ZACHARIAS SEXUAL ABUSE CENTER

FINANCIAL STATEMENTS

JUNE 30, 2020

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Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Zacharias Sexual Abuse Center
Gurnee, Illinois

We have audited the accompanying financial statements of ZACHARIAS SEXUAL ABUSE CENTER (an Illinois nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 ZACHARIAS SEXUAL ABUSE CENTER as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the Organization adopted Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230): *Restricted Cash*, (ASU) No. 2014-09 (Topic 606), *Revenue from Contracts with Customers* and ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made and* ASU 2016-01 *Financial Instruments): Recognition and Measurement of Financial Assets and Financial Liabilities*, and related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—– Overall (Subtopic 825-10)*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the ZACHARIAS SEXUAL ABUSE CENTER's financial statements for the year ended June 30, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 27, 2019. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Warady & Davis LLP

December 21, 2020

STATEMENTS OF FINANCIAL POSITION

As of June 30	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 743,668	$ 882,565
Grants and Other Receivables	122,625	132,291
Prepaid Expenses	—	12,000
Pledges Receivable	41,310	68,855
Investments	3,355,693	3,332,458
Total Current Assets	4,263,296	4,428,169
PROPERTY AND EQUIPMENT, net of Accumulated Depreciation	2,479,844	2,501,178
RESTRICTED CASH AND CASH EQUIVALENTS	—	205,700
ENDOWMENT INVESTMENTS	208,075	—
TOTAL ASSETS	$ 6,951,215	$ 7,135,047
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Mortgage Loans Payable	$ 43,293	$ 170,050
Accounts Payable	10,863	483
Accrued Salaries and Payroll Taxes	54,917	38,866
Accrued Vacation	53,086	40,659
Payroll Protection Program Loan	172,572	—
Total Current Liabilities	334,731	250,058
LONG-TERM LIABILITIES		
Mortgage Loans Payable	270,411	174,183
NET ASSETS		
Without Donor Restrictions		
Board-Designated	268,992	309,283
Fixed Assets Fund	2,166,140	2,156,945
Undesignated	3,580,723	3,903,610
	6,015,855	6,369,838
With Donor Restrictions		
Time and Purpose Restrictions	124,518	135,268
Endowment - Restricted in Perpetuity	205,700	205,700
	330,218	340,968
Total Net Assets	6,346,073	6,710,806
TOTAL LIABILITIES AND NET ASSETS	$ 6,951,215	$ 7,135,047

See accompanying notes.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Public Support						
United Way	**$ 32,907**	**$ 31,310**	**$ 64,217**	$ 32,684	$ 31,310	$ 63,994
ICASA Grant	**358,024**		**358,024**	336,320		336,320
Foundations and Corporations	**206,830**	**85,000**	**291,830**	274,250	96,250	370,500
Individual Contributions	**393,317**		**393,317**	589,369		589,369
ILDHS Grant	**60,245**		**60,245**	187,604		187,604
Attorney General Grants	**12,500**		**12,500**	9,726		9,726
Township Grants	**9,668**	**5,833**	**15,501**	13,292	7,708	21,000
County/Municipal Grants	**7,000**		**7,000**	8,090		8,090
Donated Facilities and Services	**34,465**		**34,465**	43,381		43,381
Total Public Support	**1,114,956**	**122,143**	**1,237,099**	1,494,716	135,268	1,629,984
Special Events						
Gross Event Revenue	**379,991**		**379,991**	508,552		508,552
Less: Direct Expenses	**(52,569)**		**(52,569)**	(85,524)		(85,524)
	327,422		**327,422**	423,028		423,028
Program Service Fees	**1,920**		**1,920**	4,727		4,727
Investment Income, net	**113,236**	**2,375**	**115,611**	206,524		206,524
Net Assets Released from Restrictions						
Expiration of Time Restrictions	**31,310**	**(31,310)**	—	31,310	(31,310)	—
Released for Specified Purpose	**103,958**	**(103,958)**	—	104,500	(104,500)	—
	135,268	**(135,268)**	—	135,810	(135,810)	—
Total Revenues	**1,692,802**	**(10,750)**	**1,682,052**	2,264,805	(542)	2,264,263
EXPENSES						
Program Services	**1,435,069**		**1,435,069**	1,152,591		1,152,591
Supporting Services						
Management and General	**466,015**		**466,015**	472,201		472,201
Fund-Raising	**145,701**		**145,701**	303,410		303,410
Total Expenses	**2,046,785**		**2,046,785**	1,928,202		1,928,202
CHANGE IN NET ASSETS	**(353,983)**	**(10,750)**	**(364,733)**	336,603	(542)	336,061
Net Assets - Beginning	**6,369,838**	**340,968**	**6,710,806**	6,033,235	341,510	6,374,745
NET ASSETS - ENDING	**$ 6,015,855**	**$ 330,218**	**$ 6,346,073**	$ 6,369,838	$ 340,968	$ 6,710,806

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30	2020					2019
	Program Services	**Management and General**	**Fund-Raising**	**Special Fundraising Events**	**Total Expenses**	Summarized Total
Personnel						
Salaries	**$ 868,643**	**$ 249,900**	**$ 82,899**	**$**	**$ 1,201,442**	$ 1,125,080
Payroll Taxes	**79,105**	**22,758**	**7,549**		**109,412**	100,347
Employee Benefits	**157,094**	**45,194**	**14,992**		**217,280**	192,762
	1,104,842	**317,852**	**105,440**		**1,528,134**	1,418,189
Occupancy						
Mortgage Interest	**13,278**	**1,531**	**1,305**		**16,114**	15,752
Utilities	**13,543**	**1,561**	**1,331**		**16,435**	17,665
Repairs and Maintenance	**56,978**	**6,569**	**5,601**		**69,148**	87,974
	83,799	**9,661**	**8,237**		**101,697**	121,391
Professional Fees	**65,289**	**106,281**	**4,460**	**6,262**	**182,292**	179,136
Insurance	**20,556**	**5,914**	**1,962**		**28,432**	26,766
Advertising	**1,512**	**229**	**550**		**2,291**	8,683
Dues and Subscriptions	**856**	**342**	**997**		**2,195**	2,017
Meals and Acknowledgements	**4,659**	**1,340**	**445**		**6,444**	3,438
Background Checks	**1,563**	**450**	**149**		**2,162**	745
Bank Fees		**1,453**		**5,333**	**6,786**	10,845
Postage	**1,945**	**560**	**186**	**24**	**2,715**	4,893
Venue Rent				**11,068**	**11,068**	41,225
Special Event Meals				**25,866**	**25,866**	19,471
Marketing	**15,273**	**1,220**	**7,905**		**24,398**	3,565
Personnel Development	**1,104**	**12**	**11**		**1,127**	581
Travel	**6,853**	**901**	**1,347**	**82**	**9,183**	8,061
Supplies	**17,884**	**2,003**	**621**	**715**	**21,223**	16,954
Printing	**851**	**24**	**2,718**	**3,219**	**6,812**	11,745
Telecommunications	**14,895**	**2,838**	**1,582**		**19,315**	18,394
Depreciation and Amortization	**93,188**	**14,935**	**9,091**		**117,214**	117,627
	246,428	**138,502**	**32,024**	**52,569**	**469,523**	474,146
	1,435,069	**466,015**	**145,701**	**52,569**	**2,099,354**	2,013,726
Less Amounts Reported on Statement of Activities				**(52,569)**	**(52,569)**	(85,524)
TOTALS	**$ 1,435,069**	**$ 466,015**	**$ 145,701**	**$ —**	**$ 2,046,785**	$ 1,928,202

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	**$ (364,733)**	$ 336,061
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	**117,214**	112,346
Amortization of Intangibles	**—**	5,281
Realized and Unrealized Gains	**(38,647)**	(64,555)
Change in Operating Assets and Liabilities		
Grants and Other Receivables	**9,666**	(16,462)
Prepaid Expenses	**12,000**	6,524
Pledges Receivable	**27,545**	8,990
Accounts Payable	**10,380**	(1,409)
Accrued Salaries and Payroll Taxes	**16,051**	(16,511)
Accrued Vacation	**12,427**	(2,112)
Total Adjustments	**166,636**	32,092
Net Cash Provided (Used) by Operating Activities	**(198,097)**	368,153
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	**(38,305)**	(10,706)
Purchases of Land, Buildings and Improvements	**(57,575)**	(50,894)
Purchases of Investments	**(614,163)**	(702,252)
Proceeds from Sales of Investments and Maturities of CD's	**527,158**	678,536
Dividends Reinvested in Mutual Funds	**(102,974)**	(167,319)
Change in Cash in Endowment Investments	**(2,684)**	—
Net Cash Used by Investing Activities	**(288,543)**	(252,635)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Mortgage Obligations	**(30,529)**	(36,344)
Borrowings on PPP Loan	**172,572**	—
Net Cash Provided (Used) by Financing Activities	**142,043**	(36,344)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH	**(344,597)**	79,174
Cash and Cash Equivalents, and Restricted Cash - Beginning of Year	**1,088,265**	1,009,091
CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	**$ 743,668**	$ 1,088,265
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	**$ 16,114**	$ 15,752
Cash, Cash Equivalents and Restricted Cash, Ending consists of:		
Cash and Cash Equivalents	**$ 743,668**	$ 882,565
Restricted Cash	**—**	205,700
Total Cash, Cash Equivalents and Restricted Cash	**$ 743,668**	$ 1,088,265

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

NATURE OF ACTIVITIES

The Zacharias Sexual Abuse Center (the Center) is a non-profit, publicly-supported corporation whose mission is to provide a place where survivors of sexual assault and abuse can heal, and to mobilize the community toward action to end sexual violence. The services provided by the organization include prevention programs, counseling, medical and legal advocacy, a 24-hour support line, professional training and community education. Programs are provided for children, adults and families. Zacharias Sexual Abuse Center's primary funding sources are grants from the United Way, the Illinois Coalition Against Sexual Assault (ICASA), the Illinois Department of Human Services (IDHS) and other grants and contributions from private foundations and the general public.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors (Board). Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Additionally, certain net assets represent funds subject to the restrictions of gift instruments requiring the principal to be maintained permanently intact while the investment earnings are classified as with donor restrictions until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and may be spent on any Center program.

Cash, Cash Equivalents, and Restricted Cash

For purposes of these financial statements, cash includes cash on hand and in checking and money market accounts held for operating purposes. The Center considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment acquisitions of $500 or more are capitalized and recorded at cost, less accumulated depreciation. Donated fixed assets are capitalized at the estimated fair value on the date of donation. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets: 10 to 40 years for buildings and improvements, and 3 to 10 years for furniture and equipment.

Contributions and Pledges Receivable

Contributions, including unconditional promises to give, are recorded when received. All contributions are available for general operating use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give due in the next year are reflected as current pledges receivable at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term pledges and are recorded at their net present value, using interest discount rates applicable to the years in which the promises are received. No allowance for uncollectible pledges has been recorded, as management expects no material amounts of uncollectible pledges.

In-Kind Donations and Contributed Services

Donated materials and equipment are recognized at fair value at the date of receipt. Donated personal services are recognized only if they either (a) create or enhance non-financial assets (such as property and equipment), or (b) they require specialized skills which would be purchased if they were not donated. Donated services that do not meet either requirement are not recorded in the accompanying financial statements.

The financial statements reflect amounts for in-kind contributions for which an objective basis is available to measure their value. Revenues are reflected in contributions, and the expenses are recorded in the corresponding functional expense category in the accompanying statements of activities. The Center recognized donated counseling services in the amount of $15,940 for the year ended June 30, 2020 and $16,741 for the year ended June 30, 2019. Additionally, donated professional, and other services were $18,525 for the year ended June 30, 2020 and $26,640 for the year ended June 30, 2019.

The Center also receives a significant amount of donated services from unpaid volunteers and Board members who assist in its programs in the furtherance of its purposes. No amounts have been recognized in the statement of activities related to these services because the criteria for recognition under the FASB Codification topic related to contributions made and received have not been satisfied.

Advertising Costs

Advertising costs primarily represent advertisements for program services and are expensed as incurred. Total advertising expense was $2,291 for 2020 and $8,683 for 2019.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses are charged directly to programs or management and general categories based upon specific identification where possible. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management. These methods include an allocation of personnel, and any other costs deemed to be related to time and efforts expended by employees on the different functional categories and allocation of occupancy and related costs using space utilization percentages occupied by the various functions.

The year ended June 30, 2019 was an unusual and extraordinary year of constant staff turnover and organizational change for the Center. The time study used to allocate salaries, wages, and related costs was not conducted during a time that reflects usual and customary business and program activity. The statement of functional expenses for the year ended June 30, 2019 does not reflect the Center's historically consistent percentage of costs allocated to administrative and fundraising expenses.

Use of Estimates

The preparation of 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 financial statements, and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the IRS has determined that the Center is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Center is similarly classified for State purposes.

The Center follows the guidance in the FASB Codification topic related to uncertainty in income taxes which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Center has taken or expects to take in its tax returns. Under the guidance, the Center may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. The Center believes that it has appropriate support for the positions taken on its returns. The Center files its forms 990 in the U.S. federal jurisdiction and the office of the State's Attorney General for Illinois.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by functional expense classifications. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Accounting Pronouncements

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all entities that receive or make contributions and clarifies the definition of an exchange transaction. The criteria for evaluating whether contributions are unconditional (and thus recognized immediately as revenue) or conditional (for which revenue recognition is delayed until the condition is met) have been clarified. The focus is whether a gift or grant agreement both (1) specifies a "barrier" that the recipient must overcome to be entitled to the resources and (2) releases the donor from its obligation to transfer resources if the barrier is not achieved. An agreement that includes both is a conditional contribution. The Organization adopted the ASU commencing July 1, 2019.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 (Topic 606): *Revenue from Contracts with Customers*, which superseded the revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The ASU was effective for annual reporting periods beginning after December 15, 2018, but was extended until years beginning after December 15, 2019. The Center's management early adopted the ASU effective July 1, 2019. Center's management determined there was no cumulative effect of applying the new standard to the opening balance of net assets without donor restrictions and there is no impact to change in net assets without donor restrictions currently or in the future.

The adoption of the ASU did not have a significant impact on the Organization's financial position, results of activities, or cash flows. A substantial portion of the Center's revenue relates to contributions and the only arrangements to which the ASU would be applicable is program service fees and special event revenues. Based on the Center's evaluation of its contracts with customers, the timing and amount of revenues recognized previously is consistent with how revenues are recognized under the new standard. Therefore, in accordance with U.S. GAAP these fees are recognized in revenue at a point in time, when received.

Special event revenue, which include registration fees or ticket purchases, sponsorships and purchase of auction and raffle items, are recorded equal to the cost of direct benefits to donors, and contribution revenue for the difference. Based on the Center's evaluation of its contracts with customers, the timing and amount of revenues recognized previously is consistent with how revenues are recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements (Continued)

As of July 1, 2019, the Organization adopted ASU 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*, which requires that restricted cash and cash equivalents, be included in beginning and ending cash in the statements of cash flows. The adoption of Accounting Standards Update 2016-18 resulted in the reclassification of certain items related to restricted cash in the statement of cash flows for the year ended June 30, 2019.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall* (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall* (Subtopic 825-10). These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in an entity's statement of activities.

The Center adopted the amendments of this standard applicable to equity investments with readily determinable fair values effective July 1, 2019, using the modified retrospective method. The Center determined that there was no cumulative effect of applying the new standard to the opening balance of net assets.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Center's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The lease standard is expected to increase assets and lease liabilities upon adoption and there is not expected to be a significant impact on expenses or cash flows.

NOTE 2—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Center's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2020	2019
Cash and Cash Equivalents	**$ 743,668**	$ 882,565
Grants and Other Receivables	**122,625**	132,291
Pledges Receivable	**41,310**	68,855
Investments	**3,355,693**	3,332,458
Restricted Cash	**208,075**	205,700
Less those unavailable for general expenditures within one year due to:		
Net Assets with Donor Restriction	**(330,218)**	(340,968)
Net Assets Designated by the Board	**(268,992)**	(309,283)
Financial assets available to meet cash needs for general expenditures within one year	**$ 3,872,161**	$ 3,971,618

Donor-restricted amounts that are available for use within one year for general purposes include the allocation from the United Way of Lake County of $31,310. The Center has more than sufficient liquid assets to meet one year of expenses. As part of the Center's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically negotiable Certificates of Deposit and Mutual Funds.

NOTE 3—RESTRICTED CASH

At June 30, 2019, the Center had restricted cash of $205,700 for an endowment fund as the money cannot be used for general operations. During the year ended June 30, 2020, the Center invested the funds in various mutual funds to obtain a better investment return. The funds are included in Endowment Investments on the statements of financial position as of June 30, 2020.

NOTE 4—PLEDGES RECEIVABLE

Pledges at June 30 consist of items receivable from:

	2020	2019
United Way	**$ 31,310**	$ 31,310
Townships	**5,000**	13,500
Corporations, Foundations, and Individuals	**5,000**	24,045
	$ 41,310	$ 68,855

As of June 30, 2020 and 2019 all pledges and grants receivable are due within one year. No allowance for uncollectible pledges has been recorded, as all pledges are considered collectible.

NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENT

Fair values and unrealized appreciation at June 30, 2020 and 2019 of board-designated and unrestricted investments are summarized as follows:

June 30, 2020	Cost	Fair Value	Unrealized Appreciation
Without Donor Restrictions and Undesignated -			
Mutual Funds	$ 2,970,201	$ 3,355,693	$ 385,492
With Time Donor Restrictions			
Cash and Cash Equivalents	$ 2,684	$ 2,684	$ —
With Donor Restrictions in Perpetuity			
Mutual Funds	206,544	205,391	(1,153)
	$ 209,228	$ 208,075	$ (1,153)

June 30, 2019	Cost	Fair Value	Unrealized Appreciation
Without Donor Restrictions and Undesignated -			
Certificate of Deposit	$ 142,514	$ 144,672	$ 2,158
Mutual Funds	2,792,334	3,187,786	395,452
	$ 2,934,848	$ 3,332,458	$ 397,610

The FASB Codification establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Center would use in pricing the asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Center are traded.

Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities. These include the Center's mutual funds.

Level 2 – Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly. These include certificates of deposit included in the Center's investment portfolio.

Level 3 – Valuation based on inputs that are unobservable and reflects management's best estimate of what market participants would use as fair value.

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

NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

The following is the Center's financial assets that were measured at fair value, on a recurring basis, as of June 30, 2020 and 2019 by level within the fair value hierarchy. There have been no changes in the methodologies used at June 30, 2020 or 2019.

Investments	Fair Value at June 30, 2020	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds				
Growth and Income Funds	$ 1,171,492	$ 1,171,492	$ —	$ —
Blend Funds	179,548	179,548	—	—
Bond Funds	1,299,484	1,299,484	—	—
Value Funds	705,169	705,169	—	—
	$ 3,355,693	$ 3,355,693	$ —	$ —

Investments	Fair Value at June 30, 2019	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	$ 144,672	$ —	$ 144,672	$ —
Mutual Funds				
Growth and Income Funds	1,136,498	1,136,498	—	—
Blend Funds	193,311	193,311	—	—
Bond Funds	1,160,302	1,160,302	—	—
Value Funds	697,675	697,675	—	—
	$ 3,332,458	$ 3,187,786	$ 144,672	$ —

NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2020 and 2019.

Year Ended June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividend Income	$ 106,027	$ 4,961	$ 110,988
Realized and Unrealized Gains/(Losses)	39,800	(1,153)	38,647
Investment Fees	(32,591)	(1,433)	(34,024)
	$ 113,236	$ 2,375	$ 115,611

Year Ended June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividend Income	$ 172,075	$ —	$ 172,075
Realized and Unrealized Gains	64,555	—	64,555
Investment Fees	(30,106)	—	(30,106)
	$ 206,524	$ —	$ 206,524

NOTE 6—PROPERTY AND EQUIPMENT

	2020	2019
Land	**$ 393,557**	$ 393,557
Building, Building and Improvements, and Parking Lot Improvements	**3,096,221**	3,038,646
Furniture and Equipment	**699,566**	661,261
	4,189,344	4,093,464
Less: Accumulated Depreciation	**1,709,500**	1,592,286
	$ 2,479,844	$ 2,501,178

Depreciation expense on Buildings and Improvements was $83,594 for the year ended June 30, 2020 and $81,444 for the year ended June 30, 2019. Depreciation expense on Furniture and Equipment was $33,620 for the year ended June 30, 2020 and $30,902 for the year ended June 30, 2019.

NOTE 7—INTANGIBLES

In 2016, the Center incurred $21,124 of expenses to redesign its website which were capitalized and are presented as website design costs on the statements of financial position. Accumulated amortization was $21,124 as of June 30, 2020 and 2019. Amortization expense was $-0- for the year ended June 30, 2020 and $5,281 for 2019.

NOTE 8—NOTES PAYABLE

The Organization was awarded a $172,572 Payroll Protection Program ("PPP") loan in April 2020 through the U.S. Small Business Administration ("SBA") to help keep their workforce employed during the Coronavirus (COVID-19) pandemic. The loan bears interest at a fixed rate of 1.00%. All payments of principal and interest are deferred for 10 months after the end of the borrower's loan forgiveness covered period. The loan matures on April 20, 2022. The Organization received notification on December 10, 2020 that the full balance of their PPP loan was forgiven by the SBA, therefore the balance of this loan was classified as a current liability on the statements of financial position.

As permitted under accounting principles U.S. GAAP, the Organization is treating the possible loan forgiveness as a gain contingency under ASC 450-30. Under this standard, the proceeds from the loan and any accrued interest thereof will remain reported as a liability on the statements of financial position until the federal agency lender legally forgives the loan.

The Center has a mortgage loan payable to First Midwest Bank with an original amount of $560,000, which was issued in 1998 and refinanced on May 12, 2014 and again on May 12, 2019. The new loan issue amount was $190,695 and has a balance of $174,413 at June 30, 2020. The loan carries a fixed interest rate of 5.00% and is secured by a first mortgage on the Center's building in Gurnee, Illinois. Monthly payments of principal and interest in the amount of $3,126 began June 12, 2014 and were revised to $2,030 beginning June 12, 2019. The loan matures on May 12, 2024 at which time the loan becomes due in full. Mortgage interest expense was $9,355 for the year ended June 30, 2020 and $8,817 for the year ended June 30, 2019.

A schedule of annual debt service on the loan follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	$ 16,000	$ 8,357	$ 24,357
2022	16,818	7,539	24,357
2023	17,679	6,678	24,357
2024 (Includes Balloon Payment)	123,916	5,774	129,690
	$ 174,413	$ 28,348	$ 202,761

The Center has an additional mortgage loan payable to First Midwest Bank with an original amount of $200,000, which was issued on January 29, 2015 and refinanced on February 1, 2020. The new loan issue amount was $148,078 and has a balance of $139,291 at June 30, 2020. The loan carries a fixed interest rate of 4.89% and is secured by a first mortgage on the Center's building in Skokie, Illinois. Monthly payments of principal and interest in the amount of $1,511 began March 1, 2015 and were revised to $2,791 beginning March 1, 2020. The loan matures on February 1, 2025 at which time the loan becomes due in full. Mortgage interest expense was $6,759 for the year ended June 30, 2020 and $6,935 for the year ended June 30, 2019.

NOTE 8—NOTES PAYABLE (Continued)

Fiscal Year Ending June 30	Principal	Interest	Total
2021	$ 27,293	$ 6,205	$ 33,498
2022	28,658	4,840	33,498
2023	30,091	3,407	33,498
2024	31,596	1,902	33,498
2025	21,653	395	22,048
	$ 139,291	$ 16,749	$ 156,040

NOTE 9—BOARD-DESIGNATED NET ASSETS

Fixed assets (net of the related mortgage obligation) and intangibles in the amount of $2,166,140 at June 30, 2020, and $2,156,945 at June 30, 2019, have been segregated as a board-designated component of unrestricted net assets to indicate their unavailability for current operations. Board-designated assets also include cash set aside as part of the Center's building expansion program in the amount of $268,992 at June 30, 2020 and $309,283 at June 30, 2019.

NOTE 10—RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes:

	June 30, 2020	June 30, 2019
Children's Programs	**$ 20,000**	$ 4,500
Advocacy Programs	**70,833**	99,458
Endowment Earnings	**2,375**	—
Time Restricted - United Way	**31,310**	31,310
	$ 124,518	$ 135,268

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of other events specified by the donors, or through the passage of time. Restrictions released were as follows:

Restriction	**June 30, 2020**	June 30, 2019
Time Restricted - United Way Grants	**$ 31,310**	$ 31,310
Expended for Children's Programs	**4,500**	39,500
Expended for Advocacy Programs	**99,458**	65,000
	$ 135,268	$ 135,810

Additionally, net assets with donor restrictions of $205,700 at June 30, 2020 and 2019 consist of a general endowment fund which is held in a money market account with the objective of preserving the endowment fund principal. The investment earnings of the endowment fund are not restricted for a specific purpose.

NOTE 10—RESTRICTIONS ON NET ASSETS (Continued)

The Center interprets UPMIFA adopted by the State of Illinois as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with donor restrictions in perpetuity a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with time or purpose donor restrictions until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 the Center, and (7) the Center's investment policies. The Center has not adopted investment and spending polices related to endowment funds due to the insignificant amounts of income generated from the fund. The endowment is invested in cash equivalents. The entire amount of income is appropriated for expenditure in the year earned.

Endowment net asset composition as of June 30 is as follows:

	2020	2019
Net Assets With Donor Restrictions		
Donor-Restricted Endowment Funds	**$ 205,700**	$ 205,700

Changes in endowment net assets as of June 30, 2020 and 2019 are as follows:

	Without Donor Restriction	With Donor Restriction	With Donor Restriction in Perpetuity	Total
Endowment Net Assets, July 1, 2018	$ —	$ —	$ 205,700	$ 205,700
Investment Income, net	—	206	—	206
Amounts Appropriated for Expenditure	—	(206)	—	(206)
Endowment Net Assets, June 30, 2019	—	—	205,700	205,700
Investment Income, net	2,375	—	—	2,375
Amounts Appropriated for Expenditure	(2,375)	—	—	(2,375)
Endowment Net Assets, June 30, 2020	$ —	$ —	$ 205,700	$ 205,700

NOTE 11—RETIREMENT PLANS

The Center sponsors a salary reduction arrangement (TSA) covering substantially all employees. Under the plan, all electing employees contribute various percentages of their salary on a tax-deferred basis. Employer contributions are discretionary and no contributions were made for the years ended June 30, 2020 and 2019.

The Center also sponsors a defined contribution simplified employee plan (SEP) covering substantially all employees. Employer contributions are made to employees' retirement accounts each calendar year at the discretion of the Board of Directors. Employer contributions are based on a percentage applied to each employee's salary for the calendar year. Employer contributions were $39,021 for 2020 and $53,697 for 2019.

NOTE 12—CONCENTRATIONS

Credit Risk

The Center maintains its bank accounts at a local financial institution. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At various times during the year, the Center's bank balances may exceed the federally insured limits. The Center had uninsured deposits exceeding these limits in the amount of $256,881 at June 30, 2020, and $850,137 at June 30, 2020. Center management believes they are not exposed to any significant credit risk on cash.

Investments are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near-term, and that such changes could materially affect the Center and the amounts reported in the statements of financial position.

Concentrations of Funding Sources

During 2020, the Center received 21% of its total revenues from ICASA, and 15% from a donor and the donor's private foundation. During 2019, the Center received 15% of its total revenues from ICASA, and 12% from a donor and donor's private foundations.

NOTE 13—SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 21, 2020, the date which the financial statements were available to be issued. The COVID-19 pandemic has impacted and could further impact the Center's operations. The extent to which the COVID-19 pandemic impacts the Center, the results of its activities and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Center's customers, and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, the Center may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Center cannot reasonably estimate the impact at this time.

Except for the effects of the pandemic and forgiveness of the PPP loan, there were no other subsequent events which require disclosure.