

**PEOPLE'S RESOURCE CENTER**

**FINANCIAL STATEMENTS  
AS OF JUNE 30, 2017 AND 2016**

**TOGETHER WITH AUDITOR'S REPORT**

# Dugan & Lopatka

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors of  
People's Resource Center:

We have audited the accompanying financial statements of People's Resource Center (a not-for-profit corporation) which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities, cash flows and functional expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Independent Auditor's Report  
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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 People's Resource Center as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Dugan & Lopatka*

DUGAN & LOPATKA

Wheaton, Illinois  
November 28, 2017

PEOPLE'S RESOURCE CENTER  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 677,806	\$ 750,229
Investments	3,100,578	1,347,448
Grants receivable	21,205	5,956
Accounts receivable - Trade	50	680
Pledges receivable, current maturities	10,490	122,403
Prepaid expenses	65,209	57,506
Total current assets	<u>3,875,338</u>	<u>2,284,222</u>
<b>PROPERTY AND EQUIPMENT:</b>		
Land	478,866	478,866
Building	4,388,938	4,388,938
Construction in progress	70,000	-
Equipment, furniture and fixtures	208,445	180,494
Leasehold improvements	167,782	167,782
Vehicles	137,485	126,571
Computer software/hardware	49,449	49,449
	<u>5,500,965</u>	<u>5,392,100</u>
Less - Accumulated depreciation	<u>(1,071,338)</u>	<u>(942,544)</u>
Net property and equipment	<u>4,429,627</u>	<u>4,449,556</u>
Total assets	<u>\$ 8,304,965</u>	<u>\$ 6,733,778</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 31,994	\$ 36,802
Mortgage payable, current maturities	-	13,315
Other accrued liabilities	68,653	83,473
Total current liabilities	<u>100,647</u>	<u>133,590</u>
<b>LONG-TERM LIABILITIES:</b>		
Line of Credit	-	232,369
Mortgage payable, net of current maturities	-	231,462
Total long-term liabilities	<u>-</u>	<u>463,831</u>
Total liabilities	<u>100,647</u>	<u>597,421</u>
<b>COMMITMENTS</b>		
<b>NET ASSETS:</b>		
Unrestricted - Undesignated	5,793,855	4,893,994
- Board designated	2,250,578	1,097,448
Temporarily restricted	159,885	144,915
Total net assets	<u>8,204,318</u>	<u>6,136,357</u>
Total liabilities and net assets	<u>\$ 8,304,965</u>	<u>\$ 6,733,778</u>

The accompanying notes are an integral part of this statement.

PEOPLE'S RESOURCE CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE:</b>						
Donations and appeals	\$ 1,690,710	\$ 84,819	\$ 1,775,529	\$ 1,634,748	\$ 106,932	\$ 1,741,680
Events/Fundraisers	94,792	-	94,792	81,290	2,750	84,040
Grants	2,345,274	466,500	2,811,774	404,655	339,890	744,545
Government funding	58,920	128,505	187,425	44,495	50,000	94,495
Investment return	226,956	-	226,956	(3,502)	-	(3,502)
Gain on sale of 50% owned building	-	-	-	303,367	-	303,367
Miscellaneous income	337	-	337	64	-	64
In-kind contributions	6,408,516	-	6,408,516	6,315,353	-	6,315,353
Net assets released upon satisfaction of purpose restrictions	664,854	(664,854)	-	520,729	(520,729)	-
<b>Total public support and revenue</b>	<b>11,490,359</b>	<b>14,970</b>	<b>11,505,329</b>	<b>9,301,199</b>	<b>(21,157)</b>	<b>9,280,042</b>
<b>FUNCTIONAL EXPENSES:</b>						
Program services	8,642,527	-	8,642,527	8,390,561	-	8,390,561
Fund development	267,903	-	267,903	276,579	-	276,579
Capital campaign	25,000	-	25,000	27,135	-	27,135
General administrative	501,938	-	501,938	468,261	-	468,261
<b>Total functional expenses</b>	<b>9,437,368</b>	<b>-</b>	<b>9,437,368</b>	<b>9,162,536</b>	<b>-</b>	<b>9,162,536</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,052,991</b>	<b>14,970</b>	<b>2,067,961</b>	<b>138,663</b>	<b>(21,157)</b>	<b>117,506</b>
<b>NET ASSETS, Beginning of year</b>	<b>5,991,442</b>	<b>144,915</b>	<b>6,136,357</b>	<b>5,852,779</b>	<b>166,072</b>	<b>6,018,851</b>
<b>NET ASSETS, End of year</b>	<b>\$ 8,044,433</b>	<b>\$ 159,885</b>	<b>\$ 8,204,318</b>	<b>\$ 5,991,442</b>	<b>\$ 144,915</b>	<b>\$ 6,136,357</b>

The accompanying notes are an integral part of this statement.

PEOPLE'S RESOURCE CENTER  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from public support and revenue	\$ 4,972,019	\$ 2,487,972
Cash paid for program services, employees, and suppliers	(2,896,176)	(2,776,668)
Interest income	40,201	23,737
Interest paid	(8,389)	(20,369)
	<u>2,107,655</u>	<u>(285,328)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(131,689)	(4,831)
Sales of investments	318,958	245,024
Purchase of investments	(1,890,201)	(273,737)
	<u>(1,702,932)</u>	<u>(33,544)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net (payments) on line of credit	(232,369)	(264,852)
Payments on mortgage payable	(244,777)	(12,537)
Proceeds from contributions restricted for long-term purposes	-	483,642
	<u>(477,146)</u>	<u>206,253</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(72,423)</b>	<b>(112,619)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>750,229</b>	<b>862,848</b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b><u>\$ 677,806</u></b>	<b><u>\$ 750,229</u></b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Net change in total net assets	<u>\$ 2,067,961</u>	<u>\$ 117,506</u>
Non-cash items included above:		
Depreciation	151,618	158,502
Unrealized (gain)/loss on investments	(124,514)	52,130
Realized gain on investments	(57,373)	(21,020)
Contribution received for long-term purposes	-	(500,605)
Changes in operating assets and liabilities:		
Decrease in promises to give, less promise to give for long-term purpose	111,913	6,495
(Increase) decrease in grants receivable	(15,249)	10,303
(Increase) decrease in accounts receivable	630	(283)
(Increase) decrease in prepaid expenses	(7,703)	8,646
(Decrease) in accounts payable	(4,808)	(106,382)
(Decrease) other accrued liabilities	(14,820)	(10,620)
	<u>39,694</u>	<u>(402,834)</u>
Net adjustments	<u>39,694</u>	<u>(402,834)</u>
Net cash provided by (used in) operating activities	<u>\$ 2,107,655</u>	<u>\$ (285,328)</u>

The accompanying notes are an integral part of this statement.

PEOPLE'S RESOURCE CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Fundraising	Management and General	Capital Campaign	Total
Salaries, taxes and benefits	\$ 1,125,854	\$ 187,914	\$ 366,679	\$ 25,000	\$ 1,705,447
Building, grounds and utilities	191,571	6,898	18,233	-	216,702
Contracted services	31,675	-	62,899	-	94,574
Recruitment, training and retention	76,798	7,987	12,946	-	97,731
Marketing, fundraisers and development	39,684	59,933	920	-	100,537
Equipment maintenance and purchase	25,866	1,381	4,517	-	31,764
Business insurance	16,549	94	2,901	-	19,544
General (office supplies, printing, postage, miscellaneous)	22,450	2,485	31,202	-	56,137
Client assistance	6,963,313	-	-	-	6,963,313
Depreciation	148,767	1,211	1,641	-	151,619
Total functional expenses	<u>\$ 8,642,527</u>	<u>\$ 267,903</u>	<u>\$ 501,938</u>	<u>\$ 25,000</u>	<u>\$ 9,437,368</u>

The accompanying notes are an integral part of this statement.

PEOPLE'S RESOURCE CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Capital Campaign</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 1,119,649	\$ 184,966	\$ 321,650	\$ 26,830	\$ 1,653,095
Building, grounds and utilities	187,056	6,548	28,934	-	222,538
Contracted services	56,170	4,079	70,510	-	130,759
Recruitment, training and retention	26,934	2,276	2,115	-	31,325
Marketing, fundraisers and development	33,558	73,191	3,354	305	110,408
Equipment maintenance and purchase	11,367	442	10,854	-	22,663
Business insurance	21,728	467	603	-	22,798
General (office supplies, printing, postage, miscellaneous)	17,589	2,154	27,685	-	47,428
Client assistance	6,763,020	-	-	-	6,763,020
Depreciation	153,490	2,456	2,556	-	158,502
 Total functional expenses	 <u>\$ 8,390,561</u>	 <u>\$ 276,579</u>	 <u>\$ 468,261</u>	 <u>\$ 27,135</u>	 <u>\$ 9,162,536</u>

The accompanying notes are an integral part of this statement.



PEOPLE'S RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization -

People's Resource Center (PRC) is a not-for-profit, social service organization founded in 1975 by community members looking to help neighbors who were facing financial hardship. PRC's mission is to respond to basic human needs, to promote dignity and justice, and to create a future of hope and opportunity for residents of DuPage County, through discovering and sharing personal and community resources.

PRC meets people's basic needs by providing to nearly 30,000 DuPage residents access to nutritious food, seasonally-appropriate clothing, connections to mainstream social services, and emergency financial assistance. In addition to our basic needs assistance, PRC offers empowerment programs including job assistance, literacy tutoring, computer training, and art classes. These programs help people find a new job, learn to read, improve their English language ability, gain U.S. citizenship, earn their GED, develop computer skills, gain access to the Internet, build a sense of community through art, and learn how to help their children with school studies, among other accomplishments to help people achieve self-sufficiency and break the cycle of poverty. PRC services are provided free to client families eliminating cost as a barrier to access. Services are provided from two owned facilities – Wheaton, IL and Westmont, IL and from over 30 partner locations throughout DuPage County.

PRC is able to provide these services because of the generosity and support from over 2500 neighbors who volunteer their time and neighbors who donate food, clothing, books, computers and money to support PRC's work. PRC is governed by a volunteer Board of Directors.

The financial statements were available to be issued on November 28, 2017, with subsequent events being evaluated through this date.

The following is a brief summary of the accounting policies adopted by PRC:

Basis of Presentation -

Financial statement presentation follows the recommendation of the Accounting Standards Codification (ASC), *Financial Statements of Not-for-Profit Organizations*. Under the ASC, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

*Unrestricted Net Assets* - Net assets that are not subject to donor imposed stipulations.

*Temporarily Restricted Net Assets* - Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation - (continued)

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Accounting Method -

The records of PRC are maintained and the financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, PRC considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Credit Risk -

Financial instruments which potentially subject PRC to concentrations of credit risk consist principally of cash. PRC places its cash and deposits with high credit quality financial institutions; however, deposits may exceed the federally insured limits from time to time.

Investments -

PRC has investments that are comprised of various equities and are carried at fair value.

Pledges Receivable -

Pledges receivable are recorded in the fiscal year, in which the notification of an unconditional pledge is received and then are classified as either unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of donor restrictions. Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. For the years ended June 30, 2017 and 2016, management felt there was no need for an allowance.

Property and Equipment -

Property and equipment are stated at cost. Depreciation is provided on the straight-line method over estimated useful lives ranging from three to forty years. PRC's capitalization policy is to capitalize expenditures in excess of \$1,500.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Restricted Resources -

PRC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Estimates -

PRC prepares its financial statements according to generally accepted accounting principles in the United States of America which require the use of estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Functional Allocation of Expenses -

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

(2) TAX STATUS:

PRC is exempt from federal income taxes as an organization described in 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

PRC files informational returns in the U.S. federal jurisdiction and Illinois. With a few exceptions, PRC is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2013. PRC does not expect a material net change in unrecognized tax benefits in the next twelve months.

(3) PLEDGES RECEIVABLE:

Included in pledges receivable are the following unconditional promises to give:

	<u>2017</u>	<u>2016</u>
Capital campaign	\$ 6,300	\$ 121,133
Matching gifts	<u>4,190</u>	<u>1,270</u>
	<u>\$ 10,490</u>	<u>\$ 122,403</u>
	<u>2017</u>	<u>2016</u>
Amounts due in less than one year	<u>\$ 10,490</u>	<u>\$ 122,403</u>

(4) INVESTMENTS:

The composition of investments is as follows:

	<u>2017</u>	<u>2016</u>
DuPage Foundation Endowment Fund	\$ 2,250,578	\$ 1,097,448
Certificates of deposit	<u>850,000</u>	<u>250,000</u>
	<u>\$ 3,100,578</u>	<u>\$ 1,347,448</u>

Investment return consists of the following:

Interest income	\$ 45,069	\$ 27,608
Realized gain	57,373	21,020
Unrealized gain/(loss) on investments	<u>124,514</u>	<u>(52,130)</u>
	<u>\$ 226,956</u>	<u>\$ (3,502)</u>

PRC has an unrestricted endowment fund that the board has designated to help meet operating needs.

(5) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurements established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

(5) FAIR VALUE MEASUREMENTS: (Continued)

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

DuPage Foundation Endowment Fund: Valued at the fair market value of PRC's share of net assets of the Foundation as of June 30, 2017 and 2016.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although PRC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, PRC's assets at fair value:

<u>Description</u>	<u>Assets at Fair Value as of June 30, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
DuPage Foundation Endowment Fund	\$ -	\$ -	\$ 2,250,578	\$ 2,250,578
Total assets at fair value	\$ -	\$ -	\$ 2,250,578	2,250,578
Certificates of deposit				850,000
Total investments				\$ 3,100,578

(5) FAIR VALUE MEASUREMENTS: (Continued)

<u>Description</u>	<u>Assets at Fair Value as of June 30, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
DuPage Foundation Endowment Fund	\$ -	\$ -	\$ 1,097,448	\$ 1,097,448
Total assets at fair value	\$ -	\$ -	\$ 1,097,448	1,097,448
Certificates of deposit				<u>250,000</u>
Total investments				<u>\$ 1,347,448</u>

The table below sets forth a summary of changes in the fair value of PRC's level 3 assets for the years ended June 30, 2017 and 2016:

	<u>DuPage Foundation Fund Year Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,097,448	\$ 1,168,845
Realized and unrealized gain/(loss) relating to instruments held at end of year	181,887	(31,110)
Interest, purchases and sales, net	<u>971,243</u>	<u>(40,287)</u>
Balance, end of year	<u>\$ 2,250,578</u>	<u>\$ 1,097,448</u>

(6) BENEFICIAL INTEREST IN AN ENDOWMENT FUND:

PRC has a beneficial interest in an endowment fund established through the DuPage Foundation. Under the fund agreement, the fund shall be used to support PRC. PRC recognizes income as the DuPage Foundation distributes the interest earned on the endowment. The balance of this fund at June 30, 2017 and 2016 is \$13,047 and \$12,283, respectively.

(7) LINE OF CREDIT:

PRC has an \$850,000 line of credit from a bank maturing on January 16, 2018, with variable interest, secured by investments, and bears interest at the Prime Rate (4.25% at June 30, 2017). The outstanding balance at June 30, 2017 and 2016 was \$0- and \$232,369, respectively.

(8) LONG-TERM MORTGAGE:

	<u>2017</u>	<u>2016</u>
Mortgage payable to a bank, was paid in full in November, 2016	\$ -	\$ 244,777
Less - Current maturities	<u>-</u>	<u>(13,315)</u>
Long-term debt	<u>\$ -</u>	<u>\$ 231,462</u>

(9) RESTRICTED RESOURCES:

At June 30, 2017 and 2016, temporarily restricted net assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Food Pantry	\$ 23,326	\$ 13,000
Adult Learning and Literacy	36,784	15,686
General Operations	17,498	3,050
Social Services including Family Connections	60,288	66,720
Future Capital Purchase	-	17,890
Southeast Center Programs	-	12,500
Other Empowerment Programs	<u>21,989</u>	<u>16,069</u>
	<u>\$ 159,885</u>	<u>\$ 144,915</u>

(10) DONATED SERVICES AND GOODS:

PRC is supported by in-kind services received from individual and organizational volunteers. PRC has over 2,500 volunteers whom account for over 98% of the total staff and have been and will continue to be the foundation by which PRC provides service to the community. PRC volunteers are a valued and essential part of their work. Volunteers are their foundation, their ambassadors, their advocates for those in need and their solution. The estimated value of these services is not reflected in the financial statements as they do not meet the requirements to be recorded.

PRC is supported by in-kind legal and other professional services. During the years ended June 30, 2017 and 2016, PRC received \$43,918 and \$53,707, respectively, of donated legal and other professional services.

(10) DONATED SERVICES AND GOODS: (continued)

PRC reports the estimated fair value of donated food, clothing, computers and other products over which it has control as unrestricted support and shortly thereafter as expense when distributed to its families. PRC does not estimate the value of providing classes and tutoring in the financial statements since it does not meet the requirements to be recorded. During the years ended June 30, 2017 and 2016, respectively, PRC estimated approximately \$6,364,598 and \$6,262,000 of in-kind goods which is broken down into the following categories:

	<u>2017</u>	<u>2016</u>
Food	84%	84%
Clothes	9%	10%
Computers	3%	3%
Other items	4%	3%

This level of in-kind support is vital to PRC's ability to continue to meet their community needs since all programs except for Food Pantry are 100% reliant on in-kind goods. The community supports PRC in-kind by donating:

	<u>2017</u>	<u>2016</u>
Pounds of food distributed	52%	52%
Computers distributed	100%	100%
Clothes distributed	100%	100%
Toys distributed at PRC's holiday program	100%	100%
Layettes, birthday bags and bicycles distributed	100%	100%

(11) RETIREMENT PLAN:

A simple IRA plan was started in August, 2002 and is available to all eligible employees. PRC matched employee contributions dollar for dollar of up to a maximum of 3% of an employee's annual salary for the years ended June 30, 2017 and 2016. There were employer matching contributions of \$31,260 and \$32,905 for the years ended June 30, 2017 and 2016, respectively.



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Gwen S. Henry

November 28, 2017

To the Board of Directors of  
People's Resource Center:

We have audited the financial statements of People's Resource Center (PRC) for the year ended June 30, 2017, and have issued our report thereon dated November 28, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 26, 2017. Professional standards also require that we communicate to you the following information related to our audit.

### *Significant Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by PRC are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by PRC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### *Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of depreciation expense and accumulated depreciation is based on the estimated useful lives of assets placed in service developed from historical experience with similar assets calculated using the straight-line method of depreciation. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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- Management's estimate of allocation of costs among program and supporting services is based on management's knowledge of resources spent in the various programs. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of in-kind contributions and expenses is based on the estimated values of items received and distributed as determined by management. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements as a whole.

#### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated November 28, 2017.

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***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the PRC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the PRC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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This information is intended solely for the use of the Board of Directors of People's Resource Center and is not intended to be, and should not be, used by anyone other than these specified parties.

*Dugan & Lopatka*

DUGAN & LOPATKA

Wheaton, Illinois