



**LESTER AND ROSALIE ANIXTER  
CENTER AND AFFILIATES**

***CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS AND  
OMB CIRCULAR A-133 AND SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE***

***FOR THE  
YEARS ENDED  
JUNE 30,  
2015 AND 2014***

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Lester and Rosalie Anixter Center  
and Affiliates  
Chicago, Illinois

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Lester and Rosalie Anixter Center and Affiliates (an Illinois not-for-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lester and Rosalie Anixter Center and Affiliates as of June 30, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

The fiscal year 2014 consolidated financial statements of Lester and Rosalie Anixter Center and Affiliates were audited by SS&G, Inc. whose directors and professional staff joined BDO USA, LLP as of January 1, 2015, and has subsequently ceased operations. SS&G, Inc.'s report dated November 3, 2014 expressed an unmodified opinion on those consolidated statements.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Lester and Rosalie Anixter Center and Affiliates taken as a whole. The accompanying consolidated schedule of expenditures of federal awards (on pages 34-35), as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the additional supplementary information (commencing on page 30), is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015, on our consideration of Lester and Rosalie Anixter Center and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Lester and Rosalie Anixter Center and Affiliates' internal control over financial reporting and compliance.

*BDO USA, LLP*

November 19, 2015

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	JUNE 30,	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 399,042	\$ 490,929
Receivables		
Grants, fees, and contracts receivable, net of allowance of \$173,487 and \$125,478 at June 30, 2015 and 2014, respectively	1,334,274	1,865,103
Contributions receivable - current portion, net of allowance of \$2,600 and \$0 at June 30, 2015 and 2014, respectively	15,410	180,339
Inventories	3,848	14,454
Prepaid expenses	330,014	318,469
<b>TOTAL CURRENT ASSETS</b>	<u>2,082,588</u>	<u>2,869,294</u>
<b>PROPERTY AND EQUIPMENT, net</b>	17,303,757	17,763,281
<b>NONCURRENT ASSETS</b>		
Escrow accounts	957,580	916,786
Security deposits	14,273	14,308
Contributions receivable - long-term portion, net of discount of \$0 and \$604 at June 30, 2015 and 2014, respectively	-	5,896
Investments, at fair value	7,080,325	7,584,043
Investment in Hairpin Lofts, LLC	10,000	10,000
Notes receivable, net of discount of \$1,056,392 and \$1,063,992 at June 30, 2015 and 2014, respectively	182,308	174,708
<b>TOTAL NONCURRENT ASSETS</b>	<u>8,244,486</u>	<u>8,705,741</u>
<b>TOTAL ASSETS</b>	<u>\$ 27,630,831</u>	<u>\$ 29,338,316</u>

*See accompanying independent auditor's report and notes to consolidated financial statements.*

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	JUNE 30,	
	<u>2015</u>	<u>2014</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ 5,000,000	\$ 3,805,000
Current portion of long-term debt	82,020	75,009
Accounts payable	397,448	518,538
Accrued salaries and benefits	389,220	363,056
Accrued vacation	907,484	910,432
Accrued expenses and other liabilities	281,957	251,827
TOTAL CURRENT LIABILITIES	<u>7,058,129</u>	<u>5,923,862</u>
LONG-TERM DEBT, net of current portion	<u>1,511,627</u>	<u>1,576,308</u>
TOTAL LIABILITIES	8,569,756	7,500,170
NET ASSETS		
Unrestricted	9,613,050	12,332,721
Temporarily restricted	9,186,071	9,243,471
Permanently restricted	261,954	261,954
TOTAL NET ASSETS	<u>19,061,075</u>	<u>21,838,146</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,630,831</u>	<u>\$ 29,338,316</u>

*See accompanying independent auditor's report and notes to consolidated financial statements.*

## LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## CONSOLIDATED STATEMENT OF ACTIVITIES

	FOR THE YEAR ENDED JUNE 30, 2015			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public support:				
Contributions	\$ 860,188	\$ 70,770	\$ -	\$ 930,958
Contributions in kind	310,443	-	-	310,443
Special events revenue	536,752	-	-	536,752
Total public support	1,707,383	70,770	-	1,778,153
Other revenues:				
Governmental grants	2,139,826	-	-	2,139,826
Governmental fees	10,207,148	-	-	10,207,148
Program fees	1,666,846	-	-	1,666,846
Rental revenue	1,634,517	-	-	1,634,517
Contract revenue	3,759,950	-	-	3,759,950
Other interest revenues	1,471	-	-	1,471
Miscellaneous revenues	43,374	-	-	43,374
Total other revenues	19,453,132	-	-	19,453,132
Investment income:				
Interest and dividends	21,251	-	-	21,251
Realized gain on investments	284,323	-	-	284,323
Unrealized loss on investments	(480,641)	-	-	(480,641)
Total investment income	(175,067)	-	-	(175,067)
Total revenues	20,985,448	70,770	-	21,056,218
Net assets released from restrictions	128,170	(128,170)	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>21,113,618</b>	<b>(57,400)</b>	<b>-</b>	<b>21,056,218</b>
<b>EXPENSES</b>				
Program services	19,721,913	-	-	19,721,913
Supporting services				
Center Foundation	1,012	-	-	1,012
Fundraising	868,546	-	-	868,546
Management and general	3,241,818	-	-	3,241,818
Total expenses	23,833,289	-	-	23,833,289
CHANGE IN NET ASSETS	(2,719,671)	(57,400)	-	(2,777,071)
NET ASSETS, BEGINNING OF YEAR	12,332,721	9,243,471	261,954	21,838,146
NET ASSETS, END OF YEAR	\$ 9,613,050	\$ 9,186,071	\$ 261,954	\$ 19,061,075

See accompanying independent auditor's report and notes to consolidated financial statements.



LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

	FOR THE YEAR ENDED JUNE 30, 2014			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public support:				
Contributions	\$ 955,269	\$ 61,659	\$ -	\$ 1,016,928
Contributions in kind	490,047	-	-	490,047
Special events revenue	753,303	-	-	753,303
Total public support	<u>2,198,619</u>	<u>61,659</u>	<u>-</u>	<u>2,260,278</u>
Other revenues:				
Governmental grants	2,166,973	-	-	2,166,973
Governmental fees	10,274,384	-	-	10,274,384
Program fees	966,416	-	-	966,416
Rental revenue	1,393,378	-	-	1,393,378
Contract revenue	4,183,759	-	-	4,183,759
Other interest revenues	11,749	-	-	11,749
Miscellaneous revenues	25,078	-	-	25,078
Total other revenues	<u>19,021,737</u>	<u>-</u>	<u>-</u>	<u>19,021,737</u>
Investment income:				
Interest and dividends	102,400	-	-	102,400
Realized loss on investments	(79,533)	-	-	(79,533)
Unrealized gain on investments	476,059	-	-	476,059
Total investment income	<u>498,926</u>	<u>-</u>	<u>-</u>	<u>498,926</u>
Total revenues	21,719,282	61,659	-	21,780,941
Net assets released from restrictions	186,552	(186,552)	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>21,905,834</b>	<b>(124,893)</b>	<b>-</b>	<b>21,780,941</b>
<b>EXPENSES</b>				
Program services	19,027,043	-	-	19,027,043
Supporting services				
Center Foundation	35,643	-	-	35,643
Fundraising	1,181,793	-	-	1,181,793
Management and general	3,056,385	-	-	3,056,385
Total expenses	<u>23,300,864</u>	<u>-</u>	<u>-</u>	<u>23,300,864</u>
CHANGE IN NET ASSETS	(1,395,030)	(124,893)	-	(1,519,923)
NET ASSETS, BEGINNING OF YEAR	13,727,751	9,368,364	261,954	23,358,069
NET ASSETS, END OF YEAR	<u>\$ 12,332,721</u>	<u>\$ 9,243,471</u>	<u>\$ 261,954</u>	<u>\$ 21,838,146</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	PROGRAM SERVICES									
	Community Support Services	Educational Services	Employment & Business Services	Health and Behavioral Health Services	Residential & Housing Support Services	Calor	Chicago Hearing Society	National Lekotek Center	Total Program Services	
Staff salaries	\$ 1,173,201	\$ 926,482	\$ 1,033,552	\$ 870,336	\$ 3,964,679	\$ 503,635	\$ 977,792	\$ 215,799	\$ 9,665,476	
Payroll taxes	91,342	71,292	80,213	66,176	311,712	38,695	76,977	17,481	753,888	
Employee insurance and benefits	178,116	115,891	123,408	124,302	686,952	65,189	151,851	35,025	1,480,734	
Client wages and benefits	55,497	-	999,883	18,818	12,498	-	-	-	1,086,696	
Activity supplies	40,158	20,019	109,411	14,078	58,285	34,377	453,554	21,583	751,465	
Bad debts	6,884	-	(26,826)	127,140	42,365	-	69,825	-	219,388	
Building maintenance and repairs	34,116	33,256	64,004	25,073	482,027	24,560	5,345	5,372	673,753	
Client travel	144,186	75	49,286	2,282	3,383	1,404	-	-	200,616	
Consultants	-	193,708	311	29,084	32,632	-	400	3,638	259,773	
Contract coordinating	-	-	2,966	-	-	-	-	-	2,966	
Data processing service	-	-	-	2,104	4,039	-	11,752	-	17,895	
Depreciation and amortization	72,466	35,899	104,234	52,667	614,152	24,387	21,024	15,907	940,736	
Employee procurement	2,460	12,802	523	733	5,993	133	430	311	23,385	
Equipment leasing	-	-	-	-	-	-	1,017	-	1,017	
Equipment maintenance and repairs	2,490	9,281	6,151	4,175	26,527	(19)	7,107	1,381	57,093	
Equipment purchases	2,045	30,173	2,949	3,155	23,580	3,393	6,041	1,000	72,336	
Food	4,138	24,866	25	19,044	46,593	8,394	434	1,110	104,604	
Housekeeping supplies	6,869	3,576	436	1,890	38,496	2,067	686	20	54,040	
In-kind	-	-	-	-	-	-	-	-	-	
Insurance	21,677	9,106	25,201	16,155	118,774	2,249	10,549	10,552	214,263	
Interprogram services	96,496	42,296	(3,512)	75,666	311,994	1,986	(50,641)	18,230	492,515	
Legal and audit	-	12,000	-	-	47,000	-	-	-	59,000	
Miscellaneous	925	290	2,076	1,461	6,120	719	15,397	2,957	29,945	
Mortgage interest	-	-	-	-	112,965	-	-	-	112,965	
Office supplies	8,708	8,312	7,423	5,777	18,304	9,815	10,313	2,676	71,328	
Organization dues	55	680	-	225	280	205	2,315	-	3,760	
Other interest	-	-	-	-	-	-	-	-	-	
Postage and shipping	2,569	520	20,715	1,718	1,063	46	3,721	1,391	31,743	
Printing	177	398	321	-	112	386	10,562	1,599	13,555	
Public relations costs	-	-	715	129	-	375	2,107	12,050	15,376	
Rent	25,966	18,372	6,894	12,537	106,612	102,874	6,495	13,117	292,867	
Scavenger	7,701	10,780	15,314	6,469	53,884	2,575	2,710	2,711	102,144	
Security and watch services	1,351	1,743	2,740	1,245	37,225	360	710	711	46,085	
Special events	-	-	-	-	-	-	11,232	17,965	29,197	
Staff travel	20,510	2,880	11,990	1,799	20,040	7,687	20,332	6,290	91,528	
Subcontract labor	-	-	118,765	-	740	4,550	823,361	2,979	950,395	
Telephone	17,400	9,370	14,111	11,270	95,590	11,642	24,166	1,992	185,541	
Training	2,995	2,778	197	1,567	3,290	7,665	17,319	3,050	38,861	
Utilities	42,270	40,352	77,017	31,843	255,021	10,284	12,213	12,217	481,217	
Vehicle operating expense	10,079	3,035	2,274	875	76,596	908	-	-	93,767	
Total consolidated functional expenses	\$ 2,072,847	\$ 1,640,232	\$ 2,852,767	\$ 1,529,793	\$ 7,619,523	\$ 870,541	\$ 2,707,096	\$ 429,114	\$ 19,721,913	

See accompanying independent auditor's report and notes to consolidated financial statements.

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

SUPPORTING SERVICES

	Total Program Services	Center Foundation	Fundraising	Management and General	Total Supporting Services	Total Expenses
Staff salaries	\$ 9,665,476	\$ -	\$ 285,978	\$ 2,446,719	\$ 2,732,697	\$ 12,398,173
Payroll taxes	753,888	-	22,545	172,531	195,076	948,964
Employee insurance and benefits	1,480,734	-	21,316	261,845	283,161	1,763,895
Client wages and benefits	1,086,696	-	-	61,016	61,016	1,147,712
Activity supplies	751,465	-	8	7,475	7,483	758,948
Bad debts	219,388	-	11,075	-	11,075	230,463
Building maintenance and repairs	673,753	-	1,060	24,451	25,511	699,264
Client travel	200,616	-	-	-	-	200,616
Consultants	259,773	-	-	-	-	259,773
Contract coordinating	2,966	-	-	-	-	2,966
Data processing service	17,895	-	9,742	53,471	63,213	81,108
Depreciation and amortization	940,736	118,590	1,971	62,560	183,121	1,123,857
Employee procurement	23,385	-	4,638	53,658	58,296	81,681
Equipment leasing	1,017	-	153	8,718	8,871	9,888
Equipment maintenance and repairs	57,093	-	1,042	17,611	18,653	75,746
Equipment purchases	72,336	-	69	26,768	26,837	99,173
Food	104,604	-	547	3,434	3,981	108,585
Housekeeping supplies	54,040	-	46	1,097	1,143	55,183
In-kind	-	-	310,443	-	310,443	310,443
Insurance	214,263	-	1,652	44,059	45,711	259,974
Interprogram services	492,515	-	6,375	(498,890)	(492,515)	-
Legal and audit	59,000	1,000	-	136,864	137,864	196,864
Miscellaneous	29,945	30	6,945	11,407	18,382	48,327
Mortgage interest	112,965	-	-	-	-	112,965
Office supplies	71,328	-	1,796	24,378	26,174	97,502
Organization dues	3,760	-	206	44,589	44,795	48,555
Other interest	-	-	-	114,549	114,549	114,549
Postage and shipping	31,743	-	9,988	13,612	23,600	55,343
Printing	13,555	-	4,874	16,294	21,168	34,723
Public relations costs	15,376	-	570	3,544	4,114	19,490
Rent	292,867	(118,608)	848	3,019	(114,741)	178,126
Scavenger	102,144	-	425	5,161	5,586	107,730
Security and watch services	46,085	-	111	2,921	3,032	49,117
Special events	29,197	-	132,373	-	132,373	161,570
Staff travel	91,528	-	1,134	12,744	13,878	105,406
Subcontract labor	950,395	-	14,895	22,367	37,262	987,657
Telephone	185,541	-	2,862	16,806	19,668	205,209
Training	38,861	-	10,946	40,597	51,543	90,404
Utilities	481,217	-	1,913	26,430	28,343	509,560
Vehicle operating expense	93,767	-	-	13	13	93,780
Total consolidated functional expenses	\$ 19,721,913	\$ 1,012	\$ 868,546	\$ 3,241,818	\$ 4,111,376	\$ 23,833,289

See accompanying independent auditor's report and notes to consolidated financial statements.

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

	PROGRAM SERVICES									
	Community Support Services	Educational Services	Employment & Business Services	Health and Behavioral Health Services	Residential & Housing Support Services	Calor	Chicago Hearing Society	National Lekotek Center	Total Program Services	
Staff salaries	\$ 1,126,470	\$ 892,805	\$ 1,106,705	\$ 898,849	\$ 3,585,455	\$ 545,629	\$ 960,998	\$ 266,287	\$ 9,383,198	
Payroll taxes	88,301	69,697	86,043	68,981	282,371	43,665	75,810	20,230	735,098	
Employee insurance and benefits	148,645	135,499	118,362	124,371	588,649	80,516	146,040	29,636	1,371,718	
Client wages and benefits	44,327	-	1,080,053	11,845	9,457	-	-	-	1,145,682	
Activity supplies	38,727	8,066	135,460	10,995	46,828	22,157	418,252	6,198	686,683	
Bad debts	5,678	-	(59,172)	662	24,706	-	34,890	651	7,415	
Building maintenance and repairs	48,605	46,459	78,964	24,002	424,565	28,185	8,650	8,653	668,083	
Client travel	111,871	759	41,652	627	3,027	3,558	-	-	161,494	
Consultants	-	101,985	2,570	34,610	30,034	50	1,000	-	170,249	
Contract coordinating	-	-	2,935	-	-	-	-	-	2,935	
Data processing service	-	-	-	1,100	3,644	-	11,821	-	16,565	
Depreciation and amortization	79,953	36,964	107,009	47,462	574,437	23,798	20,283	11,372	901,278	
Employee procurement	3,139	7,926	472	622	9,530	165	250	611	22,715	
Equipment leasing	555	93	354	375	-	-	461	73	1,911	
Equipment maintenance and repairs	3,905	5,358	6,450	3,665	25,391	1,524	5,143	1,006	52,442	
Equipment purchases	6,663	4,709	8,080	3,279	17,675	832	4,937	904	47,079	
Food	2,898	19,061	107	8,006	41,161	11,110	1,404	1,039	84,786	
Housekeeping supplies	5,107	2,726	104	1,140	34,930	1,078	796	26	45,907	
In-kind	-	-	-	-	-	-	-	-	-	
Insurance	22,250	9,295	24,030	13,914	121,464	2,191	11,354	11,359	215,857	
Interprogram services	111,283	38,070	(8,894)	52,529	303,714	2,363	(48,858)	19,285	469,492	
Legal and audit	-	3,000.00	-	-	50,010	-	-	-	53,010	
Miscellaneous	1,497	4	1,656	432	5,069	273	13,791	2,903	25,625	
Mortgage interest	-	-	-	-	119,058	-	-	-	119,058	
Office supplies	5,156	5,552	6,468	6,662	17,145	5,024	8,223	1,921	56,151	
Organization dues	198	378	34	117	325	31	2,585	-	3,668	
Other interest	-	-	-	-	-	-	-	-	-	
Postage and shipping	1,912	644	67,103	967	926	151	2,753	1,575	76,031	
Printing	376	144	137	301	182	3,004	8,110	1,198	13,452	
Public relations costs	-	-	526	525	-	75	2,262	2,750	6,138	
Rent	25,332	18,492	7,919	12,547	69,800	99,882	6,060	12,638	252,670	
Scavenger	8,219	10,050	13,575	4,340	48,284	2,740	2,392	2,392	91,992	
Security and watch services	1,030	1,648	1,770	793	35,115	557	829	830	42,572	
Special events	-	-	-	-	-	-	11,313	14,019	25,332	
Staff travel	19,479	1,611	17,127	1,419	15,307	7,952	18,051	4,900	85,846	
Subcontract labor	-	500.00	236,187	-	710	-	851,586	22,325	1,111,308	
Telephone	17,560	8,568	14,714	11,113	95,736	11,066	19,052	2,422	180,231	
Training	1,293	3,811	218	3,455	1,374	4,716	15,228	3,226	33,321	
Utilities	60,487	55,367	92,210	28,367	279,563	11,395	13,845	13,850	555,084	
Vehicle operating expense	14,599	1,370	102	905	86,931	1,060	-	-	104,967	
<b>Total consolidated functional expenses</b>	<b>\$ 2,005,515</b>	<b>\$ 1,490,611</b>	<b>\$ 3,191,030</b>	<b>\$ 1,378,977</b>	<b>\$ 6,952,573</b>	<b>\$ 914,747</b>	<b>\$ 2,629,311</b>	<b>\$ 464,279</b>	<b>\$ 19,027,043</b>	

See accompanying independent auditor's report and notes to consolidated financial statements.

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

SUPPORTING SERVICES

	Total Program Services	Center Foundation	Fundraising	Management and General	Total Supporting Services	Total Expenses
Staff salaries	\$ 9,383,198	\$ -	\$ 286,909	\$ 2,298,608	\$ 2,585,517	\$ 11,968,715
Payroll taxes	735,098	-	21,307	173,688	194,995	930,093
Employee insurance and benefits	1,371,718	-	35,190	288,158	323,348	1,695,066
Client wages and benefits	1,145,682	-	-	50,852	50,852	1,196,534
Activity supplies	686,683	-	5	8,265	8,270	694,953
Bad debts	7,415	-	25,165	2,817	27,982	35,397
Building maintenance and repairs	668,083	(24)	1,366	14,241	15,583	683,666
Client travel	161,494	-	-	247	247	161,741
Consultants	170,249	-	-	1,850	1,850	172,099
Contract coordinating	2,935	-	-	-	-	2,935
Data processing service	16,565	-	12,808	53,615	66,423	82,988
Depreciation and amortization	901,278	118,590	2,258	57,766	178,614	1,079,892
Employee procurement	22,715	-	489	4,618	5,107	27,822
Equipment leasing	1,911	-	241	7,166	7,407	9,318
Equipment maintenance and repairs	52,442	-	1,897	16,045	17,942	70,384
Equipment purchases	47,079	-	591	15,909	16,500	63,579
Food	84,786	-	277	2,144	2,421	87,207
Housekeeping supplies	45,907	-	138	1,362	1,500	47,407
In-kind	-	-	490,047	-	490,047	490,047
Insurance	215,857	-	1,779	38,821	40,600	256,457
Interprogram services	469,492	-	4,274	(473,766)	(469,492)	-
Legal and audit	53,010	1,000	-	123,215	124,215	177,225
Miscellaneous	25,625	25	8,441	9,502	17,968	43,593
Mortgage interest	119,058	-	-	-	-	119,058
Office supplies	56,151	-	2,736	23,059	25,795	81,946
Organization dues	3,668	-	3,086	36,197	39,283	42,951
Other interest	-	-	-	91,908	91,908	91,908
Postage and shipping	76,031	-	9,051	13,777	22,828	98,859
Printing	13,452	-	5,825	9,315	15,140	28,592
Public relations costs	6,138	-	3,851	1,710	5,561	11,699
Rent	252,670	(83,948)	852	3,230	(79,866)	172,804
Scavenger	91,992	-	375	5,278	5,653	97,645
Security and watch services	42,572	-	130	2,492	2,622	45,194
Special events	25,332	-	223,375	-	223,375	248,707
Staff travel	85,846	-	1,332	11,679	13,011	98,857
Subcontract labor	1,111,308	-	24,338	83,967	108,305	1,219,613
Telephone	180,231	-	3,093	16,356	19,449	199,680
Training	33,321	-	8,398	31,927	40,325	73,646
Utilities	555,084	-	2,169	30,367	32,536	587,620
Vehicle operating expense	104,967	-	-	-	-	104,967
<b>Total consolidated functional expenses</b>	<b>\$ 19,027,043</b>	<b>\$ 35,643</b>	<b>\$ 1,181,793</b>	<b>\$ 3,056,385</b>	<b>\$ 4,273,821</b>	<b>\$ 23,300,864</b>

See accompanying independent auditor's report and notes to consolidated financial statements.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED JUNE 30,	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,777,071)	\$ (1,519,923)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	1,123,857	1,079,892
Bad debt expense	230,463	35,397
Loss on disposal of property and equipment	-	7,000
Realized (gain) loss on sale of investments	(284,323)	79,533
Unrealized loss (gain) on investments	480,641	(476,059)
Accretion of pledge receivable discount	604	6,075
Discount on note receivable	(7,600)	(7,283)
Accretion of interest on long-term debt	17,338	16,973
(Increase) decrease in:		
Receivables	470,587	205,692
Inventories	10,606	5,234
Prepaid expenses	(11,545)	65,743
Other assets	(40,759)	(32,087)
Increase (decrease) in:		
Accounts payable	(121,090)	(189,448)
Accrued expenses	53,346	(123,700)
NET CASH USED IN OPERATING ACTIVITIES	(854,946)	(846,961)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(42,600)	(7,538,277)
Proceeds from sale of investments	350,000	7,757,285
Purchases of property and equipment	(664,333)	(603,395)
NET CASH USED IN INVESTING ACTIVITIES	(356,933)	(384,387)

*See accompanying independent auditor's report and notes to consolidated financial statements.*

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED JUNE 30,	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	\$ 9,187,000	\$ 7,191,000
Repayment of line of credit	(7,992,000)	(5,947,000)
Payments on long-term debt	<u>(75,008)</u>	<u>(68,598)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,119,992</u>	<u>1,175,402</u>
NET DECREASE IN CASH	(91,887)	(55,946)
CASH, beginning of year	<u>490,929</u>	<u>546,875</u>
CASH, end of year	<u>\$ 399,042</u>	<u>\$ 490,929</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid during the year for:		
Interest	<u>\$ 210,391</u>	<u>\$ 194,364</u>

*See accompanying independent auditor's report and notes to consolidated financial statements.*

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE A - Summary of significant accounting policies

#### Nature of activities

Lester and Rosalie Anixter Center (Anixter Center) and its subsidiary, the Center Foundation, is an Illinois not-for-profit organization that operates various programs in Chicago and vicinity, assisting people with disabilities to live and work successfully in the community.

#### Principles of consolidation

The consolidated financial statements include Anixter Center, its subsidiary the Center Foundation, and seven HUD projects (collectively, the Organization). These projects include: Crystal Courts, HUD Project No. 071-HD009; Chase Apartments, HUD Project No. 071-EH-061; Clark Street Apartments, HUD Project No. 071-EH099; Housing Opportunities for Persons with Disabilities, HUD Project No. 071-HH011; Halsted Apartments, NFP, HUD Project No. 071-HD122; The Center Apartments for the Disabled; HUD Project No. 071-EH545 and Anixter Village, HUD Project No. 071-HD128 (the HUD Projects). Anixter Center is the management agent for the seven HUD projects. All significant intercompany accounts and transactions are eliminated in consolidation.

#### Basis of presentation

The accompanying consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America (GAAP) as recommended in the American Institute of Certified Public Accountants' Audit and Accounting Guide for Not-for-Profit Organizations.

The net assets of the Organization are classified as follows:

Unrestricted net assets, represent the portion of net assets that are available for operations.

Temporarily restricted net assets include the net assets from grants, contributions, or other inflows where the use is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled and removed by the actions of the Organization. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restriction. See Note L.

Permanently restricted net assets represent endowment funds which are subject to the restriction of the donors that the historic dollar value of the gift be preserved in perpetuity. See Note M.

See accompanying independent auditor's report.



# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE A - Summary of significant accounting policies, continued

#### Use of estimates

The preparation of the consolidated 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 consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Allowance for doubtful accounts

The Organization recognizes an allowance for losses on grants, fees, contracts, and contributions receivable in an amount equal to the estimated probable losses net of recoveries. The allowance is based on an analysis of historical bad debt experience, and expected future collections, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. The expense associated with the allowance for doubtful accounts is recognized as program expense. As of June 30, 2015 and 2014, management recorded an allowance for grants, fees, and contracts of \$173,487 and \$125,478, respectively. As of June 30, 2015 and 2014, management recorded an allowance for contributions of \$2,600 and \$0, respectively.

#### Property and equipment

Property and equipment are carried at historical cost if purchased or fair value if contributed. Depreciation is computed using the straight-line method over the estimated lives of the assets as follows:

Buildings	40 years
Building and leasehold improvements	5-30 years
Furniture, equipment, and software	3-10 years
Vehicles	5 years

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500. Expenditures which materially increase the value or extend the useful lives of the related property and equipment are capitalized. When property and equipment are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to operations. Routine maintenance is charged to maintenance expense.

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE A - Summary of significant accounting policies, continued

#### Impairment of long-lived assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. As of June 30, 2015 and 2014, in the opinion of management, there is no impairment on assets to be recognized.

#### Investments

Investments in marketable securities, fixed income securities and mutual funds are reported at fair value based upon market quoted prices. Donated investments are recorded at the fair value as of the date of contribution. For the years ending June 30, 2015 and 2014, respectively, stock contributions of \$21,347 and \$17,027 were immediately converted to cash and have been included in cash from operating activities in the consolidated statements of cash flows. Unrealized gains and losses are included in the accompanying consolidated statements of activities.

#### Revenue recognition

The Organization receives grant, contract and government fee revenue from federal, state and city agencies. The Organization recognizes grant and contract revenue (up to the respective ceiling) either on a pro rata basis over a 12-month period, which represents the service period for certain arrangements, or as expenses are incurred for cost reimbursement grants. Government fee revenue is recognized as services are provided, in amounts provided for under the terms of the underlying agreements.

Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the grants/contracts.

#### Contributions

Contributions and unconditional pledges of cash and other assets are reported at their fair market value as of the date the pledge is received to the extent estimated to be collectible by the Organization. Contributions and pledges received with donor restrictions that limit the use of the donated assets are reported as temporarily restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions are accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as "net assets released from restrictions".

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE A - Summary of significant accounting policies, continued

#### Contributions, continued

However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Unconditional pledges that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of estimated cash flows. The discounts on those amounts are computed using a risk-free rate in the year in which the promise is received. Accretion of the discount is included in contribution revenue.

Endowment contributions are permanently restricted by the donor. Investment earnings from endowments available for distribution are recorded in unrestricted net assets.

#### Functional allocation of expenses

Expenses are allocated to programs, fundraising and management and general according to actual use wherever practical. Indirect expenses that benefit more than one program have been allocated to the programs which benefit from these costs.

#### Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for net income derived from unrelated business activities. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 and has been classified as an organization other than a private foundation under IRC Section 509(a).

The Organization's income tax filings are subject to audit by various taxing authorities generally for three years after filing. In evaluating the Organization's activities, management believes its position of tax-exempt status is based on current facts and circumstances and there have been no uncertain positions taken related to recording income taxes. In the opinion of management there are no activities unrelated to the purpose of the Organization and therefore no tax is to be recognized.

#### Reclassifications

Certain items in the financial statements as of and for the year ended June 30, 2014 have been reclassified for presentation purposes. Such reclassification had no impact on the change in net assets.

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE A - Summary of significant accounting policies, continued

#### Subsequent events

Subsequent events were evaluated through November 19, 2015, which is the date the consolidated financial statements were available to be issued.

### NOTE B - Fair value measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the 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 under FASB ASC 820 are described as follows:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

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.

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. There were no changes to valuation methodologies during the years ended June 30, 2015 and 2014.

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE B - Fair value measurements, continued

Fair values for marketable securities, fixed income securities, and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

Fair values of assets measured on a recurring basis were as follows:

	<u>Fair Value Measurements at June 30, 2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Money market	\$ 280,256	\$ -	\$ -	\$ 280,256
Certificates of deposit	-	1,102,088	-	1,102,088
Common stocks:				
Consumer cyclicals	45,332	-	-	45,332
Consumer discretionary	53,304	-	-	53,304
Consumer staples	513,413	-	-	513,413
Financial	<u>237,749</u>	-	-	<u>237,749</u>
Total common stocks	<u>849,798</u>	-	-	<u>849,798</u>
Mutual funds:				
Large blend	628,559	-	-	628,559
Mid-cap growth	38,885	-	-	38,885
Mid-cap value	690,388	-	-	690,388
Moderate allocation	1,330,600	-	-	1,330,600
World allocation	<u>2,159,751</u>	-	-	<u>2,159,751</u>
Total mutual funds	<u>4,848,183</u>	-	-	<u>4,848,183</u>
	<u>\$5,978,237</u>	<u>\$ 1,102,088</u>	<u>\$ -</u>	<u>\$7,080,325</u>

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE B - Fair value measurements, continued

	<u>Fair Value Measurements at June 30, 2014</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Money market	\$ 1,760,131	\$ -	\$ -	\$ 1,760,131
Common stocks:				
Consumer cyclical	35,949	-	-	35,949
Consumer discretionary	62,971	-	-	62,971
Consumer staples	494,154	-	-	494,154
Financial	<u>216,654</u>	<u>-</u>	<u>-</u>	<u>216,654</u>
Total common stocks	<u>809,728</u>	<u>-</u>	<u>-</u>	<u>809,728</u>
Mutual funds:				
Large blend	668,491	-	-	668,491
Mid-cap growth	35,224	-	-	35,224
Mid-cap value	814,196	-	-	814,196
Moderate allocation	1,310,585	-	-	1,310,585
World allocation	<u>2,185,688</u>	<u>-</u>	<u>-</u>	<u>2,185,688</u>
Total mutual funds	<u>5,014,184</u>	<u>-</u>	<u>-</u>	<u>5,014,184</u>
	<u>\$ 7,584,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,584,043</u>

Investment fees for the years ended June 30, 2015 and 2014 were \$39,586 and \$31,021, respectively and have been netted against investment income.

### NOTE C - Concentrations of credit risk

The Organization maintains the majority of its cash at multiple financial institutions. All deposit accounts at Federal Deposit Insurance Corporation (FDIC) insured institutions are insured up to current FDIC limits. At times during the year, the Organization's bank balances have exceeded the federally insured limits; however, it has not experienced any losses with respect to its bank balances in excess of government provided insurance.

Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Consolidated Statements of Activities.

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE C - Concentrations of credit risk, continued

In 2015 and 2014, approximately 59% and 57%, respectively, of Anixter Center's operating revenues were provided by governmental funding sources. Of the amount provided by governmental funding sources, 76% was provided by the Illinois Department of Human Services (IDHS). Receivables from IDHS represent 33% and 47% of total grants and fees receivable as of June 30, 2015 and 2014, respectively.

### NOTE D - Contributions receivable

Contributions are recognized as revenue when they are received or unconditionally pledged. Pledges receivable are amounts committed by donors that have not been received by the Organization.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Long-term pledges were discounted at a rate of 5%.

Contributions receivable, as of June 30 are as follows:

	<u>2015</u>	<u>2014</u>
Pledges due in less than one year	\$ 18,010	\$ 180,339
Pledges due in one to five years	<u>-</u>	<u>6,500</u>
	18,010	186,839
Less allowance for doubtful accounts	(2,600)	-
Less unamortized discount on contributions receivable	<u>-</u>	<u>(604)</u>
Contributions receivable adjusted to present value of the estimated future cash flows	<u>\$ 15,410</u>	<u>\$ 186,235</u>

### NOTE E - Hairpin Lofts, LLC investment

During the year ended June 30, 2010, Anixter Center entered into a development agreement with an unrelated third party and formed Hairpin Lofts, LLC. The project (Hairpin) of the newly formed entity involved the acquisition, rehabilitation, and development of a historic building in Chicago, Illinois for the purpose, in part, to create low-income residential housing. Anixter Center holds a 25% interest in Hairpin Lofts Manager, LLC, the managing member, which in turn holds a 0.01% interest in Hairpin Lofts, LLC. Anixter Center has no ability to exercise control under the existing ownership structure and, therefore, Hairpin has not been consolidated with Anixter Center. Anixter Center accounts for its investment in Hairpin under the equity method.

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE E - Hairpin Lofts, LLC investment, continued

In conjunction with the formation of Hairpin, the City of Chicago granted to Anixter Center \$1,238,700 representing the proceeds from the sale of affordable housing tax credits associated with the project. Anixter Center then loaned the proceeds to Hairpin in exchange for a 50-year, interest-free, note receivable. All principal on the note is payable at maturity on March 1, 2060 and the note is secured by a junior mortgage and assignment of rents on the Hairpin real estate. The carrying value of the note has been discounted using a rate of 4.35% and is reflected on the Organization's June 30, 2015 and 2014 consolidated statements of financial position at \$182,308 and \$174,708, respectively.

### NOTE F - Property and equipment

The Organization's property and equipment consists of the following at June 30:

	<u>2015</u>	<u>2014</u>
Land	\$ 3,702,647	\$ 3,702,647
Buildings and improvements	27,369,450	26,995,387
Equipment, furniture and software	1,536,149	1,376,564
Vehicles	898,890	888,120
Leasehold improvements	<u>236,813</u>	<u>206,919</u>
	33,743,949	33,169,637
Less accumulated depreciation and amortization	<u>(16,440,192)</u>	<u>(15,406,356)</u>
	<u>\$ 17,303,757</u>	<u>\$ 17,763,281</u>

Depreciation and amortization expense for the years ended June 30, 2015 and 2014 was \$1,123,857 and \$1,079,892, respectively.

### NOTE G - Line of credit

As of June 30, 2015 and 2014, Anixter Center had \$5,000,000 and \$3,805,000 outstanding under a line of credit with First Bank and Trust. As of June 30, 2015 and 2014, borrowings under the line bear interest at the prime rate of 3.25% less .75%. This agreement allows for maximum borrowings of \$6,000,000. All borrowings are secured by Anixter Center's investments and a lien on certain real properties and are subject to a certain financial covenant requiring the consolidated net assets to be \$20 million. At June 30, 2015, the Organization was not in compliance with this covenant and received a waiver from its financial institution through the agreement expiration. Subsequent to June 30, 2015, Anixter Center received an additional \$2,000,000 line of credit from First Bank and Trust.

See accompanying independent auditor's report.



# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE G - Line of credit, continued

Both agreements were set to expire on December 27, 2015 and have been subsequently renewed to July 31, 2016

### NOTE H - Long-term debt

The components on long-term debt are as follows as of June 30:

	<u>2015</u>	<u>2014</u>
Mortgage loan payable to U.S. Department of Housing and Urban Development, maturing on March 30, 2022, bearing interest of 8.5%; secured by Chase Apartments property.	\$ 268,279	\$ 296,527
Mortgage loan payable to U.S. Department of Housing and Urban Development, maturing in January 2025, bearing interest of 9.25%; secured by the Clark Street Apartments property.	753,404	800,165
Mortgage note payable to the City of Chicago Department of Housing - Crystal Courts (Casa Contreras). See Note I.	54,492	50,572
Mortgage note payable to City of Chicago Department of Housing - Halsted Apartments, NFP. See Note I.	<u>517,472</u>	<u>504,053</u>
Total long-term debt	1,593,647	1,651,317
Less current maturities	<u>(82,020)</u>	<u>(75,009)</u>
Long-term portion	<u>\$ 1,511,627</u>	<u>\$ 1,576,308</u>

Maturities on long-term debt are as follows:

#### Year Ending June 30,

2016	\$ 82,020
2017	89,687
2018	98,071
2019	107,241
2020	117,270
Thereafter	<u>1,099,358</u>
Total	<u>\$ 1,593,647</u>

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE I - Note payable - City of Chicago

The Crystal Courts HUD Project has a note payable to the City of Chicago, dated June 8, 1999, that is secured by a junior mortgage and a corresponding security agreement. The provisions of the note are subordinate to all applicable federal statutes, HUD regulations and related HUD directives and administrative requirements. This is a zero-interest loan and the principal balance of \$303,337 is not required to be paid until maturity on June 8, 2039. The note payable as recorded on the consolidated statement of financial position was calculated as follows as of June 30:

	<u>2015</u>	<u>2014</u>
Principal amount	\$ 303,337	\$ 303,337
Less unamortized discount	<u>(248,845)</u>	<u>(252,765)</u>
Long-term note payable	<u>\$ 54,492</u>	<u>\$ 50,572</u>

The unamortized discount on the note is based on an imputed interest rate of 7.75%. Per the note agreement, in any year that Crystal Courts has Residual Receipts, Crystal Courts is required to request HUD to release such Residual Receipts for the purpose of paying principal on the note.

The Halsted Apartments, NFP project has a note payable to the City of Chicago, dated October 1, 2004, that is secured by a junior mortgage and a corresponding security agreement. The provisions of the note are subordinate to all applicable federal statutes, HUD regulations and related HUD directives and administrative requirements. The original principal balance was \$545,108. Interest accrues at a rate of 3% per annum. Principal and interest payments are not required until October 1, 2044. This interest rate was below the market interest rate for a similar loan at the date of issuance. The note payable as recorded on the statement of financial position was calculated as follows as of June 30:

	<u>2015</u>	<u>2014</u>
Outstanding principal amount	\$ 457,367	\$ 457,367
Less unamortized discount	(86,141)	(85,648)
Add deferred interest payable	<u>146,246</u>	<u>132,334</u>
Long-term note payable	<u>\$ 517,472</u>	<u>\$ 504,053</u>

The unamortized discount on the note is based on imputed interest rates of 4.75% to 5.25% at the time of loan draw. Per the note agreement, all payments due under the note are only payable from Residual Receipts, as defined, and must be made only after receiving HUD authorization.

For the years ended June 30, 2015 and 2014, the Organization incurred \$17,338 and \$16,973, respectively, of accreted interest related to these notes.

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE J - Contributions in kind

Donations of services are recorded if they create or enhance a non-financial asset or are specialized skills that would be purchased if they were not donated. During the years ended June 30, 2015 and 2014, the Organization received donated legal, consulting, and other services valued at \$140,439 and \$214,383, respectively, from independent third parties.

Donations of materials and goods are recorded at the donor's estimated fair value at the date of donation. Such donations are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. During the years ended June 30, 2015 and 2014, the Organization received donated materials valued at approximately \$170,004 and \$275,664, respectively.

### NOTE K - Capital advances

The HUD projects received capital advances under Section 811 of the National Affordable Housing Act in 2004 for construction costs of Anixter Village, The Center Apartments for the Disabled, Crystal Courts, Halsted Apartments, NFP, and Housing Opportunities for Persons with Disabilities projects. The capital advances bear no interest, are secured by the real estate and personal property of the related HUD project, and need not be repaid as long as the housing remains available to disabled persons for at least 40 years. If a HUD project defaults under the terms of the note or its Regulatory Agreement, the entire principal sum plus interest from the date of the first advance shall become due at once.

The capital advances and annual default rates of interest were as follows for the years ended June 30, 2015 and 2014:

	<u>Capital Advance</u>	<u>Default Rate of Interest</u>
Anixter Village	\$ 2,167,700	5.250%
The Center Apartments for the Disabled	1,316,400	8.375%
Crystal Courts	1,746,100	5.750%
Halsted Apartments, NFP	2,201,900	5.250%
Housing Opportunities for Persons with Disabilities	<u>1,528,500</u>	7.750%
	<u>\$ 8,960,600</u>	

In addition to the above capital advance from HUD, Anixter Village also received a \$172,500 junior mortgage from One Mortgage Partners Corp. in 2006, which may be recaptured up to 15 years from the date of the HUD project's completion.

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE L - Temporarily restricted net assets

The following items were temporarily restricted as of June 30 due to either use or time restrictions:

	<u>2015</u>	<u>2014</u>
Capital advances	\$8,960,600	\$ 8,960,600
Junior mortgage	172,500	172,500
Pledges receivable	7,860	33,056
Contributions	45,111	77,315
	<u>\$9,186,071</u>	<u>\$ 9,243,471</u>

### NOTE M- Endowment

Anixter Center's endowment as of June 30, 2015 and 2014 consisted of a donor-restricted endowment fund. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2015 and 2014, permanently restricted net assets consisted entirely of endowment funds.

#### Interpretation of relevant law

The Board of Directors of Anixter Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historical cost 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, Anixter Center 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 income of the endowment shall be used in the sole discretion of the Anixter Center in the fulfillment of its purposes in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Anixter Center 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 Anixter Center and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Anixter Center
- (7) The investment policies of Anixter Center

See accompanying independent auditor's report.

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE M - Endowment, continued

*Endowment net asset composition by type of fund as of June 30, 2015*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 77,570</u>	<u>\$ -</u>	<u>\$ 261,954</u>	<u>\$ 339,524</u>

*Endowment net asset composition by type of fund as of June 30, 2014*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 87,777</u>	<u>\$ -</u>	<u>\$ 261,954</u>	<u>\$ 349,731</u>

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE M - Endowment, continued

#### *Change in endowment net assets for the years ended June 30, 2015 and 2014*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2013	\$ 76,053	\$ -	\$ 261,954	\$ 338,007
Investment return:				
Investment income	29	-	-	29
Net appreciation (realized And unrealized)	11,718	-	-	11,718
	<u>11,747</u>	<u>-</u>	<u>-</u>	<u>11,747</u>
Appropriation of endowment assets for expenditure	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>(23)</u>
Endowment net assets, June 30, 2014	87,777	-	261,954	349,731
Investment return:				
Investment income	2,410	-	-	2,410
Net depreciation (realized And unrealized)	(10,903)	-	-	(10,903)
	<u>(8,493)</u>	<u>-</u>	<u>-</u>	<u>(8,493)</u>
Appropriation of endowment assets for expenditure	<u>(1,714)</u>	<u>-</u>	<u>-</u>	<u>(1,714)</u>
Endowment net assets, June 30, 2015	<u>\$ 77,570</u>	<u>\$ -</u>	<u>\$ 261,954</u>	<u>\$ 339,524</u>

#### *Investment policies*

Anixter Center 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 Anixter Center must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that over time will average the level of the approved endowment spending rate plus inflation while minimizing investment risk. Actual results in any given year may vary from this amount.

See accompanying independent auditor's report.

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE M - Endowment, continued

#### Spending policies

Per donor instructions the interest earned on the endowment investment is to further enhance the mission of Anixter Center. Anixter Center has a policy of appropriating the accumulated earnings on the endowment as needed. This is consistent with the Anixter Center's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

### NOTE N - Lease commitments

The Organization has various operating leases for buildings and equipment. During the years ended June 30, 2015 and 2014, the Organization incurred \$178,126 and \$172,804, respectively, in total building rental cost. The Organization has also entered into various future lease commitments for equipment. Future lease commitments for various buildings and equipment in effect are as follows, as of June 30, 2015:

<u>Years Ending June 30,</u>	
2016	\$ 166,075
2017	132,957
2018	67,235
2019	2,037
Total	<u>\$ 368,304</u>

### NOTE O - Tax deferred savings plans

Anixter Center has made available to its employees tax deferred savings plans that allow them to contribute a percentage of their earnings to the plans. Anixter Center may make matching contributions to the plans at management's discretion. Employees become eligible to participate in these plans after completing three months of service. The funds in these plans are fully vested and are not managed or controlled by Anixter Center. There were no matching contributions relating to these plans during 2015 and 2014, respectively.

### NOTE P - Collective bargaining agreements

A significant portion of Anixter Center's non-management employees are covered by collective bargaining agreements. The current agreement between Anixter Center and the Local 20 Service Employees International Union (SEIU) representing such workers (totaling approximately 55% of all regular employees) expires on June 30, 2017.

See accompanying independent auditor's report.

LESTER AND ROSALIE ANIXTER CENTER  
AND AFFILIATES

SUPPLEMENTARY INFORMATION



## LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2015

	LESTER AND ROSALIE ANIXTER CENTER	HUD AFFILIATES	CENTER FOUNDATION	CONSOLIDATED
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 341,959	\$ 56,465	\$ 618	\$ 399,042
Receivables				
Grants, fees, and contracts receivable, net of allowance of \$173,487	1,242,796	91,478	-	1,334,274
Contributions receivable - current portion net of allowance of \$2,600	15,410	-	-	15,410
Inventories	3,848	-	-	3,848
Prepaid expenses	329,034	980	-	330,014
<b>TOTAL CURRENT ASSETS</b>	<b>1,933,047</b>	<b>148,923</b>	<b>618</b>	<b>2,082,588</b>
PROPERTY AND EQUIPMENT, net	3,365,208	10,514,722	3,423,827	17,303,757
<b>NONCURRENT ASSETS</b>				
Escrow accounts	-	957,580	-	957,580
Security deposits	14,273	-	-	14,273
Contributions receivable - long-term portion, net of discount of \$0	-	-	-	-
Investments, at fair value	7,080,325	-	-	7,080,325
Investment in Hairpin Lofts, LLC	10,000	-	-	10,000
Note receivable, net of \$1,056,392 discount	182,308	-	-	182,308
<b>TOTAL NONCURRENT ASSETS</b>	<b>7,286,906</b>	<b>957,580</b>	<b>-</b>	<b>8,244,486</b>
<b>TOTAL ASSETS</b>	<b>\$ 12,585,161</b>	<b>\$ 11,621,225</b>	<b>\$ 3,424,445</b>	<b>\$ 27,630,831</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Line of credit	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
Current portion of long-term debt	-	82,020	-	82,020
Accounts payable	302,377	95,071	-	397,448
Accrued salaries and benefits	387,894	1,326	-	389,220
Accrued vacation	897,004	10,480	-	907,484
Accrued expenses and other liabilities	193,754	87,203	1,000	281,957
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,781,029</b>	<b>276,100</b>	<b>1,000</b>	<b>7,058,129</b>
LONG-TERM DEBT, net of current portion	-	1,511,627	-	1,511,627
DUE TO LESTER AND ROSALIE ANIXTER CENTER	(1,878,594)	1,145,529	733,065	-
<b>TOTAL LIABILITIES</b>	<b>4,902,435</b>	<b>2,933,256</b>	<b>734,065</b>	<b>8,569,756</b>
<b>NET ASSETS</b>				
Unrestricted	7,367,801	(445,131)	2,690,380	9,613,050
Temporarily restricted	52,971	9,133,100	-	9,186,071
Permanently restricted	261,954	-	-	261,954
<b>TOTAL NET ASSETS</b>	<b>7,682,726</b>	<b>8,687,969</b>	<b>2,690,380</b>	<b>19,061,075</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,585,161</b>	<b>\$ 11,621,225</b>	<b>\$ 3,424,445</b>	<b>\$ 27,630,831</b>

\* Activity is shown net of all intra-entity transactions.

See independent auditor's report.

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2014

	LESTER AND ROSALIE ANIXTER CENTER	HUD AFFILIATES	CENTER FOUNDATION	CONSOLIDATED
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 338,552	\$ 151,867	\$ 510	\$ 490,929
Receivables				
Grants, fees, and contracts receivable, net of allowance of \$125,478	1,848,398	16,705	-	1,865,103
Contributions receivable - current portion, net of allowance of \$0	180,339	-	-	180,339
Inventories	14,454	-	-	14,454
Prepaid expenses	318,469	-	-	318,469
<b>TOTAL CURRENT ASSETS</b>	<b>2,700,212</b>	<b>168,572</b>	<b>510</b>	<b>2,869,294</b>
PROPERTY AND EQUIPMENT, net	3,295,479	10,925,385	3,542,417	17,763,281
<b>NONCURRENT ASSETS</b>				
Escrow accounts	-	916,786	-	916,786
Security deposits	14,308	-	-	14,308
Contributions receivable -long-term portion, net of discount of \$604	5,896	-	-	5,896
Investments, at fair value	7,584,043	-	-	7,584,043
Investment in Hairpin Lofts, LLC	10,000	-	-	10,000
Note receivable, net of \$1,063,992 discount	174,708	-	-	174,708
<b>TOTAL NONCURRENT ASSETS</b>	<b>7,788,955</b>	<b>916,786</b>	<b>-</b>	<b>8,705,741</b>
<b>TOTAL ASSETS</b>	<b>\$ 13,784,646</b>	<b>\$ 12,010,743</b>	<b>\$ 3,542,927</b>	<b>\$ 29,338,316</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Line of credit	\$ 3,805,000	\$ -	\$ -	\$ 3,805,000
Current portion of long-term debt	-	75,009	-	75,009
Accounts payable	374,777	143,761	-	518,538
Accrued salaries and benefits	362,161	895	-	363,056
Accrued vacation	902,436	7,996	-	910,432
Accrued expenses and other liabilities	159,957	90,870	1,000	251,827
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,604,331</b>	<b>318,531</b>	<b>1,000</b>	<b>5,923,862</b>
LONG-TERM DEBT, net of current portion	-	1,576,308	-	1,576,308
DUE TO LESTER AND ROSALIE ANIXTER CENTER	(1,942,064)	1,091,529	850,535	-
<b>TOTAL LIABILITIES</b>	<b>3,662,267</b>	<b>2,986,368</b>	<b>851,535</b>	<b>7,500,170</b>
<b>NET ASSETS</b>				
Unrestricted	9,750,054	(108,725)	2,691,392	12,332,721
Temporarily restricted	110,371	9,133,100	-	9,243,471
Permanently restricted	261,954	-	-	261,954
<b>TOTAL NET ASSETS</b>	<b>10,122,379</b>	<b>9,024,375</b>	<b>2,691,392</b>	<b>21,838,146</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,784,646</b>	<b>\$ 12,010,743</b>	<b>\$ 3,542,927</b>	<b>\$ 29,338,316</b>

\* Activity is shown net of all intra-entity transactions.

See independent auditor's report.

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	LESTER AND ROSALIE ANIXTER CENTER	HUD AFFILIATES	CENTER FOUNDATION	CONSOLIDATED
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions	\$ 930,958	\$ -	\$ -	\$ 930,958
Contributions in kind	310,443	-	-	310,443
Special events revenue	536,752	-	-	536,752
Total public support	<u>1,778,153</u>	<u>-</u>	<u>-</u>	<u>1,778,153</u>
Other revenues:				
Governmental grants	2,139,826	-	-	2,139,826
Governmental fees	10,207,148	-	-	10,207,148
Program fees	1,666,846	-	-	1,666,846
Rental revenue	363,111	1,271,406	-	1,634,517
Contract revenue	3,759,950	-	-	3,759,950
Other interest revenues	567	904	-	1,471
Miscellaneous revenues	35,086	8,288	-	43,374
Total other revenues	<u>18,172,534</u>	<u>1,280,598</u>	<u>-</u>	<u>19,453,132</u>
Investment income:				
Interest and dividends	21,251	-	-	21,251
Realized gain on investments	284,323	-	-	284,323
Unrealized loss on investments	(480,641)	-	-	(480,641)
Total investment income	<u>(175,067)</u>	<u>-</u>	<u>-</u>	<u>(175,067)</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>19,775,620</b>	<b>1,280,598</b>	<b>-</b>	<b>21,056,218</b>
<b>EXPENSES</b>				
Program services	18,104,909	1,617,004	-	19,721,913
Supporting services				
Center Foundation	-	-	1,012	1,012
Fundraising	868,546	-	-	868,546
Management and general	3,241,818	-	-	3,241,818
Total expenses	<u>22,215,273</u>	<u>1,617,004</u>	<u>1,012</u>	<u>23,833,289</u>
CHANGE IN NET ASSETS	(2,439,653)	(336,406)	(1,012)	(2,777,071)
NET ASSETS, BEGINNING OF YEAR	<u>10,122,379</u>	<u>9,024,375</u>	<u>2,691,392</u>	<u>21,838,146</u>
NET ASSETS , END OF YEAR	<u>\$ 7,682,726</u>	<u>\$ 8,687,969</u>	<u>\$ 2,690,380</u>	<u>\$ 19,061,075</u>

\* Activity is shown net of all intra-entity transactions.

See independent auditor's report.

LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

	LESTER AND ROSALIE ANIXTER CENTER	HUD AFFILIATES	CENTER FOUNDATION	CONSOLIDATED
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions	\$ 1,016,928	\$ -	\$ -	\$ 1,016,928
Contributions in kind	490,047	-	-	490,047
Special events revenue	753,303	-	-	753,303
Total public support	<u>2,260,278</u>	<u>-</u>	<u>-</u>	<u>2,260,278</u>
Other revenues:				
Governmental grants	2,166,973	-	-	2,166,973
Governmental fees	10,274,384	-	-	10,274,384
Program fees	966,416	-	-	966,416
Rental revenue	329,593	1,063,785	-	1,393,378
Contract revenue	4,183,759	-	-	4,183,759
Other interest revenues	10,822	927	-	11,749
Miscellaneous revenues	13,006	8,470	3,602	25,078
Total other revenues	<u>17,944,953</u>	<u>1,073,182</u>	<u>3,602</u>	<u>19,021,737</u>
Investment income:				
Interest and dividends	102,400	-	-	102,400
Realized loss on investments	(79,533)	-	-	(79,533)
Unrealized gain on investments	476,059	-	-	476,059
Total investment income	<u>498,926</u>	<u>-</u>	<u>-</u>	<u>498,926</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>20,704,157</b>	<b>1,073,182</b>	<b>3,602</b>	<b>21,780,941</b>
<b>EXPENSES</b>				
Program services	17,497,288	1,529,755	-	19,027,043
Supporting services				
Center Foundation	-	-	35,643	35,643
Fundraising	1,181,793	-	-	1,181,793
Management and general	3,056,385	-	-	3,056,385
Total expenses	<u>21,735,466</u>	<u>1,529,755</u>	<u>35,643</u>	<u>23,300,864</u>
<b>CHANGE IN NET ASSETS</b>	<b>(1,031,309)</b>	<b>(456,573)</b>	<b>(32,041)</b>	<b>(1,519,923)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>11,153,688</b>	<b>9,480,948</b>	<b>2,723,433</b>	<b>23,358,069</b>
<b>NET ASSETS , END OF YEAR</b>	<b>\$ 10,122,379</b>	<b>\$ 9,024,375</b>	<b>\$ 2,691,392</b>	<b>\$ 21,838,146</b>

\* Activity is shown net of all intra-entity transactions.

See independent auditor's report.

## LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor Number	Federal CFDA Number	Federal Expenditures
<b>LESTER AND ROSALIE ANIXTER CENTER</b>			
<b>U.S. Department of Education/</b>			
Pass-through State of Illinois Department of Human Services,			
Division of Rehabilitation Services			
New Focus	46CTD00301		\$ 28,884
Job Works	46CTD00251		141,656
Calor Vocational	46CTD00388		31,146
Professional Placement	46CTD00299		14,700
Competitive Placement	46CTD00453		140,540
On the Job Evaluation Services	46CTD00300		<u>51,205</u>
Total Vocational Rehabilitation Cluster		84.126	\$ 408,131
Pass-through State of Illinois Department of Human Services,			
Division of Rehabilitation Services			
Supported Employment	46CRTD00298	84.187	<u>941</u>
Total Department of Education			409,072
<b>U.S. Department of Health and Human Services/</b>			
Pass-through State of Illinois Department of Human Services,			
Division of Family and Community Services			
Prevention	FCSTP01426		103,816
Pass-through State of Illinois Department of Human Services,			
Division of Alcoholism and Substance Abuse			
Residential Treatment	43CTC00187		47,160
HIV Counseling	43CTC00002		<u>53,845</u>
Total		93.959	204,821 *
Pass-through AIDS Foundation			
Case Management Title 1	None	93.914	115,066 *
Pass-through State of Illinois Department of Human Services,			
Division of Family and Community Services			
Domestic Violence Prevention	FCSST01590		61,847
Donated Funds Initiative	FCSST01590		<u>6,147</u>
Total Division of Family and Community Services		93.667	67,994
Center of Disease Control			
Calor YMSM of Calor HIV Prevention			
Project in Chicago	None	93.939	<u>291,713</u> *
Total Department of Health and Human Services			679,594
<b>U.S. Department of Agriculture/</b>			
Pass-through Illinois State Board of Education			
Lunch program	15016813S19		13,995
Lunch program - Commodities (Non-Cash)	15016813S19		<u>965</u>
Total Department of Agriculture		10.555	14,960
<b>U.S. Department of Housing and Urban Development/</b>			
Pass-through City of Chicago Department of Public Health			
Housing Opportunities for Persons with AIDS (HOPWA)	27876 & 31814	14.241	<u>60,914</u>
Total Department of Housing and Urban Development			60,914

See notes to consolidated schedule of expenditures of federal awards

## LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor Number	Federal CFDA Number	Federal Expenditures
Department of Justice/ Office for Victims of Crime Information Authority	213081 & 214081	16.575	<u>52,227</u>
<b>TOTAL EXPENDITURE OF FEDERAL AWARDS</b>			
LESTER AND ROSALIE ANIXTER CENTER			<u>\$ 1,216,767</u>
<b>AFFILIATES</b>			
U.S. Department of Housing and Urban Development/ Supportive Housing for Persons with Disabilities			
Section 811 Capital Advance			
Anixter Village	None		2,167,700
The Center Apartments for the Disabled	None		1,316,400
Crystal Courts	None		1,746,100
Halsted Apartments, NFP	None		2,201,900
Housing Opportunities for Persons with Disabilities	None		<u>1,528,500</u>
Total section 811 capital advance			8,960,600
Project Rental Assistance Contracts (PRAC)			
Anixter Village	None		131,027
The Center Apartments for the Disabled	None		82,270
Crystal Courts	None		96,546
Halsted Apartments, NFP	None		91,689
Housing Opportunities for Persons with Disabilities	None		<u>121,581</u>
Total Project Rental Assistance Contracts (PRAC)		14.181	<u>523,113</u>
Total Supportive Housing for Persons with Disabilities			9,483,713 *
Section 8 Housing Assistance Payments Contracts			
Chase Apartments	None		110,511
Clark Street Apartments	None		<u>229,923</u>
Total Section 8 Housing Assistance Payments Contracts		14.182	340,434
Section 202 Direct Loan Mortgage			
Chase Apartments	None		268,279
Clark Street Apartments	None		<u>753,404</u>
Total section 202 direct loan mortgage		14.157	1,021,683 *
<b>TOTAL EXPENDITURE OF FEDERAL AWARDS AFFILIATES</b>			<u>\$ 10,845,830</u>
<b>LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES</b>			
<b>CONSOLIDATED EXPENDITURE OF FEDERAL AWARDS</b>			<u>\$ 12,062,597</u>

\* Denotes tested as a major program

## LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

### NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### NOTE A - Basis of presentation

The accompanying consolidated schedule of expenditures of federal awards includes the federal grant activity of Lester and Rosalie Anixter Center and Affiliates and is presented on the accrual basis of accounting. The federal grant activity of the Affiliates is to operate Department of Housing and Urban Development (HUD) financed properties. The information in this consolidated schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

#### NOTE B - Non-cash assistance

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2015, the Organization received food commodities totaling \$965.

#### NOTE C - Loans and loan guarantees

There were no loans or loan guarantees made with any federal award money received.

**LESTER AND ROSALIE ANIXTER CENTER  
AND AFFILIATES**

**OMB CIRCULAR A-133 AUDIT REQUIREMENTS**





**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Lester and Rosalie Anixter Center  
and Affiliates  
Chicago, Illinois

We have audited, in accordance with the 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, the consolidated financial statements of Lester and Rosalie Anixter Center and Affiliates (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2015 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 19, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Lester and Rosalie Anixter Center and Affiliates' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lester and Rosalie Anixter Center and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Lester and Rosalie Anixter Center and Affiliates' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lester and Rosalie Anixter Center and Affiliates' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we are required to report to management in a separate written communication. These matters were described in our communication letter to those charged with governance.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lester and Rosalie Anixter Center and Affiliates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lester and Rosalie Anixter Center and Affiliates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BDO USA, LLP*

November 19, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of  
Lester and Rosalie Anixter Center  
and Affiliates  
Chicago, Illinois

**Report on Compliance for Each Major Federal Program**

We have audited Lester and Rosalie Anixter Center and Affiliates' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that could have a direct and material effect on each of Lester and Rosalie Anixter Center and Affiliates' major federal programs for the year ended June 30, 2015. Lester and Rosalie Anixter Center and Affiliates' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Lester and Rosalie Anixter Center and Affiliates' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *U.S. Office of Management and Budget (OMB) Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lester and Rosalie Anixter Center and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lester and Rosalie Anixter Center and Affiliates' compliance.

#### **Opinion on Each Major Federal Program**

In our opinion, Lester and Rosalie Anixter Center and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

#### **Report on Internal Control Over Compliance**

Management of Lester and Rosalie Anixter Center and Affiliates is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lester and Rosalie Anixter Center and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *U.S. Office of Management and Budget (OMB) Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lester and Rosalie Anixter Center and Affiliates' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *U.S. Office of Management and Budget (OMB) Circular A-133*. Accordingly, this report is not suitable for any other purpose.

*BDO USA, LLP*

November 19, 2015

**LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**SECTION I - Summary of Auditor's Results**

Financial statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes     X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     X  No

Federal awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes     X  None reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? \_\_\_\_\_ Yes     X  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.157	Section 202 Direct Loan for Program
14.181	Section 811 Capital Advance Program - Supportive Housing for Persons with Disabilities
93.914	HIV/Emergency Relief Project Grants
93.939	HIV Prevention Activities - Non-Governmental Organization Based
93.959	Block Grants for Prevention and Treatment of Substance Abuse

# LESTER AND ROSALIE ANIXTER CENTER AND AFFILIATES

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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### SECTION I - Summary of Auditor's Results, continued

Dollar threshold used to distinguish between  
type A and type B programs: \$300,000

Auditee qualified as a low risk auditee? \_\_\_\_\_ Yes      X   No

### SECTION II - Financial statement findings

For the year ended June 30, 2015, there were no findings related to the consolidated financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

### SECTION III - Federal awards findings and questioned costs

For the year ended June 30, 2015, there were no findings and questioned cost for federal awards (as defined in Section 512(a) of the OMB Circular A-133) that are required to be reported.