TEEN PARENT CONNECTION, INC.

FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 AND 2022

TOGETHER WITH AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Teen Parent Connection, Inc.

Opinion

We have audited the accompanying financial statements of Teen Parent Connection, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with 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. 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 the Organization, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Organization as of June 30, 2022, were audited by other auditors whose report dated December 20, 2022, expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 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 a 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risk 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 the Organization'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, which raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The "Consolidated Year End Financial Report" for the State of Illinois fiscal year ended June 30, 2023, is presented for purposes of additional analysis, as required by the Illinois Department of Human Services, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provision 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 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 the Organization's internal control over financial reporting and compliance.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
November 30, 2023

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INDEPENDENT AUDITOR'S 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*

To the Board of Directors of
Teen Parent Connection, Inc.

We have audited, in accordance with 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 financial statements of Teen Parent Connection, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dugan + Lopatka
DUGAN & LOPATKA

Warrenville, Illinois
November 30, 2023

TEEN PARENT CONNECTION, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

A S S E T S

	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	$ 389,930	$ 310,791
Grants receivable	86,063	195,703
Promises to give, current	276,397	145,339
Investments	1,157,262	994,324
Beneficial interest in investment pool	82,592	81,041
Prepaid expenses and other current assets	20,746	11,160
Total current assets	2,012,990	1,738,358
PROPERTY AND EQUIPMENT:		
Land and land improvements	118,697	118,697
Buildings and building improvements	629,063	623,994
Furniture and equipment	88,486	88,486
Software	4,125	4,125
	840,371	835,302
Less: accumulated depreciation and amortization	(222,213)	(202,608)
Net property and equipment	618,158	632,694
OTHER ASSETS:		
Promises to give, net of current	71,695	-
Total assets	$ 2,702,843	$ 2,371,052

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES:		
Accounts payable	$ 23,623	$ 14,767
Accrued expenses	85,550	177,932
Notes payable, current portion	25,372	19,382
Total current liabilities	134,545	212,081
LONG TERM LIABILITIES:		
Notes payable, net of current portion	211,748	241,396
Total liabilities	346,293	453,477
NET ASSETS:		
Without donor restrictions -		
Undesignated	1,776,950	1,743,420
Board designated	200,000	-
Total without donor restrictions	1,976,950	1,743,420
With donor restrictions	379,600	174,155
Total net assets	2,356,550	1,917,575
Total liabilities and net assets	$ 2,702,843	$ 2,371,052

TEEN PARENT CONNECTION, INC
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Grants from governmental agencies	$ 634,118	$ -	$ 634,118	$ 734,247	$ -	$ 734,247
Contributions - Foundation and corporate	583,187	345,500	928,687	423,254	137,100	560,354
- Community group	17,350	14,100	31,450	30,330	-	30,330
- Individual	116,755	-	116,755	103,262	-	103,262
United Way	25,000	-	25,000	25,000	-	25,000
Special events -						
Gross proceeds	91,921	-	91,921	-	-	-
Less: Direct expenses	(40,303)	-	(40,303)	-	-	-
Fees from schools	4,800	-	4,800	3,550	-	3,550
In-kind contributions	32,496	-	32,496	14,082	-	14,082
Investment income (loss)	172,129	-	172,129	(169,322)	-	(169,322)
Miscellaneous income	9,921	-	9,921	-	-	-
Net assets released from restrictions	154,155	(154,155)	-	252,899	(252,899)	-
Total support and revenue	1,801,529	205,445	2,006,974	1,417,302	(115,799)	1,301,503
FUNCTIONAL EXPENSES:						
Program services	1,393,762	-	1,393,762	1,329,640	-	1,329,640
Management and general	93,921	-	93,921	55,030	-	55,030
Fundraising	80,316	-	80,316	37,973	-	37,973
Total functional expenses	1,567,999	-	1,567,999	1,422,643	-	1,422,643
CHANGE IN NET ASSETS	233,530	205,445	438,975	(5,341)	(115,799)	(121,140)
NET ASSETS, Beginning of year	1,743,420	174,155	1,917,575	1,748,761	289,954	2,038,715
NET ASSETS, End of year	$ 1,976,950	$ 379,600	$ 2,356,550	$ 1,743,420	$ 174,155	$ 1,917,575

The accompanying notes are an integral part of this statement.

TEEN PARENT CONNECTION, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 438,975	$ (121,140)
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities -		
Depreciation	19,605	19,002
(Gain) loss on investments	(136,781)	176,077
Change in beneficial interest in investment pool	(1,551)	10,381
Change in assets and liabilities -		
(Increase) decrease in grant receivables	109,640	(119,849)
(Increase) decrease in promises to give	(202,753)	98,209
(Increase) decrease in prepaid expenses and other current assets	(9,586)	2,273
Increase in accounts payable	8,856	11,513
Increase (decrease) in accrued expenses	(92,382)	71,029
(Decrease) in deferred grant liability	-	(200,000)
Total adjustments	(304,952)	68,635
Net cash provided by (used in) operating activities	134,023	(52,505)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	-	100,000
Purchases of investments	(26,157)	(114,749)
Purchase of property and equipment	(5,069)	(4,800)
Net cash (used in) investing activities	(31,226)	(19,549)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage payable	(23,658)	(116,965)
NET CHANGE IN CASH AND CASH EQUIVALENTS	79,139	(189,019)
CASH AND CASH EQUIVALENTS, Beginning of year	310,791	499,810
CASH AND CASH EQUIVALENTS, End of year	$ 389,930	$ 310,791
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid in interest	$ 12,611	$ 16,283

The accompanying notes are an integral part of this statement.

TEEN PARENT CONNECTION, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services								
	Group Services	Prevention Education	Healthy Families DuPage	Doula Services	Pantry	Total Program Expenses	Management and General	Fundraising	Total
Salaries and wages	$ 117,710	$ 128,181	$ 265,151	$ 352,203	$ 39,149	$ 902,394	$ 69,724	$ 51,396	$ 1,023,514
Payroll taxes	10,053	11,065	22,864	30,855	3,592	78,429	6,571	4,624	89,624
Employee benefits	14,642	11,921	18,996	22,564	2,184	70,307	2,398	3,378	76,083
Allowance and speaker stipend	2,500	2,057	-	-	-	4,557	12	50	4,619
Child care	160	185	-	-	-	345	-	-	345
Equipment rental	407	742	1,654	1,919	244	4,966	116	276	5,358
Food	1,280	860	1,155	1,170	336	4,801	299	1,339	6,439
Insurance	2,756	4,835	10,967	13,128	1,670	33,356	1,800	1,931	37,087
Interest expense	931	1,708	3,734	4,577	514	11,464	565	582	12,611
Local transportation	1,166	3,234	3,729	4,185	33	12,347	116	-	12,463
Maintenance and utilities	4,152	7,633	16,943	19,817	2,478	51,023	3,100	3,350	57,473
Operating supplies	613	8,751	3,346	2,044	4,209	18,963	183	608	19,754
Operating supplies (in-kind)	7,360	-	7,360	7,360	-	22,080	-	-	22,080
Other consultants	1,792	3,305	11,207	8,065	1,013	25,382	3,628	4,900	33,910
Other expenses	517	863	1,903	1,624	263	5,170	857	2,412	8,439
Outside printing	-	-	-	-	-	-	-	1,866	1,866
Pantry supplies	-	-	-	-	5,471	5,471	-	-	5,471
Pantry supplies (in-kind)	-	-	-	-	10,416	10,416	-	-	10,416
Postage and shipping	40	75	194	186	24	519	26	408	953
Program consultants	-	2,075	75,593	2,406	-	80,074	-	-	80,074
Scholarships	352	-	-	-	1,000	1,352	1,000	-	2,352
Space rental	-	-	-	-	5,454	5,454	-	-	5,454
Subscriptions and reference materials	122	632	4,360	1,819	211	7,144	819	1,526	9,489
Telephone	1,970	898	4,302	4,537	1,121	12,828	1,738	671	15,237
Training	29	2,286	2,125	2,787	17	7,244	19	20	7,283
Special event expenses	-	-	-	-	-	-	-	40,303	40,303
Total expenses before depreciation and amortization	168,552	191,306	455,583	481,246	79,399	1,376,086	92,971	119,640	1,588,697
Depreciation and amortization	1,439	2,713	5,954	6,718	852	17,676	950	979	19,605
Less: direct benefit donor expenses	-	-	-	-	-	-	-	(40,303)	(40,303)
Total expenses	$ 169,991	$ 194,019	$ 461,537	$ 487,964	$ 80,251	$ 1,393,762	$ 93,921	$ 80,316	$ 1,567,999

The accompanying notes are an integral part of this statement.

TEEN PARENT CONNECTION, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services								
	Group Services	Prevention Education	Healthy Families DuPage	Doula Services	Pantry	Total Program Expenses	Management and General	Fundraising	Total
Salaries and wages	$ 131,420	$ 65,197	$ 228,094	$ 373,475	$ 73,589	$ 871,775	$ 40,606	$ 14,964	$ 927,345
Payroll taxes	10,659	5,212	19,324	30,595	6,215	72,005	3,327	1,172	76,504
Employee benefits	9,689	8,230	12,754	29,001	920	60,594	1,686	901	63,181
Allowance and speaker stipend	-	972	-	-	-	972	192	200	1,364
Equipment rental	482	678	1,737	2,375	302	5,574	296	316	6,186
Food	418	411	446	574	184	2,033	357	76	2,466
Insurance	1,563	2,283	5,666	7,784	997	18,293	998	1,103	20,394
Interest expense	1,252	1,829	4,540	6,238	799	14,658	799	826	16,283
Local transportation	171	889	2,141	2,453	613	6,267	-	-	6,267
Maintenance and utilities	3,711	5,887	14,619	19,068	2,466	45,751	1,231	4,431	51,413
Operating supplies	2,019	6,663	59,841	6,639	5,528	80,690	835	194	81,719
Operating supplies (in-kind)	3,350	-	3,350	3,350	-	10,050	-	-	10,050
Other consultants	1,046	1,556	6,659	5,135	951	15,347	725	3,634	19,706
Other expenses	349	472	1,400	1,525	353	4,099	-	1,703	5,802
Outside printing	191	69	170	265	30	725	30	3,329	4,084
Pantry supplies (in-kind)	-	-	-	-	4,032	4,032	-	-	4,032
Postage and shipping	48	70	175	240	31	564	31	2,203	2,798
Program consultants	5,000	931	48,705	3,875	-	58,511	-	-	58,511
Scholarships	-	-	-	-	7,500	7,500	-	-	7,500
Space rental	-	-	-	-	4,357	4,357	-	-	4,357
Subscriptions and reference materials	855	306	4,650	940	189	6,940	910	1,592	9,442
Telephone	1,943	683	5,808	7,159	299	15,892	1,475	369	17,736
Training	-	4,541	325	1,037	-	5,903	600	-	6,503
Total expenses before depreciation and amortization	174,166	106,879	420,404	501,728	109,355	1,312,532	54,098	37,013	1,403,643
Depreciation and amortization	1,462	2,134	5,299	7,280	933	17,108	932	960	19,000
Total expenses	$ 175,628	$ 109,013	$ 425,703	$ 509,008	$ 110,288	$ 1,329,640	$ 55,030	$ 37,973	$ 1,422,643

The accompanying notes are an integral part of this statement.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities -

Teen Parent Connection, Inc. (the "Organization") is a not-for-profit organization which focuses on providing comprehensive programs and services related to teenage pregnancy and parenting. Teen Parent Connection, Inc., founded in 1985, is an Illinois not-for-profit corporation located in Glen Ellyn, Illinois. The mission of the Organization is to serve the community through education on the realities and responsibilities of teen pregnancy and through long term assistance to adolescent parents for their development of self-esteem, parenting skills, and self-sufficiency. The Organization services individuals in DuPage and areas of Kane, Will, and Cook counties.

The following program and supporting services are included in the accompanying financial statements:

Group Services: Weekly group meetings allow adolescent parents to find commonality, strength, and encouragement to help them meet the demands of parenthood. Childcare and meals are provided free of charge. Parent groups cover a variety of topics, including child development, health, nutrition, immunizations, family planning, healthy relationships, depression education, and goal setting. Groups meet at sites located throughout DuPage County.

Prevention Education: This program is delivered by qualified Health and Peer Educators to middle, junior high, and high school students in health, child development, special education, and English as a Second Language classes in the DuPage County community. In addition, Peer Prevention is presented to high-risk adolescents in institutional settings as well as to community groups, such as churches and clubs. During classroom presentations, Health Educators engage students in activities and educate in a nonjudgmental manner while focusing on prevention of pregnancy, sexually transmitted infections, and HIV/AIDS. Peer Educators are trained to share a prevention-focused story of the health, social, emotional, and financial consequences they have personally experienced since becoming a teen parent.

Healthy Families DuPage: This program is a nationally recognized evidence-based home visitation model developed by Prevent Child Abuse America and has been proven to reduce the risk of child abuse and neglect. Intensive, individualized home visitation services provide parents information and education on stress management, problem solving, skills, family health, child development, and guidance.

Doula Services: The Doula Program offers pregnant teens the opportunity to receive home-based prenatal education and support services that promote a healthy pregnancy and prepare the young mother and her partner/support person for childbirth. The Doula provides information on prenatal care, identifying a medical home, and creating a birth plan. The Doula also offers continuous physical and emotional support during the labor and delivery process. Doula services continue for eight weeks following the birth of the baby and include postpartum depression education and training, breastfeeding support, newborn care information, etc. Doula services also include childbirth education classes and prenatal groups. Eight-week sessions are held four times per year and cover physical and emotional stages of labor, interventions and complications in labor, breastfeeding, and basic newborn care.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Nature of Activities - (Continued)

Parents' Pantry: An incentive-based program in which participants earn "baby bucks" through program participation and by reaching set goals. The special currency can then be redeemed for diapers, wipes, formula, and other baby essentials.

The financial statements were available to be issued on November 30, 2023, with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies applied by management in the preparation of the accompanying financial statements.

Basis of Accounting -

The financial statements of the Organization have been prepared on the accrual basis of accounting which recognizes revenues as they are earned and expenses as they are incurred.

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Not-for-Profit Organizations.* Under the ASC, the Organization is required to report information regarding two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates -

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

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Grants Receivable -

The Organization carries its grants receivable at the amount of unreimbursed expenses from the grantor less an allowance for doubtful accounts. Receivables are written off against the allowance when management determines that recovery is unlikely, and the Organization ceases its collection efforts. Management estimated that no allowance for doubtful accounts was necessary at June 30, 2023 and 2022.

Promises to Give -

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments -

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. Investment fees, including direct internal investment expenses, if any, are netted with investment income on the statement of activities and changes in net assets.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of market risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property and Equipment -

The Organization follows the practice of capitalizing, at cost, all disbursements for fixed assets in excess of $1,000. Depreciation is provided over the estimated useful lives of the assets of 5 to 39 years under the straight-line method. Depreciation expense was $19,605 and $19,002 for the years ended June 30, 2023 and 2022, respectively.

Impairment of Long-Lived Assets -

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long lived assets during 2023 or 2022.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contribution and Grants -

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

The Organization records special events revenue equal to the fair value of the direct benefits provided to donors for the exchange portion and contribution income for the excess received. The Organization typically receives payment for the event in advance, based on a set price. Special event revenue received in advance is recorded as deferred revenue and is recognized at the point in time when the event occurs. As of June 30, 2023 and 2022, the Organization has no deferred revenue.

In-Kind Contributions -

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

A significant amount of donated services are contributed to the Organization by various members to support the Organization's program and supporting services. These volunteer activities include participation on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements as they do not meet the criteria for recognition under GAAP.

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, consultants, insurance, maintenance and utilities, depreciation and other expenses which are allocated on the basis of estimated of time and effort.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Organization files informational tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2020. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

New Accounting Pronouncement -

Effective July 1, 2022, the Organization adopted ASU 2016-02, *Leases* (Topic 842) and subsequent amendments. Under ASU 2016-02, all of the Organization's material real estate and equipment leases that have lease terms exceeding twelve months will now be required to be recognized on the statement of financial position as amortizable right-of-use assets accompanied by liabilities for the present value of the lease payments that the Organization is obligated to make in order to obtain control of the leased assets for the duration of each lease term.

Lease expense, under these amendments, will be recognized in different patterns depending on whether the underlying lease is an operating lease or a finance lease. Lease expense for operating leases will be recognized as a single expense using the straight-line method over the term of the lease, which includes options to renew the lease that the Organization is reasonably expected to exercise. Finance lease expense will consist of two components, interest expense on the lease obligation payable and straight-line amortization of the right-of-use asset.

Implementation of these amendments is reflected using the modified retrospective method as of July 1, 2022. Consequently, the 2022 financial statements and disclosures do not reflect the effects of implementing the new lease standard. Upon implementation, the Organization elected an available package of practical expedients permitted under the transition guidance included in ASU 2018-11, *Leases* (Topic 842) – *Targeted Improvements* that permits the Organization to carry forward the historical lease identification, classification and initial direct costs associated with the Organization's pre-existing leases. The Organization did not have any material operating leases as of July 1, 2022 and the implementation of the amendments did not materially impact the Organization's net income or cash flows.

Reclassifications -

Certain amounts as previously reported in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

(2) CONCENTRATIONS ON CREDIT RISK:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash and deposits with high-quality financial institutions; however deposits may exceed the federally insured limits of their institution from time to time.

(3) PROMISES TO GIVE:

Unconditional promises to give as of June 30, 2023 and 2022 are as follows:

	2023	2022
Unconditional promises to give	$ 351,397	$ 145,339
Less – Unamortized discounts	(3,305)	-
Net unconditional promises to give	$ 348,092	$ 145,339
Amounts due in:		
Less than one year	$ 276,397	$ 145,339
One to five years	71,695	-
	$ 348,092	$ 145,339

(4) BENEFICIAL INTEREST IN INVESTMENT POOL:

The Organization maintains assets with DuPage Foundation (DF), a local community foundation, created in 1986. Under this agreement, the assets are invested at the discretion of DF for the benefit of the Organization. DF shall receive, administer, and disburse fund assets for the Organization's use at the Organization's request. The Organization retains a beneficial interest in those assets and maintains the assets on the statement of financial position. As of June 30, 2023 and 2022, the fair value of the beneficial interest was $82,592 and $81,041, respectively.

All dividend, interest income, and realized and unrealized gains and losses on assets bought, sold, and held during the period are credited to the fund or disbursed as requested by the Organization. All fund earnings are classified as investment income (loss) on the statement of activities and changes in net assets in the period earned. Periodic distributions of income are made to the Organization. The Organization received income distributions of $3,700 and $3,600 from this fund during the years ended June 30, 2023 and 2022, respectively.

(5) REVOCABLE SPLIT-INTEREST AGREEMENT:

The Organization is the beneficiary under a designated fund administered by DF. The assets of the fund are not included in the statements of financial position of the organization because the fund is revocable at the discretion of the grantor. The Organization is entitled to an amount specified each year as determined by DF. Net investment gain (loss) from the fund was $401 and $(5,638) for the years ended June 30, 2023 and 2022, respectively.

(6) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurements established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2023 and 2022.

Mutual Funds: Valued at the closing price (net asset value) reported on the active market on which the individual securities are traded.

Pooled Investment Account at DuPage Foundation: Valued at an unquoted value of investment pool as determined at a prorated portion of a larger investment group.

(6) FAIR VALUE MEASUREMENTS: (Continued)

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is 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 table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

	Assets at Fair Value as of June 30, 2023			
Description	Level 1	Level 2	Level 3	Total
Pooled investments	$ -	$ 82,592	$ -	$ 82,592
Mutual funds	1,157,262	-	-	1,157,262
Total assets at fair value	$ 1,157,262	$ 82,592	$ -	$ 1,239,854

	Assets at Fair Value as of June 30, 2022			
Description	Level 1	Level 2	Level 3	Total
Pooled investments	$ -	$ 81,041	$ -	$ 81,041
Mutual funds	994,324	-	-	994,324
Total assets at fair value	$ 994,324	$ 81,041	$ -	$ 1,075,365

(7) INVESTMENT INCOME:

Investment income (loss) resulting from investments held with a brokerage and the assets held by DuPage Foundation consists of the following for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividends	$ 23,658	$ 18,278
Realized gain	5,082	13,165
Unrealized gain (loss)	144,547	(199,623)
Investment fees	(1,158)	(1,142)
Total	$ 172,129	$ (169,322)

(8) NOTES PAYABLE:

Notes payable at June 30, 2023 and 2022 are as follows:

	2023	2022
Mortgage payable to a bank, due in monthly principal and interest installments of $3,022, bearing an interest rate of 4.75%. The note is secured by the land and building associated with the mortgage and matures in December 2025, at which time a balloon payment is due.	$ 237,120	$ 260,778
Less - Current maturities	(25,372)	(19,382)
Long - term portion	$ 211,748	$ 241,396

Minimum payments due are as follows:

Year ending June 30,	Amount
2024	$ 25,372
2025	26,651
2026	185,097
	$ 237,120

(9) REFUNDABLE ADVANCE LIABILITY – PAYCHECK PROTECTION PROGRAM (PPP):

As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic, on January 29, 2021, the Organization received a PPP loan in the amount of $200,000.

The Organization has elected to account for its PPP loan as a conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, the PPP loan proceeds are initially recorded as a deferred grant liability and subsequently recognized as grant revenue when the Organization has substantially met all conditions for forgiveness. The Organization recognized $200,000 of grant revenue during the year ended June 30, 2022. The loan program's expenditures and the Organization's eligibility are subject to review and acceptance by the Small Business Administration, and, as a result of such review, adjustments could be required. The Organization received formal forgiveness from the SBA for the PPP loan as of February 8, 2022.

(10) NET ASSETS:

Net assets that are board-designated are as follows:

	2023	2022
Capital improvements	$ 200,000	$ -

Net assets with donor restrictions are as follows:

	2023	2022
Family Strengthening	$ 131,700	$ 50,000
Health Families DuPage	1,500	5,000
Prevention Education	500	-
Pathways to Prevention	20,000	42,500
Scholarships	-	6,555
Parents Pantry	2,900	3,000
Project Specific	-	12,100
Database	20,000	20,000
Time Restricted – General operations for future periods	203,000	35,000
	$ 379,600	$ 174,155

(11) OPERATING LEASES:

The Organization has entered into operating leases for office space and equipment with monthly payments of up to $300 through January 2028. Lease expense under these agreements amounted to $10,812 and $10,543 for the years ended June 30, 2023 and 2022, respectively.

The Organization has elected not to capitalize operating lease assets and liabilities that do not meet the materiality threshold. For the year ended June 30, 2023, the total future minimum lease payments under non-material operating leases are as follows:

Year ending June 30,	Amount
2024	$ 5,600
2025	3,600
2026	3,600
2027	3,600
2028	2,100
	$ 18,500

(12) LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following at June 30, 2023 and 2022:

	2023	2022
Financial Assets at year-end -		
Cash and cash equivalents	$ 389,930	$ 310,791
Grants receivable	86,063	195,703
Promises to give	348,092	145,339
Investments	1,157,262	994,324
Total financial assets	1,981,347	1,646,157
Less amounts not available to be used within one year -		
Board designated	200,000	-
Donor restricted funds	379,600	174,155
	579,600	174,155
Financial assets available to meet cash needs for general expenditures within one year	$ 1,401,747	$ 1,472,002

As part of the Organization's liquidity management plan, the Organization invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

The Organization has certain board designated net assets that are designated for future expenditures and are not available for general expenditures within the next year. However, the board designated amounts could be made available, if necessary.

(13) CONCENTRATIONS:

For the year ended June 30, 2023 approximately 21% of the Organization's revenue was earned under grant agreements from one government agency and 28% of the Organization's revenue was earned from two foundation funding sources.

For the year ended June 30, 2022 approximately 35% of the Organization's revenue was earned under grant agreements from one government agency and 26% of the Organization's revenue was earned from one foundation funding source.

(14) RETIREMENT PLAN:

The Organization maintains a 403(b) Thrift Plan (the "Plan") for its eligible employees. The Organization may make discretionary contributions to the Plan. Contributions to the Plan from the Organization for the years ended June 30, 2023 and 2022, were $25,814 and $25,461, respectively.

(15) IN KIND CONTRIBUTIONS:

For the years ended June 30, 2023 and 2022 contributed nonfinancial assets recognized within the statement of activities included the following:

	2023	2022
Operating supplies	$ 22,080	$ 10,050
Pantry supplies	10,416	4,032
Total contributed nonfinancial assets	$ 32,496	$ 14,082

Fair value of in-kind contributions is determined as follows:

Operating supplies: The donated operating supplies consist of gift cards and toys and are utilized in group services, healthy families, and doula programs. The Organization estimates the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Pantry supplies: The donated pantry supplies consist of diapers and are utilized in the pantry programs. The Organization estimates the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.