

FOX VALLEY OLDER ADULT SERVICES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(With Auditor's Report)



Wieland Wallace Inc.
Certified Public Accountants

FOX VALLEY OLDER ADULT SERVICES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

<u>INDEPENDENT AUDITOR'S REPORT</u>	1
<u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
<u>NOTES TO THE FINANCIAL STATEMENTS</u>	7



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fox Valley Older Adult Services

Report on the Financial Statements

We have audited the accompanying financial statements of Fox Valley Older Adult Services, (the organization) (an Illinois nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fox Valley Older Adult Services as of December 31, 2023 and 2022, and the related statements of activities, cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fox Valley Older Adult Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Fox Valley Older Adult Services as of December 31, 2022 were audited by other auditors whose report dated January 23, 2024 expressed an unmodified opinion on those statements.

Responsibilities 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fox Valley Older Adult Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fox Valley Older Adult Services' 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 Fox Valley Older Adult Services' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Wieland Wallace Inc.

Batavia, Illinois
September 23, 2024

FOX VALLEY OLDER ADULT SERVICES
STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 648,538	\$ 588,123
Accounts receivable	331,380	197,200
Right to use asset	110,207	88,154
Property and equipment, net	<u>261,406</u>	<u>261,058</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,351,531</u>	<u>\$ 1,134,535</u>

LIABILITIES AND NET ASSETS

<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 36,748	\$ 14,540
Accrued payroll liabilities	113,180	46,511
lease liability	110,390	83,847
Notes payable	<u>326,258</u>	<u>352,795</u>
<u>TOTAL LIABILITIES</u>	<u>586,576</u>	<u>497,693</u>
<u>NET ASSETS</u>		
Without donor restrictions	754,955	636,842
With donor restrictions	10,000	-
<u>TOTAL NET ASSETS</u>	<u>764,955</u>	<u>636,842</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,351,531</u>	<u>\$ 1,134,535</u>

FOX VALLEY OLDER ADULT SERVICES
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:						
Senior care revenue	\$ 2,751,525	\$ -	\$ 2,751,525	\$ 2,279,416	\$ -	\$ 2,279,416
Trips revenue	323,343	-	323,343	223,668	-	223,668
Contributions	38,468	-	38,468	267,908	-	267,908
Grants	211,675	10,000	221,675	49,966	-	49,966
Fundraising	211,963	-	211,963	267,629	-	267,629
Other income	5,084	-	5,084	-	-	-
<u>TOTAL SUPPORT AND REVENUES</u>	3,542,058	10,000	3,552,058	3,088,587	-	3,088,587
EXPENSES:						
Program expenses	2,792,352	-	2,792,352	2,264,392	-	2,264,392
Management and general	422,242	-	422,242	369,098	-	369,098
Fundraising	209,351	-	209,351	106,230	-	106,230
Total functional expenses	<u>3,423,945</u>	<u>-</u>	<u>3,423,945</u>	<u>2,739,720</u>	<u>-</u>	<u>2,739,720</u>
<u>TOTAL EXPENSES</u>	3,423,945	-	3,423,945	2,739,720	-	2,739,720
<u>CHANGE IN NET ASSETS</u>	118,113	10,000	128,113	348,867	-	348,867
<u>NET ASSETS, BEGINNING OF YEAR</u>	636,842	-	636,842	287,975	-	287,975
<u>NET ASSETS, END OF YEAR</u>	\$ 754,955	\$ 10,000	\$ 764,955	\$ 636,842	\$ -	\$ 636,842

FOX VALLEY OLDER ADULT SERVICES
SCHEDULES OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2023				Year Ended December 31, 2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,977,678	\$ 333,584	\$ 71,482	\$ 2,382,744	\$ 1,632,124	\$ 286,612	\$ 32,688	\$ 1,951,424
Payroll taxes	134,677	22,717	4,868	162,262	124,353	20,900	4,031	149,284
Employee benefits	11,838	2,302	2,302	16,442	934	157	30	1,121
Fund raising expenses	-	-	69,047	69,047	-	-	43,685	43,685
Amortization expense- rou	1,476	249	53	1,778	-	-	-	-
Program expenses	338,885	-	-	338,885	306,859	-	-	306,859
Interest	13,514	2,279	488	16,281	13,288	2,584	2,584	18,456
Insurance	58,109	11,299	11,299	80,707	39,502	7,000	3,500	50,002
Conferences	12,023	2,338	2,338	16,699	3,859	751	751	5,361
Office	64,397	12,521	12,521	89,439	35,083	8,721	2,915	46,719
Marketing and promotions	27,420	5,332	5,332	38,084	7,911	1,538	1,538	10,987
Professional fees	35,022	6,810	6,810	48,642	-	22,827	-	22,827
Repairs & maintenance	27,022	5,254	5,254	37,530	39,117	6,925	3,425	49,467
Training	3,139	611	611	4,361	4,361	-	-	4,361
Occupanncy	66,608	12,951	12,951	92,510	44,697	8,691	8,691	62,079
Decpreciation	20,544	3,995	3,995	28,534	12,304	2,392	2,392	17,088
	<u>\$ 2,792,352</u>	<u>\$ 422,242</u>	<u>\$ 209,351</u>	<u>\$ 3,423,945</u>	<u>\$ 2,264,392</u>	<u>\$ 369,098</u>	<u>\$ 106,230</u>	<u>\$ 2,739,720</u>

FOX VALLEY OLDER ADULT SERVICES
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2023	2022
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 128,113	\$ 348,867
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	28,534	17,090
Non-cash finance lease amortization expense	1,778	-
(increase) in assets:		
Accounts receivable	(134,180)	(197,200)
Increase (decrease) in liabilities:		
Accounts payable	22,208	(17,523)
Accrued expenses and payroll	66,669	10,488
Miscellaneous	4,307	(4,307)
	117,429	157,415
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(28,882)	(74,888)
	(28,882)	(74,888)
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>		
<u>CASH FLOW FROM FINANCING ACTIVITIES:</u>		
Payments on finance lease liabilities	(1,595)	-
Principal payments on debt	(26,537)	(20,755)
	(28,132)	(20,755)
<u>NET CASH USED IN FINANCING ACTIVITIES</u>		
	60,415	61,772
<u>NET INCREASE (DECREASE) IN CASH</u>		
<u>CASH AT BEGINNING OF YEAR</u>	588,123	526,351
<u>CASH AT END OF YEAR</u>	\$ 648,538	\$ 588,123

SCHEDULE OF ADDITIONAL DISCLOSURES

Cash paid for interest	\$ 16,281	\$ 18,456
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FOX VALLEY OLDER ADULT SERVICES
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Fox Valley Older Adult Services (the Organization) is an Illinois not-for-profit organization that was established in 1969 to provide adult day services, homemaker services, transportation, senior center, senior lunches, and information and assistance for seniors. The organization obtained an assumed name certificate for Fox Valley Community Services in 2019.

The Organization operates a regional senior center in Sandwich, Illinois and provides a variety of educational and social programs, adult day services to the seniors in DeKalb, Kane, Kendall, and LaSalle counties. These facilities are social model daycare center that provide services for elderly and disabled adults. The program promotes self-esteem and independence while providing emotional support and respite to family members in hopes of eliminating premature nursing home placement. The Organization is a partner in a program which operates a transportation system from the senior center. This transportation service allows area older adults to access local medical facilities, stores, and other appointments, including service to an out-of-town dialysis center. It also gives the opportunity for seniors to travel and attend extracurricular events with family and friends. Through collaboration with community partners, the organization strives to create a network of resources that empowers seniors to age in place with dignity, respect, and independence, and to be a catalyst for positive change in the lives of seniors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

BASIS OF PRESENTATION

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables and other liabilities. The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes herein are classified and reported as follows:

Net assets without donor restrictions include general net assets of the Organization and are not subject to donor-imposed restrictions. The net assets without donor restriction of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Net assets with donor restrictions net assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2023 and 2022, the Organization did not have net assets with donor restrictions.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, but does not include certificates of deposit. At December 31, 2023 and 2022, there were no cash equivalents. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

FOX VALLEY OLDER ADULT SERVICES

Notes to the Financial Statements (Continued)

ACCOUNTS RECEIVABLE

Accounts receivable consist of service charges due from seniors and the counties. The carrying value of receivables, net of the allowance for credit losses, represents their estimated realizable value. The allowance for credit losses is estimated based on historical collection trends, type of customer, and age of the outstanding receivables. Balances that are still outstanding after management has used the reasonable collection efforts are written off. As of December 31, 2024 and 2023, the allowance for credit losses was estimated to be \$0.

FIXED ASSETS AND DEPRECIATION

Property and equipment are recorded at cost, if purchased, or at fair market value, if donated. Acquisitions of property and equipment, or repairs, maintenance, or betterments that materially prolong the useful lives of assets in excess of \$5,000 with a useful life of one year, are capitalized. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the related assets as follows:

Buildings and improvements	5-50 years
Furnishings and equipment	5-15 years

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, depreciation, occupancy, and outside services which are allocated on the basis of estimates of time and effort.

ADVERTISING

Advertising costs are expensed as they are incurred.

PROMISES TO GIVE AND REVENUE RECOGNITION

The Organization's contribution and grant revenue is received from the general public and is recorded when received and/or when the donor makes a promise to give that is, in substance, unconditional. None of the contributions recorded in this category are considered to be exchange transactions and therefore, follow contribution guidance under ASU No. 2018-08. Contributions and grants are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Senior care service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for services provided. Performance obligations are determined based on the nature of the services provided by the Organization. The majority of the Organization's senior care services represent a bundle of services that are not capable of being distinct and, as such, are treated as a single performance obligation satisfied over time as services are rendered. The Organization has concluded that each day that a senior receives services represents a separate contract and performance obligation based on the fact that they have unilateral rights to terminate the contract after each day with no penalty or compensation due. The Organization recognizes revenue under these resident agreements based upon the predominant component rather than allocating the consideration and separately accounting for it.

FOX VALLEY OLDER ADULT SERVICES

Notes to the Financial Statements (*Continued*)

The Organization also provides certain ancillary services that are not included in the bundle of services and, as such, are treated as separate performance obligations satisfied over time as the services are rendered. The Organization determines the transaction price based contractually agreed-upon amounts or rates and implicit price concessions.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

LEASES

The Organization follows the standards in Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), in accounting for leases which requires the recognition of a right-of-use asset and a lease liability for operating leases. The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise.

ESTIMATES

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

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

The financial statement effects of a tax position taken or expected to be taken are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of December 31, 2023, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

CONTRIBUTED SERVICES AND GOODS

Donated services are recognized at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its charitable purpose. No amounts have been recognized for these services in the statements of activities because the criteria for recognition have not been satisfied. Donated goods used in operations are recognized at estimated fair values when received. The Organization receives donated office equipment for the Organization, and furniture, and months of rent for clients. There were no material donations of goods and services during the years ended December 31, 2023 and 2022.

MANAGEMENT REVIEW

The Organization has evaluated subsequent events through the date which the financial statements were available to be issued which is the date of the Independent Auditor's Report.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

FOX VALLEY OLDER ADULT SERVICES

Notes to the Financial Statements (Continued)

NOTE 3 – NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Grant restricted for purchase of chairs	<u>\$ 10,000</u>	<u>\$ -</u>
Total net assets with donor restrictions	<u><u>\$ 10,000</u></u>	<u><u>\$ -</u></u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2023:

	<u>2023</u>	<u>2022</u>
Land	\$ 91,250	\$ 91,250
Building and improvements	612,709	595,609
Furnishings and equipment	<u>70,491</u>	<u>58,709</u>
	774,450	745,568
Less – Accumulated depreciation	<u>(513,044)</u>	<u>(484,510)</u>
Net property and equipment	<u><u>\$ 261,406</u></u>	<u><u>\$ 261,058</u></u>

Depreciation expense is \$28,534 and \$17,088 for the years ended December 31, 2023 and 2022, respectively.

NOTE 5 – LEASING ACTIVITIES

The Organization has financing leases for its copier which has remaining lease terms of five years. The lease agreement provide for base monthly rental payment of \$1,980.

The following summarizes the components of lease expense for the year ended December 31,2023:

Amortization of right-of-use assets	\$ 1,778
Interest expense on lease liabilities	<u>385</u>
Total lease cost	<u><u>\$ 2,162</u></u>

The following summarizes the supplemental cash flow information related to lease for the year ended December 31, 2023:

<u>Cash paid for amount included in the measurement of lease liabilities</u>	
Operating Cash flows paid for interest portion of finance leases	385
Financing cash flows paid for principal portion of finance leases	1,595
<u>Non-cash investing and financing activities</u>	
Finance leases ROU	111,985
Finance leases – lease obligations	111,985

Additional information about the Organization's leases is as follows:

Weighted average remaining lease term:	
Finance Leases	5 years

FOX VALLEY OLDER ADULT SERVICES

Notes to the Financial Statements (Continued)

Weighted average discount rate:
Finance Leases 4.125%

Future maturities of lease liabilities as of December 31, 2023 are as follows:

2024	\$ 23,760
2025	23,760
2026	23,760
2027	23,760
2028	23,760
2029	<u>3,960</u>
Total lease payments	122,760
Less: imputed interest	<u>(12,370)</u>
Total lease liabilities	<u>\$ 110,390</u>

NOTE 6 – NOTES PAYABLE

The Organization has a note payable to Heartland Bank . The note bears interest at an annual rate of 5% and is due in monthly installments of \$3,268 to maturity at January 26, 2024, at which date the balance of unpaid interest and principal is due. Subsequent to the financial statements date, the note was renewed on January 26, 2024 at \$326,258 for another three years. The note bears interest at an annual rate of 8.4% and is due in monthly installments of \$3,852 to maturity at January 26, 2027, at which date the balance of unpaid interest and principal is due. The note is secured by all the assets of the organization.

Principal payments of note payable after the renewal on January 26, 2024 are as follows:

2024	\$ 16,364
2025	21,204
2026	23,056
2027	<u>265,634</u>
	<u>\$ 326,258</u>

NOTE 7 – LIQUIDITY OF ASSETS

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 652,022	\$ 588,123
Accounts receivable	<u>331,380</u>	<u>197,200</u>
Total financial assets available within one year	<u>\$ 983,402</u>	<u>\$ 785,323</u>

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Laws and regulations governing the senior care programs are complex and subject to interpretation. Management believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. Noncompliance with such laws and regulations may result in significant regulatory action, including fines and penalties. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.