

Cheryl Rohlf & Associates, Ltd.

*Certified Public Accountants*

**JAMES B. MORAN CENTER FOR  
YOUTH ADVOCACY**

**FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2024 AND 2023**

**CONTENTS**

|                                   | <b>Page</b> |
|-----------------------------------|-------------|
| Independent Auditor's Report      | 1-2         |
| Statements of Financial Position  | 3           |
| Statements of Activities          | 4-5         |
| Statements of Functional Expenses | 6-7         |
| Statements of Cash Flows          | 8           |
| Notes to Financial Statements     | 9-14        |



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## INDEPENDENT AUDITOR'S REPORT

May 12, 2025

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

### **Opinion**

We have audited the accompanying financial statements of James B. Moran Center for Youth Advocacy (an Illinois nonprofit organization) which comprise the statement of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the fiscal 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 as of June 30, 2024 and 2023 and the changes in its net assets and its cash flows of James B. Moran Center for Youth Advocacy for the fiscal year then ended, in conformity 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of James B. Moran Center for Youth Advocacy 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.

### **Responsibility of Management 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, 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 James B. Moran Center for Youth Advocacy's ability to continue as a going concern within one year after the date that 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 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 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 misstatements 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 James B. Moran Center for Youth Advocacy'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 James B. Moran Center for Youth Advocacy'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 of timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Cheryl Rohlfs & Associates, Ltd.*

**CHERYL ROHLFS & ASSOCIATES, LTD.**

Northbrook, Illinois

**JAMES B. MORAN CENTER FOR YOUTH ADVOCACY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

|   | <u>2024</u>                | <u>2023</u>                |
|---|----------------------------|----------------------------|
| <b>ASSETS</b>                           |                            |                            |
| Cash and Cash Equivalents               | \$ 1,567,380               | \$ 1,129,120               |
| Grants Receivable                       | 635,189                    | 674,829                    |
| Prepaid Expenses                        | 22,822                     | 22,587                     |
| Property and Equipment:                 |                            |                            |
| Office Equipment                        | 16,105                     | 16,105                     |
| Leasehold Improvements                  | <u>59,903</u>              | <u>44,436</u>              |
|   | 76,008                     | 60,541                     |
| Accumulated Depreciation                | <u>(39,941)</u>            | <u>(35,367)</u>            |
| Total Property And Equipment            | <u>36,067</u>              | <u>25,174</u>              |
| Other Assets:                           |                            |                            |
| Security Deposits                       | <u>6,209</u>               | <u>6,209</u>               |
| <b>Total Assets</b>                     | <b><u>\$ 2,267,667</u></b> | <b><u>\$ 1,857,919</u></b> |
| <b>LIABILITIES AND NET ASSETS</b>       |                            |                            |
| <b>Liabilities:</b>                     |                            |                            |
| Accounts Payable                        | \$ 1,341                   | \$ 756                     |
| Accrued Expenses                        | <u>807</u>                 | <u>12,793</u>              |
| <b>Total Liabilities</b>                | <u>2,148</u>               | <u>13,549</u>              |
| <b>Net Assets</b>                       |                            |                            |
| Net Assets Without Donor Restrictions   | 1,548,683                  | 1,131,980                  |
| Net Assets With Donor Restrictions      | <u>716,836</u>             | <u>712,390</u>             |
| <b>Total Net Assets</b>                 | <u>2,265,519</u>           | <u>1,844,370</u>           |
| <b>Total Liabilities and Net Assets</b> | <b><u>\$ 2,267,667</u></b> | <b><u>\$ 1,857,919</u></b> |

See accompanying notes and independent auditor's report.

**JAMES B. MORAN CENTER FOR YOUTH ADVOCACY**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

|  | <u>Net Assets Without<br/>Donor Restrictions</u> | <u>Net Assets With<br/>Donor Restrictions</u> | <u>2024<br/>Total</u> |
|--|--|---|-----------------------|
| <b>REVENUE, GAINS, AND OTHER SUPPORT</b>           |  |   |                       |
| Foundation Grants                                  | \$ 226,700                                       | \$ 170,000                                    | \$ 396,700            |
| Individuals  | 636,798  | -   | 636,798               |
| Government Grants                                  | 184,977  | 857,707                                       | 1,042,684             |
| Corporations and Law Firms                         | 33,687   | -   | 33,687                |
| Special Events                                     | 280,740  | -   | 280,740               |
| Gifts In-Kind                                      | 204,300  | -   | 204,300               |
| Miscellaneous Income                               | 9,690  | -   | 9,690                 |
| Investment Income                                  | 13,150   | -   | 13,150                |
| <b>Total Revenues and Gains</b>                    | <u>1,590,042</u>                                 | <u>1,027,707</u>                              | <u>2,617,749</u>      |
| Net Assets Released from Restrictions              | <u>1,023,261</u>                                 | <u>(1,023,261)</u>                            | <u>-</u>              |
| <b>Total Revenues, Gains and<br/>Other Support</b> | <u>\$ 2,613,303</u>                              | <u>\$ 4,446</u>                               | <u>\$ 2,617,749</u>   |
| <b>EXPENSES:</b>                                   |  |   |                       |
| Program Services                                   | \$ 1,625,176                                     | \$ -  | \$ 1,625,176          |
| Management and General                             | 170,962  | -   | 170,962               |
| Fundraising  | 400,462  | -   | 400,462               |
| <b>Total Expenses</b>                              | <u>\$ 2,196,600</u>                              | <u>\$ -</u>                                   | <u>\$ 2,196,600</u>   |
| <b>CHANGE IN NET ASSETS</b>                        | <u>\$ 416,703</u>                                | <u>\$ 4,446</u>                               | <u>\$ 421,149</u>     |
| <b>Net Assets at Beginning of Year</b>             | 1,131,980  | 712,390                                       | 1,844,370             |
| <b>Increase in Net Assets</b>                      | 416,703  | 4,446   | 421,149               |
| <b>Net Assets at End of Year</b>                   | <u>\$ 1,548,683</u>                              | <u>\$ 716,836</u>                             | <u>\$ 2,265,519</u>   |

See accompanying notes and independent auditor's reports.

**JAMES B. MORAN CENTER FOR YOUTH ADVOCACY**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023 (CONTINUED)**

|  | <u>Net Assets Without<br/>Donor Restrictions</u> | <u>Net Assets With<br/>Donor Restrictions</u> | <u>2023<br/>Total</u> |
|--|--|---|-----------------------|
| <b>REVENUE, GAINS, AND OTHER SUPPORT</b>           |  |   |                       |
| Foundation Grants                                  | \$ 229,500                                       | \$ 189,000                                    | \$ 418,500            |
| Individuals  | 618,322  | -   | 618,322               |
| Government Grants                                  | 539,443  | 598,783                                       | 1,138,226             |
| Corporations and Law Firms                         | 24,386   | 50,000  | 74,386                |
| Special Events                                     | 174,089  | -   | 174,089               |
| Gifts In-Kind                                      | 301,270  | -   | 301,270               |
| Miscellaneous Income                               | 9,474  | -   | 9,474                 |
| Investment Income                                  | 1,080  | -   | 1,080                 |
| <b>Total Revenues and Gains</b>                    | <u>1,897,564</u>                                 | <u>837,783</u>                                | <u>2,735,347</u>      |
| Net Assets Released from Restrictions              | 466,826  | (466,826)                                     | -                     |
| <b>Total Revenues, Gains and<br/>Other Support</b> | <u>\$ 2,364,390</u>                              | <u>\$ 370,957</u>                             | <u>\$ 2,735,347</u>   |
| <b>EXPENSES:</b>                                   |  |   |                       |
| Program Services                                   | \$ 1,521,024                                     | \$ -  | \$ 1,521,024          |
| Management and General                             | 151,805  | -   | 151,805               |
| Fundraising  | 359,197  | -   | 359,197               |
| <b>Total Expenses</b>                              | <u>\$ 2,032,026</u>                              | <u>\$ -</u>                                   | <u>\$ 2,032,026</u>   |
| <b>CHANGE IN NET ASSETS</b>                        | <u>\$ 332,364</u>                                | <u>\$ 370,957</u>                             | <u>\$ 703,321</u>     |
| <b>Net Assets at Beginning of Year</b>             | 799,616  | 341,433                                       | 1,141,049             |
| <b>Increase in Net Assets</b>                      | <u>332,364</u>                                   | <u>370,957</u>                                | <u>703,321</u>        |
| <b>Net Assets at End of Year</b>                   | <u>\$ 1,131,980</u>                              | <u>\$ 712,390</u>                             | <u>\$ 1,844,370</u>   |

See accompanying notes and independent auditor's reports.

**JAMES B. MORAN CENTER FOR YOUTH ADVOCACY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

|                                    | Program<br>Services        | Supporting Services       |                          | <b>2024</b><br><b>Total</b> |
|------------------------------------|----------------------------|---------------------------|--------------------------|-----------------------------|
|                                    |                            | Management<br>and General | Fundraising              |                             |
| Compensation and Related Expenses: |                            |                           |                          |                             |
| Compensation                       | \$ 992,791                 | \$ 120,745                | \$ 228,074               | \$ 1,341,610                |
| Employee Benefits                  | 79,886                     | 9,716                     | 18,352                   | 107,954                     |
| Payroll Taxes                      | 75,660                     | 9,202                     | 17,381                   | 102,243                     |
|                                    | <u>\$ 1,148,337</u>        | <u>\$ 139,663</u>         | <u>\$ 263,807</u>        | <u>\$ 1,551,807</u>         |
| Donated Professional Services      | 204,300                    | -                         | -                        | 204,300                     |
| Supplies                           | 92                         | 1,823                     | 201                      | 2,116                       |
| Technology and Software            | 14,126                     | -                         | 3,603                    | 17,729                      |
| Communications                     | 17,067                     | 2,076                     | 3,920                    | 23,063                      |
| Postage and Printing               | 2,324                      | 191                       | 1,441                    | 3,956                       |
| Subscriptions and Publications     | 12,897                     | -                         | 430                      | 13,327                      |
| Licenses and Memberships           | 2,911                      | 115                       | -                        | 3,026                       |
| Meals, Travel and Transportation   | 15,070                     | -                         | -                        | 15,070                      |
| Employee Welfare                   | 7,479                      | 791                       | -                        | 8,270                       |
| Insurance                          | 20,018                     | 2,435                     | 4,599                    | 27,052                      |
| Professional Fees                  | 74,954                     | 4,664                     | 14,491                   | 94,109                      |
| Continuing Education and Training  | 7,385                      | -                         | 20                       | 7,405                       |
| Client Support                     | 15,342                     | -                         | -                        | 15,342                      |
| Occupancy                          | 80,302                     | 9,766                     | 18,448                   | 108,516                     |
| Special Events                     | -                          | -                         | 75,554                   | 75,554                      |
| Development                        | -                          | -                         | 12,170                   | 12,170                      |
| Equipment                          | 1,627                      | 198                       | 374                      | 2,199                       |
| Bank and Finance Charges           | -                          | 4,666                     | 1,404                    | 6,070                       |
| Miscellaneous Expenses             | 945                        | -                         | -                        | 945                         |
| Total Expenses Before Depreciation | <u>\$ 1,625,176</u>        | <u>\$ 166,388</u>         | <u>\$ 400,462</u>        | <u>\$ 2,192,026</u>         |
| Depreciation and Amortization      | -                          | 4,574                     | -                        | 4,574                       |
| <b>TOTAL EXPENSES</b>              | <u><u>\$ 1,625,176</u></u> | <u><u>\$ 170,962</u></u>  | <u><u>\$ 400,462</u></u> | <u><u>\$ 2,196,600</u></u>  |

See accompanying notes and independent auditor's report.

**JAMES B. MORAN CENTER FOR YOUTH ADVOCACY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023 (CONTINUED)**

|                                    | Program<br>Services        | Supporting Services       |                          | 2023<br>Total              |
|------------------------------------|----------------------------|---------------------------|--------------------------|----------------------------|
|                                    |                            | Management<br>and General | Fundraising              |                            |
| Compensation and Related Expenses: |                            |                           |                          |                            |
| Compensation                       | \$ 851,467                 | \$ 103,557                | \$ 195,607               | \$ 1,150,631               |
| Employee Benefits                  | 68,726                     | 8,359                     | 15,788                   | 92,873                     |
| Payroll Taxes                      | 64,940                     | 7,898                     | 14,919                   | 87,757                     |
|                                    | <u>\$ 985,133</u>          | <u>\$ 119,814</u>         | <u>\$ 226,314</u>        | <u>\$ 1,331,261</u>        |
| Donated Professional Services      | 301,270                    | -                         | -                        | 301,270                    |
| Supplies                           | 129                        | 2,133                     | 56                       | 2,318                      |
| Technology and Software            | 8,664                      | -                         | 3,092                    | 11,756                     |
| Communications                     | 14,394                     | 1,751                     | 3,307                    | 19,452                     |
| Postage and Printing               | 2,009                      | 746                       | 1,645                    | 4,400                      |
| Subscriptions and Publications     | 13,296                     | -                         | 500                      | 13,796                     |
| Licenses and Memberships           | 2,950                      | -                         | -                        | 2,950                      |
| Meals, Travel and Transportation   | 13,669                     | -                         | -                        | 13,669                     |
| Employee Welfare                   | 7,979                      | -                         | -                        | 7,979                      |
| Insurance                          | 18,914                     | 2,300                     | 4,345                    | 25,559                     |
| Professional Fees                  | 48,010                     | 6,650                     | 41,206                   | 95,866                     |
| Continuing Education and Training  | 6,163                      | -                         | 66                       | 6,229                      |
| Client Support                     | 14,211                     | -                         | -                        | 14,211                     |
| Occupancy                          | 81,058                     | 9,858                     | 18,621                   | 109,537                    |
| Special Events                     | -                          | -                         | 43,196                   | 43,196                     |
| Development                        | -                          | -                         | 15,896                   | 15,896                     |
| Equipment                          | 3,175                      | 386                       | 729                      | 4,290                      |
| Bank and Finance Charges           | -                          | 3,982                     | 224                      | 4,206                      |
| Total Expenses Before Depreciation | <u>\$ 1,521,024</u>        | <u>\$ 147,620</u>         | <u>\$ 359,197</u>        | <u>\$ 2,027,841</u>        |
| Depreciation and Amortization      | -                          | 4,185                     | -                        | 4,185                      |
| <b>TOTAL EXPENSES</b>              | <u><u>\$ 1,521,024</u></u> | <u><u>\$ 151,805</u></u>  | <u><u>\$ 359,197</u></u> | <u><u>\$ 2,032,026</u></u> |

See accompanying notes and independent auditor's report.

**JAMES B. MORAN CENTER FOR YOUTH ADVOCACY  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

|   | <u>2024</u>                | <u>2023</u>                |
|---|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                            |                            |
| Increase in Net Assets  | \$ 421,149                 | \$ 703,321                 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: |                            |                            |
| Depreciation and Amortization   | 4,574                      | 4,184                      |
| (Increase) Decrease in Operating Assets:  |                            |                            |
| Grants Receivable   | 39,640                     | (394,646)                  |
| Prepaid Expenses  | (235)                      | 365                        |
| Increase (Decrease) in Operating Liabilities:   |                            |                            |
| Accounts Payable and Accrued Expenses   | <u>(11,401)</u>            | <u>(2,421)</u>             |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b><u>\$ 453,727</u></b>   | <b><u>\$ 310,803</u></b>   |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                            |                            |
| Purchase of Equipment and Leasehold Improvements  | <u>\$ (15,467)</u>         | <u>\$ (1,004)</u>          |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>  | <b><u>\$ (15,467)</u></b>  | <b><u>\$ (1,004)</u></b>   |
| <br><b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  | <u>\$ -</u>                | <u>\$ -</u>                |
| <br><b>NET INCREASE IN CASH</b>   | <b>\$ 438,260</b>          | <b>\$ 309,799</b>          |
| <br><b>CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR</b>                              | <u>1,129,120</u>           | <u>819,321</u>             |
| <br><b>CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR</b>                                    | <b><u>\$ 1,567,380</u></b> | <b><u>\$ 1,129,120</u></b> |

See accompanying notes and independent auditor's report.

**JAMES B. MORAN CENTER FOR YOUTH ADVOCACY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

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 local government agencies, foundations, corporations, and individual contributions.

**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.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Organization’s unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

### **Cash and Cash Equivalents**

The Organization considers cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

### **Accounts Receivable**

The Organization uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the client base has not changed significantly.

### **Property, Equipment and Intangible Assets**

It is the Organization's policy to capitalize property and equipment more than \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations for property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Property and equipment are depreciated using the straight-line method over the useful lives of the assets as follows:

|                        |          |
|------------------------|----------|
| Leasehold Improvements | 10 years |
| Office Equipment       | 5 years  |

### **Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

### **Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions.

### **Revenue and Revenue Recognition**

The Organization recognizes revenue as it satisfies a performance obligation by transferring control over a product or a service to a customer. Revenue is measured at the transaction price, which is based on the amount of consideration that the Organization expects to receive in exchange for transferring the promised good or service to the customer. .

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively

Contributions are recognized at a point in time when cash or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization files U.S. federal and Illinois information returns. The federal and state informational tax returns for the fiscal years 2022, 2023, and 2024 can be subject to examinations by tax authorities, generally for three years from the date of filing.

### **Expense Allocation**

The costs of providing program and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, costs have been allocated among the programs in a direct functional method, when applicable, and on the basis of proportional use of the service provided.

### **Donated Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

## **2. CHANGES IN ACCOUNTING PRINCIPLES**

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Update increases transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Update is effective for nonprofit organizations for annual reporting periods beginning after June 15, 2021.

In February 2016, the Financial Accounting Standards Board (FASB) issued its much anticipated lease accounting standard in ASU 2016-02, *Leases*, (Topic 842) for both lessees and lessors. Under this standard, a lessee will recognize right-of-use asset and related liabilities on the statement of financial position for all arrangements with terms longer than 12 months. The goal

of the new standard is to streamline the accounting for leases under U.S. generally accepted accounting principles, reduce off-balance-sheet activities, and enhance transparency into liabilities resulting from leasing arrangements. This standard is effective for nonprofit organization with annual reporting periods beginning after December 15, 2021.

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at a 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 FASB ASC 326 are grants receivable.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was considered immaterial to the financial statements and primarily resulted in enhanced disclosures only.

### 3. CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

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 Corporations ("FDIC") up to \$250,000. During the fiscal years ended June 30, 2024 and 2023, the Organization 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.

### 4. LEASE AGREEMENT

The Organization entered into an operating lease for office space in Evanston, Illinois, in September 2018 for a term of five years and three months until December 1, 2023. The monthly rental was \$4,375 continued to July 2024. The lease was extended in August 2024 for five additional years with a minimum base annual rent of \$57,750.

Future minimum rental payments for the operating lease are as follows:

| <u>Fiscal Year Ending</u> | <u>Amount</u>     |
|---------------------------|-------------------|
| June 30, 2025             | \$ 56,875         |
| June 30, 2026             | 57,750            |
| June 30, 2027             | 57,750            |
| June 30, 2028             | 57,750            |
| June 30, 2029             | 57,750            |
| June 30, 2030             | 9,625             |
| Total                     | <u>\$ 297,500</u> |

Total rent expense was \$87,435 and \$90,924 during the fiscal years ended June 30, 2024 and 2023, respectively.

**5. RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions are donor restricted and are available to be used in future fiscal years, except the endowment fund which is permanently restricted. As of June 30th, net assets with donor restrictions were as follows:

|   | <u>2024</u>       | <u>2023</u>       |
|---|-------------------|-------------------|
| Certificate of Rehabilitation Program             | \$ 40,000         | \$ 40,000         |
| Equal Justice Foundation                          | 50,417            | 67,500            |
| Cook County Gun Violence Prevention and Reduction | 266,996           | 421,283           |
| ICJIA   | 5,791             | 39,572            |
| Access to Justice                                 | 41,506            | 26,118            |
| Community Development Block Grant                 | 109,500           | 90,000            |
| Evanston Community Foundation                     | 10,000            | -                 |
| Illinois Department of Human Services             | 20,729            | -                 |
| Lawyers Trust Fund                                | 30,000            | 17,500            |
| Others  | <u>141,897</u>    | <u>10,417</u>     |
| Total Net Assets With Donor Restrictions          | <u>\$ 716,836</u> | <u>\$ 712,390</u> |

**6. DONATED SERVICES**

During the fiscal year ended June 30, 2024, the Organization received donated services from attorneys through the Organization's Volunteer Program. Attorneys and law firms provided 1,365 hours valued at \$204,300 in the fiscal year 2024.

During the fiscal year ended June 30, 2023, the Organization also received donated services from attorneys through the Organization's Volunteer Program. Attorneys and law firms provided 1,282 hours valued at \$301,270 in the fiscal year 2023. The total donated professional services were recorded in the Statements of Activities for the fiscal years ended June 30, 2024 and 2023.

**7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following are the Organizations's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use within one year:

|  |                     |                     |
|--|---------------------|---------------------|
| Financial Assets at year-end:  | <u>2024</u>         | <u>2023</u>         |
| Cash and Cash Equivalents  | \$ 1,569,380        | \$ 1,129,120        |
| Grants Receivable  | <u>635,189</u>      | <u>674,829</u>      |
| Total Financial Assets   | <u>\$ 2,204,569</u> | <u>\$ 1,803,949</u> |
| Less: amount not available to be used within one year                                  |                     |                     |
| Net Assets with donor restrictions   | <u>(716,836)</u>    | <u>(712,390)</u>    |
| Financial Assets available to meet general expenditures<br>over the next twelve months | <u>\$ 1,487,733</u> | <u>\$ 1,091,559</u> |

The Organization regularly monitors the availability of resources required to meet its operating needs and commitments, while also striving to maximize the investment of its available funds. In addition to the financial assets available to meet general expenditures over the next twelve months, the Organization strives to operate with a balanced budget and anticipates collecting sufficient revenue to cover the general expenditures of the various program services and related administration costs. The Organization maintains sufficient reserves to provide reasonable assurance that all commitments will continue to be met, ensuring the sustainability of the Organization.

## **8. EVALUATION OF SUBSEQUENT EVENTS**

Subsequent events have been considered through May 12, 2025, which was the date the financial statements were available to be issued.