accrued pension cost	(628,246)	1,131,241
Net cash used in operating activities	(1,972,608)	(654,496)
Cash Flows from Investing Activities		
Proceeds from sales of investments	6,614,630	2,328,231
Purchases of investments	(6,772,037)	(2,461,614)
Capital expenditures	(495,179)	(631,377)
Net cash used in investing activities	(652,586)	(764,760)
Cash Flows from Financing Activities - Payments on bond	(428,600)	(413,400)
Net Decrease in Cash and Cash Equivalents	(3,053,794)	(1,832,656)
Cash and Cash Equivalents - Beginning of year	3,565,786	5,398,442
Cash and Cash Equivalents - End of year	**$ 511,992**	**$ 3,565,786**
Supplemental Disclosure of Cash Flow Information - Cash payments of interest	**$ 145,468**	**$ 162,082**

Note 1 - Nature of Business and Significant Accounting Policies

The Allendale Association (Allendale) is a private, not-for-profit organization dedicated to excellence and innovation in the care, treatment, education, and advocacy for children and youth with serious emotional, mental health, and behavioral challenges. Allendale is supported financially by government funding (primarily from the State of Illinois), program services from third parties, and private contributions. Founded in 1897, Allendale serves emotionally troubled youths and their families in northern Illinois and southern Wisconsin through residential treatment, community-based group homes, day treatment education, foster care, independent living, community-based mentoring, and an outpatient clinic.

Basis of Presentation - The accompanying financial statements of Allendale have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Classification of Net Assets - Net assets of Allendale are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting Allendale's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Investments - Investment securities are recorded at fair value in the statement of financial position. Gains and losses, both realized and unrealized, are recorded in the statement of activities.

Property and Equipment - Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Generally, items with a useful life of one year or more and value of more than $500 are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is allocated between program and support services in the statement of activities. Costs of maintenance and repairs are charged to expense when incurred.

Bond Issuance Costs - Bond issuance costs are amortized using the straight-line method over the term of the related bond.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Revenue and Public Support - Fees for services are recognized as revenue as the services are performed. Grant revenue and public support are recorded in the period to which they apply, except for contributions. Contributions received, including unconditional promises and noncash assets, are recognized as revenue when the donor's commitment is received. All contributions are recorded at their fair value. Conditional promises are recorded when donor stipulations are substantially met. Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or a 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. This includes donor-restricted contributions whose restrictions are met within the same year as received. Permanently restricted endowment net assets have been restricted by donors to be maintained in perpetuity.

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded as pledges receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Allendale provides an allowance for estimated uncollectible contributions based on its historical experience of the relationship between actual bad debts and net amounts pledged.

Accounts Receivable - Accounts receivable are carried at the original billing amount. The valuation of accounts receivable is based upon management's estimate of the collectibility of such receivables. Management reviews trade accounts receivable on a consistent basis and follows up with those customers that are delinquent. Management records a specific reserve when the collectibility of a receivable balance is uncertain. Management also records a general billing reserve based on historical billing adjustments which may occur for a variety of reason.

Contributed Materials and Services - No amounts have been reflected in the financial statements for donated volunteers' time because the contributed services do not meet the criteria for recognition as defined by accounting principles generally accepted in the United States of America. However, a substantial number of volunteers have donated significant amounts of time toward the activities of Allendale. Donated materials, if significant in amount, are included in public support at fair value. It is the policy of Allendale to record gifts of long-lived assets without stipulation as unrestricted support.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Concentration of Credit Risk - Allendale's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, which is placed with high-quality financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation insurance limits. Management believes that credit risk related to these deposits is minimal.

Cash Equivalents - For the purpose of the statement of cash flows, Allendale considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents. Allendale maintains its cash and cash equivalents primarily in First American Bank and Fifth Third Bank accounts.

Functional Allocation of Expenses - The costs of providing the program and support services have been reported on a functional basis in the statement of activities. Allendale uses a cost allocation formula to charge indirect costs to programs. The formula is the result of a number of cost allocation procedures based on the applicable functional expense. Factors used for allocating costs include full-time equivalent staff, square footage of space utilized, and number of telephones utilized. Certain expenses included in program services include these cost allocation procedures. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Tax Status - Allendale is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Allendale and recognize a tax liability if Allendale has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities.

Use of Estimates - The preparation of financial statements in conformity with 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 amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including December 15, 2017, which is the date the financial statements were available to be issued.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Upcoming Accounting Changes - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in August 2016. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by Allendale, including required disclosures about liquidity and availability of resources. The new standard is effective for Allendale's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The new standard is expected to have an effect on Allendale's financial statements. Allendale expects changes in presentation on the financial statements; however, the standard will not have any effect on operations.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for Allendale's year ending June 30, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods: retrospectively to each period presented (full retrospective method) or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). Allendale will most likely adopt the cumulative catch-up transition method if implementation of the standard does not result in a significant adjustment. Management is currently evaluating the contracts in place to determine the full impact the standard will have and plans to complete prior to the implementation date.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for Allendale's year ending June 30, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have an effect on Allendale's financial statements as a result of the leases for various locations which are classified as operating leases. Allendale expects long-term assets and lease liabilities to increase upon adoption; however, the effects on the changes in net assets are not expected to be significant as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Note 2 - Accounts Receivable

Accounts receivable consist of the following:

	2017	2016
Program service fees and grants - Net of billing reserve	$ 3,449,446	$ 3,034,603
Outpatient clinic	43,468	71,428
Other	11,125	6,497
Less allowance for doubtful accounts	(89,109)	(84,012)
Total	$ 3,414,930	$ 3,028,516

Note 3 - Pledges Receivable

Amounts due from donors for unpaid pledges of contributions as of June 30, 2017 and 2016 are $25,000 and $148,073, respectively. An allowance for uncollectible pledges of $19,850 is included in the pledges receivable as of June 30, 2016. Allendale's pledges receivable for both June 30, 2017 and 2016 include a $25,000 bequest that will be paid to Allendale upon the donor's death.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that Allendale has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Allendale does not currently utilize any Level 3 inputs.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Allendale's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following tables present information about Allendale's assets and liabilities measured at fair value on a recurring basis at June 30, 2017 and 2016 and the valuation techniques used by Allendale to determine those fair values.

Note 4 - Fair Value Measurements (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2017

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at June 30, 2017
Assets					
Marketable equity funds:					
U.S. large cap	$ 305,752	$ -	$ -	$ -	$ 305,752
U.S. mid cap	169,435	-	-	-	169,435
International	135,499	-	-	-	135,499
Real estate fund	103,115	-	-	-	103,115
Fixed-income funds:					
Corporate bonds	-	716,778	-	-	716,778
International bonds	-	211,628	-	-	211,628
Government agency bonds	-	159,751	-	-	159,751
Equity mutual funds	3,209,904	-	-	-	3,209,904
Fixed-income mutual funds	884,391	-	-	-	884,391
U.S. Treasury securities	-	346,799	-	-	346,799
Hedge funds	-	-	-	638,757	638,757
Total assets	$ 4,808,096	$ 1,434,956	$ -	$ 638,757	$ 6,881,809
Liabilities - Interest rate swap	$ -	$ 98,565	$ -	$ -	$ 98,565

Note 4 - Fair Value Measurements (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2016

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at June 30, 2016
Assets					
Marketable equity funds:					
U.S. large cap	$ 1,085,133	$ -	$ -	$ -	$ 1,085,133
U.S. mid cap	465,945	-	-	-	465,945
U.S. small cap	173,843	-	-	-	173,843
International	617,683	-	-	-	617,683
Emerging markets	434,539	-	-	-	434,539
Real estate fund	311,823	-	-	-	311,823
Fixed-income funds:					
Corporate bonds	-	713,615	-	-	713,615
International bonds	269,943	277,854	-	-	547,797
Government agency bonds	-	176,180	-	-	176,180
Equity mutual funds	152,097	-	-	-	152,097
Mutual funds - Other	678,409	-	-	-	678,409
U.S. Treasury securities	-	266,330	-	-	266,330
Hedge funds	-	-	-	595,986	595,986
Total assets	$ 4,189,415	$ 1,433,979	$ -	$ 595,986	$ 6,219,380
Liabilities - Interest rate swap	$ -	$ 250,814	$ -	$ -	$ 250,814

Not included in the above tables is $272,390 and $262,658 of cash held in the investment account at June 30, 2017 and 2016, respectively.

Allendale's policy is to recognize transfers in and out of Level 1, 2, and 3 fair value classifications as of the beginning of the fiscal year of the change in circumstances that caused the transfer. There were no transfers during the years ended June 30, 2017 and 2016.

Level 1 Inputs

Fair values for Allendale's money market funds, marketable equity funds, equity mutual funds, fixed-income funds in 2016, and mutual funds - other were based on quoted market prices.

Note 4 - Fair Value Measurements (Continued)

Level 2 Inputs

Estimated fair values of fixed-income funds and U.S. Treasury securities are derived from readily available pricing sources and third-party pricing services for identical or comparable instruments.

The derivative instrument consists solely of an interest rate swap that is not traded on an exchange and is recorded at fair value based on a variety of observable inputs, including contractual terms, interest rate curves, measure of volatility, and correlations of such inputs. Allendale's derivative instrument is classified as Level 2 in the fair value hierarchy.

Investments in Entities that Calculate Net Asset Value per Share

Allendale holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows :

	June 30, 2017	June 30, 2016	June 30, 2017		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds	$ 638,757	$ 595,986	$ -	Quarterly	65 days

The hedge fund is comprised of various investment managers that may employ a variety of alternative investment strategies, including equity securities, bonds and other fixed-income securities, real estate investment trusts, mortgage-backed securities, other asset-backed securities, collateralized debt obligations, and non-U.S. securities.

Note 5 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2017	2016	Depreciable Life - Years
Land and improvements	$ 2,177,612	$ 2,073,571	10-15
Building and improvements	27,799,991	27,721,884	5-25
Furniture and equipment	5,142,343	4,981,145	3-10
Vehicles	928,071	908,172	3-7
Assets under construction	44,534	27,504	-
Total cost	36,092,551	35,712,276	
Less accumulated depreciation and amortization	(23,057,774)	(21,671,509)	
Net carrying amount	$ 13,034,777	$ 14,040,767	

Note 6 - Line of Credit

Allendale has an unsecured revolving line of credit agreement totaling $1,500,000 with interest at a variable interest rate as determined by the bank's prime interest rate index, expiring in February 2018. The effective rate as of June 30, 2017 and 2016 was 4.25 and 3.5 percent, respectively.

There were no outstanding borrowings as of June 30, 2017 and 2016. It is management's expectation the line of credit will be renewed.

Note 7 - Bonds Payable

On October 17, 2001, the Village of Lake Villa (the "Village") issued $5,200,000 in variable rate demand revenue bonds. The proceeds of the bonds were then loaned to Allendale to finance construction of a residential treatment unit and a community outpatient counseling center with a training facility and to refinance outstanding debt. In accordance with the above, on October 13, 2011, Allendale issued an irrevocable letter of credit in the amount of $3,330,562 supporting the payment of the loan. The letter of credit was issued by Wells Fargo Bank, N.A. and expires on October 14, 2021.

The loan agreement requires variable annual principal payments that began in October 2003 and continue through October 2026. Interest is payable monthly and began in November 2001. The loan bears interest at the lowest rate of interest, which will permit the bonds to be remarketed at par, not to exceed the lesser of 15 percent or the letter of credit interest rate. The interest rate is determined weekly (0.95 and 0.46 percent as of June 30, 2017 and 2016, respectively). The bond payable balance as of June 30, 2017 and 2016 was $1,880,000 and $2,185,000, respectively.

Note 7 - Bonds Payable (Continued)

On December 1, 2013, the City of Burbank (Burbank) issued $2,250,000 in a variable rate demand revenue bond. The proceeds of the bond were loaned to Allendale to finance the purchase of a building in North Chicago to house a program providing residential treatment and educational services and to make building renovations at its Lake Villa campus. Principal and interest on the bond are payable monthly and began in January 2014 with a final payment on December 1, 2028. During the interest period, interest on the bond shall accrue at the rate equal to the quarterly one-month LIBOR, plus 275 basis points multiplied by 70 percent (the initial interest rate). The interest rate was 2.79 and 2.25 percent as of June 30, 2017 and 2016, respectively. The bond payable balance was $1,837,800 and $1,961,400 as of June 30, 2017 and 2016, respectively.

The loan agreements require Allendale to maintain certain ratios and impose certain restrictions on Allendale.

Future principal payments by fiscal year for the bonds payable outstanding as of June 30, 2017 are as follows:

2018		$ 437,590
2019		267,990
2020		278,390
2021		293,790
2022		317,590
Thereafter		2,122,450
	Total	$ 3,717,800

Note 8 - Interest Rate Swap Agreements

On July 15, 2008, Allendale began utilizing a derivative financial instrument to reduce its exposure to market risks from changes in interest rates on its revenue bonds (see Note 7). The instrument used to mitigate these risks is an interest rate swap. Allendale holds two interest rate swap agreements with First American Bank. Any change in fair value of the interest rate swap agreements is recognized in the statement of activities.

Allendale is exposed to credit-related losses in the event of nonperformance by the counterparty to this financial instrument. However, the counterparty to these agreements is First American Bank and the risk of loss due to nonperformance is considered by management to be minimal. Allendale does not hold or issue interest rate swaps for trading purposes.

As of June 30, 2017 and 2016, Allendale's interest rate swaps' notional amounts were $3,717,800 and $4,146,400, respectively. The notional amounts do not represent a measure of the exposure to Allendale.

Note 8 - Interest Rate Swap Agreements (Continued)

Allendale's interest swap agreement with a notional balance of $1,880,000 and $2,185,000 as of June 30, 2017 and 2016, respectively, matures on July 16, 2018 and has a fixed rate of 3.39 percent. Allendale will pay the counterparty interest at a fixed rate as noted, and the counterparty will pay Allendale interest at a variable rate equal to the USD-SIFMA Municipal Swap Index rate.

Allendale's interest swap agreement with a notional balance of $1,837,800 and $1,961,400 as of June 30, 2017 and 2016, respectively, matures on December 1, 2028 and has a fixed rate of 2.03 percent. Allendale will pay the counterparty interest at a fixed rate as noted, and the counterparty will pay Allendale interest at 70 percent of the USD-LIBOR-BBA index rate.

The following table presents the amounts and locations of the amounts relating to Allendale's interest rate swaps in the financial statements as of and for the years ended June 30, 2017 and 2016:

	2017	2016
Statement of financial position information -		
Fair value of interest rate swap liability (see Note 4)	$ 98,565	$ 250,814
Statement of activities information -		
Change in fair value of interest rate swap agreements - Net of periodic settlement payments	$ 152,249	$ (8,843)
Interest expense and financing fees	(82,949)	(125,430)
Total gain (loss) on derivative instrument	$ 69,300	$ (134,273)

Note 9 - Pension and Other Postretirement Benefit Plans

Allendale has a defined benefit retirement plan (the "Plan") covering substantially all employees with one year of continuous service who meet the age requirements of the Plan. Effective May 1, 2005, Allendale froze future benefit accruals under the Plan. Participants will receive the benefit they had accrued as of that date upon their retirement or termination of employment.

Plan benefits are computed based on actuarial assumptions under the unit cost method. If Allendale were to terminate the Plan, different actuarial assumptions would be used to determine the actuarial present value of the pension obligation.

Note 9 - Pension and Other Postretirement Benefit Plans (Continued)

Obligations and Funded Status

	Pension Benefits	
	2017	2016
Projected benefit obligation	$ 7,326,188	$ 8,000,996
Fair value of plan assets at end of year	5,630,770	5,677,332
Funded status	$ (1,695,418)	$ (2,323,664)

Amounts recognized in the statement of financial position consist of the following:

	Pension Benefits	
	2017	2016
Accrued pension cost	$ (1,695,418)	$ (2,323,664)

The amounts in unrestricted net assets that have not yet been recognized as components of net periodic benefit cost are as follows:

	Pension Benefits	
	2017	2016
Net actuarial loss	$ 2,445,132	$ 3,410,800

	Pension Benefits	
	2017	2016
Net Periodic Benefit Cost, Employer Contributions, and Benefits Paid		
Net periodic benefit cost	$ 337,422	$ 151,050
Employer contributions	-	300,000
Benefits paid	(496,637)	(178,817)

Other Changes in Plan Assets and Benefit Obligations Recognized in the Statement of Activities

	Pension Benefits	
	2017	2016
Net (gain) loss	$ (610,109)	$ 1,381,951
Amortization of net loss	(188,091)	(101,763)
Amount recognized due to settlement	(167,468)	-
Total pension-related changes other than net periodic pension benefit cost	$ (965,668)	$ 1,280,188

Note 9 - Pension and Other Postretirement Benefit Plans (Continued)

Assumptions

The following are the weighted average assumptions used to determine benefit obligations and net period cost for the years ended June 30:

	Pension Benefits	
	2017	2016
Discount rate:		
Preretirement	3.85 %	4.75 %
Postretirement	3.85	4.75
Net periodic benefit cost	4.05	3.85
Long-term rate of return on plan assets	6.50	6.50

The pension plan's weighted average asset allocation as of June 30, 2017 and 2016 by asset category is as follows:

	Pension Benefits	
	2017	2016
Equity securities	50.56 %	49.82 %
Insurance company's general account	9.16	4.78
Fixed income	40.28	45.40

Allendale's expected long-term return on plan assets assumption is based on a periodic review and modeling of the Plan's asset allocation and liability structure over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from the range of reasonable rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy and (b) projected inflation over the long-term period during which benefits are payable to plan participants.

Note 9 - Pension and Other Postretirement Benefit Plans (Continued)

Pension Plan Assets

Investment Policy

Allendale's investment policy for its defined benefit retirement plan includes various guidelines and procedures designed to ensure 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 the target allocations range (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 Allendale 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.

As of June 30, 2017 and 2016, the target allocations for the pension plan by asset category are as follows: equity securities, 50 percent, and fixed income and cash, 50 percent.

The fair values of Allendale's pension plan assets at June 30, 2017 and 2016 by major asset classes are as follows:

Fair Value Measurements at June 30, 2017

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable equity securities	$ 2,847,080	$ 2,847,080	$ -	$ -
Fixed-income funds	2,267,830	-	2,267,830	-
Total	$ 5,114,910	$ 2,847,080	$ 2,267,830	$ -

Fair Value Measurements at June 30, 2016

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable equity securities	$ 2,828,616	$ 2,828,616	$ -	$ -
Fixed-income funds	2,577,762	-	2,577,762	-
Total	$ 5,406,378	$ 2,828,616	$ 2,577,762	$ -

Note 9 - Pension and Other Postretirement Benefit Plans (Continued)

Level 1 Inputs

Fair value of equity securities is determined by external fund managers based on quoted market prices in active markets.

Level 2 Inputs

Estimated fair values of fixed-income funds are derived from readily available pricing sources and third-party pricing services for identical or comparable instruments.

Not included in the above table is $515,860 and $270,954 of cash equivalents invested in the insurance company's general account for the years ended June 30, 2017 and 2016, respectively.

As of June 30, 2017, Allendale accrued $10,939 including interest payable to the spouse of a former employee as previously authorized by the board of trustees. The balance accrued as of June 30, 2016 was $17,325.

Cash Flow

The following benefit payments related to the pension plan, which reflect expected future service, are expected to be paid:

Years Ending June 30	Pension Benefits
2018	$ 970,000
2019	450,000
2020	220,000
2021	51,000
2022	390,000
2023-2027	2,260,000

Note 10 - Defined Contribution Plan

Allendale also has a defined contribution retirement plan, which covers substantially all of its employees with one year of continuous service who meet the age requirements of the plan. Allendale amended the plan, effective May 1, 2005, to make matching contributions of 100 percent up to 5 percent of participants' salaries, which vest over four years. The matching contributions were $519,274 and $552,279 for the years ended June 30, 2017 and 2016, respectively.

Note 11 - Leases

Allendale has entered into various facility lease agreements with monthly payments ranging from approximately $1,800 to $12,400. These leases are at various locations and mature from 2017 through 2022.

Note 11 - Leases (Continued)

The following is a schedule of future minimum rental payments under the operating leases:

Years Ending June 30		Amount
2018		$ 327,678
2019		316,672
2020		168,172
2021		132,043
2022		120,000
Thereafter		10,000
	Total	$ 1,074,565

Rent expense charged to operations, including pass-through operating expenses for certain locations and short-term leases, amounted to $373,014 and $426,534 for the years ended June 30, 2017 and 2016, respectively.

Note 12 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Alumni scholarship funds	$ 9,576	$ 13,041
Individual pledge of life insurance	25,000	25,000
Miscellaneous	1,339	13,530
School district counseling grant	39,499	30,974
Charitable gift annuity	17,908	16,342
Capital campaign	-	123,073
Total	$ 93,322	$ 221,960

Allendale completed a capital campaign, which financed the construction of two new buildings: a cafeteria (completed in 2010) and a facilities/maintenance operations support center (completed in 2012), as well as the renovation of several existing buildings at its Lake Villa campus for providing health services, program administration, technology support, and physical education (completed in 2014).

Donation/pledges received for the campaign are considered temporarily restricted assets until the amounts are spent or the assets are placed in service. All remaining capital campaign pledges were written off as of June 30, 2017.

Note 13 - Endowments

Endowment

Permanently restricted net assets relate to donations made in prior years in which the gift's principal was to be perpetually invested and the income used for program operations.

Allendale's endowment consists of three individual funds and includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on existences or absences of donor-imposed restrictions.

Interpretation of Relevant Law

The board of trustees of Allendale has interpreted the 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. As a result of this interpretation, Allendale classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Allendale in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Allendale considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of Allendale and the donor-restricted endowment fund
(3) General economic conditions
(4) The expected total return from income and the appreciation of investments
(5) Other resources of Allendale
(6) The investment policies of Allendale

Note 13 - Endowments (Continued)

Return Objectives and Risk Parameters

Allendale has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that Allendale must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment's equity assets are invested in a manner that is intended to achieve a cumulative return on investment percentage which exceeds the Standard & Poor's 500 index by at least 300 basis points over a three-year period. Fixed-income assets are invested with the objective to achieve a cumulative return on investment percentage that exceeds the Lehman Aggregate index by at least 150 basis points over a three-year period. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Allendale relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Allendale targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Allendale has a policy of appropriating for distribution each year an amount that shall not exceed 5 percent of a three-calendar-year trailing average of the fair market value of the funds. The distribution percentage utilized each year is determined by the board of trustees when approving the annual budget. In establishing this policy, Allendale considered the long-term expected return on its endowment. Accordingly, over the long term, Allendale expects the current spending policy to allow its endowment to grow annually at a level equal to changes in the CPI. This is consistent with Allendale's objective to provide additional real growth through new gifts and investment returns.

Endowment Net Asset Composition by Type of Fund as of June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 170,643	$ 170,643
Board-designated endowment funds	6,964,507	-	-	6,964,507
Total funds	$ 6,964,507	$ -	$ 170,643	$ 7,135,150

Note 13 - Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 6,289,122	$ -	$ 170,643	$ 6,459,765
Contributions	28,702	-	-	28,702
Net investment return	682,960	4,261	-	687,221
Investment management fees	(36,277)	-	-	(36,277)
Appropriation of endowment	-	(4,261)	-	(4,261)
Endowment net assets - End of year	$ 6,964,507	$ -	$ 170,643	$ 7,135,150

Endowment Net Asset Composition by Type of Fund as of June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 170,643	$ 170,643
Board-designated endowment funds	6,289,122	-	-	6,289,122
Total funds	$ 6,289,122	$ -	$ 170,643	$ 6,459,765

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 6,406,645	$ -	$ 170,643	$ 6,577,288
Net investment loss	(81,253)	2,967	-	(78,286)
Investment management fees	(36,270)	-	-	(36,270)
Appropriation of endowment	-	(2,967)	-	(2,967)
Endowment net assets - End of year	$ 6,289,122	$ -	$ 170,643	$ 6,459,765

Note 14 - Concentrations

Allendale receives a substantial portion of its support from the State of Illinois. This support totaled approximately 50 percent of the total revenue for the fiscal years ended June 30, 2017 and 2016. As of June 30, 2017 and 2016, Allendale had total receivables from the Illinois Department of Human Services and the Illinois Department of Healthcare and Family Services amounting to $1,931,820 and $1,095,786, respectively.

Additional Information

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Independent Auditor's Report on Additional Information

To the Board of Trustees
The Allendale Association

We have audited the financial statements of The Allendale Association (Allendale) as of and for the year ended June 30, 2017 and have issued our report thereon dated December 15, 2017, which contained an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

December 15, 2017

The Allendale Association

Statement of Functional Revenue and Expenses
(Department of Children and Family Services
Residential Treatment Program)
Year Ended June 30, 2017

Support, Revenue, and Gains	
Fees and grants from governmental agencies:	
Illinois Department of Children and Family Services	$ 7,559,605
Illinois Department of Healthcare and Family Services	1,717,472
Illinois Department of Human Services	68,873
Local education agency payments	809,873
Other governmental agencies	1,613,567
Total fees and grants from governmental agencies	11,769,390
Other revenue:	
Client/family payments	156,788
Miscellaneous	945
Total other revenue	157,733
Total support, revenue, and gains	11,927,123
Expenses	12,764,504
Excess of Expenses Over Support, Revenue, and Gains	**$ (837,381)**

Statement of Expenses by Function
(Department of Children and Family Services Residential Treatment Program)
Year Ended June 30, 2017

	Residential Treatment	Management and General Allocation (1)	Total
Salaries	$ 6,967,109	$ 574,876	$ 7,541,985
Employee health and retirement benefits	1,413,264	146,966	1,560,230
Payroll taxes, etc.	516,219	42,760	558,979
Total salaries and related expenses	8,896,592	764,602	9,661,194
Professional fees and contract service payments	448,824	103,284	552,108
Supplies	651,200	37,060	688,260
Telecommunications	91,952	3,306	95,258
Postage and shipping	20,612	2,275	22,887
Occupancy	406,363	8,910	415,273
Equipment repairs, maintenance, and rentals	60,686	-	60,686
Insurance premiums	179,103	10,291	189,394
Outside printing, artwork, etc.	8,836	-	8,836
Local transportation	108,791	4,979	113,770
Training, conferences, and meetings	16,442	4,735	21,177
Subscriptions and reference publications	625	71	696
Client-specific assistance	256,904	-	256,904
Membership and accreditation dues	16,476	512	16,988
Staff recruitment and marketing advertising	28,935	2,168	31,103
Interest expense and financing fees	88,547	1,990	90,537
Provision for bad debts	1,484	-	1,484
Miscellaneous	28,255	529	28,784
Total expenses before depreciation	11,310,627	944,712	12,255,339
Depreciation	412,238	96,927	509,165
Total expenses	**$11,722,865**	**$ 1,041,639**	**$12,764,504**

(1) Management and general central office expenses were allocated based on the total full-time equivalent positions of the listed functions compared to the agency total of full-time equivalent positions.

Statement of Functional Revenue and Expenses
(Department of Children and Family Services
North Chicago Residential Treatment Program)
Year Ended June 30, 2017

Support, Revenue, and Gains	
Fees and grants from governmental agencies:	
Illinois Department of Children and Family Services	$ 1,985,438
Illinois Department of Healthcare and Family Services	12,870
Local education agency payments	68,340
Other governmental agencies	15,372
Total fees and grants from governmental agencies	2,082,020
Other revenue - Client/family payments	200
Total support, revenue, and gains	2,082,220
Expenses	2,204,756
Excess of Expenses Over Support, Revenue, and Gains	**$ (122,536)**

Statement of Expenses by Function
(Department of Children and Family Services
North Chicago Residential Treatment Program)
Year Ended June 30, 2017

	North Chicago	Management and General Allocation (1)	Total
Salaries	$ 1,203,358	$ 101,426	$ 1,304,784
Employee health and retirement benefits	263,222	25,929	289,151
Payroll taxes, etc.	89,265	7,544	96,809
Total salaries and related expenses	1,555,845	134,899	1,690,744
Professional fees and contract service payments	67,494	18,223	85,717
Supplies	94,431	6,539	100,970
Telecommunications	6,411	583	6,994
Postage and shipping	3,637	401	4,038
Occupancy	47,362	1,572	48,934
Equipment repairs, maintenance, and rentals	12,113	-	12,113
Insurance premiums	31,599	1,816	33,415
Outside printing, artwork, etc.	979	-	979
Local transportation	23,939	878	24,817
Training, conferences, and meetings	2,259	835	3,094
Subscriptions and reference publications	218	13	231
Client-specific assistance	37,261	-	37,261
Membership and accreditation dues	2,764	90	2,854
Staff recruitment and marketing advertising	5,104	382	5,486
Interest expense and financing fees	24,148	351	24,499
Miscellaneous	768	93	861
Total expenses before depreciation	1,916,332	166,675	2,083,007
Depreciation	104,648	17,101	121,749
Total expenses	**$ 2,020,980**	**$ 183,776**	**$ 2,204,756**

(1) Management and general central office expenses were allocated based on the total full-time equivalent positions of the listed functions compared to the agency total of full-time equivalent positions.

Statement of Functional Revenue and Expenses
(Department of Children and Family Services
Group Homes Program)
Year Ended June 30, 2017

Support, Revenue, and Gains	
Fees and grants from governmental agencies:	
Illinois Department of Children and Family Services	$ 713,482
Illinois Department of Healthcare and Family Services	462,300
Illinois Department of Human Services	110,648
Local education agency payments	62,962
Other governmental agencies	15,569
Total fees and grants from governmental agencies	1,364,961
Other revenue - Client/Family payments	103
Total support, revenue, and gains	1,365,064
Expenses	2,042,005
Excess of Expenses Over Support, Revenue, and Gains	**$ (676,941)**

Statement of Expenses by Function
(Department of Children and Family Services
Group Homes Program)
Year Ended June 30, 2017

	Group Homes	Management and General Allocation (1)	Total
Salaries	$ 1,127,474	$ 96,833	$ 1,224,307
Employee health and retirement benefits	254,358	24,755	279,113
Payroll taxes, etc.	83,679	7,203	90,882
Total salaries and related expenses	1,465,511	128,791	1,594,302
Professional fees and contract service payments	40,976	17,397	58,373
Supplies	57,313	6,242	63,555
Telecommunications	10,313	557	10,870
Postage and shipping	3,472	383	3,855
Occupancy	49,197	1,501	50,698
Equipment repairs, maintenance, and rentals	4,641	-	4,641
Insurance premiums	30,168	1,733	31,901
Outside printing, artwork, etc.	935	-	935
Local transportation	20,851	839	21,690
Training, conferences, and meetings	2,157	798	2,955
Subscriptions and reference publications	36	12	48
Client-specific assistance	85,075	-	85,075
Membership and accreditation dues	2,761	86	2,847
Staff recruitment and marketing advertising	4,873	365	5,238
Interest expense and financing fees	2,796	335	3,131
Miscellaneous	1,449	89	1,538
Total expenses before depreciation	1,782,524	159,128	1,941,652
Depreciation	84,026	16,327	100,353
Total expenses	**$ 1,866,550**	**$ 175,455**	**$ 2,042,005**

(1) Management and general central office expenses were allocated based on the total full-time equivalent positions of the listed functions compared to the agency total of full-time equivalent positions.

Statement of Functional Revenue and Expenses
(Department of Children and Family Services
Benet Lake Child and Adolescent Treatment Center)
Year Ended June 30, 2017

Support, Revenue, and Gains		
Fees and grants from governmental agencies:		
Illinois Department of Children and Family Services	$	1,461,811
Illinois Department of Healthcare and Family Services		1,172
Local education agency payments		115,029
Other governmental agencies		484,277
Total fees and grants from governmental agencies		2,062,289
Other revenue:		
Client/family payments		311
Miscellaneous		87
Total other revenue		398
Total support, revenue, and gains		2,062,687
Expenses		2,108,544
Excess of Expenses Over Support, Revenue, and Gains	**$**	**(45,857)**

Statement of Expenses by Function
(Department of Children and Family Services
Benet Lake Child and Adolescent Treatment Center)
Year Ended June 30, 2017

	Benet Lake Child and Adolescent Treatment Center	Management and General Allocation (1)	Total
Salaries	$ 1,070,614	$ 106,019	$ 1,176,633
Employee health and retirement benefits	232,238	27,104	259,342
Payroll taxes, etc.	79,408	7,886	87,294
Total salaries and related expenses	1,382,260	141,009	1,523,269
Professional fees and contract service payments	54,303	19,048	73,351
Supplies	84,423	6,835	91,258
Telecommunications	13,822	610	14,432
Postage and shipping	3,801	420	4,221
Occupancy	178,658	1,643	180,301
Equipment repairs, maintenance, and rentals	11,454	-	11,454
Insurance premiums	33,030	1,898	34,928
Outside printing, artwork, etc.	1,024	-	1,024
Local transportation	14,477	918	15,395
Training, conferences, and meetings	2,721	873	3,594
Subscriptions and reference publications	220	13	233
Client-specific assistance	41,002	-	41,002
Membership and accreditation dues	6,879	94	6,973
Staff recruitment and marketing advertising	5,337	400	5,737
Interest expense and financing fees	2,863	367	3,230
Miscellaneous	3,220	98	3,318
Total expenses before depreciation	1,839,494	174,226	2,013,720
Depreciation	76,949	17,875	94,824
Total expenses	**$ 1,916,443**	**$ 192,101**	**$ 2,108,544**

(1) Management and general central office expenses were allocated based on the total full-time equivalent positions of the listed functions compared to the agency total of full-time equivalent positions.

Statement of Functional Revenue and Expenses (Department of Children and Family Services Foster Care Program) Year Ended June 30, 2017

Support, Revenue, and Gains -		
Fees and grants from governmental agencies -		
Illinois Department of Children and Family Services	$	1,069,091
Expenses		1,061,648
Excess of Support, Revenue, and Gains Over Expenses	**$**	**7,443**

Statement of Expenses by Function
(Department of Children and Family Services Foster Care Program)
Year Ended June 30, 2017

	Foster Care	Management and General Allocation (1)	Total
Salaries	$ 327,024	$ 32,533	$ 359,557
Employee health and retirement benefits	79,327	8,317	87,644
Payroll taxes, etc.	24,302	2,420	26,722
Total salaries and related expenses	430,653	43,270	473,923
Professional fees and contract service payments	10,184	5,845	16,029
Supplies	24,276	2,097	26,373
Telecommunications	9,467	187	9,654
Postage and shipping	1,166	129	1,295
Occupancy	30,393	504	30,897
Equipment repairs, maintenance, and rentals	1,720	-	1,720
Insurance premiums	10,136	582	10,718
Outside printing, artwork, etc.	354	-	354
Local transportation	37,903	282	38,185
Training, conferences, and meetings	-	268	268
Subscriptions and reference publications	12	4	16
Client-specific assistance	421,453	-	421,453
Membership and accreditation dues	887	29	916
Staff recruitment and marketing advertising	5,606	123	5,729
Interest expense and financing fees	5,465	113	5,578
Miscellaneous	492	30	522
Total expenses before depreciation	990,167	53,463	1,043,630
Depreciation	12,533	5,485	18,018
Total expenses	$ 1,002,700	$ 58,948	$ 1,061,648

(1) Management and general central office expenses were allocated based on the total full-time equivalent positions of the listed functions compared to the agency total of full-time equivalent positions.