BIG BROTHERS BIG SISTERS
OF METROPOLITAN CHICAGO

FINANCIAL STATEMENTS

JUNE 30, 2024

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Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Big Brothers Big Sisters of Metropolitan Chicago
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of BIG BROTHERS BIG SISTERS OF METROPOLITAN CHICAGO (an Illinois nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BIG BROTHERS BIG SISTERS OF METROPOLITAN CHICAGO as of June 30, 2024 and 2023, 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. 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 BIG BROTHERS BIG SISTERS OF METROPOLITAN CHICAGO and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BIG BROTHERS BIG SISTERS OF METROPOLITAN CHICAGO's ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BIG BROTHERS BIG SISTERS OF METROPOLITAN 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BIG BROTHERS BIG SISTERS OF METROPOLITAN 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.

Warady & Davis LLP

February 7, 2025

STATEMENTS OF FINANCIAL POSITION

As of June 30	**2024**	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 2,062,938**	$ 2,550,913
Other Receivables	—	1,369
Government Grants Receivable	**338,149**	145,447
Unconditional Promises to Give	**874,080**	1,402,970
Prepaid Expenses	**161,212**	225,064
Total Current Assets	**3,436,379**	4,325,763
PROPERTY AND EQUIPMENT, net	**235,700**	185,699
OTHER ASSETS		
Security Deposits	**16,355**	—
Restricted Cash	**127,979**	126,594
Unconditional Promises to Give - Long-Term, net	**316,592**	588,929
Operating Lease Right-of-Use Assets, net of Accumulated Amortization of $175,501 and $257,377	**2,119,105**	135,887
Total Other Assets	**2,580,031**	851,410
	$ 6,252,110	$ 5,362,872
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Notes Payable - Current Portion	**$ 12,778**	$ 12,432
Accounts Payable	**45,667**	275,869
Accrued Liabilities	**105,268**	103,556
Operating Lease Liabilities	**299,295**	165,027
Total Current Liabilities	**463,008**	556,884
NONCURRENT LIABILITIES		
Notes Payable, net of Current Portion	**460,461**	473,239
Operating Lease Liabilities	**1,870,261**	—
Total Noncurrent Liabilities	**2,330,722**	473,239
NET ASSETS		
Without Donor Restriction	**1,016,751**	711,750
With Donor Restriction	**2,441,629**	3,620,999
	3,458,380	4,332,749
	$ 6,252,110	$ 5,362,872

See accompanying notes.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30	2024			2023		
	Without Donor Restriction	**With Donor Restriction**	**Total**	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES						
Contributions and Grants						
Corporations	**$ 342,009**	**$ 370,625**	**$ 712,634**	$ 267,327	$ 582,967	$ 850,294
Foundations	**269,354**	**372,500**	**641,854**	125,649	1,065,201	1,190,850
Individuals	**571,731**	**533,186**	**1,104,917**	469,497	1,178,769	1,648,266
Government Grants	—	**1,171,557**	**1,171,557**	—	135,613	135,613
Big Brothers Big Sisters of America (BBBSA)	**228,074**	**317,307**	**545,381**	13,238	428,404	441,642
Program Related Events	**15,051**	—	**15,051**	17,500	—	17,500
Contributions In-Kind	**520,530**	—	**520,530**	693,810	—	693,810
Special Event Revenue	**1,463,958**	—	**1,463,958**	1,429,828	28,176	1,458,004
	3,410,707	**2,765,175**	**6,175,882**	3,016,849	3,419,130	6,435,979
Other Revenue						
Investment Income	**16,245**	**7,187**	**23,432**	229	—	229
Other Income	—	—	—	30,020	—	30,020
	16,245	**7,187**	**23,432**	30,249	—	30,249
Net Assets Released from Restrictions	**3,951,732**	**(3,951,732)**	—	2,962,703	(2,962,703)	—
Total Revenues	**7,378,684**	**(1,179,370)**	**6,199,314**	6,009,801	456,427	6,466,228
EXPENSES						
Program Services	**4,972,244**	—	**4,972,244**	4,197,660	—	4,197,660
Support Services						
Management and General	**994,841**	—	**994,841**	895,351	—	895,351
Fundraising						
Direct Expenses for Special Events	**377,582**	—	**377,582**	341,595	—	341,595
Other Fundraising	**729,016**	—	**729,016**	699,858	—	699,858
	2,101,439	—	**2,101,439**	1,936,804	—	1,936,804
Total Expenses	**7,073,683**	—	**7,073,683**	6,134,464	—	6,134,464
CHANGES IN NET ASSETS	**305,001**	**(1,179,370)**	**(874,369)**	(124,663)	456,427	331,764
Net Assets, Beginning	**711,750**	**3,620,999**	**4,332,749**	836,413	3,164,572	4,000,985
NET ASSETS, ENDING	**$ 1,016,751**	**$ 2,441,629**	**$ 3,458,380**	$ 711,750	$ 3,620,999	$ 4,332,749

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

	Big Brothers Big Sisters Programs	Support Services: Management and General	Support Services: Fundraising	Support Services: Total	Direct Expenses for Special Event	Total Expenses
Salaries	$ 2,579,860	$ 434,406	$ 526,672	$ 961,078	$ —	$ 3,540,938
Payroll Taxes	207,245	34,897	42,309	77,206	—	284,451
Employee Benefits	206,896	34,838	42,238	77,076	—	283,972
401(k) Employer Matching Contributions	31,556	5,314	6,442	11,756	—	43,312
	3,025,557	509,455	617,661	1,127,116	—	4,152,673
Annual Dues	35,272	5,939	7,201	13,140	—	48,412
Academic Enrichment, Scholarships and Awards	75,378	—	—	—	—	75,378
Background Checks	65,558	—	—	—	—	65,558
Bank Charges	—	7,090	9,687	16,777	—	16,777
Communications	24,261	4,086	4,953	9,039	—	33,300
Depreciation and Amortization	61,954	10,432	12,648	23,080	—	85,034
Equipment Expense	91,038	15,329	18,585	33,914	—	124,952
Event Entertainment	—	—	—	—	113,838	113,838
Event Other Direct Expenses	—	—	—	—	26,979	26,979
Event Prizes	—	—	—	—	83,865	83,865
Event Venue, Food, and Beverage	—	—	—	—	152,900	152,900
Insurance	61,200	19,578	2,680	22,258	—	83,458
Interest	—	13,200	—	13,200	—	13,200
Library Literature	956	161	193	354	—	1,310
Miscellaneous	—	391	—	391	—	391
Occupancy	358,637	163,188	32,802	195,990	—	554,627
Office Supplies	11,508	1,938	2,349	4,287	—	15,795
Postage and Shipping	3,908	658	798	1,456	—	5,364
Printing Expense	845	928	127	1,055	—	1,900
Professional Fees	82,713	137,883	1,320	139,203	—	221,916
Program Events and Activities	607,923	—	—	—	—	607,923
Program Snacks and Supplies	46,465	—	—	—	—	46,465
Program Transportation	94,273	—	—	—	—	94,273
Recruitment/Marketing	250,941	70,365	5,113	75,478	—	326,419
Temporary Help	19,794	2,120	—	2,120	—	21,914
Training and Meetings	31,330	5,275	6,396	11,671	—	43,001
Travel	22,733	26,825	6,503	33,328	—	56,061
	1,946,687	485,386	111,355	596,741	377,582	2,921,010
TOTALS	$ 4,972,244	$ 994,841	$ 729,016	$ 1,723,857	$ 377,582	$ 7,073,683

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2023

		Support Services				
	Big Brothers Big Sisters Programs	Management and General	Fundraising	Total	Direct Expenses for Special Event	Total Expenses
Salaries	$ 2,183,449	$ 403,040	$ 512,674	$ 915,714	$ —	$ 3,099,163
Payroll Taxes	159,384	29,421	37,423	66,844	—	226,228
Employee Benefits	169,176	31,228	39,722	70,950	—	240,126
401(k) Employer Matching Contributions	25,257	4,662	5,930	10,592	—	35,849
	2,537,266	468,351	595,749	1,064,100	—	3,601,366
Annual Dues	34,140	6,302	8,016	14,318	—	48,458
Academic Enrichment, Scholarships and Awards	57,087	—	—	—	—	57,087
Background Checks	59,890	—	—	—	—	59,890
Bank Charges	—	1,687	9,682	11,369	—	11,369
Communications	18,540	3,422	4,353	7,775	—	26,315
Depreciation and Amortization	43,975	8,117	10,325	18,442	—	62,417
Equipment Expense	76,292	14,083	17,913	31,996	—	108,288
Event Entertainment	—	—	—	—	96,304	96,304
Event Other Direct Expenses	—	—	—	—	37,583	37,583
Event Prizes	—	—	—	—	64,520	64,520
Event Venue, Food, and Beverage	—	—	—	—	143,188	143,188
Insurance	59,700	18,073	6,114	24,187	—	83,887
Interest	—	13,537		13,537	—	13,537
Library Literature	2,567	474	603	1,077	—	3,644
Miscellaneous	—	14	—	14	—	14
Occupancy	261,405	137,334	26,821	164,155	—	425,560
Office Supplies	6,763	1,248	1,588	2,836	—	9,599
Postage and Shipping	4,142	765	972	1,737	—	5,879
Printing Expense	933	2,127	8,964	11,091	—	12,024
Professional Fees	62,111	153,629	1,451	155,080	—	217,191
Program Events and Activities	671,691	—	—	—	—	671,691
Program Snacks and Supplies	63,186	—	—	—	—	63,186
Program Transportation	72,134	—	—	—	—	72,134
Recruitment/Marketing	119,936	43,927	1,907	45,834	—	165,770
Temporary Help	18,408	—	—	—	—	18,408
Training and Meetings	10,824	1,998	2,542	4,540	—	15,364
Travel	16,670	20,263	2,858	23,121	—	39,791
	1,660,394	427,000	104,109	531,109	341,595	2,533,098
TOTALS	$ 4,197,660	$ 895,351	$ 699,858	$ 1,595,209	$ 341,595	$ 6,134,464

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	**$ (874,369)**	$ 331,764
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	**85,034**	62,417
Donated Stocks	**(28,095)**	(34,738)
Proceeds from Sale of Donated Stocks, net	**28,089**	34,809
(Gain) Loss on Sale of Donated Stock	**6**	(71)
Other Receivables	**1,369**	(475)
Government Grants Receivable	**(192,702)**	270,387
Unconditional Promises to Give	**801,227**	30,110
Prepaid Expenses	**63,852**	(74,569)
Operating Lease Right-of-Use Assets	**(1,983,218)**	(135,887)
Security Deposits	**(16,355)**	—
Accounts Payable	**(230,202)**	6,907
Accrued Liabilities	**1,712**	(68,349)
Deferred Rent	**—**	(83,659)
Operating Lease Liabilities	**2,004,529**	165,027
Total Adjustments	**535,246**	171,909
Net Cash Provided (Used) by Operating Activities	**(339,123)**	503,673
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	**(135,035)**	(65,568)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Notes Payable	**(12,432)**	(12,095)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(486,590)**	426,010
Cash and Cash Equivalents and Restricted Cash, Beginning	**2,677,507**	2,251,497
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, ENDING	**$ 2,190,917**	$ 2,677,507
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	**$ 13,200**	$ 13,537
Noncash Activities		
Donated Services	**$ 135,284**	$ 186,716
Donated Program Snacks and Supplies	**57,481**	18,844
Donated Special Event Venue, Food and Beverage	**10,000**	7,000
Donated Program Event Activities and Tickets	**317,765**	481,250
Construction in Progress in Accounts Payable	**—**	82,824
Construction in Progress in Accrued Expenses	**—**	11,337
	$ 520,530	$ 787,971
Cash and Cash Equivalents and Restricted Cash, Ending consists of:		
Cash and Cash Equivalents	**$ 2,062,938**	$ 2,550,913
Restricted Cash	**127,979**	126,594
Total Cash, Cash Equivalents and Restricted Cash	**$ 2,190,917**	$ 2,677,507

See accompanying notes.

NATURE OF ACTIVITIES

Big Brothers Big Sisters of Metropolitan Chicago (the Organization), an Illinois not-for-profit corporation, creates and supports one-to-one mentoring relationships that ignite the power and promise of youth. The Organization's support comes primarily from corporate, foundation and individual donors' contributions as well as government grants and various fundraising activities.

The Organization fulfills its mission through delivery of Community Based Mentoring and a variety of Site Based Mentoring Programs.

Community Based Mentoring Program. Through Community Based Mentoring, youth are matched one-to-one with caring, screened and trained adult volunteer mentors. This program offers Bigs and Littles the opportunity to spend quality time sharing local culture, exploring new educational opportunities, developing new skills and hobbies. Each match is unique, building upon the personalities, life experiences, interests and assets of the Big and Little involved. Every Big and Little is supported throughout the length of their match by a Match Support Specialist, who helps to assess the development of a healthy and positive match relationship.

Site Based Mentoring Programs. Site Based Mentoring operates similarly to Community Based Mentoring in that Bigs and Littles are matched one to one but meet at a prearranged space such as a school, community center or place of business 2-4 times per month with other Big/Little pairs. Each program is facilitated by a Program Coordinator, and includes time for a structured activity, relationship building and free time.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements, which have been prepared on the accrual basis of accounting. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations and have been consistently applied in the preparation of the financial statements.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Codification for "Financial Statements of Not-for-Profit Organizations". Under the standards, the Organization is required to report information regarding its financial position based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations plus those resources for which donor-imposed stipulations have been satisfied. Net assets without donor restriction may otherwise be designated for specific purposes by action of the Board of Directors. The Board has designated $983,661 for an operating reserve at June 30, 2024 and $775,000 at June 30, 2023.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION (Continued)

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

Additionally, there may be funds subject to donor-imposed stipulations that the resources be maintained permanently by the Organization. Due to the nature of the reserve fund, the income earned from the net assets with donor restriction in perpetuity is also restricted in perpetuity and is recorded as revenue with donor restriction (See Note 10).

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction.

SUPPORT AND SPECIAL EVENTS REVENUE

All contributions are considered available for use without donor restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restriction, which increases that net asset class.

It is the Organization's policy to sell donated securities upon receipt.

Grant revenues are recognized in the period in which they are earned.

Special events revenue, which includes charitable contributions, registration fees, sponsorships and purchases of auction items or raffle tickets, is recorded as revenue when the event occurs, equal to the amounts received. If the amount is received in advance, the amount considered a direct benefit is deferred until the event occurs and presented in deferred revenue on the statements of financial position, while the contribution portion, the excess amount paid over the direct benefit, is recorded immediately, unless there is a right of return if the special event does not take place.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

The Organization considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash equivalents consist of money market accounts.

RECEIVABLES

Receivables are stated at their net realizable value, which is the amount the Organization expects to collect. Receivables which are expected to be collected in greater than one year are recorded at the present value of their estimated future cash flows. The Organization determines an allowance for doubtful accounts based on past experience and analyses of collectability of the various receivables. The allowance for doubtful accounts is $-0- at June 30, 2024 and 2023 as the Organization believes all amounts are fully collectible. Receivables are charged to bad debt expense or loss when deemed uncollectible.

PROPERTY AND EQUIPMENT

Property and equipment in excess of the capitalization threshold of $2,500 is capitalized and carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 years for computer equipment and software to 5 years for furniture, equipment, and the phone system. The leasehold improvements are amortized over the shorter of their estimated useful lives and the remaining term of their respective lease and their amortization periods range from 8 years to 26 months.

IN-KIND CONTRIBUTIONS

Gifts of goods and supplies are recorded at estimated fair value on the date of the gift using either the principal market, or most advantageous market, by utilizing publicly available website valuations for selling identical or similar products, or services. Donated special event auction items are valued at the gross selling price received. Contributions of donated services that create or enhance non-financial 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 estimated fair values in the period received. Their valuation is based on prevailing hourly rates for the same kind of professional services as those donated. The Organization received donated services comprised of recruitment/marketing of $118,538 and professional fees of $16,746 (legal services of $3,746 and accounting services of $13,000). The Organization also received in-kind contributions comprised of program snacks and supplies of $57,481, program event activities and tickets of $317,765, and special event venue, food and beverage of $10,000 for the year ended June 30, 2024. The Organization received donated services comprised of recruitment/marketing of $123,780, professional fees of $62,936 (legal services of $49,286 and accounting services of $13,650). The Organization also received in-kind contributions comprised of program snacks and supplies of $18,844, program event activities and tickets of $481,250, and special event venue, food and beverage of $7,000 for the year ended June 30, 2023. There were no donor-imposed restrictions associated with the in-kind contributions received during the years ended June 30, 2024 and 2023.

During the years ended June 30, 2024 and 2023, all donated auction items were monetized. The remaining donated goods and supplies and donated services were utilized by the Organization's various programs and supporting services.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

VOLUNTEER SUPPORT (UNAUDITED)

The Organization receives donated time from volunteers as Big Brothers and Big Sisters. This donated time does not meet the criteria for financial statement recognition in conformity with accounting principles generally accepted in the United States, and therefore it is not reflected in the accompanying financial statements. Management estimates that these volunteers contributed approximately 71,646 hours in 2024 and 79,868 in 2023. An approximate economic value for this volunteer time contributed for the State of Illinois is $33.76 per hour for 2024 and $32.68 per hour for 2023 using the most recent data released by the U.S. Bureau of Labor Statistics for both 2024 and 2023. Applying this rate, the Organization's volunteer mentor services would be valued at approximately $2,418,761 for 2024 and $2,610,094 for 2023. Including the economic value of donated mentor services as part of program expenses would result in the calculation of program expenses as approximately 81% and 78% of total Organization expenses for the years ended June 30, 2024 and 2023, respectively. Support services would be approximately 19% and 22% of total Organization expenses for the years ended June 2024 and 2023, respectively. Program expenses as a percentage of total Organization expenses in the audited financial statements are approximately 74% for 2024 and 72% for 2023, respectively and support services expenses as a percentage of total Organization expenses in the audited financial statements are 26% for 2024 and 28% for 2023, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

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

INCOME TAXES

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a *private foundation* within the meaning of Section 509(a) of the Internal Revenue Code. The Organization is similarly classified by the State of Illinois.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES (Continued)

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

The Organization files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Illinois.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING STANDARDS

In June 2016, the FASB issued guidance (ASC 326) which significantly changed how entities will measure credit losses (bad debts) for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in ASC 326 are the Organization’s accounts and other receivables resulting from exchange transactions. The Organization's allowances for uncollectible receivables from non-exchange transactions, which are the Organization's government grants receivable and unconditional promises to give, are specifically excluded from the scope of this new standard.

Management adopted the standard effective July 1, 2023 utilizing the modified retrospective transition method. The Organization has historically experienced minimal credit losses as its fee-for-service revenues are typically insignificant. Therefore, the adoption of this standard did not have a material impact on the Organization’s financial statements and only marginally changes the Organization’s methodology for determining an allowance for credit losses to also factor in supportable and reasonable future forecasts.

NOTE 2—LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at June 30, 2024 and 2023:

	2024	2023
Cash and Cash Equivalents	$ **2,062,938**	$ 2,550,913
Restricted Cash	**127,979**	126,594
Other Receivables	**—**	1,369
Government Grants Receivable	**338,149**	145,447
Unconditional Promises to Give, net	**1,190,672**	1,991,899
Less: Board-Designated Net Assets	**(983,661)**	(775,000)
Less: Donor Restricted Net Assets	**(2,441,629)**	(3,620,999)
	$ **294,448**	$ 420,223

As part of its liquidity management plan, the Organization attempts to maintain sufficient cash to meet current operating needs. Although the Organization does not intend to spend their board-designated net assets of $983,661 and $775,000 as of June 30, 2024 and 2023, respectively, these amounts comprise their General Operating Reserve Fund and are available for use pursuant to the Organization's policy on the fund. The Organization's policy calls for the General Operating Reserve Fund to be equivalent to 60 days of annual fixed operating expenses.

As of June 30, 2024 and 2023, $1,312,629 and $2,231,657, of the donor restricted net assets respectively, are related to the Organization's Impact (Drive for 5) Campaign. Fundraising for this campaign is to provide funding for several purposes - incremental program growth, innovation and marketing, regional outreach, match enrichment activity funding and formation of an endowment.

Additionally, the Organization has a $550,000 line of credit of which the Organization could draw upon, should the need arise. There were no borrowings for the years ended June 30, 2024 and 2023. The amount available to the Organization at any time is the $550,000 total, reduced by the face amount of all outstanding letters of credit issued by this bank for the benefit of the Organization, (See Note 7).

NOTE 3—CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in deposit accounts at financial institutions, which at times may exceed federally insured limits. At June 30, 2024 and 2023, the Organization has deposits at two financial institutions in excess of federally insured limits of approximately $1,748,664 and $2,183,438, respectively. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Credit risk associated with unconditional promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors supportive of the Organization's mission. The government grants receivable includes various federal, state and local government grants receivable, for all of which the Organization has incurred qualifying expenditures and therefore it is entitled to reimbursement. As a result, credit risk associated with the government grants receivable is considered limited. Other receivables also do not pose a significant credit risk, as they consist of miscellaneous overpayments which are typically settled shortly after the fiscal year end and the amounts are trivial.

NOTE 4—RESTRICTED CASH

Restricted cash includes amounts contributed to serve as a reserve fund restricted in perpetuity, used to support the stability of the Organization and the quality of the Organization's programs (see Note 10).

NOTE 5—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of amounts receivable in:

	2024	2023
Less than One Year	$ 874,080	$ 1,402,970
One to Five Years	334,000	632,238
	1,208,080	2,035,208
Less: Discount to Net Present Value	17,408	43,309
Net Pledges Receivable	1,190,672	1,991,899
Less Current Portion	874,080	1,402,970
Long-Term Portion, net	$ 316,592	$ 588,929

The discount rate used in determining the net present value of unconditional promises to give is 5.50% for the years ended June 30, 2024 and 2023.

NOTE 6—PROPERTY AND EQUIPMENT

Depreciable and amortizable assets at June 30 consist of:

	2024	2023
Furniture and Fixtures	$ -	$ 44,901
Phone System	11,160	34,535
IT Equipment and Server	132,833	154,142
Leasehold Improvements	206,521	342,690
Construction in Progress	-	134,112
	350,514	710,380
Less Accumulated Depreciation and Amortization	114,814	524,681
	$ 235,700	$ 185,699

NOTE 7—LINE OF CREDIT

The Organization maintains a revolving line of credit with a maximum borrowing base of $550,000. The line of credit is renewed annually in March and is currently effective through March 31, 2025. The line is collateralized by all of the Organization's business assets. The credit agreement requires that the line be paid down to $-0- for at least 15 consecutive days once per year, and contains other restrictive covenants as defined in the agreement. There was no outstanding balance on the line of credit at June 30, 2024 and 2023. Variable interest is payable monthly on the outstanding balance based on the Prime Rate as published in the Wall Street Journal (8.50% at June 30, 2024) and is computed on a 365/360 basis. As there were no borrowings for the years ended June 30, 2024 and 2023, there was no interest expense on the line of credit. The amount available to the Organization is reduced by the face amount of all outstanding letters of credit, issued for the Organization by the same lender, which were $135,066 and $32,175 as of June 30, 2024 and 2023, respectively.

NOTE 8—NOTE PAYABLE

The Organization received a $500,000 Economic Injury Disaster Loan ("EIDL") in April 2020 through the U.S. Small Business Administration to provide economic relief to businesses that were experiencing a temporary loss of revenue due to COVID-19. The loan bears interest at 2.75% and is payable in 360 monthly installments of principal and interest of $2,136. Repayments began in April 2021 after a one-year deferment allowed by the lender. Monthly payments are applied to interest only until interest accrued during the deferment period is repaid, and to principal and interest thereafter. The loan matures on March 20, 2050. The Organization's tangible and intangible personal property, including, but not limited to accounts receivable and equipment are collateral for the loan.

Principal repayments due in each of the next five years and thereafter are:

Year Ending June 30	
2025	$ 12,778
2026	13,134
2027	13,500
2028	13,876
2029	14,262
Thereafter	405,689
	$ 473,239

NOTE 9—NET ASSETS WITH DONOR RESTRICTION

	2024	2023
Impact Campaign	**$ 1,312,629**	$ 2,231,657
Programs in Highland Park	**4,000**	4,000
Site Based – 300 LaSalle	—	8,000
Site Based – Evanston You	—	1,667
Site Based – Paylocity	—	20,000
Site Based – Township Residents	**3,000**	3,000
Site Based – Various Programs FY24 and FY25	**25,000**	85,000
Site Based – West Monroe Partners	**11,000**	11,000
Site Based – rEvolution	**26,000**	—
Community Based	**120,000**	75,000
Match Enrichment	**185,598**	176,417
Inspire Change	**27,000**	—
New File Server	—	24,769
Time Restricted – Other	**599,422**	853,895
	$ 2,313,649	$ 3,494,405

Amounts released from restrictions during the year ended June 30, 2024 were $3,951,732 representing $1,644,072 of Impact Campaign expenditures, $8,000 on programs in Highland Park, $764,883 of site-based expenses, $405,753 of community-based expenses, $30,000 of diversity, equity and inclusion expenses, $24,769 of new file server expenses, $138,989 of match enrichment expenses, $27,000 of inspire change expenses, and $908,266 of time restricted net assets.

NOTE 9—NET ASSETS WITH DONOR RESTRICTION (Continued)

Amounts released from restrictions during the year ended June 30, 2023 were $2,962,703 representing $1,061,694 of Impact Campaign expenditures, $8,000 on programs in Highland Park, $474,873 of site-based expenses, $272,721 of community-based expenses, $25,000 of diversity, equity and inclusion expenses, $32,500 of parental engagement and leadership expenses, $130,075 of match enrichment expenses, $27,081 of inspire change expenses, and $930,759 of time restricted net assets.

NOTE 10—NET ASSETS WITH DONOR RESTRICTION IN PERPETUITY AND ENDOWMENT FUNDS

The Organization's endowment consists of one fund restricted in perpetuity established to act as an operating reserve fund for the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

INVESTMENT RETURN OBJECTIVES, RISK PARAMETERS AND STRATEGIES, AND SPENDING POLICY

The Board of Directors of the Organization has adopted investment and spending policies for endowment assets that attempt to provide for appropriate preservation of capital of the endowment funds. The endowment is invested in accordance with the requirements of the gift instrument in a separate interest-bearing account.

The Organization may withdraw endowment funds as deemed necessary to support the stability of the Organization and the quality of the Organization's programs. The Organization must repay funds withdrawn, by the close of the next fiscal year following the year in which they were withdrawn. The Organization's Board of Directors has determined that these funds will be used after the Organization's unrestricted cash reserves and line of credit have been exhausted.

NOTE 10—NET ASSETS WITH DONOR RESTRICTION IN PERPETUITY AND ENDOWMENT FUNDS (Continued)

Endowment net assets composition by type of fund as of June 30 is as follows:

	2024	2023
Donor-Restricted Endowment Funds	$ 127,980	$ 126,594

Changes in endowment net assets for the years ended June 30 are as follows:

	2024	2023
Endowment Net Assets, Beginning of Year	$ 126,594	$ 126,594
Interest Income	1,386	—
Endowment Net Assets, End of Year	$ 127,980	$ 126,594

Due to the nature of the reserve fund, the income earned from the net assets with donor restriction in perpetuity is also restricted in perpetuity and is recorded as investment income with donor restriction on the statements of activities.

NOTE 11—LEASE COMMITMENTS

In March 2016, the Organization signed a lease agreement expanding the Organization's office space at 560 W. Lake St., Chicago. The lease expired on December 31, 2023 and was not renewed. The lease provides for monthly rental payments starting at $18,975 per month and increasing annually on January 1st, plus a pro rata share of operating costs. The Organization also received $250,000 in tenant improvements. In lieu of a security deposit, the landlord accepted an irrevocable standby letter of credit. The value of the letter of credit was $32,175 at June 30, 2023 and $-0- at June 30, 2024 as the letter of credit expired with the lease on December 31, 2023.

In February 2022, the Organization signed a lease agreement for 750 square feet of space in the Austin neighborhood of Chicago for program activities beginning April 1, 2022 and expired on March 31, 2024. The lease provided for monthly rental payments of $1,313.

In May 2022, the Organization signed a new lease agreement for 776 square feet of office space in the Auburn Gresham neighborhood of Chicago for program activities. The lease commenced on August 14, 2023, after the landlord completed certain negotiated tenant improvements and upon the Organization taking possession of the premises. The landlord's share of the tenant improvements (the tenant improvement allowance) is $27,160. The lease requires a security deposit of $2,457 and expires on August 13, 2028. It provides for monthly rental payments beginning at $1,229 and increasing by 2% annually, plus a pro rata share of operating costs. The lease allows for two three-year extension options with 2% annual rent increases.

NOTE 11—LEASE COMMITMENTS (Continued)

In June 2023, the Organization signed a new lease agreement for 8,587 square feet of office space located at 130 S. Jefferson St., Chicago. The lease commenced on December 1, 2023 and expires on November 30, 2031. The lease provides for monthly rental payments beginning at $27,013 and increasing by 50 cents per square foot annually beginning with the third year. The lease grants rent abatement of the first installment of monthly base rent due in each of the first seven lease years. In lieu of a security deposit, the landlord accepted an irrevocable standby letter of credit. The value of the letter of credit per the lease agreement is $135,066. The initial letter of credit was set to expire on December 1, 2024. It was extended through December 1, 2025 and is set up for automatic extensions annually at the same terms throughout the life of the lease, unless cancelled sooner by either the Organization or the issuing bank, at least sixty days prior to each annual extension.

In September 2023, the Organization signed a lease agreement for 1,138 square feet of office space located at 930 W. 175th St., Homewood, Illinois. The lease commenced on October 16, 2023 and expires on October 31, 2025. The lease provides for monthly rental payments of $1,897, plus a pro rata share of operating costs. The lease requires a security deposit of $3,793 and allows for two one-year extension options with monthly base rent payments of $1,897.

In October 2023, the Organization signed a lease agreement for 2,500 square feet of office space located in the shopping center known as Grant Place in North Chicago, Illinois. The lease commenced on December 1, 2023 and expires on March 31, 2026. The first four months of lease payments are abated and monthly base rental payments are $2,760 per month thereafter, plus a pro rata share of operating costs, insurance and real estate taxes. The lease requires a security deposit of $8,529 and allows for two one-year extension options with 3% annual base rent payment increases.

In October 2023, the Organization signed a lease agreement for 1,575 square feet of space located at 7725 Broadway, Suite D, Merrillville, IN. The lease commences on December 1, 2023 and expires on November 30, 2026. The lease provides for monthly rental payments of $1,575, which increase to $1,622 in the second year and $1,671 in the third year. The lease requires a security deposit of $1,575 and allows for one three-year extension option with 3% annual base rent payment increases.

In October 2021, the Organization entered into a noncancelable operating lease for equipment with monthly rent payments of $970, plus maintenance fees and tax, beginning in March 2022 and expiring in February 2026.

Lease expense under all of the Organization's facility operating leases is included in occupancy expense on the statements of functional expenses and consists of a fixed base rent, plus a variable component, which includes operating expenses, utilities, insurance and real estate taxes for the office leases. Lease expense under the equipment operating leases is included in equipment expense on the statements of functional expenses and consists of a fixed base rent, plus a variable component consisting of taxes.

NOTE 11—LEASE COMMITMENTS (Continued)

Operating Lease Right-of-Use (ROU) Asset represents the Organization's right to use an underlying asset for the lease term and lease liability represents its obligation to make lease payments arising from the lease. Operating lease ROU asset and liability are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. As the Organization's lease agreements did not provide an implicit rate, management used a risk-free rate of return of 4.4% and 2.75% for the years ending in 2024 and 2023, in determining the present value of the lease payments, a practical expedient allowed under this standard. Rent expense on the operating leases is recorded on the straight-line method over the term of the leases. The operating lease ROU assets also include any lease prepayments made and exclude tenant allowances and other lease incentives after July 1, 2022, the adoption date of the new lease standard. Prior to that adoption date, the difference between actual lease payments and the straight-line of lease expense, as well as any tenant allowances were reported as deferred rent on the statements of financial position. As of July 1, 2022, the adoption date of the new lease ASUs, deferred rent is no longer reported on the statements of financial position.

As of June 30, 2024 and 2023, the ROU assets and lease liabilities are as follows:

	2024	2023
Operating Lease Right-of-Use Assets	**$ 2,119,105**	$ 135,887
Operating Lease Liabilities	**$ 2,169,556**	$ 165,027
Less: Current Portion	**299,295**	165,027
Long-Term Portion	**$ 1,870,261**	$ —

Minimum future lease payments under noncancelable lease agreements as of June 30, 2024 are as follows:

Year Ending June 30	
2025	$ 387,276
2026	366,847
2027	327,208
2028	323,100
2029	312,430
Thereafter	808,967
Total Lease Payments	2,525,828
Less: Portion of Payments Representing Interest	(356,272)
Present Value of Operating Lease Liabilities	$ 2,169,556

NOTE 11—LEASE COMMITMENTS (Continued)

The components of lease expense included in operating expenses are comprised of the following for the years ended June 30:

	2024	2023
Fixed Lease Expense	**$ 396,112**	$ 283,373
Variable Operating Lease Expense	**69,419**	104,038
Total Operating Lease (Rent) Expense	**$ 465,531**	$ 387,411

The above fixed lease expense includes $13,321 and $5,867, respectively, for the years ended June 30, 2024 and 2023 for off-site storage and equipment, which the Organization rents on a month-to-month basis.

	2024	2023
Other Information:		
Cash Paid for Amounts Included in Measuring Operating Lease Liabilities:		
Operating Cash Flows from Operating Leases	**$ 377,006**	$ 332,025
Right-of-Use Assets Obtained in Exchange for Lease Liabilities:		
Operating Leases	**2,294,606**	415,927
Weighted-Average Remaining Lease Term (Years)	**7**	0.7
Weighted Average Discount Rate	**4.40%**	2.75%

NOTE 12—EMPLOYEE BENEFIT PLAN

On January 1, 2004, the Organization adopted an employee benefit plan pursuant to Internal Revenue Code Section 401(k) where participants may make contributions from their gross pay, up to the maximum allowed by law. On July 31, 2006, the plan was restated to allow the Organization to make discretionary profit sharing and/or discretionary matching contributions. The Organization made matching contributions of 100% of employee contributions up to 3% of the employee's gross compensation until February 2009. The Organization reinstated the matching contributions as of February 1, 2011. The Organization matched fifty cents on the dollar on up to 3% of the participating employee's contribution. Since April 2022, the match was increased to dollar-for-dollar on up to 3% of the participating employee's contribution. A vesting schedule has been established, which is tied to the employees' tenure at the Organization. The Organization made contributions of $43,312 to the plan for the year ended June 30, 2024 and $35,849 for the year ended June 30, 2023. At June 30, 2024 and 2023, the Organization has 401(k) forfeitures balance from the plan of $15,680 and $44,759, respectively, which it can apply towards future contributions. The amounts are included in prepaid expenses on the statements of financial position.

NOTE 13—RELATED PARTY TRANSACTIONS

Contributions from officers, former officers, board members and companies whose directors are also board members amounted to $616,580 for the year ended June 30, 2024, including $63,672 of in-kind auction and raffle donations, and $707,038 for the year ended June 30, 2023, including $48,499 of in-kind auction and raffle donations. There were unconditional promises to give of $364,312 and $446,030, net of discounts at June 30, 2024 and 2023, respectively, from board members and their related companies, and from officers of the Organization.

NOTE 14—SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 7, 2025, the date which the financial statements were available for issue. There were no subsequent events which require disclosure.