ASSOCIATION HOUSE OF CHICAGO

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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ASSOCIATION HOUSE OF CHICAGO
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Association House of Chicago
Chicago, Illinois

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying financial statements of Association House of Chicago, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 Association House of Chicago, as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Association House of Chicago and to meet our 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 Association House of Chicago adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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 Association House of Chicago's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS and *Government 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 are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 Association House of Chicago'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Association House of Chicago'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.

Board of Directors
Association House of Chicago

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of Association House of Chicago'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 solely 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 Association House of Chicago'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 Association House of Chicago's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
December 21, 2023

ASSOCIATION HOUSE OF CHICAGO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 132,268	$ 130,477
Government Grants Receivable, Net	1,985,580	1,134,520
Other Receivables	616,132	978,945
Prepaid Expenses and Other Assets	254,665	272,219
Right-of-Use Asset	84,657	-
Board Designated Investments	15,338,523	14,201,330
Total Current Assets	18,411,825	16,717,491
PROPERTY AND EQUIPMENT, NET	3,150,731	3,388,588
Total Assets	$ 21,562,556	$ 20,106,079
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Checks Issued in Advance	$ 718,047	$ 624,356
Accrued Payroll	491,356	520,099
Other Accruals	205,297	239,332
Current Portion of Bonds Payable	336,000	326,000
Current Lease Liability	35,551	-
Borrowings Under Line of Credit Agreement	1,538,084	-
Total Current Liabilities	3,324,335	1,709,787
NONCURRENT LIABILITIES		
Long-Term Lease Liability	53,030	-
Bonds Payable, Net of Unamortized Debt Issuance Costs	3,238,719	3,561,561
Total Noncurrent Liabilities	3,291,749	3,561,561
Total Liabilities	6,616,084	5,271,348
NET ASSETS		
Without Donor Restrictions:		
Undesignated	(1,406,857)	(752,245)
Board Designated	15,338,523	14,201,330
Total Net Assets Without Donor Restrictions	13,931,666	13,449,085
With Donor Restrictions	1,014,806	1,385,646
Total Net Assets	14,946,472	14,834,731
Total Liabilities and Net Assets	$ 21,562,556	$ 20,106,079

See accompanying Notes to Financial Statements.

ASSOCIATION HOUSE OF CHICAGO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Public Support:			
Direct:			
Contributions and Bequests:			
Foundations and Trusts	$ 66,372	$ 621,050	$ 687,422
Other Charitable Contributions	315,015	620,000	935,015
Indirect:			
United Way	4,896	35,000	39,896
Direct Program Revenue:			
Fees and Grants from Governmental Agencies	13,372,500	329,365	13,701,865
Program Service Fees	200,119	-	200,119
Other Revenue:			
Miscellaneous Income	51,688	-	51,688
Investment Income, Net	1,678,714	-	1,678,714
Rental Income	93,291	-	93,291
Net Assets Released from Restrictions	1,976,255	(1,976,255)	-
Total Revenues and Other Support	17,758,850	(370,840)	17,388,010
EXPENSES			
Program Services:			
Child Welfare	3,498,496	-	3,498,496
Community Health and Workforce Development	1,498,562	-	1,498,562
High School	1,660,449	-	1,660,449
Behavioral Health	8,129,917	-	8,129,917
Other Programs	133,171	-	133,171
Total Program Services	14,920,595	-	14,920,595
Supporting Services:			
Management and General	1,851,445	-	1,851,445
Fundraising	504,229	-	504,229
Total Supporting Services	2,355,674	-	2,355,674
Total Expenses	17,276,269	-	17,276,269
CHANGES IN NET ASSETS	482,581	(370,840)	111,741
Net Assets - Beginning of Year	13,449,085	1,385,646	14,834,731
NET ASSETS - END OF YEAR	$ 13,931,666	$ 1,014,806	$ 14,946,472

See accompanying Notes to Financial Statements.

ASSOCIATION HOUSE OF CHICAGO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Public Support:			
Direct:			
Contributions and Bequests:			
Foundations and Trusts	$ 168,958	$ 752,000	$ 920,958
Other Charitable Contributions	353,500	626,500	980,000
Indirect:			
United Way	5,884	50,000	55,884
Direct Program Revenue:			
Fees and Grants from Governmental Agencies	11,932,558	511,959	12,444,517
Program Service Fees	197,382	-	197,382
Other Revenue:			
Miscellaneous Income	64,322	-	64,322
Investment Loss, Net	(3,200,435)	-	(3,200,435)
Rental Income	93,403	-	93,403
Net Assets Released from Restrictions	1,331,396	(1,331,396)	-
Total Revenues and Other Support	10,946,968	609,063	11,556,031
EXPENSES			
Program Services:			
Child Welfare	3,024,977	-	3,024,977
Community Health and Workforce Development	1,012,384	-	1,012,384
High School	1,954,835	-	1,954,835
Behavioral Health	7,157,119	-	7,157,119
Other Programs	120,700	-	120,700
Total Program Services	13,270,015	-	13,270,015
Supporting Services:			
Management and General	1,626,651	-	1,626,651
Fundraising	380,776	-	380,776
Total Supporting Services	2,007,427	-	2,007,427
Total Expenses	15,277,442	-	15,277,442
CHANGES IN NET ASSETS	(4,330,474)	609,063	(3,721,411)
Net Assets - Beginning of Year	17,779,559	776,583	18,556,142
NET ASSETS - END OF YEAR	$ 13,449,085	$ 1,385,646	$ 14,834,731

See accompanying Notes to Financial Statements.

ASSOCIATION HOUSE OF CHICAGO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 111,741	$ (3,721,411)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	525,218	568,418
Bad Debt Expense	399,581	231,030
Amortization of Right-of-Use Asset	20,435	-
Amortization of Deferred Bond Costs	13,158	13,158
Net Realized and Unrealized (Gain) Loss on Board-Designated Investments	(1,459,497)	3,678,554
Effects of Changes in Operating Assets and Liabilities:		
Government Grants Receivable	(1,250,641)	(275,424)
Other Receivables	362,813	(536,845)
Refundable Grant Advance	-	572
Prepaid Expenses and Other Assets	(52,067)	(65,066)
Accounts Payable and Other Accruals	24,848	(48,352)
Accrued Payroll	(28,743)	(151,702)
Paycheck Protection Program Refundable Advance	-	(448,831)
Net Cash Used by Operating Activities	(1,333,154)	(755,899)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Board-Designated Investments	(3,944,386)	(4,727,119)
Proceeds from Sales and Maturities of Board-Designated Investments	4,266,690	4,379,000
Purchases of Property and Equipment	(182,932)	(60,364)
Net Cash Provided (Used) by Investing Activities	139,372	(408,483)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings on Line of Credit	1,538,084	-
Payments on Finance Lease	(16,511)	-
Principal Payments on Bonds Payable	(326,000)	(318,000)
Net Cash Provided (Used) by Financing Activities	1,195,573	(318,000)
NET INCREASE (DECREASE) IN CASH	1,791	(1,482,382)
Cash - Beginning of Year	130,477	1,612,859
CASH - END OF YEAR	$ 132,268	$ 130,477

See accompanying Notes to Financial Statements.

ASSOCIATION HOUSE OF CHICAGO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services						Supporting Services			
	Child Welfare	Community Health and Workforce Development	High School	Behavioral Health	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 1,764,458	$ 719,872	$ 759,639	$ 4,273,839	$ 685,774	$ 8,203,582	$ 998,265	$ 306,645	$ 1,304,910	$ 9,508,492
Employee Health	196,083	92,946	90,971	519,692	101,117	1,000,809	84,021	33,538	117,559	1,118,368
Payroll Taxes and Other Benefits	165,374	67,990	66,751	412,143	69,516	781,774	93,470	29,975	123,445	905,219
Total Salaries and Related Expenses	2,125,915	880,808	917,361	5,205,674	856,407	9,986,165	1,175,756	370,158	1,545,914	11,532,079
Professional Fees and Services	207,182	51,419	89,290	857,284	99,200	1,304,375	166,609	-	166,609	1,470,984
Supplies	26,125	89,945	25,311	68,772	33,414	243,567	8,119	2,452	10,571	254,138
Telephone and Communications	7,493	3,091	4,298	26,868	4,488	46,238	991	142	1,133	47,371
Postage and Shipping	558	155	1,008	562	-	2,283	2,615	581	3,196	5,479
Occupancy	7,603	51	-	49,945	336,115	393,714	-	-	-	393,714
Headquarters Facility Occupancy - Allocated	202,154	225,368	505,405	728,293	(1,866,432)	(205,212)	175,584	29,628	205,212	-
Outside Printing	2,836	3,533	6,976	9,985	-	23,330	2,520	1,784	4,304	27,634
Local Transportation	100,435	11,733	10,330	96,625	598	219,721	1,290	368	1,658	221,379
Conferences and Training	1,696	2,770	16,975	7,899	200	29,540	1,758	2,542	4,300	33,840
Subscriptions and Membership Dues	4,703	2,256	150	42,467	5,522	55,098	22,916	3,789	26,705	81,803
Foster Care Payments	687,725	-	-	-	-	687,725	-	-	-	687,725
Specific Assistance	87,219	162,608	49,419	158,320	-	457,566	6,228	-	6,228	463,794
Awards and Gifts	5,951	315	8,560	4,288	550	19,664	2,875	50	2,925	22,589
Equipment Expenses	3,003	-	282	36	-	3,321	-	-	-	3,321
Equipment Rental	438	433	885	2,598	-	4,354	433	-	433	4,787
Interest	266	297	666	7,030	101,987	110,246	57,084	39	57,123	167,369
Bad Debt Expense	-	-	2,677	396,904	-	399,581	-	-	-	399,581
Annual Gala Expenses	-	21,424	-	89	-	21,513	43	74,734	74,777	96,290
Miscellaneous	24,981	36,366	13,355	424,775	95,358	594,835	224,702	17,637	242,339	837,174
Total Expenses Before Depreciation	3,496,283	1,492,572	1,652,948	8,088,414	(332,593)	14,397,624	1,849,523	503,904	2,353,427	16,751,051
Depreciation	2,213	5,990	7,501	41,503	465,764	522,971	1,922	325	2,247	525,218
Total Functional Expenses	$ 3,498,496	$ 1,498,562	$ 1,660,449	$ 8,129,917	$ 133,171	$ 14,920,595	$ 1,851,445	$ 504,229	$ 2,355,674	$ 17,276,269

See accompanying Notes to Financial Statements.

ASSOCIATION HOUSE OF CHICAGO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services						Supporting Services			
	Child Welfare	Community Health and Workforce Development	High School	Behavioral Health	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 1,478,914	$ 534,660	$ 912,217	$ 3,416,479	$ 613,514	$ 6,955,784	$ 920,895	$ 221,404	$ 1,142,299	$ 8,098,083
Employee Health	187,311	74,525	126,431	492,930	100,616	981,813	83,949	27,804	111,753	1,093,566
Payroll Taxes and Other Benefits	142,299	51,637	81,214	338,162	63,027	676,339	88,608	22,092	110,700	787,039
Total Salaries and Related Expenses	1,808,524	660,822	1,119,862	4,247,571	777,157	8,613,936	1,093,452	271,300	1,364,752	9,978,688
Professional Fees and Services	136,682	-	63,421	1,387,818	-	1,587,921	109,752	-	109,752	1,697,673
Supplies	15,992	41,912	181,732	57,614	11,137	308,387	6,522	251	6,773	315,160
Telephone and Communications	6,496	2,983	4,234	23,666	3,377	40,756	1,463	136	1,599	42,355
Postage and Shipping	506	29	1,122	408	-	2,065	1,817	116	1,933	3,998
Occupancy	4,574	-	23,134	68,781	361,199	457,688	11,196	-	11,196	468,884
Headquarters Facility Occupancy - Allocated	194,665	212,250	473,894	680,618	(1,754,469)	(193,042)	170,062	22,980	193,042	-
Outside Printing	5,236	5,703	12,741	18,380	-	42,060	4,725	618	5,343	47,403
Local Transportation	79,529	4,947	10,952	65,994	646	162,068	131	49	180	162,248
Conferences and Training	20,687	5,795	6,893	2,614	200	36,189	329	30	359	36,548
Subscriptions and Membership Dues	1,137	2,548	2,037	28,335	-	34,057	27,546	2,833	30,379	64,436
Foster Care Payments	634,867	-	-	-	-	634,867	-	-	-	634,867
Specific Assistance	96,310	63,570	30,989	95,079	-	285,948	5,528	584	6,112	292,060
Awards and Gifts	3,423	100	6,225	4,311	600	14,659	2,740	50	2,790	17,449
Equipment Expenses	-	-	-	987	50	1,037	-	-	-	1,037
Equipment Rental	410	410	854	2,458	-	4,132	410	1,450	1,860	5,992
Interest	-	-	-	6,574	123,819	130,393	146	-	146	130,539
Bad Debt Expense	1,157	-	68	229,805	-	231,030	-	-	-	231,030
Annual Gala Expenses	-	-	-	57	-	57	-	47,794	47,794	47,851
Miscellaneous	14,782	11,315	15,552	205,350	60,390	307,389	190,832	32,585	223,417	530,806
Total Expenses Before Depreciation	3,024,977	1,012,384	1,953,710	7,126,420	(415,894)	12,701,597	1,626,651	380,776	2,007,427	14,709,024
Depreciation	-	-	1,125	30,699	536,594	568,418	-	-	-	568,418
Total Functional Expenses	$ 3,024,977	$ 1,012,384	$ 1,954,835	$ 7,157,119	$ 120,700	$ 13,270,015	$ 1,626,651	$ 380,776	$ 2,007,427	$ 15,277,442

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

For more than 120 years, Association House of Chicago (the Agency) has worked with Chicagoans who need tools to lead better lives. Today, the Agency is based in the Humboldt Park community and offers programming locally and city-wide to a multicultural, mostly Latino and African American, population of all ages. The Agency provides immediate assistance and helps participants gain independence through programs across four service areas: child welfare, community health and workforce development, Association House High School, and behavioral health services. These bilingual, evidence-based programs, conducted by seasoned staff in a caring, welcoming environment, give motivated participants a cohesive safety net to turn to throughout life.

Below is a more detailed description of each service area:

Child Welfare Services

A team of professionals protects children in Department of Children and Family Services custody from abuse and neglect and works with families to create safe homes. As the only bilingual foster care provider in the community, our services include child advocacy, parenting education and coaching, home visitation, therapy, and case management. Licensed child welfare staff cares for children affected by trauma, and provides a coordinated network of child-centered, family-focused, and community-based prevention services. We help keep children in their own homes with appropriate support, when possible. We find loving homes through guardianship and adoption, when needed. Intact Family Services prevents the unnecessary separation of children from their families by identifying family problems and risk factors and assisting families in obtaining the education and support they need.

Community Health and Workforce Development

For more than a century, the Agency has opened the doors of opportunity to the community. We offer programs in response to community needs for education, interventions for health issues, and economic improvement, all of which empower individuals to create actionable goals and advance their knowledge, well-being, and financial opportunity. Association House's integrative approach to workforce development helps participants meet their basic needs, while gaining education and developing hard and soft skills to improve their employability and achieve economic stability. We provide access to workforce development opportunities focused on financial careers, digital literacy training, and assistance with resumes and job placement. Staff is also available to offer support for public benefits screening and emergency food assistance. The Community Health focused programs provide direct, community-focused education and services through programs that address persistent health and wellness needs, and implements preventive and intervention strategies to promote physical, social, and emotional well-being. We strive to increase health and wellness at every age by providing health and nutrition education and HIV prevention, education, and testing. Staff is certified to provide Youth and Adult Mental Health First Aid training to the community partners and the public.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Operations (Continued)

Association House High School

For many young people, Association House High School is a better chance to earn a high school diploma. With small class sizes and a focus on individual learning, approximately 145 students find academic success, sometimes for the first time. Mentoring and tutoring services are provided to ensure that students are well-prepared for graduation, and to help create pathways for college, trade school, or viable employment. Additionally, the Family Literacy Program provides on-site childcare, early childhood education, and parenting training to parent students. Specialized programing is available for 16-year-olds before, during, and after school to encourage engagement and retention. This year, 33 students graduated from the program, overcoming great odds with hard work and high energy to make their dreams come true. Association House High School operates in collaboration with Youth Connection Charter Schools (YCCS), Alternative Schools Network, and the Chicago Public Schools.

Behavioral Health Services

Caring and dedicated bilingual staff provide an array of culturally competent and pioneering prevention, treatment, residential, and educational services to persons with mental and physical health needs, substance abuse and addictions, and developmental disabilities. Children, youth, and adults find the help they deserve and the hope they need. Evidence-based programs enhanced with strong partnerships through research and training institutions are offered in English and Spanish. Highly trained and licensed professional staff, including therapists, a psychiatrist, nurses, certified community educators, case managers, and counselors offer integrated care. Our integrated health services program helps clients find a health-home to address their multiple conditions. A medical professional provides regular, integrated primary and mental health monitoring, medication management, education, and support. We are a leader in innovative juvenile justice and violence prevention initiatives and services, which include case management, school-based counseling, and re-entry services for at-risk and system involved youth.

Other Programs

Other programs consist of other smaller programs that do not warrant separate reporting.

Basis of Presentation

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to nonprofit organizations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Accounting principles generally accepted in the United States of America establish standards for general purpose external financial statements issued by nonprofit organizations. It requires that net assets and related revenue, expenses, gains, and losses be classified into classes of net assets, based upon the existence or absence of donor-imposed restrictions. A description of the net asset classes applicable to the Agency is as follows:

Undesignated Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions including the carrying value of all land, buildings, and equipment. Items that increase or decrease this net asset category include amounts received from government agencies, program service fees, and expenses of the Agency. In addition to these exchange transactions, changes in this category of net assets include certain types of philanthropic support, namely contributions without donor restrictions and foundation grants, investment income, restricted contributions and foundation grants whose donor-imposed restrictions were met during the fiscal period.

Board-Designated Net Assets Without Donor Restrictions – The Agency has established a board-designated endowment fund, a portion of which will be available annually to fund board approved projects. The board of directors (board) retains control over the net assets without donor restrictions it has designated.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. These amounts are then reclassified to undesignated net assets without donor restrictions.

The Agency has a $125,000 donor-restricted cash reserve fund reflected as part of net assets with donor restrictions as of June 30, 2023 and 2022. The donor has stipulated that the $125,000 and any earnings be maintained in perpetuity. Any amounts drawn from the fund are to be repaid as of the close of the following fiscal year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in Preparing Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Agency maintains its cash balances in bank accounts which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts. Management believes that the Agency is not exposed to any significant credit risk on cash.

Government Grant Receivables and Other Receivables

Receivables are primarily uncollateralized government obligations stated at the invoice amounts that generally are payable within 30 days of the billing date. Payments of receivables are applied to the specific invoices identified on the funding source’s remittance advice, or if unspecified, to the earliest unpaid invoice. Unconditional promises to give cash or property are reported at fair value on the date the pledge is received. The allowance for doubtful accounts for grants and other receivables is based on estimates made by management, historical collection experience, expected future collections, and analysis of individual accounts. If actual amounts collected are lower than management’s estimates, the Agency’s financial result could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. Government Grant Receivables, Net and Other Receivables were $1,090,126 and $442,100 at July 1, 2021, respectively.

Investments

Investments with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities and changes in net assets as increases and decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Contributions of securities from donors are initially recorded at fair value at the time the gift is made.

In determining fair value, the Agency uses various valuation approaches within the accounting principles generally accepted in the United States of America fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Accounting principles generally accepted in the United States of America establish 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 the most observable inputs be used when available. Accounting principles generally accepted in the United States of America define levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on adjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Property and Equipment

Purchases in excess of $5,000 are capitalized by the Agency. Property and equipment is stated at cost or fair market value at the time of donation, less accumulated depreciation and amortization. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	10 to 25 Years
Furniture and Equipment	3 to 7 Years
Transportation Equipment	3 to 7 Years

Long-Lived Assets

The Agency evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Agency evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Deferred Bond Costs

Financing costs incurred in connection with the tax-exempt bonds (see Note 6) have been deferred and are being amortized using the straight-line method, which approximates the effective interest method, over the term of the related bonds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Agency derives its revenues primarily from government contracts, program service fees, contributions, and donated services. Recognition of revenue for the Agency's most significant revenue streams is as follows:

Government Contracts and Program Service Fees

The Agency receives a significant portion of its operating funds from grants and awards that are primarily exchange transactions. These funds are reported as without donor restricted support as the grants reimburse the Agency for services provided. Government grants received in advance are recorded initially as deferred revenue and are then recognized as revenue as earned, which generally occurs when services are provided and expenses are incurred. Program service fees consists primarily of revenue received from the State of Illinois which is paid based on a contracted rate per day. As this funding is provided under contract from the funders, all of the related revenue is recognized over time as the performance obligations are either performed or satisfied. Funds earned and not yet received generate contract assets, which are included in the accompanying statements of financial position as government grants receivable, net and other receivables, see Note 2. Funds received and not yet earned generate contract liabilities, which are included in the accompanying statements of financial position as other accruals. Contract liabilities at June 30, 2023, 2022, and 2021 are $179,072, $198,378, and $342,792, respectively.

Contributions

Contributions are recognized as revenue when the donor makes a promise to give that is, in substance, unconditional. Contributions received are recorded as with or without donor restricted support depending on the existence and/or nature of donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. See Note 7 regarding the forgiveness of the Paycheck Protection Program Loan.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Agency with specific assistance programs, campaign solicitations, and various committee assignments. No amounts have been reflected in the financial statements for such donated services because they do not meet the criteria for recognition. The Agency records contributions for services requiring specific expertise as defined by accounting principles generally accepted in the United States of America if the service received would have otherwise been incurred by the Agency.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Costs

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and categorized by natural classification within the statements of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Operating expenses directly identified with a functional area are charged to that area and, where those expenses affect more than one area, they are allocated to the respective areas on the basis of ratios estimated by management. Occupancy costs are allocated to programs conducted from the Agency's owned facility based on the actual square footage occupied.

Income Taxes

The Agency is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code. The Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Agency has determined that it is not required to record a liability related to uncertain tax positions as of June 30, 2023 and 2022.

Liquidity

The Agency's financial assets available for general expenditures within one year of the statement of financial position date are as follows:

	2023	2022
Receivables	$ 2,601,712	$ 2,113,465
Less: Net Assets Subject to Expenditure for a Specified Purpose	(1,014,806)	(1,385,646)
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,586,906	$ 727,819

To help manage seasonal liquidity needs, the Agency maintains a credit facility in the amount of $2.5 million, see Note 5.

Additionally, the Agency has board-designated investments of $15,338,523 and $14,201,330, as of June 30, 2023 and 2022, respectively, as described in Note 8. Although the Agency does not intend to spend from these funds other than amounts appropriated to support programs and general operations, amounts could be made available if necessary.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Topic 842 increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Agency has adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this lease standard to the beginning of the period of adoption. The Agency has elected to adopt the package of practical expedients available in the year of adoption. The Agency has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Agency's ROU assets. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB Accounting Standards Codification 840.

Reclassification

Prior year amounts have been reclassified, where appropriate, to conform to the current year method of presentation. These changes had no impact to the change in net assets.

NOTE 2 FEES AND GRANTS FROM GOVERNMENTAL AGENCIES

Included in fees and grants from governmental agencies is $5,668,919 and $4,792,900 for the years ended June 30, 2023 and 2022, respectively, of revenue received from the state of Illinois Department of Human Services. This represents approximately 33% and 41% of the Agency's total revenues and other support for 2023 and 2022, respectively. Also, included in fees and grants from governmental agencies is $3,543,291 and $3,276,831 for the years ended June 30, 2023 and 2022, respectively, of revenue received from the state of Illinois Department of Children and Family Services. This represents approximately 20% and 28% of the Agency's total revenues and other support for 2023 and 2022, respectively.

Grants receivable represent amounts due from various governmental entities for social services provided by reimbursement contracts and purchase of service contracts. The Agency's grants receivable at June 30, 2023, 2022, and 2021 included amounts due from all sources as follows:

	2023	2022	2021
Illinois Department of Children and Family Services	$ 449,755	$ 564,345	$ 422,599
Illinois Department of Human Services	1,305,413	471,385	466,741
Medicaid Managed Care	560,083	426,138	310,328
Other	248,819	108,676	210,791
Total	2,564,070	1,570,544	1,410,459
Less: Allowance for Doubtful Accounts	(578,490)	(436,024)	(320,333)
Total Government Grants Receivable, Net	$ 1,985,580	$ 1,134,520	$ 1,090,126

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair values of investments measured on a recurring basis at June 30, 2023 and 2022 are as follows:

	2023				
	Cost	Total	Level 1	Level 2	Level 3
Fixed Income:					
Mutual Funds	$ 3,641,025	$ 3,380,576	$ 3,380,576	$ -	$ -
Equities:					
Domestic	4,060,804	6,813,938	6,813,938	-	-
Mutual Funds - Domestic	2,750,835	3,999,220	3,999,220	-	-
Mutual Funds - International	926,877	984,284	984,284	-	-
Total Assets at Fair Value	11,379,541	15,178,018	$ 15,178,018	$ -	$ -
Cash and Short-Term Investments	160,505	160,505			
Total	$ 11,540,046	$ 15,338,523			

	2022				
	Cost	Total	Level 1	Level 2	Level 3
Fixed Income:					
Mutual Funds	$ 3,696,023	$ 3,499,503	$ 3,499,503	$ -	$ -
Equities:					
Domestic	4,245,426	6,383,262	6,383,262	-	-
Mutual Funds - Domestic	2,311,678	3,111,416	3,111,416	-	-
Mutual Funds - International	1,167,662	1,029,887	1,029,887	-	-
Total Assets at Fair Value	11,420,789	14,024,068	$ 14,024,068	$ -	$ -
Cash and Short-Term Investments	177,262	177,262			
Total	$ 11,598,051	$ 14,201,330			

Fair value of Level 1 equities, mutual funds, exchange traded funds, and real estate investment trusts is determined by reference to quoted market transactions.

Certain of the above investments are held by BMO Harris Bank, N.A. as collateral for a line of credit arrangement (see Note 5).

Investment return from these investments and other interest-bearing accounts is summarized as follows:

	2023	2022
Interest and Dividend Income	$ 304,497	$ 573,566
Net Realized and Unrealized Gains (Losses)	1,459,497	(3,678,554)
Investment Fees	(85,280)	(95,447)
Total Investment Returns (Losses)	$ 1,678,714	$ (3,200,435)

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of:

	2023	2022
Land	$ 615,000	$ 615,000
Buildings and Improvements	12,360,740	12,272,109
Furniture and Equipment	641,862	501,376
Transportation Equipment	74,226	49,573
Total	13,691,828	13,438,058
Less: Accumulated Depreciation	(10,541,097)	(10,049,470)
Total Property and Equipment	$ 3,150,731	$ 3,388,588

The Agency, as landlord, has entered into agreements with other nonprofit organizations to lease space at the facility. Rental income for fiscal years 2023 and 2022 totaled $93,291 and $93,403, respectively. These leases are currently on a month-to-month basis.

NOTE 5 LINE OF CREDIT

The Agency maintains an agreement with BMO Harris Bank, N.A., which provides a $2,500,000 revolving line of credit facility, payable on demand. Amounts drawn against the line of credit bear interest at the bank's prime rate plus 0.50%. The prime rate was 8.25% and 4.75% at June 30, 2023 and 2022, respectively.

Borrowings under the line of credit agreement amounting to $1,538,084 and $-0- at June 30, 2023 and 2022, respectively, are secured by certain investments of the Agency held at BMO Harris Bank, N.A.

NOTE 6 BONDS PAYABLE

On April 27, 2016, the Agency issued a Series 2016 Revenue Bond. The proceeds from the Series 2016 Revenue Bond in the amount of $5,765,000 were used for the following: (a) $4,649,619 was paid to US Bank, N.A. to repay the Agency's outstanding Series 2007 Revenue Bonds; (b) $1,000,082 was paid into the Agency's project fund, which is restricted for future capital improvements; (c) $16,280 in equity contribution was paid by the Agency; and (d) $131,580 of bond issue costs were paid. These Series 2016 Revenue Bonds are secured by substantially all of the Agency's assets. The bond requires monthly principal installments ranging from $22,000 to $36,000, with a final monthly principal payment of $100,000 due on December 28, 2032, plus interest at 2.812%. The fixed interest rate will reset to reflect market rates in April 2026.

NOTE 6 BONDS PAYABLE (CONTINUED)

The bond agreements contain certain financial covenants, all of which management believes have been met as of June 30, 2023 and 2022.

	2023	2022
Total Bonds Payable	$ 3,612,000	$ 3,938,000
Less: Unamortized Debt Issuance Costs	37,281	50,439
Total, Net of Unamortized Debt Issuance Costs	3,574,719	3,887,561
Less: Current Maturities	336,000	326,000
Total, Long-Term Bonds Payable	$ 3,238,719	$ 3,561,561

Future minimum principal payments are as follows:

Year Ending June 30,	Amount
2024	$ 336,000
2025	347,000
2026	356,000
2027	366,000
2028	376,000
Thereafter	1,831,000
Total	$ 3,612,000

NOTE 7 PAYCHECK PROTECTION PROGRAM – REFUNDABLE ADVANCE

On April 30, 2020, the Agency received proceeds in the amount of $1,672,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP). The PPP was partially forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Agency had classified the PPP as a conditional contribution for accounting purposes. The Agency recognized $733,164 and $490,005 of conditional contribution revenue related to this agreement during the years ended June 30, 2021 and 2020, respectively, which represents the portion of the PPP funds for which the performance barriers had been met. As of June 30, 2021, the Agency had received partial forgiveness from the SBA and was required to repay approximately $450,000 of the PPP proceeds at an interest rate of 1%, which was classified as Paycheck Protection Program Refundable Advance in the 2021 statement of financial position. The repayment agreement was dated July 27, 2021 and called for 9 monthly payments of principal and interest in the amount of $50,679 beginning on August 30, 2021 and ending on April 30, 2022. The loan was paid in full as of June 30, 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Agency's financial position.

NOTE 8 ENDOWMENT FUND

The board's designated endowment fund (the Fund) consists of investments set aside by the board, to be available to fund board approved expenditures. These assets are invested in the Agency's investment portfolio and all accumulations to the endowment are classified as board-designated. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. For the years ended June 30, 2023 and 2022, there were no principal contributions to the Fund.

The Agency's investment policy is to maintain, over the long-term, an investment balance that keeps pace with the purchasing power of the dollar. Annual distributions can be approved by the board for use in operations. No distributions were made in the years ended June 30, 2023 and 2022. The board expects future disbursements to be approximately 3.5% of a three-year moving average of the Fund balance.

Return Objectives and Risk Parameters

The finance committee, which oversees the investment portfolio of the Agency with the assistance of the Agency's investment consultants, operates under an investment policy that attempts to provide a predictable stream of income and investment returns. Under these policies, the Fund assets are invested. To obtain the required investment returns on the investment portfolio, a significant portion of the portfolio is invested in equities. The asset allocation emphasizes diversification through the use of mutual funds and a heavy emphasis on large cap equities.

For the years ended June 30, 2023 and 2022, the balance of the Fund was equal to the investments balance. The changes in board-designated endowment net assets for the Agency were as follows for the years ended June 30:

	Without Donor Restrictions	
	2023	2022
Endowment Net Assets - Beginning of Year	$ 14,201,330	$ 17,531,765
Investment Return:		
Interest and Dividend Income	304,497	573,566
Realized and Unrealized Gains (Losses), Net of Fees	1,374,217	(3,774,001)
Total Investment Return (Loss)	1,678,714	(3,200,435)
Appropriation of Endowment Assets for Expenditure	(541,521)	(130,000)
Endowment Net Assets - End of Year	$ 15,338,523	$ 14,201,330

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30 were available for the following purposes or periods:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Workforce Development	$ 220,000	$ 240,000
Health and Nutrition	42,670	-
Juvenile Justice	200,720	483,688
Integrated Health	42,500	25,000
Subject to the Passage of Time:		
Time Restricted Assets	383,916	511,958
Not Subject to Spending Policy or Appropriation:		
Donor-Restricted Cash Reserve Fund	125,000	125,000
Total Net Assets With Donor Restrictions	$ 1,014,806	$ 1,385,646

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring costs satisfying the restricted purposes specified by donors or through the satisfaction of time restrictions as follows:

	2023	2022
Time Restrictions	$ 871,699	$ 509,772
Various Program Services	1,104,556	821,624
Total	$ 1,976,255	$ 1,331,396

NOTE 11 EMPLOYEE BENEFIT PLANS

On August 1, 1997, the Agency instituted a qualified 401(k) plan for its employees who meet the age and service requirements as outlined in the plan. For fiscal years ended June 30, 2023 and 2022, the expense recognized for the matching contribution was $24,050 and $26,983, respectively.

NOTE 11 EMPLOYEE BENEFIT PLANS (CONTINUED)

The Agency's Association House High School, through its relationship with YCCS, is required to contribute to the Chicago Teachers' Pension Fund as required by Chicago Public Schools (CPS). CPS deducts the pension amounts directly from payments made to YCCS, which are reflected as adjustments to YCCS' payments to the Agency. Information pertaining to the arrangement is reflected below:

	2023	2022
Total Pensionable Salaries	$ 409,908	$ 476,735
Employees' Contribution Expense Picked Up by Employer (4.5%)	18,446	21,453
Employer's Contribution Expense (11.16%)	45,746	53,204
Less: CPS Deduction Amount of Employer's Pension Expense	(45,746)	(53,204)
Pension True-up Amount	$ -	$ -

NOTE 12 LEASES – ASC 842

In November 2022, the Agency entered into a three-year lease for office equipment that expires in November 2025.

The following tables provide quantitative information concerning the Agency's lease for the year ended June 30, 2023:

Lease Costs:	
Amortization of Right-of-Use Assets	$ 20,435
Interest on Lease Liabilities	$ 2,459
Other Information:	
Operating Cash Flows from Financing Leases	$ 2,459
Financing Cash Flows from Finance Leases	$ 16,511
Right-of-Use Assets Obtained in Exchange for New Lease Liabilities	$ 105,092
Weighted-Average Remaining Lease Term	2.3 Years
Weighted-Average Discount Rate	4.27%

NOTE 12 LEASES – ASC 842 (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

Year Ending December 31,	Amount
2024	$ 38,643
2025	38,643
2026	16,101
Undiscounted Cash Flows	93,387
Less: Imputed Interest	(4,806)
Total Present Value	$ 88,581
Lease Liability	$ 88,581

NOTE 13 COMMITMENTS AND CONTINGENCIES

Operating Leases – ASC 840

The Agency leased office equipment under an agreement that expired in September 2023. Future minimum rental payments were as follows:

Year Ending June 30,	Amount
2023	$ 8,250

Rent expense for operating leases was $47,249 for the year ended June 30, 2022.

State Funding

The Agency receives a significant portion of its operating revenue and support from agencies of the state of Illinois. Payment rates and reimbursement methodologies for the Agency's programs, funded by the state of Illinois agencies, may be subject to change or modification based on the amount of funding made available to the Agency by the state of Illinois. Should such funding changes occur, they could have an adverse effect on the Agency's revenue and support.

Compliance with Grantor Restrictions

The state and federal grants received by the Agency are subject to audit. Management believes that any disallowance of expenditures under these grants would not be material.

NOTE 14 CASH FLOW DISCLOSURES

Interest paid for the years ended June 30, 2023 and 2022 totaled $167,369 and $117,381, respectively.

There were $104,429 and $-0- of noncash additions to property and equipment for the years ended June 30, 2023 and 2022, respectively.

NOTE 15 SUBSEQUENT EVENTS

Management evaluated subsequent events through December 21, 2023, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2023, but prior to December 21, 2023 that provided additional evidence about conditions that existed at June 30, 2023, have been recognized in the financial statements for the year ended June 30, 2023. Events or transactions that provided evidence about conditions that did not exist at June 30, 2023, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2023.