

**THE BABY FOLD**  
**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2021**



WEALTH ADVISORY | OUTSOURCING  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Baby Fold  
Normal, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Baby Fold, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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.

### ***Auditors' 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 auditors' 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Baby Fold as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited The Baby Fold's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The statistical information included on page 32 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



**CliftonLarsonAllen LLP**

Peoria, Illinois  
November 12, 2021

**THE BABY FOLD**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
(WITH COMPARATIVE TOTALS FOR 2020)

	Without Donor Restrictions			With Donor Restrictions	Total 2021	Total (Memorandum Only) 2020
	Operating	Investment	Total			
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 2,195,495	\$ 812,343	\$ 3,007,838	\$ 2,500	\$ 3,010,338	\$ 5,241,805
Accounts Receivable	1,579,872	-	1,579,872	-	1,579,872	1,902,188
Pledge Receivable	-	-	-	9,290	9,290	11,540
Food Inventory	10,765	-	10,765	-	10,765	7,321
Prepaid Expenses	233,886	10,324	244,210	-	244,210	170,163
Investment Securities, at Fair Value	-	7,611,441	7,611,441	5,364,416	12,975,857	9,773,650
Grain Inventories, at Fair Value	-	29,800	29,800	-	29,800	88,534
Investments in Real Estate	-	312,215	312,215	114,500	426,715	490,701
Investments Held in Trust by Others, at Fair Value	-	-	-	4,208,004	4,208,004	3,808,213
Cash Value of Life Insurance	-	4,960	4,960	-	4,960	4,960
Land, Buildings, and Equipment, Net	9,094,654	-	9,094,654	-	9,094,654	9,479,509
<b>Total Assets</b>	<b>\$ 13,114,672</b>	<b>\$ 8,781,083</b>	<b>\$ 21,895,755</b>	<b>\$ 9,698,710</b>	<b>\$ 31,594,465</b>	<b>\$ 30,978,584</b>

See accompanying Notes to Financial Statements.

**THE BABY FOLD**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	Without Donor Restrictions			With Donor Restrictions	Total 2021	Total (Memorandum Only) 2020
	Operating	Investment	Total			
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 129,901	\$ -	\$ 129,901	\$ -	\$ 129,901	\$ 134,623
Line of Credit	-	-	-	-	-	2,500,000
Loan Payable under						
Paycheck Protection Program	1,974,100	-	1,974,100	-	1,974,100	1,974,100
Accrued Expenses	1,167,581	26,869	1,194,450	-	1,194,450	1,072,336
Pension Payable	2,251,981	-	2,251,981	-	2,251,981	2,951,840
Deferred Revenue – Annuity Contracts	-	45,089	45,089	-	45,089	49,210
Deferred Revenue – Program	98,788	-	98,788	-	98,788	117,504
Total Liabilities	<u>5,622,351</u>	<u>71,958</u>	<u>5,694,309</u>	<u>-</u>	<u>5,694,309</u>	<u>8,799,613</u>
<b>NET ASSETS</b>						
Without Donor Restrictions:						
Undesignated	7,492,321	-	7,492,321	-	7,492,321	7,220,357
Designated for Investment by Organization’s By-Laws	-	8,709,125	8,709,125	-	8,709,125	6,187,039
With Donor Restrictions	-	-	-	9,698,710	9,698,710	8,771,575
Total Net Assets	<u>7,492,321</u>	<u>8,709,125</u>	<u>16,201,446</u>	<u>9,698,710</u>	<u>25,900,156</u>	<u>22,178,971</u>
 Total Liabilities and Net Assets	<u>\$ 13,114,672</u>	<u>\$ 8,781,083</u>	<u>\$ 21,895,755</u>	<u>\$ 9,698,710</u>	<u>\$ 31,594,465</u>	<u>\$ 30,978,584</u>

See accompanying Notes to Financial Statements.

**THE BABY FOLD  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	Without Donor Restrictions			With Donor Restrictions	Total 2021	Total (Memorandum Only) 2020
	Operating	Investment	Total			
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>						
Contributions	\$ 17,376	\$ 1,062,154	\$ 1,079,530	\$ 13,700	\$ 1,093,230	\$ 738,355
Fees from Governmental Agencies	11,717,646	-	11,717,646	-	11,717,646	12,770,693
Grants from Governmental Agencies	3,724,581	-	3,724,581	-	3,724,581	3,082,146
Net Investment Income	-	3,408,195	3,408,195	763,644	4,171,839	204,536
In-Kind Contributions	36,841	-	36,841	-	36,841	144,079
Other	98,345	461,393	559,738	399,791	959,529	533,278
Net Assets Released from Restrictions	-	250,000	250,000	(250,000)	-	-
Total Revenue, Gains, and Other Support	15,594,789	5,181,742	20,776,531	927,135	21,703,666	17,473,087
<b>EXPENSES</b>						
Program Services:						
Hammitt School	2,008,792	-	2,008,792	-	2,008,792	2,139,174
Hammitt High School	2,814,393	-	2,814,393	-	2,814,393	2,899,154
Hammitt Challenges	5,149,544	-	5,149,544	-	5,149,544	4,781,379
Performance Foster Care and Special Needs Adoption	1,222,208	-	1,222,208	-	1,222,208	1,023,896
Specialized Foster Care	692,045	-	692,045	-	692,045	739,897
QIC Target	-	-	-	-	-	2,405
Adoption Preservation	1,905,546	-	1,905,546	-	1,905,546	1,858,945
Healthy Start	103,859	-	103,859	-	103,859	149,385
Intact Family Services	566,483	-	566,483	-	566,483	459,082
Adoption Preservation Respite	129,971	-	129,971	-	129,971	165,927
Community Schools	188,461	-	188,461	-	188,461	200,570
Choices	219,257	-	219,257	-	219,257	235,319
Healthy Families Illinois	371,800	-	371,800	-	371,800	401,493
Prevention Initiative	272,560	-	272,560	-	272,560	256,706
Care Connection	72,377	-	72,377	-	72,377	77,102
Total	15,717,296	-	15,717,296	-	15,717,296	15,390,434

See accompanying Notes to Financial Statements.

**THE BABY FOLD**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	Without Donor Restrictions			With Donor Restrictions	Total 2021	Total (Memorandum Only) 2020
	Operating	Investment	Total			
<b>EXPENSES (CONTINUED)</b>						
Support Services:						
Management and General	\$ 2,244,442	\$ 78,694	\$ 2,323,136	\$ -	\$ 2,323,136	\$ 2,189,702
Public Relations	-	594,027	594,027	-	594,027	747,667
Total	<u>2,244,442</u>	<u>672,721</u>	<u>2,917,163</u>	<u>-</u>	<u>2,917,163</u>	<u>2,937,369</u>
 Total Expenses	 <u>17,961,738</u>	 <u>672,721</u>	 <u>18,634,459</u>	 <u>-</u>	 <u>18,634,459</u>	 <u>18,327,803</u>
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	 (2,366,949)	 4,509,021	 2,142,072	 927,135	 3,069,207	 (854,716)
 <b>TRANSFERS IN (OUT)</b>						
Operating Fund from Investment Fund	1,986,935	(1,986,935)	-	-	-	-
 <b>PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST</b>	 <u>651,978</u>	 <u>-</u>	 <u>651,978</u>	 <u>-</u>	 <u>651,978</u>	 <u>(575,607)</u>
 <b>TOTAL CHANGES IN NET ASSETS</b>	 271,964	 2,522,086	 2,794,050	 927,135	 3,721,185	 (1,430,323)
 Net Assets – Beginning of Year	 <u>7,220,357</u>	 <u>6,187,039</u>	 <u>13,407,396</u>	 <u>8,771,575</u>	 <u>22,178,971</u>	 <u>23,609,294</u>
 <b>NET ASSETS – END OF YEAR</b>	 <u>\$ 7,492,321</u>	 <u>\$ 8,709,125</u>	 <u>\$ 16,201,446</u>	 <u>\$ 9,698,710</u>	 <u>\$ 25,900,156</u>	 <u>\$ 22,178,971</u>

See accompanying Notes to Financial Statements.

**THE BABY FOLD**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	Program Services								
	Hammitt School	Hammitt High School	Hammitt Challenges	Performance Foster Care and Special Needs Adoption	Specialized Foster Care	Adoption Preservation	Healthy Start	Intact Family Services	Adoption Preservation Respite
Salaries and Wages	\$ 1,481,200	\$ 2,036,921	\$ 3,287,229	\$ 519,682	\$ 352,578	\$ 1,277,234	\$ 57,010	\$ 357,104	\$ 90,028
Group insurance	102,534	150,199	266,175	37,183	39,276	125,722	4,805	12,152	9,813
Pensions	65,781	87,673	127,885	17,602	11,829	51,800	1,548	13,192	4,459
Social Security and Medicare Tax	108,124	145,757	235,787	38,110	24,494	87,793	4,286	26,366	6,019
Unemployment Compensation Taxes	6,512	5,781	3,060	4,712	2,031	8,219	42	218	159
Workers' Compensation Insurance	25,554	32,921	59,316	8,620	4,408	25,835	1,131	5,721	1,733
Professional Liability Insurance	10,778	6,514	8,353	4,322	5,009	14,870	1,410	512	1,613
Employee Medical	2,026	2,545	4,726	654	620	539	98	609	235
Auditing and Legal Fees	-	-	-	-	-	-	-	-	-
Administrative Consultants	-	-	-	-	-	-	-	-	-
Technology Supplies and Services	11,252	18,766	42,878	2,615	1,605	8,011	2,735	7,508	122
Office Supplies and Expense	1,676	1,572	6,482	2,255	928	2,828	305	2,957	274
Telephone	12,418	16,067	17,084	10,638	6,926	40,858	1,525	5,775	1,659
Printing	-	-	-	-	-	-	-	-	-
Postage	1,892	941	935	1,430	845	29	-	195	32
Office Equipment Rental	778	849	20,010	2,568	919	2,330	-	710	18
Subscriptions	15	65	65	-	-	-	-	-	-
Rent	-	-	74,528	41,784	30,328	65,331	-	39,335	-
Utilities	7,204	23,205	101,532	5,259	3,096	18,974	4,545	248	1,029
Buildings and Grounds Supplies	4,078	3,715	32,483	640	113	3,619	129	1,442	43
Maintenance of Buildings and Grounds	47,147	37,784	259,317	9,402	2,637	9,478	1,220	1,477	158
Equipment Repairs	1,808	1,887	37,388	5	5	2,673	202	87	67
Property Insurance	9,442	12,619	14,321	6,415	2,818	16,303	1,222	539	280
Travel	4,423	5,310	11,872	28,726	20,172	50,194	226	12,690	170
Auto Insurance	4,105	2,949	2,825	9,264	5,910	14,464	1,118	359	82
Conference and Convention Expense	5,113	2,638	3,991	2,462	1,399	11,799	2,538	180	-
Program Supplies	16,137	11,522	41,210	2,603	690	21,225	13,780	1,917	3,049
In-Kind Supplies, Services and Capitol	-	-	-	-	-	-	-	-	-
Intact Flex Fund	-	-	-	-	-	-	-	37,782	-
Specific Assistance	-	-	-	8,964	1,659	289	-	4,877	-
Medical Supplies	642	487	1,942	-	-	-	-	-	-
Food	15,844	18,870	21,952	-	-	-	-	-	-
Kitchen Service Supplies	1,007	2,070	5,964	-	-	-	-	-	-
Professional Consultants	6,652	-	22,911	37,132	13,083	1,235	1,288	30,466	-
Student Stipend	-	180	343	-	-	-	-	-	-
Foster Home Care	-	-	-	414,555	156,583	674	-	-	6,741
Festival Expenses	-	-	-	-	-	-	-	-	-
Dues	2,427	1,505	2,828	-	-	-	-	-	-
Board of Trustees Expense	-	-	-	-	-	-	-	-	-
Interest Expense	5,836	4,798	6,102	1,686	1,115	4,111	629	84	45
Bad Debt Expense	-	-	-	-	-	-	-	-	-
Miscellaneous	4,797	5,114	8,716	470	422	2,097	125	1,055	52
Depreciation Expense	41,590	173,169	419,334	2,450	547	37,012	1,942	926	2,091
Total	<u>2,008,792</u>	<u>2,814,393</u>	<u>5,149,544</u>	<u>1,222,208</u>	<u>692,045</u>	<u>1,905,546</u>	<u>103,859</u>	<u>566,483</u>	<u>129,971</u>
Allocation of Management Cost to Program Cost	<u>321,214</u>	<u>446,635</u>	<u>716,736</u>	<u>114,270</u>	<u>79,752</u>	<u>286,986</u>	<u>12,324</u>	<u>76,261</u>	<u>20,356</u>
Total Expenses	<u>\$ 2,330,006</u>	<u>\$ 3,261,028</u>	<u>\$ 5,866,280</u>	<u>\$ 1,336,478</u>	<u>\$ 771,797</u>	<u>\$ 2,192,532</u>	<u>\$ 116,183</u>	<u>\$ 642,744</u>	<u>\$ 150,327</u>

See accompanying Notes to Financial Statements.

**THE BABY FOLD**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	Program Services					Support Services			Total Expenses		
	Community Schools	Choices	Healthy Families Illinois	Prevention Initiative	Care Connection	Total Program Services	Management and General	Public Relations	Total Support Services	2021	2020
	Salaries and Wages	\$ 142,653	\$ 160,384	\$ 242,905	\$ 192,079	\$ 54,386	\$ 10,251,393	\$ 1,136,655	\$ 373,465	\$ 1,510,120	\$ 11,761,513
Group insurance	12,728	22,053	17,977	18,472	1,055	820,144	78,226	10,773	88,999	909,143	853,601
Pensions	5,422	7,651	8,233	7,743	1,960	412,778	24,381	12,994	37,375	450,153	447,092
Social Security and Medicare Tax	10,314	11,222	17,624	13,481	4,102	733,479	79,399	28,155	107,554	841,033	834,647
Unemployment Compensation Taxes	70	90	251	-	-	31,145	(8,030)	735	(7,295)	23,850	32,492
Workers' Compensation Insurance	3,467	2,277	4,600	3,161	1,032	179,776	6,638	2,248	8,886	188,662	211,049
Professional Liability Insurance	1,071	343	2,827	1,666	-	59,288	-	-	-	59,288	63,571
Employee Medical	-	-	45	-	-	12,097	22,425	264	22,689	34,786	40,346
Auditing and Legal Fees	-	-	-	-	-	-	53,060	-	53,060	53,060	83,344
Administrative Consultants	-	-	-	-	-	-	84,631	-	84,631	84,631	86,772
Technology Supplies and Services	120	301	3,292	5,677	-	104,882	162,979	31,930	194,909	299,791	300,766
Office Supplies and Expense	170	210	903	282	-	20,842	19,509	1,787	21,296	42,138	61,837
Telephone	2,264	2,660	7,594	2,996	1,948	130,412	15,845	1,799	17,644	148,056	118,378
Printing	-	-	-	-	-	-	209	21,718	21,927	21,927	36,415
Postage	278	248	433	-	-	7,258	4,271	5,674	9,945	17,203	18,211
Office Equipment Rental	-	83	1,156	-	-	29,421	3,783	3,118	6,901	36,322	37,294
Subscriptions	-	-	-	-	-	145	13,120	1,143	14,263	14,408	3,982
Rent	-	-	16,686	-	1,054	269,046	106,800	-	106,800	375,846	373,935
Utilities	-	727	2,632	943	-	169,394	5,544	11,361	16,905	186,299	154,953
Buildings and Grounds Supplies	-	194	1,466	26	-	47,948	3,165	337	3,502	51,450	62,721
Maintenance of Buildings and Grounds	-	402	1,165	426	-	370,613	19,845	7,968	27,813	398,426	317,003
Equipment Repairs	285	340	407	51	-	45,205	162	2	164	45,369	52,808
Property Insurance	618	670	4,572	301	-	70,120	64,964	2,381	67,345	137,465	99,655
Travel	21	1,704	9,762	626	3,620	149,516	605	328	933	150,449	247,773
Auto Insurance	-	1,372	2,607	-	-	45,055	3,817	209	4,026	49,081	52,149
Conference and Convention Expense	824	770	6,338	4,533	1,559	44,144	3,262	1,274	4,536	48,680	132,566
Program Supplies	4,096	1,755	3,454	5,233	448	127,119	-	-	-	127,119	156,819
In-Kind Supplies, Services and Capitol	-	-	4,782	4,782	-	9,564	-	-	-	9,564	170,490
Intact Flex Fund	-	-	-	-	-	37,782	-	-	-	37,782	21,636
Specific Assistance	-	-	69	440	-	16,298	-	-	-	16,298	30,280
Medical Supplies	-	-	-	-	-	3,071	-	-	-	3,071	1,024
Food	-	-	-	-	-	56,666	-	-	-	56,666	75,052
Kitchen Service Supplies	-	-	-	-	-	9,041	-	-	-	9,041	9,779
Professional Consultants	-	-	2,400	6,083	-	121,250	-	-	-	121,250	103,121
Student Stipend	-	-	-	-	-	523	-	-	-	523	8,780
Foster Home Care	-	-	-	-	-	578,553	-	-	-	578,553	359,859
Festival Expenses	-	-	-	-	-	-	-	36,110	36,110	36,110	94,231
Dues	-	-	-	-	-	6,760	48,580	425	49,005	55,765	50,868
Board of Trustees Expense	-	-	-	-	-	-	599	-	599	599	1,900
Interest Expense	-	525	895	-	-	25,826	5,011	1,582	6,593	32,419	38,894
Bad Debt Expense	-	-	-	-	-	-	298,770	-	298,770	298,770	-
Miscellaneous	84	83	265	221	75	23,576	37,366	24,957	62,323	85,899	36,640
Depreciation Expense	3,976	3,193	6,460	3,338	1,138	697,166	27,545	11,290	38,835	736,001	724,394
<b>Total</b>	<b>188,461</b>	<b>219,257</b>	<b>371,800</b>	<b>272,560</b>	<b>72,377</b>	<b>15,717,296</b>	<b>2,323,136</b>	<b>594,027</b>	<b>2,917,163</b>	<b>18,634,459</b>	<b>18,327,803</b>
Allocation of Management Cost to Program Cost	31,782	36,330	52,558	37,849	11,389	2,244,442	(2,323,136)	78,694	(2,244,442)	-	-
<b>Total Expenses</b>	<b>\$ 220,243</b>	<b>\$ 255,587</b>	<b>\$ 424,358</b>	<b>\$ 310,409</b>	<b>\$ 83,766</b>	<b>\$ 17,961,738</b>	<b>\$ -</b>	<b>\$ 672,721</b>	<b>\$ 672,721</b>	<b>\$ 18,634,459</b>	<b>\$ 18,327,803</b>

See accompanying Notes to Financial Statements.

**THE BABY FOLD**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,721,185	\$ (1,430,323)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	736,001	724,394
Net (Gain) Loss on Investments, Realized and Unrealized	(4,036,851)	5,173
Net Unrealized (Gain) Loss on Trust Held by Others	(399,791)	19,075
Contributions Restricted for Long-Term Investment	(13,700)	(9,450)
Pension-Related Changes Other than Net Periodic Pension Cost	(651,978)	575,607
(Increase) Decrease in Assets:		
Accounts Receivable	322,316	121,833
Inventories, Food and Grain	55,290	10,432
Prepaid Expenses	(74,047)	20,501
Pledges Receivable	2,250	5,450
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	117,392	(2,651,178)
Pension Payable	(47,881)	(26,600)
Deferred Revenue – Annuity Contracts	(4,121)	(4,119)
Deferred Revenue – Program	(18,716)	98,312
Net Cash Used by Operating Activities	(292,651)	(2,540,893)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investment Securities	(2,166,068)	(2,551,895)
Proceeds from Sale of Investment Securities	1,964,698	1,812,981
Proceeds from Sale of Real Estate Investments	1,100,000	-
Purchase of Property and Equipment	(351,146)	(1,199,965)
Net Cash Provided (Used) by Investing Activities	547,484	(1,938,879)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	13,700	9,450
Net Borrowings (Payments) on Line of Credit	(2,500,000)	2,500,000
Proceeds from Loan Payable under Paycheck Protection Program	-	1,974,100
Net Cash Provided (Used) by Financing Activities	(2,486,300)	4,483,550
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,231,467)	3,778
Cash and Cash Equivalents – Beginning of Year	5,241,805	5,238,027
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	\$ 3,010,338	\$ 5,241,805
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 32,419	\$ 38,894

See accompanying Notes to Financial Statements.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Baby Fold (the Organization) is a nonprofit organization whose mission embodies Christian principles to help families and children develop the hope, courage, and love they need to become whole and healthy. Their vision is to transform children's lives by being the premier provider of mental health, education, and family services.

**Financial Statement Presentation**

The financial statements separately identify the net assets of the Organization according to the legal restrictions placed on the assets by donors as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

**Revenue Recognition**

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported in the statements of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions and the related gains and investment income that are met in the same year as received are reported as revenues without donor restrictions. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets. Contributions of assets other than cash are recorded at their estimated fair value in the period received.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**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 functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

**Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting.

**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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash equivalents are defined as all highly liquid instruments with an original maturity of three months or less.

**Accounts Receivable**

Accounts receivable represent amounts due from state and federal agencies for services provided under various grant contracts and amounts due from local governmental entities for tuition. Accounts receivable are stated at the invoice amount, net of accounts determined to be uncollectible and specifically written off.

Payments of accounts receivable are applied to the specific invoices or amounts billed to awarding agencies.

**Investment Securities**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at fair value in the statement of financial position and realized and unrealized gains and losses are reflected in the statement of activities.

**Grain Inventories**

Grain inventories, considered to be investment assets of the Organization, are stated at fair value.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment in Real Estate**

Investment in real estate is carried at cost or estimated fair value at the date of receipt.

**Land, Buildings, and Equipment**

Physical assets acquired with a unit cost in excess of \$2,500 are capitalized as fixed assets. Items with a unit cost below this threshold is expensed in the year purchased. Buildings and equipment are stated at cost or at its estimated fair value at date of donation, if received as a gift, less accumulated depreciation. Depreciation is provided over the following estimated useful lives of the respective assets on a straight-line basis:

Buildings and Improvements	10 to 35 Years
Office Furniture and Equipment	5 to 10 Years
Transportation Equipment	3 to 5 Years

**Impairment of Long-Lived Assets**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**Deferred Revenue**

Deferred revenue – annuity contracts is recorded as a liability when the contribution is received. This revenue will be recognized as income upon the death of the annuitant. Payments to the annuitant are reported as an expense of the Without Donor Restricted Investment Fund when paid. Deferred revenue – program is excess program revenue received for which related expense has not been incurred.

**Income Tax Status**

The Organization is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization does not believe it has taken any uncertain tax positions and, accordingly, has not recorded any reserves for uncertain tax positions.

**Prior Year Summarized Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principle**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization's financial statements reflect the application of ASC 606 guidance beginning in 2020, with modified retrospective adoption. The adoption of ASU 2014-09 did not have a material impact the Organization's financial statements, business processes, controls or systems.

FASB issued ASU 2018-13 Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The ASU removes and modifies disclosure requirements retrospectively for nonpublic entities. Management has adopted this ASU during the year ended June 30, 2021.

**Risks and Uncertainties**

The World Health Organization has declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Association, COVID-19 may impact various parts of its future operations and financial results. Management believes the Association is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**Subsequent Events**

Management evaluated subsequent events through November 12, 2021, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure and other commitments, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 3,007,838
Operating Investments	7,611,441
Accounts Receivables	1,579,872
Total, End of Year	<u>\$ 12,199,151</u>

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

The net assets with donor restrictions are not included above as they are not considered available for general expenditure. The Organization's operating investments of \$7,611,441 at June 30, 2021 are included in Note 3. Although the Organization does not intend to spend from the investment portfolio, these amounts could be made available if necessary. Additionally, as part of the liquidity management plan, as the need arises, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

**NOTE 3 INVESTMENT SECURITIES**

Investment securities are presented in the financial statements at fair value. The following reflects the cost and fair value of investment securities at June 30, 2021:

	<u>Cost</u>	<u>Fair Value</u>
Corporate Bonds	\$ 391,843	\$ 395,967
Corporate Stock	1,332,887	5,039,607
U.S. Government Securities	701,494	713,902
Mutual Funds	4,926,663	6,402,397
Alternative Investments	144,031	423,984
Total, End of Year	<u>\$ 7,496,918</u>	<u>\$ 12,975,857</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2021:

Interest	\$ 27,411
Dividends	153,882
Net Realized/Unrealized Gain on Investments	<u>4,036,851</u>
Investment Gain from Securities	4,218,144
Net Farm Rental Income	55,995
Investment Fees	<u>(102,300)</u>
Net Investment Income	<u>\$ 4,171,839</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Accordingly, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could be material in amount in relation to the carrying value of investments.

**NOTE 4 INVESTMENTS IN REAL ESTATE**

The Organization has acquired real estate as beneficiary under various wills and trusts established by individuals. The following reflects the real estate holdings:

**THE BABY FOLD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 INVESTMENTS IN REAL ESTATE (CONTINUED)**

<u>Description</u>	<u>Fair Value at Date of Gift</u>	<u>Estimated Fair Value at June 30, 2021</u>
Mary J. Cornell – 160 Acres	\$ 56,000	\$ 1,416,000
Alta Johnston – 229 Acres	114,500	2,290,000
Rosetta Fox Courtney – 112 Acres	55,730	590,738
Irene Blum – 80 Acres	200,485	952,000
Total	<u>\$ 426,715</u>	<u>\$ 5,248,738</u>

The Organization sold one piece of farm land in the fiscal year ending June 30, 2021 which resulted in a realized gain of \$1,036,014 for 132 acres sold.

**NOTE 5 INVESTMENTS HELD IN TRUST BY OTHERS**

The Organization receives cash distributions from the trusts listed below. In accordance with the trust agreements, the principal is generally retained by the trust in perpetuity with the income being distributed periodically.

The following values for each trust represent the Organization's share of the fair value of the trust at June 30, 2021 as provided by the outside fiscal agent:

James B. Kennedy Trust	\$ 787,886
O. V. Douglass Trust	164,903
Charles Ockerman Trust	358,395
Bessie Row trust	57,659
Nina Bozarth Trust	447,523
Maude Scranton Trust	417,010
Genevieve Moyer Trust	648,731
Thomas Campbell Trust	1,325,897
Total Investments Held in Trust by Others	<u>\$ 4,208,004</u>

The income from these trusts for the year has been included as other revenue in the statement of activities as both revenue without donor restrictions in the Investment Fund and revenue with donor restrictions in the Endowment Fund as follows:

Cash Distributions (Without Donor Restrictions)	\$ 186,370
Increase in Fair Value (With Donor Restrictions)	399,791
Total	<u>\$ 586,161</u>

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

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

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

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A significant portion of Organization's investments are held through limited partnerships and commingled funds for which fair value is estimated using net asset values (NAV) reported by fund managers as a practical expedient for fair value measurements. GAAP allows such NAV measured investments to be excluded from the categories in the fair value hierarchy.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

*Common Stock and Mutual Funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*U.S. Government Securities and Corporate Bonds:* Valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)**

*Alternative Investments:* Valued based on information provided by the manager of the various funds, developed utilizing net asset value, prices or quotes of similar assets of liabilities, or other discounted cash flow models.

*Grain Inventories:* Valued by an investment manager based on an active elevator grain price.

*Investments Held in Trust by Others:* These are valued by a third-party trustee and consist of a variety of investments. Since the lowest level of input that is significant to the fair value measurement must be used for determination and the Organization is restricted from being able to redeem the investments, they are not considered to be traded on an active market and, therefore, are classified as Level 3.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

	Assets at Fair Value as of June 30, 2021				Total
	Level 1	Level 2	Level 3	NAV Practical Expedient	
Common Stock	\$ 5,039,607	\$ -	\$ -	\$ -	\$ 5,039,607
U.S. Government Securities	-	713,902	-	-	713,902
Mutual Funds	6,402,397	-	-	-	6,402,397
Corporate Bonds	-	395,967	-	-	395,967
Alternative Investments	-	-	-	423,984	423,984
Grain Inventories	29,800	-	-	-	29,800
Investments Held in Trust by Others	-	-	4,208,004	-	4,208,004
<b>Total Assets at Fair Value</b>	<b>\$ 11,471,804</b>	<b>\$ 1,109,869</b>	<b>\$ 4,208,004</b>	<b>\$ 423,984</b>	<b>\$17,213,661</b>

**Assets Measured at Net Asset Value (or its Equivalent)**

<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
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The venture capital fund, which is invested primarily in privately held companies, has an expected life of approximately seven years.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 7 LAND, BUILDINGS, AND EQUIPMENT**

The following is a summary of land, buildings, and equipment at June 30, 2021:

	Cost	Accumulated Depreciation	Book Value	Current Year Depreciation
Land and Improvements	\$ 772,773	\$ 199,228	\$ 573,545	\$ 14,469
Buildings and Improvements	17,921,243	9,677,302	8,243,941	531,189
Equipment:				
Office Furniture, Data Processing, and Other Equipment	1,142,796	894,335	248,461	171,277
Audio Visual and Miscellaneous				
Tools and Equipment	65,181	56,543	8,638	4,277
Transportation Equipment	325,186	305,117	20,069	14,789
Total	<u>\$ 20,227,179</u>	<u>\$ 11,132,525</u>	<u>\$ 9,094,654</u>	<u>\$ 736,001</u>

**NOTE 8 LINE OF CREDIT**

The Organization entered into a \$2,750,000 revolving line of credit agreement with U.S. Bank. The agreement is secured by all investments of the Organization held at the bank and will remain open as long as the assets remain with U.S. Bank. As a result of this arrangement, amounts drawn against the line of credit are due at the time that the assets are withdrawn from the bank. The line bears an interest rate of 2.25%. The line of credit was paid off during the year.

**NOTE 9 LOAN PAYABLE UNDER PAYROLL PROTECTION PROGRAM**

In April 2020, the Organization received a loan from a bank in the amount of \$1,974,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5, 2020) and was due over 24 weeks deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S.

Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in May 2021 principal and interest payments will be required through the maturity date in May 2022.

**THE BABY FOLD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 9 LOAN PAYABLE UNDER PAYROLL PROTECTION PROGRAM (CONTINUED)**

Subsequent to year-end, the Organization received partial forgiveness of the PPP Loan in the amount of \$527,755.

**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30, 2021, are as follows:

	Held in Perpetuity	Purpose Restrictions
Robert Thomas	\$ 14,425	\$ -
Alta W. Johnston	114,500	-
Catharine Bell	260,163	-
Friends of the Fold	5,256	-
Charles Prussner	20,000	-
Luella E. Schultze	2,000	-
Dora Myers	11,484	-
Jean and William Hammitt	25,000	-
Christian Life Fund	126,940	-
Investments Held in Trust by Others (Note 5)	4,208,004	-
Supporting Early Intervention for Family Stability	769,326	-
Ed Scharf Endowment Fund	3,625,468	513,644
Other	-	2,500
Total Restricted Net Assets	\$ 9,182,566	\$ 516,144

**NOTE 11 PENSION PLANS**

The Organization has a noncontributory, defined benefit pension plan covering all employees who met certain eligibility requirements. The Plan provides benefits based on the highest consecutive three-year average salary. The Organization's funding policy is to make an annual contribution in accordance with the actuarial computation provided by the plan's actuary. Effective July 1, 2009, this plan was frozen and no new employees were allowed to enter the Plan.

The Organization also has a 403(b) plan to which employees may contribute. The board of directors determines annually if any matching contributions will be made by the Organization. During 2021, the Organization matched the lesser of 50% of the amount of employee contributions or 2% of employee wages. Additionally, the Organization contributed, on a quarterly basis, 1% of wages for employees with 10 to 14 years of service and 2% of wages for employees with 15 years of service or more.

The amount charged to expense for the Organization's retirement plans includes \$192,119 of defined benefit pension cost, \$169,958 for matching the employees' contributions to their 403(b) Plan, and \$84,446 in nonelective additional contributions for the 403(b) Plan.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 11 PENSION PLANS (CONTINUED)**

The Organization uses a June 30 measurement date for the defined benefit pension plan.

Net pension cost for the Organization's defined benefit pension plan consisted of the following components for the year ended June 30, 2021:

Interest Cost	\$ 119,887
Expected Return on Plan Assets	(124,515)
Recognition of Net Loss	121,000
Net Pension Cost	<u>116,372</u>

Weighted-Average Assumptions Used to Determine  
Net Pension Cost:

Discount Rate	2.60%
Expected Long-Term Rate of Return	7.00%
Rate of Compensation Increase	N/A

The following sets forth the plan's funded status and the amounts recognized in the financial statements at June 30, 2021:

Projected Benefit Obligation	\$ (4,619,741)
Adjusted Fair Value of Plan Assets	2,367,760
Funded Status	<u>\$ (2,251,981)</u>

Weighted-Average Assumptions Used to Determine  
Benefit Obligations:

Discount Rate	2.60%
Rate of Compensation Increase	N/A

Employer Contributions	<u>\$ 240,000</u>
Benefits Paid	<u>\$ 306,368</u>

The accumulated benefit obligation was \$4,619,741 at June 30, 2021.

**Plan Assets**

The following table summarizes plan assets measured at fair value on June 30, 2021, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Cash and Cash Equivalents	\$ 342,333	\$ -	\$ -	\$ 342,333
Mutual Funds	2,025,427	-	-	2,025,427
Total	<u>\$ 2,367,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,367,760</u>

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 11 PENSION PLANS (CONTINUED)**

**Plan Assets (Continued)**

The Organization's target asset allocation as of June 30, 2021, by asset category, is as follows:

<u>Asset Category</u>	
Equity Securities	15 – 70%
Fixed Income Securities	30 – 75%
Cash and Cash Equivalents	0 – 25%

The Organization's investment policy includes various guidelines and procedures designed to provide that assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges (shown above) by major asset categories.

The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plan's actuarial assumptions, and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The investment policy is periodically reviewed by the Organization and a designated third-party fiduciary for investment matters. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

**Contributions**

The Baby Fold expects to contribute \$520,000 to the pension plan in fiscal year 2022.

**Estimated Future Benefit Payments**

The following benefit payments which reflect expected future service, as appropriate, are expected to be paid:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 352,812
2023	274,081
2024	287,338
2025	248,744
2026	94,839
2027-2031	1,234,257

Reconciliation of items not yet reflected in net periodic benefit cost:

	<u>July 1, 2020</u>	<u>Reclassified as Net Periodic Benefit Cost</u>	<u>Amounts Arising During Period</u>	<u>June 30, 2021</u>
Net Loss (Credit)	2,050,298	196,747	(848,725)	1,398,320

**THE BABY FOLD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 11 PENSION PLAN (CONTINUED)**

**Estimated Future Benefit Payments (Continued)**

Estimated effect in next fiscal year - items not yet reflected in net periodic benefit cost:

	July 1, 2021	Estimated Amounts to be Reclassified as Net Periodic Benefit Cost
Net Loss	\$ 1,398,320	\$ 196,747

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Even relatively small changes in these rates would significantly change the recorded pension expense and accrued liability. Management believes the discount rate and expected rate of return on plan assets used in determining its year-end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

**NOTE 12 ENDOWMENTS**

The Baby Fold's endowments consist of funds established to support a variety of programs at the Organization. Its endowments consist of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of directors of The Baby Fold has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity:

- The original value of the initial gift amounts donated to the endowment,
- The original value of subsequent gift amounts donated to the endowment, and
- Any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

**THE BABY FOLD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 ENDOWMENTS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible impact of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

**Return Objectives and Risk Parameters**

The Organization has adopted investment policies for endowment assets that attempt to provide conservative earnings potential while reducing risk.

**Spending Policy**

The Organization spends endowment earnings in accordance with the directives of the donor. If no directive exists, the Board of Directors, implements the spending policy through such actions as budget review and approval, review and approval of monthly financial statements, and review and assessment of investment performance.

It is the goal of the Organization to grow the investment accounts at an average annual return in excess of corresponding benchmarks, over a market cycle, keeping the level of risk consistent with a nonprofit organization having a long-term investment philosophy. The Organization targets a diversified asset allocation to achieve its long-term objectives within prudent risk constraints, with the exception of any specific endowment funds whose agreements include different guidelines.

**Strategies Employed for Achieving Objectives**

The Organization invests funds in a manner expected to maintain appropriate diversification among investment styles within the equity and fixed income allocations according to the investment policy.

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted			
Endowment Funds	\$ -	\$ 9,185,066	\$ 9,185,066
Accumulated Gain	-	513,644	513,644
Total Endowment Funds	<u>\$ -</u>	<u>\$ 9,698,710</u>	<u>\$ 9,698,710</u>

**THE BABY FOLD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 ENDOWMENTS (CONTINUED)**

**Strategies Employed for Achieving Objectives (Continued)**

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets –			
Beginning of Year	\$ -	\$ 8,771,575	\$ 8,771,575
Investment Return:			
Net Investment Income	-	763,644	763,644
Net Appreciation (Realized and Unrealized)	-	399,791	399,791
Total Investment Return	-	1,163,435	1,163,435
Contributions	-	13,700	13,700
Appropriation of Endowment Assets for			
Expenditure Per Spending Policy	250,000	(250,000)	-
Expenditures	(250,000)	-	(250,000)
Endowment Net Assets –			
End of Year	<u>\$ -</u>	<u>\$ 9,698,710</u>	<u>\$ 9,698,710</u>

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

The Organization leases office equipment and a building under various operating lease agreements which expire at various times through fiscal year ending June 30, 2024. The total minimum lease payments as of June 30, 2021 are due as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 227,190
2023	92,466
2024	57,440
Total	<u>\$ 377,096</u>

The total rental expense reflected in the schedule of functional expenses is \$375,846 for the year ended June 30, 2021.

The Organization is the beneficiary under various wills and trust agreements. The total amount receivable will be recorded when clear title is established, and the proceeds are measurable.

**THE BABY FOLD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 14 CONCENTRATIONS**

The Organization receives a substantial amount of its support from state government. If a significant reduction in the level of this support were to occur, it would have an adverse effect on the Organization's programs and activities.

The Organization maintains the majority of its cash accounts in one commercial bank. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. Total cash held by this bank was \$2,306,223 at June 30, 2021.

**THE BABY FOLD**  
**SCHEDULE OF SUPPORT AND REVENUE**  
**YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Without Donor Restrictions			With Donor Restrictions	Total All Funds 2021	Total (Memorandum Only) 2020
	Operating	Investment	Total			
<b>PUBLIC SUPPORT AND REVENUE</b>						
Public Support (Contributions):						
Contributions:						
Churches	\$ 250	\$ 64,369	\$ 64,619	\$ -	\$ 64,619	\$ 81,054
Nonchurch Organizations	10,135	9,933	20,068	-	20,068	13,819
Corporate	2,505	98,990	101,495	2,500	103,995	63,528
Individuals	1,057	544,439	545,496	6,200	551,696	462,315
Foundations	3,429	79,243	82,672	-	82,672	90,057
Bequests	-	265,180	265,180	-	265,180	-
Campaign	-	-	-	5,000	5,000	8,450
QIC-AG	-	-	-	-	-	2,475
United Way	-	-	-	-	-	16,657
Total Public Support and Revenue	17,376	1,062,154	1,079,530	13,700	1,093,230	738,355
<b>FEES AND GRANTS FROM GOVERNMENTAL AGENCIES</b>						
Residential Purchase of Service	-	-	-	-	-	-
Residential Medicaid Purchase of Service	-	-	-	-	-	-
Hammitt School Tuition	1,263,881	-	1,263,881	-	1,263,881	2,067,908
Hammitt High School Tuition	2,501,627	-	2,501,627	-	2,501,627	2,934,438
Hammitt Training and Consultation Fees	4,638	-	4,638	-	4,638	11,816
State and Federal Meals Reimbursement	20,713	-	20,713	-	20,713	52,260
Challenges Tuition	5,015,773	-	5,015,773	-	5,015,773	5,149,873
Adoption Preservation	2,740,645	-	2,740,645	-	2,740,645	2,125,004
Foster Care	1,883,278	-	1,883,278	-	1,883,278	1,690,376
Healthy Start	825,543	-	825,543	-	825,543	772,278
Adoption Preservation Respite	158,393	-	158,393	-	158,393	184,864
Community Schools	86,611	-	86,611	-	86,611	122,770
Intact Family Services	799,194	-	799,194	-	799,194	603,009
Choices	55,160	-	55,160	-	55,160	53,037
Healthy Families Illinois	-	-	-	-	-	-
Care Connection	86,771	-	86,771	-	86,771	85,206
Total Fees and Grants from Governmental Agencies	15,442,227	-	15,442,227	-	15,442,227	15,852,839

**THE BABY FOLD**  
**SCHEDULE OF SUPPORT AND REVENUE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**  
(WITH COMPARATIVE TOTALS FOR 2020)  
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions			With Donor Restrictions	Total All Funds 2021	Total (Memorandum Only) 2020
	Operating	Investment	Total			
<b>OTHER REVENUE</b>						
Fundraising Events	\$ -	\$ 274,954	\$ 274,954	\$ -	\$ 274,954	\$ 342,416
Net Investment Income	-	3,408,195	3,408,195	763,644	4,171,839	204,536
Earnings and Distributions from Estates in Trust	-	186,370	186,370	399,791	586,161	213,655
In-Kind Contributions	36,841	-	36,841	-	36,841	144,079
Miscellaneous	98,345	69	98,414	-	98,414	(22,793)
Total Other Revenue	<u>135,186</u>	<u>3,869,588</u>	<u>4,004,774</u>	<u>1,163,435</u>	<u>5,168,209</u>	<u>881,893</u>
Total Support and Revenue	<u>\$ 15,594,789</u>	<u>\$ 4,931,742</u>	<u>\$ 20,526,531</u>	<u>\$ 1,177,135</u>	<u>\$ 21,703,666</u>	<u>\$ 17,473,087</u>

**THE BABY FOLD**  
**SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE**  
**YEAR ENDED JUNE 30, 2021**  
**(OPERATING FUND)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Hammitt School	Hammitt High School	Hammitt Challenges	Performance Foster Care and Special Needs Adoption	Specialized Foster Care
<b>PUBLIC SUPPORT AND REVENUE</b>					
Public Support:					
Contributions:					
Churches	\$ -	\$ -	\$ -	\$ -	\$ -
Nonchurch Organizations	950	-	500	-	-
Corporate	5	-	2,500	-	-
Individuals	418	100	-	-	-
Foundations	2,500	1,000	-	-	(71)
Total Public Support	<u>3,873</u>	<u>1,100</u>	<u>3,000</u>	<u>-</u>	<u>(71)</u>
<b>FEES AND GRANTS FROM GOVERNMENTAL AGENCIES</b>					
Hammitt School Tuition	1,263,881	-	-	-	-
Hammitt High School Tuition	-	2,501,627	-	-	-
Hammitt Training and Consultation Fees	2,380	-	-	-	-
State and Federal Meals Reimbursement	7,448	3,136	10,129	-	-
Challenges Tuition	-	-	5,015,773	-	-
Adoption Preservation	-	-	-	-	-
Foster Care	-	-	-	1,428,940	454,338
Healthy Start - Health Department	-	-	-	-	-
Healthy Start - DHS	-	-	-	-	-
Healthy Start - ISBE	-	-	-	-	-
Adoption Preservation Respite	-	-	-	-	-
Community Schools	-	-	-	-	-
Intact Family Services	-	-	-	-	-
Choices	-	-	-	-	-
Care Connection	-	-	-	-	-
Total Fees and Grants from Governmental Agencies	<u>1,273,709</u>	<u>2,504,763</u>	<u>5,025,902</u>	<u>1,428,940</u>	<u>454,338</u>
<b>OTHER REVENUE</b>					
In-Kind Contributions	7,250	1,863	7,250	968	638
Miscellaneous	11,142	15,148	24,581	13,558	12,352
Total Other Revenue	<u>18,392</u>	<u>17,011</u>	<u>31,831</u>	<u>14,526</u>	<u>12,990</u>
Total Support and Revenue	<u>\$ 1,295,974</u>	<u>\$ 2,522,874</u>	<u>\$ 5,060,733</u>	<u>\$ 1,443,466</u>	<u>\$ 467,257</u>

**THE BABY FOLD**  
**SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**  
**(OPERATING FUND)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Adoption Preservation	Healthy Start	QIC Target	Intact Family Services	Adoption Preservation Respite	Community Schools
<b>PUBLIC SUPPORT AND REVENUE</b>						
Public Support:						
Contributions:						
Churches	\$ -	\$ 25	\$ -	\$ -	\$ -	\$ 225
Nonchurch Organizations	(663)	7,125	-	2,143	-	80
Corporate	-	-	-	-	-	-
Individuals	-	488	-	-	-	51
Foundations	-	-	-	-	-	-
Total Public Support	<u>(663)</u>	<u>7,638</u>	<u>-</u>	<u>2,143</u>	<u>-</u>	<u>356</u>
<b>FEES AND GRANTS FROM GOVERNMENTAL AGENCIES</b>						
Hammitt School Tuition	-	-	-	-	-	-
Hammitt High School Tuition	-	-	-	-	-	-
Hammitt Training and Consultation Fees	2,258	-	-	-	-	-
State and Federal Meals Reimbursement	-	-	-	-	-	-
Challenges Tuition	-	-	-	-	-	-
Adoption Preservation	2,740,645	-	-	-	-	-
Foster Care	-	-	-	-	-	-
Healthy Start - Health Department	-	75,938	-	-	-	2,996
Healthy Start - DHS	-	-	-	-	-	-
Healthy Start - ISBE	-	-	-	-	-	-
Adoption Preservation Respite	-	-	-	-	158,393	-
Community Schools	-	-	-	-	-	86,611
Intact Family Services	-	-	-	799,194	-	-
Choices	-	-	-	-	-	-
Care Connection	-	-	-	-	-	-
Total Fees and Grants from Governmental Agencies	<u>2,742,903</u>	<u>75,938</u>	<u>-</u>	<u>799,194</u>	<u>158,393</u>	<u>89,607</u>
<b>OTHER REVENUE</b>						
In-Kind Contributions	968	5,777	-	638	-	1,925
Miscellaneous	9,814	440	-	5,382	695	1,088
Total Other Revenue	<u>10,782</u>	<u>6,217</u>	<u>-</u>	<u>6,020</u>	<u>695</u>	<u>3,013</u>
Total Support and Revenue	<u>\$ 2,753,022</u>	<u>\$ 89,793</u>	<u>\$ -</u>	<u>\$ 807,357</u>	<u>\$ 159,088</u>	<u>\$ 92,976</u>

**THE BABY FOLD**  
**SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**  
**(OPERATING FUND)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Choices	Healthy Families Illinois	Prevention Initiative	Care Connection	Total
<b>PUBLIC SUPPORT AND REVENUE</b>					
Public Support:					
Contributions:					
Churches	\$ -	\$ -	\$ -	\$ -	\$ 250
Nonchurch Organizations	-	-	-	-	10,135
Corporate	-	-	-	-	2,505
Individuals	-	-	-	-	1,057
Foundations	-	-	-	-	3,429
Total Public Support	-	-	-	-	17,376
<b>FEES AND GRANTS FROM GOVERNMENTAL AGENCIES</b>					
Hammitt School Tuition	-	-	-	-	1,263,881
Hammitt High School Tuition	-	-	-	-	2,501,627
Hammitt Training and Consultation Fees	-	-	-	-	4,638
State and Federal Meals Reimbursement	-	-	-	-	20,713
Challenges Tuition	-	-	-	-	5,015,773
Adoption Preservation	-	-	-	-	2,740,645
Foster Care	-	-	-	-	1,883,278
Healthy Start - Health Department	-	-	-	-	78,934
Healthy Start - DHS	-	387,426	-	-	387,426
Healthy Start - ISBE	-	-	359,183	-	359,183
Adoption Preservation Respite	-	-	-	-	158,393
Community Schools	-	-	-	-	86,611
Intact Family Services	-	-	-	-	799,194
Choices	55,160	-	-	-	55,160
Care Connection	-	-	-	86,771	86,771
Total Fees and Grants from Governmental Agencies	55,160	387,426	359,183	86,771	15,442,227
<b>OTHER REVENUE</b>					
In-Kind Contributions	-	4,782	4,782	-	36,841
Miscellaneous	227	2,077	1,455	386	98,345
Total Other Revenue	227	6,859	6,237	386	135,186
Total Support and Revenue	<u>\$ 55,387</u>	<u>\$ 394,285</u>	<u>\$ 365,420</u>	<u>\$ 87,157</u>	<u>\$ 15,594,789</u>

**THE BABY FOLD**  
**SCHEDULE OF EARNINGS ON INVESTED ASSETS —**  
**INVESTMENT FUND (WITHOUT DONOR RESTRICTIONS)**  
**YEAR ENDED JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

**INVESTMENT INCOME FROM REAL ESTATE**

Income from Farms and Rental Property	\$ 137,159	
Gain on Sale of Farm Land	\$ 1,036,014	
Less:		
Farm and Rental Expenses	(65,844)	
Farm Management Fees	(15,320)	
Net Investment Income from Real Estate	<u>1,092,009</u>	\$ 1,092,009

**INVESTMENT INCOME FROM SECURITIES**

Interest — U.S. Government securities	15,680	
Interest — Corporate Bonds	11,731	
Dividends — Corporate Stock	153,882	
Total Interest and Dividends	<u>181,293</u>	
Net Realized and Unrealized Gain	3,000,837	
Less: Investment Fees	<u>(102,300)</u>	
Net Investment Income from Securities		<u>3,079,830</u>

**NET INVESTMENT INCOME**

\$ 4,171,839

**THE BABY FOLD  
RESIDENTIAL TREATMENT CENTER, FOSTER FAMILY CARE,  
AND ADOPTION PROGRAMS STATISTICS (UNAUDITED)  
YEAR ENDED JUNE 30, 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

**FOSTER FAMILY CARE PROGRAM**

Children Placed by Department of Children and Family  
Services on a Long-Term Basis

Days of Care

33,233