

PALATINE TOWNSHIP  
SENIOR CITIZENS COUNCIL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

FEBRUARY 29, 2016

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Palatine Township Senior Citizens Council  
Palatine, Illinois

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Palatine Township Senior Citizens Council (a nonprofit corporation), which comprise the statement of financial position as of February 29, 2016 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 this financial statement 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 of 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 statement, 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 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 Palatine Township Senior Citizens Council, as of February 29, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Report on Summarized Comparative Information*

We have previously audited Palatine Township Senior Citizens Council February 28, 2015 financial statements, and our report dated May 20, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended February 29, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Russell P. Cannizzo & Company  
Arlington Heights, Illinois  
May 13, 2016

PALATINE TOWNSHIP SENIOR CITIZENS COUNCIL  
 STATEMENTS OF FINANCIAL POSITION  
 FEBRUARY 29, 2016 AND FEBRUARY 28, 2015

**ASSETS**

	2016	2015
<b>CURRENT ASSETS</b>		
Cash	\$ 151,106	\$ 187,035
Cash designated to special program	-	11,427
Certificates of deposits	15,420	82,822
Receivables :		
Gala fund raising event	-	2,850
Age Options	2,579	625
Barrington Area Council on Aging	1,695	1,619
SNAP Grant	-	2,000
Prepaid expenses and other	8,525	8,667
<b>TOTAL CURRENT ASSETS</b>	<b>179,325</b>	<b>297,045</b>
<b>PROPERTY and EQUIPMENT</b>		
Building improvements	1,262,854	1,196,370
Furniture and equipment	181,571	181,571
Assets acquired under capital lease	14,958	14,958
	1,459,383	1,392,899
Less: Accumulated depreciation and amortization under capital lease	(729,303)	(686,292)
<b>Net property and equipment</b>	<b>730,080</b>	<b>706,607</b>
<b>RESTRICTED ENDOWMENT INVESTMENTS AT FAIR MARKET VALUE</b>	<b>296,925</b>	<b>245,958</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,206,330</b>	<b>\$ 1,249,610</b>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>		
Accrued expenses	\$ 29,729	\$ 46,158
Deferred revenues-current portion	32,545	31,218
<b>TOTAL CURRENT LIABILITIES</b>	<b>62,274</b>	<b>77,376</b>
<b>LONG TERM LIABILITIES</b>		
Deferred revenues-long term portion	362,756	395,302
<b>TOTAL LONG TERM LIABILITIES</b>	<b>362,756</b>	<b>395,302</b>
<b>TOTAL LIABILITIES</b>	<b>425,030</b>	<b>472,678</b>
<b>NET ASSETS</b>		
Unrestricted:		
Designated by the Board of Directors For:		
Program equipment maintenance	-	11,427
Undesignated- available for general activities	484,375	519,547
Temporarily Restricted	-	-
Permanently Restricted	296,925	245,958
<b>TOTAL NET ASSETS</b>	<b>781,300</b>	<b>776,932</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,206,330</b>	<b>\$ 1,249,610</b>

The accompanying notes are an integral part of this statement.

PALATINE TOWNSHIP SENIOR CITIZENS COUNCIL  
 STATEMENTS OF ACTIVITIES  
 YEAR ENDED FEBRUARY 29, 2016  
 (With comparative totals for 2015)

	2016			Total	2015
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>PUBLIC SUPPORT AND REVENUES</b>					
<b>Public Support:</b>					
Received directly:					
Contributions	\$ 101,761	\$ -	\$ 90,075	\$ 191,836	\$ 204,984
Special Events Revenue	83,905	-	-	83,905	98,716
Received indirectly:					
Allocated by United Way	20,000	-	-	20,000	20,000
<b>Total public support</b>	<b>205,666</b>	<b>-</b>	<b>90,075</b>	<b>295,741</b>	<b>323,700</b>
<b>Revenues:</b>					
Grants from government agencies:					
Age Options - Federal Title III					
Title IIIB	76,930	-	-	76,930	92,330
Congregate meals Title III-C1	33,029	-	-	33,029	35,146
Home delivered meals Title III-C2	54,704	-	-	54,704	60,259
Palatine Park District	308,202	-	-	308,202	312,990
Palatine Township	93,000	-	-	93,000	99,980
Other revenues:					
Membership dues	16,607	-	-	16,607	17,123
Program service fees	190,647	-	-	190,647	170,402
Interest and investment income	280	-	9,324	9,604	6,812
Change in market value of investments	-	-	(41,251)	(41,251)	9,429
Gain (loss) on sale of investments	-	-	9,118	9,118	2,376
Investment expenses	-	-	(2,299)	(2,299)	(1,813)
Facility rental	19,931	-	-	19,931	22,036
<b>Total revenues</b>	<b>793,330</b>	<b>-</b>	<b>(25,108)</b>	<b>768,222</b>	<b>827,070</b>
<b>Net assets released from restrictions</b>	<b>14,000</b>	<b>-</b>	<b>(14,000)</b>	<b>-</b>	<b>-</b>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>1,012,996</b>	<b>-</b>	<b>50,967</b>	<b>1,063,963</b>	<b>1,150,770</b>
<b>EXPENSES</b>					
<b>Program Services:</b>					
Social services	251,974	-	-	251,974	245,537
Nutrition	222,445	-	-	222,445	224,968
Health	32,364	-	-	32,364	33,698
Education	31,626	-	-	31,626	35,800
Recreation	335,194	-	-	335,194	316,927
<b>Total program services</b>	<b>873,603</b>	<b>-</b>	<b>-</b>	<b>873,603</b>	<b>856,930</b>
<b>Support Services:</b>					
Management and General	91,094	-	-	91,094	108,733
Fund Raising	94,898	-	-	94,898	119,241
<b>Total support services</b>	<b>185,992</b>	<b>-</b>	<b>-</b>	<b>185,992</b>	<b>227,974</b>
<b>TOTAL EXPENSES</b>	<b>1,059,595</b>	<b>-</b>	<b>-</b>	<b>1,059,595</b>	<b>1,084,904</b>
<b>Increase in Net Assets</b>	<b>(46,599)</b>	<b>-</b>	<b>50,967</b>	<b>4,368</b>	<b>65,866</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>530,974</b>	<b>-</b>	<b>245,958</b>	<b>776,932</b>	<b>711,066</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 484,375</b>	<b>\$ -</b>	<b>\$ 296,925</b>	<b>\$ 781,300</b>	<b>\$ 776,932</b>

The accompanying notes are an integral part of this statement.

PALATINE TOWNSHIP SENIOR CITIZENS COUNCIL  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED FEBRUARY 29, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)

	PROGRAM SERVICES				SUPPORT SERVICES						
	SOCIAL SERVICES	NUTRITION	HEALTH	EDUCATION	RECREATION	TOTAL	MANAGEMENT & GENERAL	FUND RAISING	TOTAL	2016 TOTAL	2015 TOTAL
Office Salaries	\$ 166,058	\$ 66,513	\$ 34	\$ 8,183	\$ 88,822	\$ 329,610	\$ 66,843	\$ 52,611	\$ 119,454	\$ 449,064	\$ 445,702
Payroll Taxes	12,809	5,130	3	631	6,851	25,424	5,156	4,058	9,214	34,638	33,954
Benefits	16,408	8,192	4	767	9,140	34,511	3,331	959	4,290	38,801	74,382
<b>Total Salaries &amp; Related Expenses</b>	<b>195,275</b>	<b>79,835</b>	<b>41</b>	<b>9,581</b>	<b>104,813</b>	<b>389,545</b>	<b>75,330</b>	<b>57,628</b>	<b>132,958</b>	<b>522,503</b>	<b>554,038</b>
Rent in Kind	9,024	7,754	13,481	8,627	33,195	72,081	3,770	3,249	7,019	79,100	79,100
Utilities	2,576	2,214	3,849	2,463	9,477	20,579	1,076	928	2,004	22,583	29,220
Rent / POC Office	1,080	-	-	-	-	1,080	-	-	-	1,080	1,080
Telephone	2,811	1,404	1	131	1,566	5,913	571	164	735	6,648	6,702
Repairs & Maintenance	4,228	3,211	4,565	2,976	11,892	26,872	1,514	1,168	2,682	29,554	32,257
Postage	1,828	912	-	85	1,018	3,843	371	107	478	4,321	7,185
Administrative/Travel	7,347	1,550	1	145	3,868	12,911	1,044	1,193	2,237	15,148	15,841
Office Expense	4,242	2,118	1	198	2,363	8,922	861	248	1,109	10,031	11,482
Printing	1,373	686	-	64	765	2,888	279	80	359	3,247	5,287
Dues & Subscriptions	3,735	1,865	1	175	2,081	7,857	758	218	976	8,833	8,731
Insurance	6,715	3,190	2	299	4,433	14,639	1,679	2,118	3,797	18,436	20,136
Fund Raising	-	-	-	-	-	-	-	24,924	24,924	24,924	32,599
Legal & Accounting	4,566	2,280	1	214	2,543	9,604	927	267	1,194	10,798	11,254
Training/Education	114	70	-	-	165	349	-	95	95	444	459
Restaurant/Tickets	-	-	-	-	1,020	1,020	-	-	-	1,020	175
Bus & Travel	-	-	-	-	123,515	123,515	-	-	-	123,515	98,247
Center Activities	-	-	-	-	6,547	6,547	-	-	-	6,547	6,078
Respite	63	-	-	-	-	63	-	-	-	63	146
Supplies	21	109,363	-	-	276	109,660	-	-	-	109,660	105,535
Depreciation & Amortization	4,908	4,216	7,331	4,691	18,050	39,196	2,050	1,766	3,816	43,012	39,953
Interest-Bond	2,068	1,777	3,090	1,977	7,607	16,519	864	745	1,609	18,128	19,399
<b>TOTAL</b>	<b>\$ 251,974</b>	<b>\$ 222,445</b>	<b>\$ 32,364</b>	<b>\$ 31,626</b>	<b>\$ 335,194</b>	<b>\$ 873,603</b>	<b>\$ 91,094</b>	<b>\$ 94,898</b>	<b>\$ 185,992</b>	<b>\$ 1,059,595</b>	<b>\$ 1,084,904</b>

The accompanying notes are an integral part of this statement.

PALATINE TOWNSHIP SENIOR CITIZENS COUNCIL  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED FEBRUARY 29, 2016 AND FEBRUARY 28, 2015

	2016	2015
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 4,368	\$ 65,866
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized (gain) loss on sale of investments	(9,118)	(2,376)
Unrealized (gain) loss on investments	41,251	(9,429)
Depreciation and amortization	43,011	39,953
Net Changes in assets and liabilities:		
Change in receivables	2,820	(5,654)
Change in prepaid expenses	142	426
Change in accrued expenses	(16,429)	(2,909)
Change in deferred revenues	(31,219)	(29,946)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	34,826	55,931
<b>CASH FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(66,484)	(3,569)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	(66,484)	(3,569)
<b>CASH FROM FINANCING ACTIVITIES</b>		
Purchases of certificates of deposits	-	(25,174)
Proceeds of certificates of deposits	67,402	25,000
Purchases of endowment investments	(143,715)	(25,619)
Proceeds from sales of endowment investments	60,615	21,310
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	(15,698)	(4,483)
<b>NET INCREASE IN CASH</b>	(47,356)	47,879
<b>CASH -</b>		
Beginning of year	198,462	150,583
End of year	\$ 151,106	\$ 198,462
Supplemental Disclosures:		
Interest Paid	\$ 18,128	\$ 19,399

The accompanying notes are an integral part of this statement.

PALATINE TOWNSHIP SENIOR CITIZENS COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 29, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies which have been followed in preparing the accompanying financial statements is set forth below.

**Nature of Activities**

Palatine Township Senior Citizens Council (the Council) was established in 1973 as an Illinois non-profit corporation and is a multi-purpose accredited senior center, which provides a community focal point for services, related to older adults and their families residing in Palatine Township and surrounding communities.

The Council provides services under the following program descriptions:

- Social Services:** Those services which enable adults to remain independent within the community. Some of the services include case advocacy and support, information and assistance.
- Nutrition:** Services in this program include home delivered meals and hot congregate meals. The Council provides meals, space, volunteer recruitment, publicity, furniture, housekeeping, and staff for contracts funded by Age Options.
- Health:** Those services which promote a healthy lifestyle and/or provide preventative health services.
- Education:** Services which offer learning experiences for older adults.
- Recreation:** On-and-off site activities which provide socialization, fitness and leisure for older adults. Offerings range from passive to active in level of ability to accommodate the various levels of participants.

**Method of Accounting**

The Council maintains its records on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Financial Statement Presentation**

The Council reports information regarding its financial position and activities according the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets in accordance with FASB ASC 958-210 Not-For-Profit entities - Balance Sheet (formerly SFAS No. 117).

**Estimates and Assumptions**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.



PALATINE TOWNSHIP SENIOR CITIZENS COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 29, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Council considers all checking and saving accounts to be cash and cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 40 years. The costs of maintenance and repairs are charged to expense as incurred.

**Donated Materials and Services**

The Council records the value of donated goods or services when there is an objective basis available to measure their value. Included in the accompanying Statement of Activities in revenues from other governmental agencies and unrestricted contributions and in the accompanying Statement of Functional Expenses in rent-in-kind is \$79,100 of donated space and equipment rental. No other amounts have been reflected in the statements for donated goods or services.

During the fiscal year ended February 29, 2016, there were no material donated services meeting the requirements for recognition in the financial statements. However, a substantial number of volunteer hours are donated to the Council to carry out its programs which are not recorded in the accompanying financial statements.

**Income Taxes**

The Council, as a nonprofit organization, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

Contributions to the Council are tax deductible since the Organization qualifies under Section 170(c) of the Internal Revenue Code.

PALATINE TOWNSHIP SENIOR CITIZENS COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 29, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Income Taxes – Continued**

The accounting standard FASB ASC 740, Income Taxes, on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Council's tax returns to determine whether the tax positions are "more likely than not" of being sustained when challenged or when examined by the applicable tax authority. The measurement of unrecognized tax benefits as well as unrecorded tax liability is adjusted when new information is available, or when an event occurs that requires a change. For the fiscal year ended February 29, 2016, the Organization has determined that there were no material uncertain tax positions. The Organization is no longer subject to examination by the Internal Revenue Service for fiscal years before February 28, 2012.

**Functional Expenses**

Functional expenses have been allocated between Program Services and Supporting Services based on an analysis of personnel time and space utilized for the related activities.

**2. INVESTMENTS**

In determining fair value, the Council uses various valuation approaches for fair value measurement within FASB ASC 820. Fair value measurements are determined based on the assumptions that the market participants would use in pricing an asset or liability.

FASB ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the uses of unobservable inputs by requiring that the most observable inputs be used when available. The defined levels within the hierarchy based on the reliability of inputs are as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

As of February 29, 2016, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investment securities. Securities listed on national markets or exchanges are valued at the last sales price, or if there is no sale and the market is still considered active at the last transaction price before year-end. The Council measures fair value for mutual funds and money markets as classified within Level 1 of the valuation hierarchy and certificates of deposit as classified within Level 2 of the valuation hierarchy and are included in investments in the accompanying balance sheet.

PALATINE TOWNSHIP SENIOR CITIZENS COUNCIL  
 NOTES TO FINANCIAL STATEMENTS  
 FEBRUARY 29, 2016

**2. INVESTMENTS – Continued**

Restricted endowment investments are presented in the financial statements in the aggregate at their fair market value.

Restricted endowment investments are comprised of the following at February 29, 2016 and February 28, 2015:

		<u>2016</u>	
		<u>Cost</u>	<u>Market</u>
Mutual and exchange traded funds (level 1)	\$	294,840	\$ 280,806
Money market (level 1)		16,119	16,119
Total	\$	<u>310,959</u>	<u>\$ 296,925</u>

		<u>2015</u>	
Mutual and exchange traded funds (level 1)	\$	217,232	\$ 244,449
Money market (level 1)		1,509	1,509
Total	\$	<u>218,741</u>	<u>\$ 245,958</u>

Unrestricted investments are comprised of the following at February 29, 2016 and February 28, 2015.

		<u>2016</u>	
		<u>Cost</u>	<u>Market</u>
Certificates of Deposit (level 2)	\$	15,420	\$ 15,420
Total	\$	<u>15,420</u>	<u>\$ 15,420</u>

		<u>2015</u>	
Certificates of Deposit (level 2)	\$	82,822	\$ 82,822
Total	\$	<u>82,822</u>	<u>\$ 82,822</u>

**Return Objectives and Risk Parameters**

The Council has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce growth and income while assuming a moderate level of investment risk.

PALATINE TOWNSHIP SENIOR CITIZENS COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 29, 2016

**2. INVESTMENTS – Continued**

**Strategies Employed for Achieving Objectives**

To satisfy its growth and income objectives, the Council 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). The Council targets a diversified asset allocation that places emphasis on equity-based investments to achieve its long-term investment objectives within prudent risk constraints.

**Spending Policy and the Investment Objectives Relate to the Spending Policy**

The Council has a policy of appropriating for distribution each year an amount that is determined and approved by the Board of Directors. The Council considers the long-term expected return and the actual return on its invested endowment. Accordingly, over the long term, the Council expects the current spending policy to allow its endowment to grow. This is consistent with Council's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**3. BOARD DESIGNATED FUND BALANCES**

The Board of Directors of the Council approved the establishment of a separate bank account into which unrestricted funds are periodically deposited which has been designated by the Board for use for equipment repair and maintenance. During the fiscal year ended February 29, 2016, the Board of Directors approved to close the separate bank account and designate the funds for general activities.

**4. PERMANENTLY RESTRICTED NET ASSETS**

During the fiscal year ended February 28, 2001 the Council with various donors established a fund to provide income for the maintenance of the organization. The use of the assets of the fund are permanently restricted by the desire of the donors to endow the Council with funds to carry out its mission in perpetuity. The principal of the fund must be maintained permanently and is classified as permanently restricted net assets. Investment income is expendable to support any activities of the organization. During the fiscal year ended February 29, 2016 \$14,000 was released from the endowment fund and used for operating expenses.

**5. CONCENTRATION OF CREDIT RISK**

The Council maintains its cash balances at financial institutions located in the United States. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each Institution up to \$250,000. PTSCC does not have funds on deposit as of February 29, 2016 in a single banking institution in excess of \$250,000.

**6. BANK LINE OF CREDIT**

On December 16, 2015 the Council obtained a \$51,000 line of credit. The line of credit bears interest at prime plus 0.75% (4.00% at February 29, 2016). At February 29, 2016 there were no outstanding borrowings under this agreement.

PALATINE TOWNSHIP SENIOR CITIZENS COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 29, 2016

**7. OPERATING LEASE COMMITMENTS**

The Council occupies additional office space at the Palatine Opportunity Center under an operating lease expiring April 30, 2017. The Council is generally responsible for base rent, maintenance and insurance.

Future minimum lease payments under the current leases are as follows:

2017	\$	1,080
2018		180
Total	\$	<u>1,080</u>

Rental expenses for all operating leases amounted to \$1,080 for the fiscal year ended February 29, 2016.

**8. JOINT VENTURE AGREEMENT**

On November 13, 2012, the Council and the Palatine Park District (the Park District) extended their joint venture agreement for use of facilities acquired by the Park District through a Community Development Block Grant. The agreement provides for sole use of the facilities by the Council through December 31, 2025 for purposes of providing activities for senior citizens consistent with its character and stipulates that the Park District will remain sole owner of the facilities.

The agreement stipulates that the Park District is to contribute toward the maintenance, repair, operation, taxes and insurance of the facilities in the amount of \$110,000 for the first year of the agreement and \$110,000 plus an increase defined in the agreement for every year thereafter. During the fiscal year ended February 29, 2016 the Council received \$308,202. The agreement provided that the Park District advance the Council \$800,000 for use in the renovation of the facilities. The advance is being repaid by the Council as a deduction from the annual contributions of the Park District at the revised rate of \$49,346 per year. These deductions include interest at the rate earned by the Park District on its investments.

The annual contribution by the Park District and use of facilities by the Council is conditioned upon the Council meeting its obligations for use and maintenance of the facilities and, therefore, represents a conditional promise to give which under FASB ASC 958 is not recorded until the conditions are met. Therefore, the \$800,000, which was advanced to the Council during the fiscal year ended February 28, 1998, has been recorded in the Statement of Financial Position as Deferred Revenue. Deductions from the annual park district donation began in the fiscal year ended February 28, 1999. Interest in the amount of \$18,128 has been charged to expense in the fiscal year ended February 29, 2016 related to the annual deduction from the Park District donation.

The Council has included in the accompanying financial statements \$79,100 as donated space and a related expense of rent-in-kind related to the use of these facilities.

**9. SUBSEQUENT EVENTS**

The Council has evaluated subsequent events through May 13, 2016, the date which the financial statements were available to be issued.