

HEALTHY SCHOOLS CAMPAIGN

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

(With Independent Auditors' Report)

DECEMBER 31, 2014 and 2013

**HEALTHY SCHOOLS CAMPAIGN
FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

CONTENTS

	Page No.
FINANCIAL STATEMENTS	
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 9
SUPPLEMENTAL INFORMATION	
Statement of Functional Expenses	10



HORWICH COLEMAN LEVIN, LLC

CERTIFIED PUBLIC ACCOUNTANTS

125 SOUTH WACKER DRIVE - SUITE 1500
CHICAGO, ILLINOIS 60606-4477
(312) 341-0100
FAX: (312) 341-0155
www.horwich.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Healthy School Campaign
Chicago, Illinois

We have audited the accompanying financial statements of Healthy School Campaign (an Illinois non-profit corporation), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, and cash flows 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Healthy School Campaign as of December 31, 2014 and 2013, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Horwich Coleman Levin, LLC

Chicago, Illinois

A handwritten signature in cursive script that reads "Horwich Coleman Levin, LLC".

June 26, 2015

**HEALTHY SCHOOLS CAMPAIGN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013**

ASSETS	2014	2013
Current assets		
Cash and cash equivalents	\$ 1,048,463	\$ 669,671
Accounts receivable	127,418	137,323
Prepaid expenses	<u>16,330</u>	<u>7,302</u>
Total current assets	<u>1,192,211</u>	<u>814,296</u>
Office furniture and equipment, net	9,690	18,615
Other assets	<u>49,188</u>	<u>34,004</u>
TOTAL ASSETS	<u><u>\$ 1,251,089</u></u>	<u><u>\$ 866,915</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 37,539	\$ 21,173
Accrued wages and benefits	76,422	56,975
Accrued expenses	55,895	19,925
Deferred rent	1,742	15,882
Deferred revenue	<u>597,055</u>	<u>272,833</u>
Total current liabilities	<u>768,653</u>	<u>386,788</u>
Net assets		
Unrestricted net assets	<u>482,436</u>	<u>480,127</u>
Total net assets	<u>482,436</u>	<u>480,127</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,251,089</u></u>	<u><u>\$ 866,915</u></u>

The accompanying notes are an integral part of these statements

**HEALTHY SCHOOLS CAMPAIGN
STATEMENTS OF ACTIVITIES
FOR YEARS ENDED DECEMBER 31, 2014 AND 2013**

Year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2013 Total</u>
Public support and revenues				
Grants and contributions	\$ 1,629,308	\$ -	\$ 1,629,308	\$ 1,407,703
Government grants	105,419	-	105,419	107,081
Special events, net of expenses	183,270	-	183,270	188,430
Program service fees	95,000	-	95,000	-
Other income	7,310	-	7,310	1,079
Donated goods and services	486	-	486	51,184
Interest income	399	-	399	325
Net assets released from satisfaction of program restrictions	-	-	-	-
Total support and revenues	<u>2,021,192</u>	<u>-</u>	<u>2,021,192</u>	<u>1,755,802</u>
Expenses				
Program services	1,601,655	-	1,601,655	1,413,998
Management and general	193,674	-	193,674	152,386
Fundraising	223,554	-	223,554	171,002
Total expenses	<u>2,018,883</u>	<u>-</u>	<u>2,018,883</u>	<u>1,737,386</u>
Change in net assets	2,309	-	2,309	18,416
Net assets - beginning of the year	<u>480,127</u>	<u>-</u>	<u>480,127</u>	<u>461,711</u>
Net assets - end of the year	<u><u>\$ 482,436</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 482,436</u></u>	<u><u>\$ 480,127</u></u>

The accompanying notes are an integral part of these statements

**HEALTHY SCHOOLS CAMPAIGN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,309	\$ 18,416
Adjustments to reconcile net assets to net cash provided by (used in) operating activities		
Depreciation	8,925	10,748
Changes in operating assets and liabilities		
Accounts receivable	9,905	(26,215)
Prepaid expenses	(9,028)	11,182
Other assets	(15,184)	(15,592)
Accounts payable	16,366	(4,117)
Accrued expenses	35,970	482
Accrued wages and benefits	19,447	332
Deferred rent	(14,140)	(6,969)
Deferred revenue	324,222	(30,500)
	<u>378,792</u>	<u>(42,233)</u>
Net cash provided by (used in) operating activities	<u>378,792</u>	<u>(42,233)</u>
Net increase (decrease) in cash and cash equivalents	378,792	(42,233)
Cash and cash equivalents - beginning of the year	<u>669,671</u>	<u>711,904</u>
Cash and cash equivalents - end of the year	<u><u>\$ 1,048,463</u></u>	<u><u>\$ 669,671</u></u>

The accompanying notes are an integral part of these statements

**HEALTHY SCHOOLS CAMPAIGN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. ORGANIZATION AND ACTIVITIES

Healthy Schools Campaign is a non-profit organization headquartered in Chicago and organized under Illinois law. Healthy Schools Campaign is the leading advocate for policies and practices that allow all students, teachers, and staff to learn and work in a healthy school environment. Healthy School Campaign is a voice for people who care about the environment, children, and education. Healthy Schools Campaign receives contributions and grants from individuals, corporations, and foundations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

Healthy Schools Campaign prepares its financial statements on the accrual basis in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in ASC 958. Under ASC 958, Healthy Schools Campaign is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Restricted, Temporarily Restricted and Unrestricted Revenue and Support

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. 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. At December 31, 2014 and 2013 there were no temporarily or permanently restricted net assets.

Government Contributions

Support funded by government contracts, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services is met. Revenue is therefore recognized as earned as the conditions of eligible expenses are incurred. These expenditures are subject to audit and acceptance by the granting organization and, as a result of such audit, adjustments could be required.

**HEALTHY SCHOOLS CAMPAIGN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash in banks and all highly liquid debt instruments purchased with a maturity of three months or less.

Income Taxes

Healthy Schools Campaign is an exempt organization under Section 501(c) (3) of the Internal Revenue Code and files forms 990 in the U.S. federal jurisdiction and the State of Illinois. Healthy Schools Campaign follows U.S. GAAP on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. There were no unrecognized tax benefits identified or recorded as liabilities during the reporting periods covered by these financial statements. As of December 31, 2014, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are 2011 through 2014.

Estimates and Assumptions

The presentation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Healthy Schools Campaign values its cash and cash equivalents at fair value, based on the Level 1 hierarchy established by FASB in ASC 820-10.

Subsequent Events

Management evaluated all activity of the company through June 26, 2015, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements.

Office Furniture and Equipment

It is Healthy Schools Campaign's policy to capitalize acquisitions of office furniture, equipment, and building improvements over \$1,500 and depreciate by straight-line methods over the estimated useful lives as follows:

Building improvements	5-40 years
Office furniture, fixtures & equipment	3- 5 years

**HEALTHY SCHOOLS CAMPAIGN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The summary of office furniture and equipment at December 31, 2014 and 2013 is as follows:

	2014	2013
Office furniture and equipment	\$ 103,978	\$ 103,978
Less – accumulated depreciation	<u>(94,288)</u>	<u>(85,363)</u>
Office furniture and equipment, net	<u>\$ 9,690</u>	<u>\$ 18,615</u>

During the years ending December 31, 2014 and 2013, depreciation expense amounted to \$8,925 and \$10,748 respectively.

3. ACCOUNTS RECEIVABLE

The receivables represent the net realizable value of the amounts due from governmental and other funding sources. As of December 31, 2014, management believes all amounts are collectible and, accordingly, an allowance for uncollectible receivables is not considered necessary.

4. DEFERRED REVENUE

Healthy Schools Campaign has received corporate sponsorships and foundation grants in which the grants state the revenue is to be used in future periods. This amount totals \$597,055 at December 31, 2014 which has been reflected as deferred revenue in the accompanying Statement of Financial Position. This revenue will be recognized as income in 2015.

5. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and activities 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.

6. OPERATING LEASE

Healthy Schools Campaign leases its administrative facilities under a lease that as amended in January 2015 will expire on March 31, 2021. The lease contains provisions for future rent increases, rent free periods, and periods in which rent payments are reduced. The total amount of rental payments due over the lease term is being reflected as rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is charged to "Deferred Rent" which is included in "Current Liabilities" in the accompanying Statement of Financial Position.

**HEALTHY SCHOOLS CAMPAIGN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

6. OPERATING LEASE (continued)

Minimum rentals for the remaining lease term are as follows:

Year ended December 31,	
2015	\$ 71,302
2016	75,377
2017	77,101
2018	78,824
2019 and thereafter	<u>185,386</u>
Total	<u>\$ 487,990</u>

Rent expense for the years ended December 31, 2014 and 2013 was \$60,205 and \$66,243 respectively, and has been allocated to the programs benefited.

7. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at nationally known banks. These cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2014 the organization had \$549,886 in excess of FDIC insured limits, however management believes the risk of loss is minimal. The organization has not experienced any losses in such accounts nor believes it is exposed to any significant credit risk on cash and cash equivalents.

8. COST OF FUNDRAISING EVENTS

Cost of fundraising events for the years ended December 31, 2014 and 2013 was \$73,597 and \$60,971 respectively and is included as a reduction in revenue from special events in the statement of activities.

9. ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

Under ASC 740, *Accounting for Uncertainty in Income Taxes*, As of December 31, 2014 and 2013 there were no uncertain income tax positions.

10. CONTRIBUTIONS IN-KIND

The Organization records various types of in-kind support, including services, books, materials and other tangible assets. Contributed in-kind support is recognized in accordance with the FASB requirement as described in ASC 958, Not-for-Profit Entities, which specifies that professional services received be recognized if such services (a) create or enhance long-lived assets or (b) require specialized skills, is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Most of the services received by the Company do not meet these criteria. In 2014 and 2013, no amounts were recognized. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in allocated expense accounts or assets.

SUPPLEMENTAL INFORMATION

**HEALTHY SCHOOLS CAMPAIGN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>	<u>2014 Total</u>
<u>Functional Expenses</u>				
Salaries, taxes and fringe benefits:				
Salaries and wages	\$ 850,527	\$ 95,805	\$ 120,141	\$ 1,066,473
Payroll taxes and fringe benefits	245,017	27,599	34,610	307,226
Total salaries, taxes and fringe benefits	<u>1,095,544</u>	<u>123,404</u>	<u>154,751</u>	<u>1,373,699</u>
Other Operating Expenses:				
Accounting fees	-	10,805	-	10,805
Bank charges	1,096	123	155	1,374
Data services	2,078	234	293	2,605
Depreciation	7,118	802	1,005	8,925
Equipment	7,357	829	1,039	9,225
Permits and licenses	100	11	14	125
Insurance	-	4,597	-	4,597
Information technology	43,432	4,892	6,135	54,459
Meetings, trainings and conferences	89,741	10,109	12,676	112,526
Miscellaneous	11,710	1,319	1,654	14,683
Office expense	4,603	518	650	5,771
Printing and postage	27,172	3,061	3,838	34,071
Professional fees	125,202	14,103	17,685	156,990
Professional fundraising services	-	-	-	-
Program materials	19,007	-	-	19,007
Rent and utilities	50,593	5,699	7,146	63,438
Subscription and dues	928	105	131	1,164
Telephone	9,005	1,014	1,272	11,291
Travel	106,969	12,049	15,110	134,128
Total other operating expenses	<u>506,111</u>	<u>70,270</u>	<u>68,803</u>	<u>645,184</u>
Total Expenses	<u><u>\$ 1,601,655</u></u>	<u><u>\$ 193,674</u></u>	<u><u>\$ 223,554</u></u>	<u><u>\$ 2,018,883</u></u>

The accompanying notes are an integral part of these statements