TEEN PARENT CONNECTION, INC.

FINANCIAL STATEMENTS
AS OF JUNE 30, 2024 AND 2023

TOGETHER WITH AUDITOR'S REPORT

Dugan + Lopatka
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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 statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows and functional expenses for the years 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2024, 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
December 3, 2024

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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, 2024, 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 December 3, 2024.

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
December 3, 2024

TEEN PARENT CONNECTION, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS:		
Cash and cash equivalents	$ 327,986	$ 389,930
Grants receivable	197,929	86,063
Promises to give, current	397,518	276,397
Investments	1,360,980	1,157,262
Beneficial interest in investment pool	85,549	82,592
Prepaid expenses and other current assets	30,809	20,746
Total current assets	2,400,771	2,012,990
PROPERTY AND EQUIPMENT:		
Land and land improvements	118,697	118,697
Buildings and building improvements	643,377	629,063
Furniture and equipment	88,486	88,486
Software	16,625	4,125
	867,185	840,371
Less: accumulated depreciation and amortization	(243,248)	(222,213)
Net property and equipment	623,937	618,158
OTHER ASSETS:		
Promises to give, net of current	-	71,695
Total assets	$ 3,024,708	$ 2,702,843

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES:		
Accounts payable	$ 71,330	$ 23,623
Accrued expenses	78,834	85,550
Notes payable, current portion	28,299	25,372
Total current liabilities	178,463	134,545
LONG TERM LIABILITIES:		
Notes payable, net of current portion	149,989	211,748
Total liabilities	328,452	346,293
NET ASSETS:		
Without donor restrictions -		
Undesignated	1,933,245	1,776,950
Board designated	400,000	200,000
Total without donor restrictions	2,333,245	1,976,950
With donor restrictions	363,011	379,600
Total net assets	2,696,256	2,356,550
Total liabilities and net assets	$ 3,024,708	$ 2,702,843

TEEN PARENT CONNECTION, INC
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Grants from governmental agencies	$ 652,226	$ -	$ 652,226	$ 634,118	$ -	$ 634,118
Contributions - Foundation and corporate	752,228	203,011	955,239	583,187	345,500	928,687
- Community group	40,350	10,000	50,350	17,350	14,100	31,450
- Individual	98,711	-	98,711	116,755	-	116,755
United Way	25,000	-	25,000	25,000	-	25,000
Special events -						
Gross proceeds	60,781	-	60,781	91,921	-	91,921
Less: Direct expenses	(21,390)	-	(21,390)	(40,303)	-	(40,303)
Fees from schools	6,619	-	6,619	4,800	-	4,800
In-kind contributions	13,407	-	13,407	32,496	-	32,496
Investment income	216,476	-	216,476	172,129	-	172,129
Miscellaneous income	24,762	-	24,762	9,921	-	9,921
Net assets released from restrictions	229,600	(229,600)	-	154,155	(154,155)	-
Total support and revenue	2,098,770	(16,589)	2,082,181	1,801,529	205,445	2,006,974
FUNCTIONAL EXPENSES:						
Program services	1,606,370	-	1,606,370	1,393,762	-	1,393,762
Management and general	91,085	-	91,085	93,921	-	93,921
Fundraising	45,020	-	45,020	80,316	-	80,316
Total functional expenses	1,742,475	-	1,742,475	1,567,999	-	1,567,999
CHANGE IN NET ASSETS	356,295	(16,589)	339,706	233,530	205,445	438,975
NET ASSETS, Beginning of year	1,976,950	379,600	2,356,550	1,743,420	174,155	1,917,575
NET ASSETS, End of year	$ 2,333,245	$ 363,011	$ 2,696,256	$ 1,976,950	$ 379,600	$ 2,356,550

The accompanying notes are an integral part of this statement.

EXHIBIT 3

TEEN PARENT CONNECTION, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 339,706	$ 438,975
Adjustments to reconcile change in total net assets to net cash provided by operating activities -		
Depreciation	21,035	19,605
(Gain) on investments	(183,945)	(136,781)
Change in beneficial interest in investment pool	(2,957)	(1,551)
Change in assets and liabilities -		
(Increase) decrease in grant receivables	(111,866)	109,640
(Increase) in promises to give	(49,426)	(202,753)
(Increase) in prepaid expenses and other current assets	(10,063)	(9,586)
Increase in accounts payable	47,707	8,856
(Decrease) in accrued expenses	(6,716)	(92,382)
Total adjustments	(296,231)	(304,952)
Net cash provided by operating activities	43,475	134,023
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(19,773)	(26,157)
Purchase of property and equipment	(26,814)	(5,069)
Net cash (used in) investing activities	(46,587)	(31,226)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage payable	(58,832)	(23,658)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(61,944)	79,139
CASH AND CASH EQUIVALENTS, Beginning of year	389,930	310,791
CASH AND CASH EQUIVALENTS, End of year	$ 327,986	$ 389,930
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid in interest	$ 10,414	$ 12,611

The accompanying notes are an integral part of this statement.

TEEN PARENT CONNECTION, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services							
	Group Services	Prevention Education	Home Visiting Services	Pantry	Total Program Expenses	Management and General	Fundraising	Total
Salaries and wages	$ 112,999	$ 151,881	$ 739,222	$ 43,665	$ 1,047,767	$ 63,749	$ 16,989	$ 1,128,505
Payroll taxes	10,298	13,978	63,253	4,274	91,803	6,008	2,111	99,922
Employee benefits	11,142	11,569	53,588	1,912	78,211	6,094	813	85,118
Allowance and speaker stipend	-	1,371	-	-	1,371	-	150	1,521
Child care	1,220	52	540	-	1,812	-	-	1,812
Equipment rental	591	636	3,145	188	4,560	299	255	5,114
Food	1,134	483	5,509	156	7,282	1,024	521	8,827
Insurance	2,484	2,944	14,386	882	20,696	1,318	1,153	23,167
Interest expense	1,234	1,286	6,385	378	9,283	613	518	10,414
Local transportation	2,268	4,275	10,337	-	16,880	64	-	16,944
Maintenance and utilities	6,684	7,102	35,164	2,097	51,047	2,419	2,851	56,317
Operating supplies	2,980	4,989	89,406	834	98,209	2,360	7,204	107,773
Operating supplies (in-kind)	3,089	-	6,176	-	9,265	-	-	9,265
Other consultants	2,900	3,022	15,008	890	21,820	1,462	3,744	27,026
Other expenses	740	703	4,788	192	6,423	1,594	3,522	11,539
Outside printing	109	114	342	252	817	-	2,684	3,501
Pantry supplies	-	-	-	694	694	-	-	694
Pantry supplies (in-kind)	-	-	4,142	-	4,142	-	-	4,142
Postage and shipping	87	91	450	25	653	52	755	1,460
Program consultants	1,225	1,438	84,058	1,225	87,946	1,000	-	88,946
Space rental	237	247	1,227	3,089	4,800	118	100	5,018
Subscriptions and reference materials	25	-	8,817	8	8,850	635	285	9,770
Telephone	1,075	592	6,495	525	8,687	798	297	9,782
Training	1,360	158	3,084	16	4,618	223	22	4,863
Special event expenses	-	-	407	-	407	-	20,983	21,390
Total expenses before depreciation and amortization	163,881	206,931	1,155,929	61,302	1,588,043	89,830	64,957	1,742,830
Depreciation and amortization	2,490	2,595	12,885	764	18,734	1,255	1,046	21,035
Less: direct benefit donor expenses	-	-	(407)	-	(407)	-	(20,983)	(21,390)
Total expenses	$ 166,371	$ 209,526	$ 1,168,407	$ 62,066	$ 1,606,370	$ 91,085	$ 45,020	$ 1,742,475

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	Home Visiting Services	Pantry	Total Program Expenses	Management and General	Fundraising	Total
Salaries and wages	$ 117,710	$ 128,181	$ 617,354	$ 39,149	$ 902,394	$ 69,724	$ 51,396	$ 1,023,514
Payroll taxes	10,053	11,065	53,719	3,592	78,429	6,571	4,624	89,624
Employee benefits	14,642	11,921	41,560	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	3,573	244	4,966	116	276	5,358
Food	1,280	860	2,325	336	4,801	299	1,339	6,439
Insurance	2,756	4,835	24,095	1,670	33,356	1,800	1,931	37,087
Interest expense	931	1,708	8,311	514	11,464	565	582	12,611
Local transportation	1,166	3,234	7,914	33	12,347	116	-	12,463
Maintenance and utilities	4,152	7,633	36,760	2,478	51,023	3,100	3,350	57,473
Operating supplies	613	8,751	5,390	4,209	18,963	183	608	19,754
Operating supplies (in-kind)	7,360	-	14,720	-	22,080	-	-	22,080
Other consultants	1,792	3,305	19,272	1,013	25,382	3,628	4,900	33,910
Other expenses	517	863	3,527	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	380	24	519	26	408	953
Program consultants	-	2,075	77,999	-	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	6,179	211	7,144	819	1,526	9,489
Telephone	1,970	898	8,839	1,121	12,828	1,738	671	15,237
Training	29	2,286	4,912	17	7,244	19	20	7,283
Special event expenses	-	-	-	-	-	-	40,303	40,303
Total expenses before depreciation and amortization	168,552	191,306	936,829	79,399	1,376,086	92,971	119,640	1,588,697
Depreciation and amortization	1,439	2,713	12,672	852	17,676	950	979	19,605
Less: direct benefit donor expenses	-	-	-	-	-	-	(40,303)	(40,303)
Total expenses	$ 169,991	$ 194,019	$ 949,501	$ 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(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.

Home Visiting Services: This program combines the strengths of Healthy Families DuPage and Doula Services to provide comprehensive support for families. Healthy Families DuPage, a nationally recognized, evidence-based home visitation model developed by Prevent Child Abuse America, aims to reduce the risk of child abuse and neglect through intensive, individualized home visits that offer parents education on stress management, problem-solving skills, family health, child development, and guidance. Doula Services support pregnant teens with home-based prenatal education and services to promote a healthy pregnancy and prepare for childbirth, offering information on prenatal care, identifying a medical home, and creating a birth plan. The Doula provides continuous physical and emotional support during labor and delivery, and postpartum services continue for eight weeks, including education on postpartum depression, breastfeeding support, and newborn care. Additionally, the program includes childbirth education classes and prenatal groups covering labor stages, interventions, breastfeeding, and newborn care. Together, these services ensure healthy development and well-being for both parents and children.

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.

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

The financial statements were available to be issued on December 3, 2024, 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.

Concentration 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.

(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, 2024 and 2023.

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 $5,000. Depreciation is provided over the estimated useful lives of the assets of 5 to 39 years under the straight-line method. Depreciation expense was $21,035 and $19,605 for the years ended June 30, 2024 and 2023, 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 2024 or 2023.

(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, 2024 and 2023, 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 number 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, employee benefits, 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)

Leases -

The Organization determines if an arrangement is a lease or contains a lease at inception of the contract. For any material operating leases with a term of over one year, the Organization records an operating lease right-of-use asset, and current and long-term operating lease liabilities in the statement of financial position. Operating lease right-of-use assets and lease liabilities are measured based on the present value of future lease payments over the lease term at each lease's commencement date. Operating lease expense for lease payments is recognized on a straight-line basis over the terms of each lease. As of June 30, 2024 and 2023, the Organization did not have any material operating leases.

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 2021. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Reclassifications -

Certain amounts as previously reported in the 2023 financial statements have been reclassified to conform to the 2024 presentation.

(2) PROMISES TO GIVE:

Unconditional promises to give as of June 30, 2024 and 2023 are as follows:

	2024	2023
Unconditional promises to give	$ 397,518	$ 351,397
Less – Unamortized discounts	-	(3,305)
Net unconditional promises to give	$ 397,518	$ 348,092
Amounts due in:		
Less than one year	$ 397,518	$ 276,397
One to five years	-	71,695
	$ 397,518	$ 348,092

(3) 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, 2024 and 2023, the fair value of the beneficial interest was $85,549 and $82,592, 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 $3,800 and $3,700 from this fund during the years ended June 30, 2024 and 2023, respectively.

(4) 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 from the fund was $952 and $401 for the years ended June 30, 2024 and 2023, respectively.

(5) 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.

(5) FAIR VALUE MEASUREMENTS: (Continued)

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.

The 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, 2024 and 2023.

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.

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, 2024			
Description	Level 1	Level 2	Level 3	Total
Pooled investments	$ -	$ 85,549	$ -	$ 85,549
Mutual funds	1,360,980	-	-	1,360,980
Total assets at fair value	$ 1,360,980	$ 85,549	$ -	$ 1,446,529

	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

(6) INVESTMENT INCOME:

Investment income resulting from investments held with a brokerage and the assets held by DuPage Foundation consists of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Interest and dividends	$ 27,889	$ 23,658
Realized gain	12,102	5,082
Unrealized gain	177,501	144,547
Investment fees	(1,016)	(1,158)
Total	$ 216,476	$ 172,129

(7) NOTES PAYABLE:

Notes payable at June 30, 2024 and 2023 are as follows:

	2024	2023
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.	$ 178,288	$ 237,120
Less - Current maturities	(28,299)	(25,372)
Long - term portion	$ 149,989	$ 211,748

Minimum payments due are as follows:

Year ending June 30,	Amount
2025	$ 28,299
2026	149,989
	$ 178,288

(8) NET ASSETS:

Net assets that are board-designated are as follows:

	2024	2023
Capital improvements	$ 400,000	$ 200,000

Net assets with donor restrictions are as follows:

	2024	2023
Family Strengthening	$ 45,000	$ 131,700
Health Families DuPage	-	1,500
Prevention Education	-	500
Pathways to Prevention	58,000	20,000
Scholarships	10,000	-
Parents Pantry	-	2,900
Home Visiting	97,011	-
Young Parent Support Group	3,000	-
Database	-	20,000
Time Restricted – General operations for future periods	150,000	203,000
	$ 363,011	$ 379,600

(9) 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 $10,132 and $10,812 for the years ended June 30, 2024 and 2023, 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, 2024, the total future minimum lease payments under non-material operating leases are as follows:

Year ending June 30,	Amount
2025	$ 5,600
2026	3,600
2027	3,600
2028	2,100
	$ 14,900

(10) 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, 2024 and 2023:

	2024	2023
Financial Assets at year-end -		
Cash and cash equivalents	$ 327,986	$ 389,930
Grants receivable	197,929	86,063
Promises to give	397,518	348,092
Investments	1,360,980	1,157,262
Total financial assets	2,284,413	1,981,347
Less amounts not available to be used within one year -		
Board designated	400,000	200,000
Donor restricted funds	363,011	379,600
	763,011	579,600
Financial assets available to meet cash needs for general expenditures within one year	$ 1,521,402	$ 1,401,747

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.

(11) CONCENTRATIONS:

For the year ended June 30, 2024 approximately 21% of the Organization's revenue was earned under grant agreements from one government agency and 30% of the Organization's revenue was earned from one foundation funding source.

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.

(12) 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, 2024 and 2023, were $23,251 and $25,814, respectively.

(13) IN KIND CONTRIBUTIONS:

For the years ended June 30, 2024 and 2023 contributed nonfinancial assets recognized within the statement of activities included the following:

	2024	2023
Operating supplies	$ 9,265	$ 22,080
Pantry supplies	4,142	10,416
Total contributed nonfinancial assets	$ 13,407	$ 32,496

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.