

RANDALL GROSS & COMPANY, LTD.
CERTIFIED PUBLIC ACCOUNTANTS
110 SOUTH HAGER AVENUE
BARRINGTON, ILLINOIS 60010

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS CPA SOCIETY

(847) 381-5544
FAX (847) 381-5660
RANDCPA@AOL.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Barrington Area Community Foundation
Barrington, Illinois

We have audited the accompanying statement of financial position of the Barrington Area Community Foundation (a not-for-profit organization) as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Barrington Area Community Foundation as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



August 12, 2008

BARRINGTON AREA COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2007

ASSETS

Cash and cash equivalents	\$ 309,433
Total current assets	309,433
Investments – (Note 2 & 5)	<u>2,235,889</u>
Total assets	\$ <u>2,545,322</u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$ <u>3,988</u>
Total current liabilities	3,988
Net Assets:	
Unrestricted	<u>2,541,334</u>
Total liabilities and net assets	\$ <u>2,545,322</u>

The accompanying notes are an integral part of the financial statements

BARRINGTON AREA COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2007

Revenues		
Contributions		\$ 206,616
Special Events	\$164,353	
Less: Costs of direct benefits to donors	<u>(63,204)</u>	
	101,149	
Net revenues from special events		101,149
Investment Income (Note 2)		<u>126,587</u>
Total revenues		434,352
 Expenses		
Program expense		
Grant expense		106,000
Supporting services		
Management and general		12,038
Fundraising		<u>9,247</u>
Total program and support services expense		<u>127,285</u>
Increase in unrestricted net assets		<u>307,067</u>
Unrestricted net assets		
Beginning		<u>2,234,267</u>
Ending		<u>\$ 2,541,334</u>

The accompanying notes are an integral part of the financial statements

BARRINGTON AREA COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2007

	Program	Management and General	Fundraising	Total
Grants paid to others	\$106,000			\$ 106,000
Office Expense		\$ 2,375	\$ 4,650	7,025
Committee Expense		928		928
Bank & filing fees		210		210
Printing		2,620	4,597	7,217
Professional fees	<u> </u>	<u>5,905</u>	<u> </u>	<u>5,905</u>
	<u>\$106,000</u>	<u>\$ 12,038</u>	<u>\$ 9,247</u>	<u>\$127,285</u>

The accompanying notes are an integral part of the financial statements

BARRINGTON AREA COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007

Cash flows from operating activities	
Increase in net assets	\$ 307,067
Adjustments to reconcile increase in net assets to cash provided by operating activities	
Net unrealized gain on investments	142,519
Net realized loss on investments	(214,982)
Change in operating assets and liabilities	
Increase in accounts payable	<u>2,789</u>
Net cash provided from operating activities	<u>237,393</u>
Cash flows used for investing activities	
Purchase of investments	(1,166,064)
Proceeds from sale of investments	<u>940,158</u>
Net cash used by investing activities	<u>(225,906)</u>
Net increase in cash and cash equivalents	11,487
Cash and cash equivalents, beginning of year	<u>297,946</u>
Cash and cash equivalents, end of year	<u>\$ 309,433</u>

The accompanying notes are an integral part of the financial statements

BARRINGTON AREA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2007

NOTE 1. Purpose of Foundation and Summary of Significant Accounting Policies

Purpose

Barrington Area Community Foundation was formed in August 1998 by community leaders to serve as a charitable vehicle to support the quality of life in the Barrington, Illinois area, which includes communities served by Community Consolidated School District 220 and the Barrington Area Council of Governments. The Foundation is committed to promoting the well being of mankind and to serving the general charitable, educational and scientific needs of the residents of the Barrington Area through charitable grants made at the discretion of the Board of Directors.

Basis of Accounting

The financial statements reflect the accrual basis of accounting in which revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The Foundation maintains cash deposits in financial institutions in excess of federal deposit insurance limits.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value based upon quoted market prices. Net realized and unrealized gains or losses on sales of securities are based on specific identification of investments. Net realized and unrealized gains and losses are presented as components of investment income in the statement of activities.

Financial Instruments

The Foundation has no financial instruments for which the carrying value materially differs from fair value.

NOTES TO THE FINANCIAL STATEMENTS – continued

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

Contributions of donated noncash assets are recorded at their fair values in the period received.

Promises to Give

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Grants

Grants are recorded as expenses at time of payment.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses.

NOTES TO THE FINANCIAL STATEMENTS – continued

NOTE 2. Investments

Investments consist of the following at December 31, 2007

Common Stock	\$ 1,152
Mutual Funds	<u>2,234,737</u>
	<u>\$ 2,235,889</u>

Investment income is made up of the following:

Realized gains (losses)	\$ 214,982
Unrealized gains (losses)	(142,519)
Interest and dividends	<u>54,124</u>
	<u>\$ 126,587</u>

NOTE 3. Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the organization's programs, principally in administration and fund-raising activities. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

NOTE 4. Income Taxes

Barrington Area Community Foundation is exempt from tax under 501(c)(3) of the Internal Revenue Code.

NOTE 5. Related Party Transactions

The Foundation has brokerage account relationships with two firms to transact the purchase and sale of securities based upon the Foundation's investment committee's recommendations. A director of the Foundation is currently an account executive at one of the brokerage firms which holds approximately \$2,235,889 of the Foundation's cash and securities.

In the opinion of management these transactions were on substantially the same terms as the prevailing prices at the time of comparable pricing with other brokerage firms and did not present any other unfavorable terms to the Foundation.