

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Financial Statements

June 30, 2021 and 2020

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
James B. Moran Center for
Youth Advocacy

Report on the Financial Statements

We have audited the accompanying financial statements of James B. Moran Center for Youth Advocacy (the "Organization"), an Illinois not-for-profit organization, which comprise of the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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James B. Moran Center for
Youth Advocacy
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of James B. Moran Center for Youth Advocacy as of June 30, 2021 and 2020, and the results of its operations, its cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Barnes, Givens & Barnes, Ltd.

Mount Prospect, Illinois
January 12, 2022

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Statements of Financial Position

June 30, 2021 and 2010

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 489,467	\$ 529,064
Accounts receivable	151,479	170,558
Prepaid expense	18,561	13,781
Total Current Assets	<u>659,507</u>	<u>713,403</u>
Furniture and Equipment		
Office furniture and equipment	19,664	19,664
Leasehold improvements	44,436	44,436
Accumulated depreciation	<u>(31,694)</u>	<u>(26,435)</u>
Total Furniture and Equipment	<u>32,406</u>	<u>37,665</u>
Other Assets		
Security deposit	<u>6,209</u>	<u>6,209</u>
Total Assets	<u>\$ 698,122</u>	<u>\$ 757,277</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued liabilities	<u>\$ 14,004</u>	<u>\$ 5,989</u>
Total Current Liabilities	14,004	5,989
Notes Payable - PPP loan	<u>-</u>	<u>134,730</u>
Total Liabilities	<u>14,004</u>	<u>140,719</u>
Net Assets		
Net assets without donor restrictions	583,305	424,442
Net assets with donor restrictions	<u>100,813</u>	<u>192,116</u>
Total Net Assets	<u>684,118</u>	<u>616,558</u>
Total Liabilities and Net Assets	<u>\$ 698,122</u>	<u>\$ 757,277</u>

See Accompanying Notes to Financial Statements

JAMES B. MORAN CENTER FOR YOUTH ADVOCACYStatements of Activities
For the Year Ended June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 428,067	\$ -	\$ 428,067
Contributions in-kind	211,720	-	211,720
Purchase of service agreements	137,431	155,000	292,431
Fee for service	2,500	-	2,500
Grants	195,733	110,627	306,360
Sponsorship	20,000	-	20,000
PPP SBA grant	134,730	-	134,730
Other income	41,869	-	41,869
Interest income	632	-	632
Total revenue and other support before net assets released from restrictions	1,172,682	265,627	1,438,309
Net assets released from restrictions	356,930	(356,930)	-
Total Revenue and Other Support	1,529,612	(91,303)	1,438,309
Expenses			
Program services	1,060,897	-	1,060,897
Management and general	104,461	-	104,461
Fundraising	205,391	-	205,391
Total Expenses	1,370,749	-	1,370,749
Change in Net Assets	158,863	(91,303)	67,560
Net Assets - Beginning of Year	424,442	192,116	616,558
Net Assets - End of Year	\$ 583,305	\$ 100,813	\$ 684,118

See Accompanying Notes to Financial Statements

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Statements of Activities
For the Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 387,917	\$ -	\$ 387,917
Contributions in-kind	238,217	-	238,217
Purchase of service agreements	25,000	120,500	145,500
Fee for service	2,500	-	2,500
Grants	93,665	218,500	312,165
Special events revenue	243,605	-	243,605
Special events expense	(16,735)	-	(16,735)
Other income	27,543	-	27,543
Interest income	6,257	-	6,257
Total revenue and other support before net assets released from restrictions	1,007,969	339,000	1,346,969
Net assets released from restrictions	306,389	(306,389)	-
Total Revenue and Other Support	1,314,358	32,611	1,346,969
Expenses			
Program services	1,097,993	-	1,097,993
Management and general	71,904	-	71,904
Fundraising	161,485	-	161,485
Total Expenses	1,331,382	-	1,331,382
Change in Net Assets	(17,024)	32,611	15,587
Net Assets - Beginning of Year	441,466	159,505	600,971
Net Assets - End of Year	\$ 424,442	\$ 192,116	\$ 616,558

See Accompanying Notes to Financial Statements

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Statement of Functional Expenses
For the Year Ended June 30, 2021

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salary	\$ 552,236	\$ 34,075	\$ 103,771	\$ 690,082
Payroll tax	41,635	2,569	7,824	52,028
Employee benefits	29,652	2,849	7,226	39,727
Professional fees	55,552	41,350	47,228	144,130
Telephone and internet	12,522	783	2,348	15,653
Travel	6,830	-	-	6,830
Postage	425	213	1,488	2,126
Occupancy	83,962	5,248	15,743	104,953
Printing	742	46	139	927
Advertising	-	-	4,377	4,377
Office supplies	1,486	450	277	2,213
Dues and subscriptions	7,399	1,558	-	8,957
Insurance	14,236	890	2,669	17,795
Client support	16,056	4,955	4,955	25,966
Depreciation	-	5,259	-	5,259
Staff training	2,481	75	-	2,556
Other expenses	24,183	4,141	7,346	35,670
Donated services	211,500	-	-	211,500
Total Functional Expenses	<u>\$ 1,060,897</u>	<u>\$ 104,461</u>	<u>\$ 205,391</u>	<u>\$ 1,370,749</u>

See Accompanying Notes to Financial Statements

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Statement of Functional Expenses
For the Year Ended June 30, 2020

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salary	\$ 533,058	\$ 33,285	\$ 107,033	\$ 673,376
Payroll tax	40,119	2,505	8,056	50,680
Employee benefits	37,445	1,761	3,541	42,747
Professional fees	71,711	6,250	4,000	81,961
Telephone and internet	11,555	731	2,340	14,626
Travel	8,881	-	319	9,200
Postage	598	199	1,197	1,994
Occupancy	88,916	5,523	17,675	112,114
Printing	2,518	1,259	2,258	6,035
Office supplies	7,459	192	617	8,268
Dues and subscriptions	6,832	510	-	7,342
Insurance	17,345	353	609	18,307
Client support	23,399	-	2,723	26,122
Depreciation	-	5,313	-	5,313
Staff training	3,229	150	475	3,854
Other expenses	22,228	13,873	10,642	46,743
Donated services	<u>222,700</u>	<u>-</u>	<u>-</u>	<u>222,700</u>
Total Functional Expenses	<u>\$ 1,097,993</u>	<u>\$ 71,904</u>	<u>\$ 161,485</u>	<u>\$ 1,331,382</u>

See Accompanying Notes to Financial Statements

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 67,560	\$ 15,587
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities -		
Depreciation	5,259	5,313
(Increase) decrease in assets-		
Accounts receivable	19,079	(54,691)
Prepaid expense	(4,780)	(2,171)
Security deposits	-	1,646
(Decrease) increase in liabilities-		
Accounts payable and accrued liabilities	8,015	5,367
Net Cash Provided by (Used in) Operating Activities	<u>95,133</u>	<u>(28,949)</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	<u>-</u>	<u>(11,218)</u>
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>(11,218)</u>
Cash Flows from Financing Activities		
Notes payable - PPP loan	<u>(134,730)</u>	<u>134,730</u>
Net Cash Provided by (Used in) Financing Activities	<u>(134,730)</u>	<u>134,730</u>
Net Increase (Decrease) in Cash	(39,597)	94,563
Cash at Beginning of Year	<u>529,064</u>	<u>434,501</u>
Cash at End of Year	<u>\$ 489,467</u>	<u>\$ 529,064</u>

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Supplemental Disclosure of Cash Flow Information -

Cash paid during the year for:

Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Notes to Financial Statements

June 30, 2021 and 2020

Note A – Organization and Nature of Activities

The James B. Moran Center for Youth Advocacy (the “Organization”) is a not-for-profit, community-based organization that provides integrated legal and social work services to low-income Evanston youth to improve their quality of life at home, at school and within the community. The Organization is funded through grants allocated by units of local government, public and private foundations, and individual contributions.

Note B - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

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 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 may differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid depository accounts with a maturity of less than one year. Deposits held in all non-interest bearing transactional bank accounts and interest-bearing accounts are aggregated by entity and are fully insured up to \$250,000.

Property and Equipment

Property and equipment are carried at cost if purchased or fair value if contributed. The Organization capitalizes property and equipment purchases over \$250. Depreciation is computed using the straight-line method over three years for computers, equipment and software, seven years for furniture and fixtures, and over the life of the lease for leasehold improvements.

Maintenance and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to operations.

Depreciation expense was \$5,259 and \$5,313 for the periods ended June 30, 2021 and 2020, respectively.

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Notes to Financial Statements

June 30, 2021 and 2020

Note B—Summary of Significant Accounting Policies (continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Based on prior experience in general, and with particular donors, no reserve for uncollectability of the promise to give has been established.

Revenues

The Organization's revenues consist in part of contract agreements with several local governmental units. These contracts are on a cost reimbursement basis and the revenue is recognized when request for reimbursement is submitted. These contracts provide approximately 20% of the Organization's revenue. Contributions received are recorded as net assets either with or without donor restrictions depending on the existence or nature of any donor restrictions.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. If the governing board were to designate from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, those funds would also fall under this category.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses which are easily and directly associated with a particular program or supporting service are charged directly to that functional area. Certain other costs have been allocated among the program and supporting services benefited based on time devoted to the functional areas.

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Notes to Financial Statements

June 30, 2021 and 2020

Note B—Summary of Significant Accounting Policies (continued)

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended by ASU No. 2015-14, which supersedes or replaces nearly all USGAAP revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and will expand disclosures about revenue. ASU No. 2014-09, as amended, is effective for nonpublic companies for annual reporting periods beginning after December 15, 2018 and interim periods within the annual period beginning after December 15, 2019. The Organization has adopted this ASU for the year ended June 30, 2021.

COVID-19 Impact

The Organization successfully managed to meet its revenue benchmarks in FY2021; however, the increased demand for all of the Organization's services during the pandemic stretched its capacity. Of particular note, programmatically, due to the pandemic, the Organization had to shift in-person clinical operations to virtual/remote platforms following the closures of both the local schools and courts in March 2020. Despite both institutions reopening, the Organization has continued to operate the School-Based Civil Legal Clinic and Expungement & Sealing Help Desk remotely given that external partners have still not been invited back into either space. Management considers the donor base to be strong and dedicated, which allowed the Organization to adapt and manage through the COVID-19 pandemic.

Note C—Income Tax Status

The Organization is a not-for-profit organization exempt from paying corporate federal income tax under Section 501 (c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

The Organization files Form 990, Return of Organization Exempt from Income Tax with the Federal government. The Organization also files Form AG990-IL, Illinois Charitable Organization Annual Report with the Attorney General of the State of Illinois. Management has determined that the Organization has no income tax liability as of June 30, 2021. The Organization has evaluated its tax positions and determined it has no uncertain tax positions at June 30, 2021. The Organization's 2018-2020 tax years are open for examination by the IRS and State of Illinois. Should the Organization's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Notes to Financial Statements

June 30, 2021 and 2020

Note D - Donated Materials and Services

Contributions of donated non-cash assets are recorded at their fair values in the period 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 fair values in the period received. Contributed legal services of \$211,500 and \$222,700 were recognized as revenue for the years ended June 30, 2021 and 2020, respectively. There were also \$220 and \$15,517 worth of various donated services for miscellaneous office expenses recognized for the years ended June 30, 2021 and 2020, respectively. Numerous volunteers have donated significant amounts of time to the Organization. However, no amounts have been reflected in the financial statements for those services.

Note E - Lease Obligation and Rental Expense

The Organization leases its office space in Evanston, Illinois. For the years ended June 30, 2021 and 2020, total net rent expense was \$79,803 and \$95,473, respectively.

Effective September 1, 2018, the Organization entered into a six-year lease for a new office space in Evanston, Illinois.

The estimated future minimum rental and lease obligation for the succeeding years under non-cancelable operating leases in effect as of June 30, 2021 are as follows:

<u>Year Ended June 30,</u>	
2022	\$ 76,241
2023	83,172
2024	83,172
2025	<u>13,862</u>
	<u>\$ 256,447</u>

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Notes to Financial Statements

June 30, 2021 and 2020

Note F - Net Assets with Donor Restrictions

Contributions restricted by the donor as to time or use, as described in Note B for the year ended June 30, 2021 and 2020, were received as follows:

	<u>June 30, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2021</u>
Illinois Bar Foundation	\$ 5,518	\$ 5,000	\$ 10,518	\$ -
IL Equal Justice Foundation	30,000	85,627	65,210	50,417
Evanston Community Fdn.	38,050	-	38,050	-
Cert of Rehab	2,500	30,000	30,000	2,500
Cless Foundation	-	20,000	20,000	-
Cook County	7,500	125,000	86,667	45,833
CDBG	13,000	-	13,000	-
Mental Health Board	24,750	-	24,750	-
IL Charitable Trust	25,000	-	25,000	-
Helen Brach Foundation	7,500	-	7,500	-
Pascal Restorative Justice	13,298	-	11,235	2,063
Circle of Service	25,000	-	25,000	-
	<u>\$ 192,116</u>	<u>\$ 265,627</u>	<u>\$ 356,930</u>	<u>\$ 100,813</u>

	<u>June 30, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2020</u>
Illinois Bar Foundation	\$ 6,900	\$ 5,000	\$ 6,382	\$ 5,518
IL Equal Justice Foundation	-	30,000	-	30,000
Evanston Community Fdn.	55,891	51,000	68,841	38,050
Cert of Rehab	2,500	30,000	30,000	2,500
I&G Foundation	6,000	20,000	26,000	-
Cook County	16,667	15,000	24,167	7,500
CDBG	10,200	26,000	23,200	13,000
Chicago Bar Foundation	16,667	-	16,667	-
Mental Health Board	19,680	49,500	44,430	24,750
IL Charitable Trust	-	25,000	-	25,000
Helen Brach Foundation	-	7,500	-	7,500
Pascal Restorative Justice	-	25,000	11,702	13,298
Cless Foundation	-	15,000	15,000	-
Husain Family Foundation	-	15,000	15,000	-
Circle of Service	25,000	25,000	25,000	25,000
	<u>\$ 159,505</u>	<u>\$ 339,000</u>	<u>\$ 306,389</u>	<u>\$ 192,116</u>

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Notes to Financial Statements

June 30, 2021 and 2020

Note G – Notes Payable

On April 10, 2020, the Organization was granted a loan from Wintrust Bank, N.A in the aggregate amount of \$134,730, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan, which was in the form of a Note dated April 17, 2020 issued by the Wintrust Bank, N.A, matures on April 17, 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing on November 17, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On April 17, 2021, the Organization was granted full forgiveness for this loan and have recorded \$134,730 as a PPP SBA Grant on the Statement of Activities.

Note H – Concentration of Custodial Risk

Financial instruments that potentially subject the Organization to concentration of custodial risk consist principally of cash deposits. Accounts at the Organization’s financial institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. During the year ended June 30, 2021 the Organization has deposited funds into a program that allows participants to increase the maximum amount of FDIC insurance coverage from \$250,000 to \$3.75 million. With 15 separate community bank charters in Illinois and Wisconsin, there is a combined FDIC insurance coverage to offer 15 times the usual amount of protection. All banks in the program are deemed “well-capitalized” by the FDIC and other government regulatory agencies. At June 30, 2021 and 2020, the Organization had \$-0- and \$280,077 in excess of FDIC insured limit, respectively.

JAMES B. MORAN CENTER FOR YOUTH ADVOCACY

Notes to Financial Statements

June 30, 2021 and 2020

Note I—Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts set aside for science that could be drawn upon if the Board of Directors approves that action.

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 489,467	\$ 529,064
Contributions receivable	151,479	170,558
Less contractual or donor-imposed restrictions:		
Board designated for specific purposes	<u>(100,813)</u>	<u>(192,116)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 540,133</u>	<u>\$ 507,506</u>

Note J—Subsequent Events

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in disruption to the Organization's donors and revenue streams (including attendance of future events), and a decline in value of the Organization's marketable securities.

The Organization has determined that no material events or transactions occurred subsequent to June 30, 2021 and through the date of the independent auditors' report, the date the financial statements were available for issuance, that would require adjustments to and/or additional disclosure to the financial statements.