

MARY CRANE LEAGUE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009
TOGETHER WITH COMPARATIVE TOTALS FOR 2008

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

MARY CRANE LEAGUE

TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS -----	1
FINANCIAL STATEMENTS:	
Statements of Financial Position -----	2
Statement of Activities -----	3
Statements of Cash Flows -----	4
Statement of Functional Expenses -----	5
Notes to Financial Statements -----	6 - 8



JAMES WILLIAMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

223 WEST JACKSON
SUITE 520
CHICAGO, ILLINOIS 60606
(312) 427-1440
FAX (312) 427-1406

To the Board of Directors
Mary Crane League
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying statement of financial position of Mary Crane League (a non profit organization) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the two years ended June 30, 2009. These financial statements are the responsibility of Mary Crane's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mary Crane League as of June 30, 2009 and 2008, and the changes in its net assets, and its cash flows for the two years ended June 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

James Williams & Company, LLC

Chicago, Illinois
November 9, 2009

MARY CRANE LEAGUE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 223,339	\$ 347,998
Investments	426,066	419,980
Accounts receivable	288,943	110,853
Prepaid expenses and deposits	27,182	8,223
Total current assets	965,530	887,054
PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation of \$456,155 in 2009 and \$430,620 in 2008		
	72,199	97,734
Total assets	<u>1,037,729</u>	<u>984,788</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	92,807	45,268
Note Payable (Note 2)	98,472	-
Accrued expenses	97,642	87,237
Total liabilities	<u>288,921</u>	<u>132,505</u>
NET ASSETS:		
Unrestricted	606,654	695,129
Temporarily restricted	-	15,000
Permanently restricted	142,154	142,154
Total net assets	<u>748,808</u>	<u>852,283</u>
Total liabilities and net assets	<u>\$ 1,037,729</u>	<u>\$ 984,788</u>

The accompanying notes to financial statements
are an integral part of these statements.

MARY CRANE LEAGUE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTALS	
				2009	2008
REVENUE AND SUPPORT:					
Government grants and contracts	-	2,403,859	\$ -	\$ 2,403,859	\$ 1,530,942
Contributions and grants	128,139	-	-	128,139	217,307
Program service fees	187,750	-	-	187,750	85,371
Interest income	6,357	-	-	6,357	24,170
Other	30,417	-	-	30,417	5,916
Net assets released from restrictions:					
Satisfaction of program restrictions	2,418,859	(2,418,859)	-	-	-
Total revenue and support	<u>2,771,522</u>	<u>(15,000)</u>	<u>-</u>	<u>2,756,522</u>	<u>1,863,706</u>
EXPENSES:					
Program Services -					
Child Day Care Services	2,596,219	-	-	2,596,219	1,706,152
Total program services	<u>2,596,219</u>	<u>-</u>	<u>-</u>	<u>2,596,219</u>	<u>1,706,152</u>
Supporting Services -					
Management and general	221,730	-	-	221,730	175,578
Fund raising	42,048	-	-	42,048	60,050
Total supporting services	<u>263,778</u>	<u>-</u>	<u>-</u>	<u>263,778</u>	<u>235,628</u>
Total expenses	<u>2,859,997</u>	<u>-</u>	<u>-</u>	<u>2,859,997</u>	<u>1,941,780</u>
Changes in Net Assets	<u>(88,475)</u>	<u>(15,000)</u>	<u>-</u>	<u>(103,475)</u>	<u>(78,074)</u>
NET ASSETS AT THE BEGINNING OF YEAR	<u>695,129</u>	<u>15,000</u>	<u>142,154</u>	<u>852,283</u>	<u>930,357</u>
NET ASSETS AT THE END OF YEAR	<u>\$ 606,654</u>	<u>\$ -</u>	<u>\$ 142,154</u>	<u>\$ 748,808</u>	<u>\$ 852,283</u>

The accompanying notes to financial statements are an integral part of this statement.

MARY CRANE LEAGUE
STATEMENTS OF CASH FLOWS
JUNE 30, 2009 AND 2008

<u>OPERATING ACTIVITIES</u>	<u>2009</u>	<u>2008</u>
Changes in Net Assets	\$ (103,475)	\$ (78,074)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	25,535	41,655
Changes in operating assets and liabilities:		
(Increase) decrease in assets -		
Accounts receivable	(178,090)	57,391
Prepaid expenses and deposits	(18,959)	1,127
Increase (decrease) in liabilities -		
Accounts payable	47,539	(47,104)
Accrued expenses	10,405	(916)
Advances from governmental agency	-	(17,985)
NET CASH USED IN OPERATING ACTIVITIES	<u>(217,045)</u>	<u>(43,906)</u>
<u>INVESTING ACTIVITIES</u>		
Acquisition of property and equipment	-	(4,729)
(Increase) decrease in investments	<u>(6,086)</u>	<u>(13,203)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,086)</u>	<u>(17,932)</u>
<u>FINANCING ACTIVITIES</u>		
Proceeds from loan	99,000	-
Principal payments on loan	<u>(528)</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>98,472</u>	<u>-</u>
Decrease in cash and cash equivalents	(124,659)	(61,838)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>347,998</u>	<u>409,836</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 223,339</u>	<u>\$ 347,998</u>

The accompanying notes to financial statements
are an integral part of these statements.

MARY CRANE LEAGUE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	PROGRAM SERVICES		SUPPORTING SERVICES		COMBINED TOTALS	
	CHILD DAY CARE SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	2009	2008
Salaries	\$ 1,632,230	\$ 92,718	\$ -	\$ 92,718	\$ 1,724,948	\$ 1,055,137
Payroll taxes	131,394	3,151	-	3,151	134,545	83,371
Employee benefits	154,814	5,178	-	5,178	159,992	105,773
	<u>1,918,438</u>	<u>101,047</u>	<u>-</u>	<u>101,047</u>	<u>2,019,485</u>	<u>1,244,281</u>
Total employees compensation						
Professional fees	13,363	69,805	21,228	91,033	104,396	181,034
Supplies	40,986	9,658	437	10,095	51,081	77,757
Activities/Admissions	9,512	5,337	19,409	24,746	34,258	9,475
Food	142,149	-	-	-	142,149	99,231
Postage and shipping	-	685	-	685	685	1,604
Telephone	16,537	10,214	-	10,214	26,751	22,437
Occupancy	340,817	5,343	-	5,343	346,160	127,439
Equipment purchases, maintenance and repair	19,993	1,700	-	1,700	21,693	61,144
Printing	906	1,477	-	1,477	2,383	5,283
Transportation	3,683	1,195	-	1,195	4,878	11,706
Conference, conventions & meetings	-	516	-	516	516	5,445
Staff development	9,931	2,779	974	3,753	13,684	16,749
Dues & subscriptions	1,312	873	-	873	2,185	633
Insurance	44,661	8,375	-	8,375	53,036	24,593
Parent Involvement	1,505	-	-	-	1,505	6,636
Advertising	300	1,250	-	1,250	1,550	525
Miscellaneous	-	8,067	-	8,067	8,067	4,153
	<u>2,564,093</u>	<u>228,321</u>	<u>42,048</u>	<u>270,369</u>	<u>2,834,462</u>	<u>1,900,125</u>
Total expenses before depreciation						
Depreciation expense	21,226	4,309	-	4,309	25,535	41,655
Total expenses	<u>\$ 2,585,319</u>	<u>\$ 232,630</u>	<u>\$ 42,048</u>	<u>\$ 274,678</u>	<u>\$ 2,859,997</u>	<u>\$ 1,941,780</u>

The accompanying notes to financial statements are an integral part of this statement.

MARY CRANE LEAGUE

NOTES TO FINANCIAL STATEMENTS

TWO YEARS ENDED JUNE 30, 2009 AND 2008

(1) SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES:

Mary Crane League (Center) is an Illinois not-for-profit organization, licensed by the State of Illinois to operate a day care center. The Center provides these services primarily through funding received from the Illinois Department of Human Services (IDHS), the City of Chicago's Department of Children and Youth Services (CYS), the Chicago Board of Education, the Illinois State Board of Education (ISBE) and unrestricted contributions.

Method of Accounting -

The Center uses the accrual method of accounting where revenue is recognized when earned and expenses are recognized as obligations are incurred.

Income Taxes -

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Grants and Contributions -

Unrestricted grants and contributions are recorded as revenue in the year received. Donor restricted amounts are reported as temporarily restricted support when received. When the donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Property and Equipment -

Property and equipment are recorded at acquisition cost or appraised value at date of donation with normal repair and maintenance items being charged to operating expenses as incurred. Property and equipment consists of the following as of June 30, 2009 and 2008:

<u>Description</u>	<u>2009</u>	<u>2008</u>
Equipment	\$ 282,003	\$ 282,003
Furniture	3,541	3,541
Leasehold Improvements	<u>242,810</u>	<u>242,810</u>
Total	528,354	528,354
Less accumulated depreciation	<u>(456,155)</u>	<u>(430,620)</u>
	<u>\$ 72,199</u>	<u>\$ 97,734</u>

Depreciation is computed using the straight-line method over estimated useful lives ranging from 5 to 7 years for property and equipment. Leasehold improvements are amortized on a straight-line method over 10 years. Depreciation expense for 2009 and 2008 aggregated \$25,535 and \$41,655, respectively.

Investments -

Investments consist of funds held in a money market account, plus accrued interest.

(2) NOTE PAYABLE:

In September 2008 the Center obtained a loan (promissory note) with an initial balance of \$100,000. The note has an interest rate of prime plus 1.50%. In 2009 the interest rate ranged from 4.75% to 6.50%. The note matures in 2013 with principal and interest payable monthly from the date of the note. The balance of the note at June 30, 2009 was \$98,472.

(3) PENSION PLAN:

The Center has a defined contribution annuity retirement plan through Mutual of America covering employees who have completed 1,000 hours in a consecutive twelve-month period. Total pension expense for 2009 and 2008 aggregated \$26,872 and \$30,612, respectively.

(4) LEASE COMMITMENTS:

The Center has entered into three (3) lease agreements with the Chicago Housing Authority (CHA) for program space whereby the Center shall pay a combined nominal monthly rental fee of \$10 and a utility fee of \$55 per month at one location. In addition, the Center is responsible for all maintenance and certain utility expenses. The leases expire on various dates through February, 2062.

The Center entered into a five-year lease agreement with The United Church of Rogers Park for program space. The lease is effective for the period July 1, 2006 through June 30, 2010, with annual increases not to exceed 15% each year of the agreement.

In fiscal year 2009, the Center expanded its day care program to include two new sites. The Center is currently occupying space at both locations with rental payments on a month to month basis. As of June 30, 2009 the Center is in negotiations with the owner, Bethel New Life Center to formalize the lease agreements, which would be effective through June 30, 2013.

The minimum future base rental commitment at June 30, 2009 is payable as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 255,756
2011	202,296
2012	202,296
2013	<u>202,296</u>
Total minimum commitment	<u>\$ 862,644</u>

Rent expense for 2009 and 2008 aggregated \$248,705 and \$51,231, respectively.

(5) COMPARATIVE BALANCES:

The comparative balances for 2008 in the statements of activities and functional expenses are included to provide a basis for comparison with 2009 and present summarized totals only.