ZACHARIAS SEXUAL ABUSE CENTER

FINANCIAL STATEMENTS

JUNE 30, 2022

TABLE OF CONTENTS

Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Zacharias Sexual Abuse Center
Gurnee, Illinois

Opinion

We have audited the accompanying financial statements of ZACHARIAS SEXUAL ABUSE CENTER (an Illinois nonprofit organization), which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ZACHARIAS SEXUAL ABUSE CENTER and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ZACHARIAS SEXUAL ABUSE CENTER's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

1717 Deerfield Road, Suite 300 South, Deerfield, Illinois 60015-3977 847•267•9600 Fax 847•267•9696 www.waradydavis.com
Member of MSI Legal & Accounting Network Worldwide msi

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ZACHARIAS SEXUAL ABUSE CENTER's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ZACHARIAS SEXUAL ABUSE CENTER's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of ICASA Funding as required by the Illinois Coalition Against Sexual Abuse and the Consolidated Year-End Financial Report (CYEFR) as required by the Illinois Grant Accountability and Transparency Act (GATA), as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the 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 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 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 7, 2022, on our consideration of ZACHARIAS SEXUAL ABUSE CENTER'S 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 effectiveness of ZACHARIAS SEXUAL ABUSE CENTER'S 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 ZACHARIAS SEXUAL ABUSE CENTER'S internal control over financial reporting and compliance.

Warady & Davis LLP

November 7, 2022

STATEMENTS OF FINANCIAL POSITION

As of June 30		**2022**		2021
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	**$**	**514,223**	$	269,050
Grants and Other Receivables		**107,673**		128,073
Pledges Receivable		**68,870**		66,310
Investments		**3,530,817**		4,191,092
Total Current Assets		**4,221,583**		4,654,525
PROPERTY AND EQUIPMENT, net of Accumulated Depreciation		**2,280,442**		2,391,086
ENDOWMENT INVESTMENTS		**175,475**		256,885
TOTAL ASSETS	**$**	**6,677,500**	$	7,302,496
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	**$**	**3,328**	$	540
Accrued Salaries and Payroll Taxes		**26,001**		58,655
Accrued Vacation		**11,879**		31,277
Total Current Liabilities		**41,208**		90,472
NET ASSETS				
Without Donor Restrictions				
Board-Designated		**3,950**		3,949
Fixed Assets Fund		**2,280,442**		2,391,086
Undesignated		**4,044,699**		4,445,044
		6,329,091		6,840,079
With Donor Restrictions				
Time and Purpose Restrictions		**101,501**		166,245
Endowment, Restricted in Perpetuity		**205,700**		205,700
		307,201		371,945
Total Net Assets		**6,636,292**		7,212,024
TOTAL LIABILITIES AND NET ASSETS	**$**	**6,677,500**	$	7,302,496

See accompanying notes.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30	2022			2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT REVENUE						
Public Support						
United Way	**$ 646**	**$ 62,620**	**$ 63,266**	$ 31,575	$ 31,310	$ 62,885
ICASA Grant	**535,111**		**535,111**	537,250		537,250
Foundations and Corporations	**430,450**	**185,000**	**615,450**	224,083	80,417	304,500
Individual Contributions	**646,083**		**646,083**	590,007		590,007
ILDHS Grant			—	29,047		29,047
Attorney General Grants	**12,500**		**12,500**	12,500		12,500
Township Grants	**14,001**	**10,000**	**24,001**	12,667	3,333	16,000
County/Municipal Grants	**31,500**		**31,500**	30,500		30,500
Donated Facilities and Services	**15,306**		**15,306**	27,505		27,505
Total Public Support	**1,685,597**	**257,620**	**1,943,217**	1,495,134	115,060	1,610,194
OTHER REVENUE						
Program Service Fees	**1,758**		**1,758**	7,710		7,710
Payroll Protection Program Loan Forgiveness			—	322,073		322,073
Investment Income (Loss), net	**(634,933)**	**(30,481)**	**(665,414)**	808,983	48,810	857,793
Total Other Revenue	**(633,175)**	**(30,481)**	**(663,656)**	1,138,766	48,810	1,187,576
Net Assets Released from Donor Restrictions						
Expiration of Time Restrictions	**62,620**	**(62,620)**	—	31,310	(31,310)	—
Released for Specified Purpose Fulfilled	**229,263**	**(229,263)**	—	90,833	(90,833)	—
	291,883	**(291,883)**	—	122,143	(122,143)	—
Total Revenues	**1,344,305**	**(64,744)**	**1,279,561**	2,756,043	41,727	2,797,770
EXPENSES						
Program Services	**1,340,458**		**1,340,458**	1,412,701		1,412,701
Supporting Services						
Management and General	**380,231**		**380,231**	389,712		389,712
Fundraising	**134,604**		**134,604**	129,406		129,406
Total Expenses	**1,855,293**		**1,855,293**	1,931,819		1,931,819
CHANGE IN NET ASSETS	**(510,988)**	**(64,744)**	**(575,732)**	824,224	41,727	865,951
Net Assets, Beginning	**6,840,079**	**371,945**	**7,212,024**	6,015,855	330,218	6,346,073
NET ASSETS, ENDING	**$ 6,329,091**	**$ 307,201**	**$ 6,636,292**	$ 6,840,079	$ 371,945	$ 7,212,024

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30	**2022**				2021
	Program Services	**Management and General**	**Fundraising**	**Total Expenses**	Summarized Total
Personnel					
Salaries	**$ 850,039**	**$ 184,694**	**$ 77,883**	**$ 1,112,616**	$ 1,124,309
Payroll Taxes	**64,882**	**14,098**	**5,945**	**84,925**	105,309
Employee Benefits	**113,098**	**24,574**	**10,363**	**148,035**	206,783
	1,028,019	**223,366**	**94,191**	**1,345,576**	1,436,401
Occupancy					
Mortgage Interest	—	—	—	—	15,000
Utilities	**15,594**	**1,256**	**593**	**17,443**	12,899
Repairs and Maintenance	**58,649**	**4,723**	**2,230**	**65,602**	71,847
	74,243	**5,979**	**2,823**	**83,045**	99,746
Professional Fees	**60,367**	**103,730**	**4,974**	**169,071**	156,417
Insurance	**19,502**	**9,299**	**742**	**29,543**	29,161
Advertising	—	**8,392**	—	**8,392**	2,869
Dues and Subscriptions	**3,594**	**1,437**	**4,683**	**9,714**	6,886
Meals and Acknowledgements	**4,951**	**1,971**	**1,499**	**8,421**	5,255
Background Checks	**903**	**359**	**273**	**1,535**	1,736
Bank Fees	—	**3,695**	—	**3,695**	3,012
Postage	**1,090**	**433**	**3,168**	**4,691**	5,799
Marketing	**6,441**	—	**3,087**	**9,528**	7,413
Personnel Development	**12,693**	**13**	**557**	**13,263**	3,422
Travel	**1,891**	**94**	**203**	**2,188**	1,173
Supplies	**13,386**	**515**	**388**	**14,289**	17,152
Printing	**134**	**27**	**1,270**	**1,431**	7,215
Telecommunications	**17,242**	**3,764**	**2,906**	**23,912**	22,966
Depreciation and Amortization	**96,002**	**17,157**	**13,840**	**126,999**	125,196
	238,196	**150,886**	**37,590**	**426,672**	395,672
	$ 1,340,458	**$ 380,231**	**$ 134,604**	**$ 1,855,293**	$ 1,931,819

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ **(575,732)**	$ 865,951
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	**126,999**	125,196
Net Realized and Unrealized Gains	**822,827**	(755,171)
Payroll Protection Program Loan Forgiveness	—	(322,073)
Changes in Assets and Liabilities		
Grants and Other Receivables	**20,400**	(5,448)
Pledges Receivable	**(2,560)**	(25,000)
Accounts Payable	**2,788**	(10,323)
Accrued Salaries and Payroll Taxes	**(32,654)**	3,738
Accrued Vacation	**(19,398)**	(21,809)
Total Adjustments	**918,402**	(1,010,890)
Net Cash Provided (Used) by Operating Activities	**342,670**	(144,939)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	**(12,945)**	(36,438)
Purchases of Land, Buildings and Improvements	**(3,410)**	—
Purchases of Investments	**(284,997)**	(4,226,612)
Proceeds from Sales of Investments and Maturities of CDs	**406,281**	4,278,755
Dividends Reinvested in Mutual Funds	**(202,426)**	(132,371)
Change in Cash in Endowment Investments	—	(48,810)
Net Cash Used by Investing Activities	**(97,497)**	(165,476)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Mortgage Loans	—	(313,704)
Proceeds from Payroll Protection Program Loan	—	149,501
Net Cash Used by Financing Activities	—	(164,203)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**245,173**	(474,618)
Cash and Cash Equivalents, Beginning	**269,050**	743,668
CASH AND CASH EQUIVALENTS, ENDING	$ **514,223**	$ 269,050
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ —	$ 15,000

See accompanying notes.

NATURE OF ACTIVITIES

Zacharias Sexual Abuse Center (the Center) is a non-profit, publicly-supported corporation whose mission is to mobilize the community toward ending systemic sexual violence while amplifying the voice of survivors through trauma informed care, advocacy, and prevention education. The services provided by the Center 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), 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 (U.S. 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 (the 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 restrictions expire, 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 donor 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 and Cash Equivalents

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, Event Revenue, 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.

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 Center's performance obligations are satisfied at the time the event occurs.

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 $1,256 for the year ended June 30, 2022 and $8,855 for the year ended June 30, 2021. Additionally, donated professional, and other services were $14,050 for the year ended June 30, 2022 and $18,650 for the year ended June 30, 2021.

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

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising costs consists of advertisements for program services and to fill various job openings, and are expensed as incurred. Total advertising expense was $8,392 for 2022 and $2,869 for 2021.

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.

Use of Estimates

The preparation 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 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 of Illinois 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 Illinois State's Attorney General.

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements

In February 2016, the 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.

	2022	2021
Cash and Cash Equivalents	**$ 514,223**	$ 269,050
Grants and Other Receivables	**107,673**	128,073
Pledges Receivable	**68,870**	66,310
Investments	**3,530,817**	4,191,092
Endowment Investments	**175,475**	256,885
Less those unavailable for general expenditures within one year due to:		
Net Assets with Donor Restrictions	**(307,201)**	(371,945)
Net Assets Designated by the Board	**(3,950)**	(3,949)
Financial assets available to meet cash needs for general expenditures within one year	**$ 4,085,907**	$ 4,535,516

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—PLEDGES RECEIVABLE

Pledges at June 30 consist of items receivable from:

	2022	2021
United Way	$ 31,310	$ 31,310
Townships	5,000	—
Corporations, Foundations, and Individuals	32,560	35,000
	$ 68,870	$ 66,310

As of June 30, 2022 and 2021, 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 4—INVESTMENTS AND FAIR VALUE MEASUREMENT

Fair values and unrealized gain (loss) at June 30, 2022 and 2021 of investments by net asset category are summarized as follows:

June 30, 2022	Cost	Fair Value	Unrealized Gain (Loss)
Without Donor Restrictions and Undesignated -			
Mutual Funds	$ 3,813,712	$ 3,530,817	$ (282,895)
	$ 3,813,712	$ 3,530,817	$ (282,895)
With Time Donor Restrictions			
Cash and Cash Equivalents	$ 4,405	$ 4,405	$ —
With Donor Restrictions in Perpetuity			
Mutual Funds	207,561	171,070	(36,491)
	$ 211,966	$ 175,475	$ (36,491)

June 30, 2021	Cost	Fair Value	Unrealized Appreciation
Without Donor Restrictions and Undesignated -			
Equities	$ 3,164	$ 4,128	$ 964
Mutual Funds	3,657,413	4,186,964	529,551
	$ 3,660,577	$ 4,191,092	$ 530,515
With Time Donor Restrictions			
Cash and Cash Equivalents	$ 2,878	$ 2,878	$ —
With Donor Restrictions in Perpetuity			
Mutual Funds	210,920	254,007	43,087
	$ 213,798	$ 256,885	$ 43,087

NOTE 4—INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

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 equities and 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.

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.

The following is the Center’s financial assets that were measured at fair value, on a recurring basis, as of June 30, 2022 and 2021 by level within the fair value hierarchy. There have been no changes in the methodologies used at June 30, 2022 or 2021.

NOTE 4—INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

Investments	Fair Value at June 30, 2022	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds				
Growth and Income Funds	$ 2,228,922	$ 2,228,922	$ —	$ —
Blend Funds	289,783	289,783	—	—
Bond Funds	1,183,182	1,183,182	—	—
	$ 3,701,887	$ 3,701,887	$ —	$ —

Investments	Fair Value at June 30, 2021	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 4,128	$ 4,128	$ —	$ —
Mutual Funds				
Growth and Income Funds	$ 3,284,714	$ 3,284,714	—	—
Blend Funds	443,375	443,375	—	—
Bond Funds	712,885	712,885	—	—
	$ 4,445,102	$ 4,445,102	$ —	$ —

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2022 and 2021.

Year Ended June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividend Income	$ 193,365	$ 9,070	$ 202,435
Net Realized and Unrealized Losses	(785,632)	(37,195)	(822,827)
Investment Fees	(42,666)	(2,356)	(45,022)
	$ (634,933)	$ (30,481)	$ (665,414)

Year Ended June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividend Income	$ 134,025	$ 8,137	$ 142,162
Net Realized and Unrealized Gains	712,084	43,087	755,171
Investment Fees	(37,126)	(2,414)	(39,540)
	$ 808,983	$ 48,810	$ 857,793

NOTE 5—PROPERTY AND EQUIPMENT

	2022	2021
Land	**$ 393,557**	$ 393,557
Building, Building and Improvements, and Parking Lot Improvements	**3,129,830**	3,126,420
Furniture and Equipment	**718,750**	705,805
	4,242,137	4,225,782
Less: Accumulated Depreciation and Amortization	**1,961,695**	1,834,696
	$ 2,280,442	$ 2,391,086

Depreciation and amortization expense on Buildings and Improvements was $90,367 for the year ended June 30, 2022 and $88,969 for the year ended June 30, 2021. Depreciation expense on Furniture and Equipment was $36,632 for the year ended June 30, 2022 and $36,227 for the year ended June 30, 2021.

NOTE 6—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. Such capitalized costs were fully amortized in a prior year.

NOTE 7—NOTES PAYABLE

The Center 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 were to be deferred for 10 months after the end of the borrower's loan forgiveness covered period. The loan was set to mature on April 20, 2022. The Center received notification on December 10, 2020, that the full balance of their PPP loan was forgiven by the SBA.

The Center was awarded a second PPP loan of $149,501 in May 2021 through the SBA to help keep their workforce employed during the COVID-19 pandemic. The loan bears interest at a fixed rate of 1.00%. All payments of principal and interest were to be deferred for 10 months after the end of the borrower's loan forgiveness covered period. The loan was set to mature on May 7, 2023. The Center received notification on June 14, 2021, that the full balance of their second PPP loan was forgiven by the SBA.

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 had 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 for a $190,695 issue amount. The loan carried a fixed interest rate of 5.00% and was 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 originally was set to mature on May 12, 2024 at which time the loan would be due in full. The Center paid the mortgage in full on June 29, 2021. Mortgage interest expense was $-0- for the year ended June 30, 2022 and $8,777 for the year ended June 30, 2021.

NOTE 7—NOTES PAYABLE (Continued)

The Center had 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 for a $148,078 issue amount. The loan carried 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 originally was set to mature on February 1, 2025 at which time the loan would be due in full. The Center paid the mortgage in full on June 29, 2021. Mortgage interest expense was $-0- for the year ended June 30, 2022 and $6,223 for the year ended June 30, 2021.

NOTE 8—BOARD-DESIGNATED NET ASSETS

Fixed assets (net of the related mortgage obligation) and intangibles in the amount of $2,280,442 at June 30, 2022, and $2,391,086 at June 30, 2021, have been segregated as a board-designated component of net assets without donor restrictions 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 $3,950 and $3,949 at June 30, 2022 and 2021, respectively. The board utilized designated funds to pay off two mortgages during the year ended June 30, 2021 as discussed in Note 7.

NOTE 9—DONOR RESTRICTED NET ASSETS

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

	June 30, 2022	June 30, 2021
Children's Programs	**$ 37,083**	$ 30,417
Advocacy Programs	**63,333**	53,333
Unappropriated Endowment Earnings (Accumulated Losses)	**(30,225)**	51,185
Time Restricted - United Way	**31,310**	31,310
	$ 101,501	$ 166,245

Additionally, endowment net assets with donor restrictions in perpetuity of $205,700 at June 30, 2022 and 2021 consist of a general endowment fund. The investment earnings of the endowment fund are not restricted for a specific purpose but contain an inherent time restriction until appropriated for expenditure.

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:

NOTE 9—DONOR RESTRICTED NET ASSETS (Continued)

Restriction	June 30, 2022	June 30, 2021
Time Restricted - United Way Grants	**$ 62,620**	$ 31,310
Expended for Children's Programs	**53,333**	20,000
Expended for Advocacy Programs	**125,000**	70,833
Appropriated Endowment Fund Earnings	**50,930**	—
	$ 291,883	$ 122,143

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 a spending policy related to endowment funds due to insignificant amounts of income generated from the fund in years prior to June 30, 2021. The endowment historically invested in cash equivalents only. During the year ended June 30, 2022, a significant portion of the endowment earnings from the prior fiscal year were appropriated for expenditure. The appropriation, combined with significant unrealized losses in the current year resulted in an underwater endowment fund.

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

	2022	2021
Net Assets With Donor Restrictions		
Donor-Restricted Endowment Fund	**$ 205,700**	$ 205,700

NOTE 9—DONOR RESTRICTED NET ASSETS (Continued)

Changes in endowment net assets as of June 30, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions in Perpetuity	Total
Net Assets, June 30, 2020	$ —	$ 2,375	$ 205,700	$ 208,075
Investment Income, net	—	48,810	—	48,810
Amounts Appropriated for Expenditure	—	—	—	—
Net Assets, June 30, 2021	—	51,185	205,700	256,885
Investment Income, net	—	(30,480)	—	(30,480)
Amounts Appropriated for Expenditure	—	(50,930)	—	(50,930)
Net Assets, June 30, 2022	$ —	$ (30,225)	$ 205,700	$ 175,475

From time-to-time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). At June 30, 2022, one fund with an original gift value of $205,700 and fair value of $175,475 had such a deficiency of $30,225, which is reported in the net assets with time and purpose restrictions.

NOTE 10—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, 2022 and 2021.

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. Employer contributions are based on a percentage applied to each employee's salary for the calendar year. Employer contributions were $50,541 for 2022 and $49,017 for 2021.

NOTE 11—CONCENTRATIONS AND RISKS

Credit Risk

The Center maintains its bank accounts at a local financial institution. At various times during the year, the Center's bank balances may exceed the federally insured limits. Management believes the Center is 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.

NOTE 11—CONCENTRATIONS AND RISKS (Continued)

Credit risk associated with grants and other receivables and pledges receivable is considered to be limited due to high historical collection rates and because a significant portion of the outstanding amounts are due from grantors and contributors supportive of the Center's mission.

Concentrations of Funding Sources

During 2022, the Center received 42% of its total revenues from ICASA and 11% from a donor's private foundation. During 2021, the Center received 19% of its total revenues from ICASA, and 12% of its total revenues from PPP Forgiveness Income.

NOTE 12—SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 7, 2022, the date which the financial statements were available for issue. There were no subsequent events which require disclosure.

SUPPLEMENTARY INFORMATION

Warady & Davis LLP
Certified Public Accountants & Consultants

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

Board of Directors
Zacharias Sexual Abuse Center
Gurnee, 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 ZACHARIAS SEXUAL ABUSE CENTER (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ZACHARIAS SEXUAL ABUSE CENTER'S internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of ZACHARIAS SEXUAL ABUSE CENTER'S internal control. Accordingly, we do not express an opinion on the effectiveness of ZACHARIAS SEXUAL ABUSE CENTER'S 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

1717 Deerfield Road, Suite 300 South, Deerfield, Illinois 60015-3977 847•267•9600 Fax 847•267•9696 www.waradydavis.com
Member of MSI Legal & Accounting Network Worldwide msi

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ZACHARIAS SEXUAL ABUSE CENTER'S financial statements are free from 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 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*.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warady & Davis LLP

November 7, 2022

SCHEDULE OF ICASA FUNDING

For the Year Ended June 30, 2022

	Source of Funding		
Funding Agency/Grant	Federal	Other	Total
Illinois Coalition Against Sexual Assault (ICASA)			
VOCA Advocacy/Counseling	$ 346,623	$	$ 346,623
VOCA Emergency COVID-19 Supplemental Funds	13,051		13,051
General		174,554	174,554
Member Travel			
General Meeting Travel		883	883
	$ 359,674	$ 175,437	$ 535,111

See accompanying independent auditors' report.

Zacharias Sexual Abuse Center
Illinois Grant Accountability and Transparency Act
Consolidated Year-End Financial Report

CSFA #	Program Name	State Amount	Federal Amount	Other Amount	Total
546-00-2179	Violence Prevention and Street Intervention Program (VP-SIP)	$ —	$	$	$ —
	Other Grant Programs and Activities		391,173	944,226	1,335,399
	All Other Costs Not Allocated			519,894	519,894
		—	391,173	1,464,120	1,855,293
	Less Amounts Capitalized	—			—
		$ —	$ 391,173	$ 1,464,120	$ 1,855,293

Zacharias Sexual Abuse Center
Illinois Grant Accountability and Transparency Act
Consolidated Year-End Financial Report

Agency:	Zacharias Sexual Abuse Center
Program:	Sexual Assault Prevention & Response
Program Limitations:	No
Mandatory Match:	No
Indirect Cost Rate:	N/A

Category	State Amount	Federal Amount	Match Amount	Total
Personal Services (Salaries and Wages)	$	$	$	—
Fringe Benefits				—
Travel				—
Equipment				—
Supplies				—
Contractual Services				—
Consultant (Professional Services)				—
Occupancy - Rent and Utilities				—
Research and Development				—
Telecommunications				—
Training and Education				—
Direct Administrative Costs				—
Miscellaneous Costs				—
Total Direct Expenses				
Indirect Costs				
Total Expenses	$ —	$ —	$ —	$ —

Zacharias Sexual Abuse Center
Illinois Grant Accountability and Transparency Act
Consolidated Year-End Financial Report

Agency:	Zacharias Sexual Abuse Center
Program:	Sexual Assault Prevention & Response
Program Limitations:	No
Mandatory Match:	No
Indirect Cost Rate:	N/A

Category		Federal Amount	Other Amount	Total
Personal Services (Salaries and Wages)		$ 266,763	$ 583,498	$ 850,261
Fringe Benefits		58,885	119,144	178,029
Travel		—	—	—
Equipment		—	—	—
Supplies		3,621	10,257	13,878
Contractual Services		1,540	37,110	38,650
Consultant (Professional Services)		11,533	18,439	29,972
Occupancy - Rent and Utilities		3,721	70,497	74,218
Telecommunications		3,986	15,092	19,078
Training and Education		5,430	(1,584)	3,846
Direct Administrative Costs		35,694	—	35,694
Miscellaneous Costs		—	91,773	91,773
	Total Direct Expenses	391,173	944,226	1,335,399
Indirect Costs				—
	Total Expenses	$ 391,173	$ 944,226	$ 1,335,399

Zacharias Sexual Abuse Center
Illinois Grant Accountability and Transparency Act
Consolidated Year-End Financial Report

Agency: Zacharias Sexual Abuse Center

All Other Costs Not Allocated

Category		Other Amount	Total
Personal Services (Salaries and Wages)		$ 226,660	$ 226,660
Fringe Benefits		54,932	54,932
Travel		2,188	2,188
Supplies		481	481
Contractual Services		27,341	27,341
Consultant (Professional Services)		139,099	139,099
Occupancy - Rent and Utilities		8,827	8,827
Telecommunications		4,835	4,835
Miscellaneous Costs		55,531	55,531
	Total Direct Expenses	519,894	519,894
Indirect Costs		—	—
	Total Expenses	$ 519,894	$ 519,894