

**GOLDIE B. FLOBERG CENTER**  
**Rockton, Illinois**

**Financial Statements**  
**and**  
**Independent Auditor's Report**

June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Goldie B. Floberg Center  
Rockton, Illinois

### Opinion

We have audited the accompanying financial statements of Goldie B. Floberg Center (Center) (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Goldie B. Floberg Center as of June 30, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Goldie B. Floberg Center 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.

### Responsibilities of Management for the Financial Statements

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

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Board of Directors  
Goldie B. Floberg Center

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 Goldie B. Floberg Center's 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 and *Government 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 and *Government 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 Goldie B. Floberg Center'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 Goldie B. Floberg Center's ability to continue as a going concern for a reasonable period of time.

Board of Directors  
Goldie B. Floberg Center

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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Activities by Program and Schedule of Functional Expenses by Program on pages 26-28 are presented for purposes of additional analysis and are not a required part of the financial statements. Such 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. The 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2023, on our consideration of Goldie B. Floberg Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Goldie B. Floberg Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Goldie B. Floberg Center's internal control over financial reporting and compliance.

SIEPERT & CO., LLP

A handwritten signature in dark ink that reads "Siepert & Co., LLP". The signature is written in a cursive, flowing style.

Beloit, Wisconsin  
February 3, 2023

**GOLDIE B. FLOBERG CENTER**  
**Statement of Financial Position**  
June 30, 2022

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$ 1,614,974
Accounts receivable	692,228
Contributions receivable	84,000
Total current assets	<u>2,391,202</u>

**Other Assets:**

Restricted-	
Cash	17,517
Charitable remainder trust receivable, net	338,167
Art	8,500
Property and equipment, net	1,876,654
Investments, Board designated as an endowment	636,540
Investments, restricted in perpetuity	519,961
Beneficial interests in perpetual trusts	690,102

Total Assets	\$ 6,478,643
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable	\$ 38,875
Accrued liabilities	338,769
Current portion of capital leases payable	10,634
Current portion of long-term debt	101,311
Total current liabilities	<u>489,589</u>

**Long-Term Liabilities:**

Long-term portion of capital leases payable	13,959
Long-term debt	850,681
Total liabilities	<u>1,354,229</u>

**Net Assets:**

Without donor restrictions-	
Undesignated	914,929
Board designated	2,643,738
Total without donor restrictions	<u>3,558,667</u>
With donor restrictions	1,565,747
Total net assets	<u>5,124,414</u>

Total Liabilities and Net Assets	\$ 6,478,643
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**GOLDIE B. FLOBERG CENTER**

**Statement of Activities**  
**For the Year Ended June 30, 2022**

**Change in Net Assets Without Donor Restrictions:**

Support and revenue-	
Department of Human Services	\$ 6,996,088
ISBE Purchase of Care	120,423
Social Security income	717,126
Investment return, net	(120,544)
Interest and dividends	549
Contributions	705,206
Other revenues	8,417
Gain on sale of assets	73,036
Net assets released from restrictions	8,635
Total support and revenue without donor restrictions	<u>8,508,936</u>

Expenses-

Program services-	
Group Home	2,923,870
Community Integrated Living Arrangement	4,665,492
Total program services	<u>7,589,362</u>

Supporting activities-

Management and general	342,721
Fundraising	96,705
Total supporting activities	<u>439,426</u>
Total expenses	<u>8,028,788</u>

Change in net assets without donor restrictions

480,148

**Change in Net Assets With Donor Restrictions:**

Change in value of beneficial trusts	(139,053)
Change in value of charitable remainder trust	6,821
Change in Community Foundation	(67,147)
Net assets released from restrictions	<u>(8,635)</u>

Change in net assets with donor restrictions

(208,014)

Change in Net Assets

272,134

Net Assets, Beginning of Year

4,797,151

Prior Period Adjustment

55,129

Net Assets, Beginning of Year, As Restated

4,852,280

Net Assets, End of Year

\$ 5,124,414

The accompanying notes are an integral part of this statement.

**GOLDIE B. FLOBERG CENTER**  
**Statement of Functional Expenses**  
For the Year Ended June 30, 2022

	Program Services		
	Group	Community	
	Home	Integrated	
		Living	Total
		Arrangement	Program
Salaries	\$ 1,881,373	\$ 3,219,811	\$ 5,101,184
Employee benefits	363,009	378,147	741,156
Payroll taxes	191,616	311,939	503,555
Professional fees	68,735	109,159	177,894
Food supplies	4,265	6,684	10,949
Other supplies	55,059	92,515	147,574
Telephone	30,971	57,863	88,834
Postage	2,808	4,309	7,117
Occupancy	102,353	190,466	292,819
Transportation	25,495	55,253	80,748
Conferences and conventions	18,843	30,453	49,296
Special assistance	-	755	755
Small equipment	53,052	67,567	120,619
Printing	2,008	3,277	5,285
Reference materials	73	120	193
Dues	7,559	12,333	19,892
Miscellaneous	2,400	3,915	6,315
Interest	33,227	16,224	49,451
Total expenses before depreciation	2,842,846	4,560,790	7,403,636
Depreciation	81,024	104,702	185,726
Total Expenses	<u>\$ 2,923,870</u>	<u>\$ 4,665,492</u>	<u>\$ 7,589,362</u>



Total Supporting Services	Total Expenses
\$ 203,277	\$ 5,304,461
49,708	790,864
31,974	535,529
44,174	222,068
-	10,949
24,648	172,222
29,611	118,445
10,675	17,792
11,250	304,069
-	80,748
-	49,296
-	755
4,365	124,984
15,858	21,143
-	193
6,631	26,523
-	6,315
119	49,570
<u>432,290</u>	<u>7,835,926</u>
<u>7,136</u>	<u>192,862</u>
<u>\$ 439,426</u>	<u>\$ 8,028,788</u>

The accompanying notes are an integral part of this statement.

**GOLDIE B. FLOBERG CENTER**  
**Statement of Cash Flows**  
For the Year Ended June 30, 2022

**Cash Flows From Operating Activities:**

Change in net assets	\$ 272,134
Adjustments to reconcile change in net assets to net cash from operating activities-	
Depreciation	192,862
Unrealized loss on investments	140,364
Amortization of discount	(6,821)
Donated securities	(2,954)
Change in the value of endowment	51,268
Gain on disposition of property and equipment	(73,036)
Net change in assets and liabilities-	
Accounts receivable	(308,533)
Contributions receivable	(84,000)
Prepaid insurance	55,129
Accounts payable	(10,344)
Accrued liabilities	(34,617)
Net cash from operating activities	<u>191,452</u>

**Cash Flows From Investing Activities:**

Purchase of property and equipment	(213,595)
Disposition of property and equipment	138,687
Purchase of investments	(49,091)
Proceeds from sale of investments	6,822
Change in beneficial interests in perpetual trusts	139,053
Net cash from investing activities	<u>21,876</u>

**Cash Flows From Financing Activities:**

Payments on capital leases	(21,546)
Repayments of long-term debt	(230,233)
Net cash from financing activities	<u>(251,779)</u>

Net Change in Cash, Cash Equivalents and Restricted Cash	(38,451)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	<u>1,670,942</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u><u>\$ 1,632,491</u></u>

**GOLDIE FLOBERG CENTER**  
**Statement of Cash Flows**  
For the Year Ended June 30, 2022

Supplemental Disclosure of Cash Flow Information:	
Interest paid during the year	\$ 49,570
Reconciliation of Cash, Cash Equivalents and Restricted Cash:	
Cash and cash equivalents	\$ 1,614,974
Cash and cash equivalents - restricted for purpose	<u>17,517</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 1,632,491</u>

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE A   NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Goldie B. Floberg Center (Center) is a multi-program charitable organization formed to provide programmatic services for the developmentally disabled. The Center was incorporated as a nonprofit Illinois Corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center's programs are as follows:

<u>Program</u>	<u>Service</u>
Group Home	Residential, therapeutic counseling and related services for children in a community setting.
Community Integrated Living Arrangement (CILA)	Supervision, counseling, job training and support for adults living independently in the community.

Summary of Significant Accounting Policies

Basis of Accounting

The Center maintains its records and prepares its financial statements on the accrual basis which is the basis of accounting generally accepted in the United States of America. Accordingly, the financial statements reflect accounts receivable, accounts payable and accrued expenses.

Classification of Net Assets

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

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors and management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Center reports gifts of cash and other assets as revenue with donor restrictions if they are received

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE A NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Classification of Net Assets (Continued)

with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Some net assets with donor restrictions include a stipulation the assets be maintained permanently (perpetual in nature) while permitting the Center to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

Cash, Cash Equivalents and Restricted Cash

The Center considers all currency on hand, demand deposits and highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. At June 30, 2022, the amount of deposits in excess of federal depository insurance was \$1,190,303.

At June 30, 2022, restricted cash of \$17,517 represents funds to be used for Special Olympics and therapeutic programs, camps, and other programs.

Accounts Receivable

Accounts receivable consist of amounts owed the Center for program service fees, interest and grants that were awarded, but not yet paid. The majority of the accounts receivable are due within thirty days from the state and there has never been a problem with uncollectibility. An allowance is provided based on historical collection experience and a review of the current status of receivables when, in management's judgment, it is required. At June 30, 2022 management has determined no allowance is necessary.

Investments

The Center's investments are carried as follows:

- Mutual Funds and ETFs: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

NOTE A NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

- Certificate of Deposit: The certificate of deposit is carried at cost which approximates fair value.
- Art: The Center carries its investment in art at its fair value at the date it was received as a donation.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible changes in the value of investment securities will occur in the near term and such changes could be material in amount.

Property and Equipment

Additions of property and equipment in excess of \$500 are recorded at cost if purchased or at fair value as of the date donated. Depreciation is provided for property and equipment over the estimated useful lives of the assets on the straight-line method. Estimated useful lives range from three years for some equipment to a maximum of thirty-five years for a building.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are expected to be received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until all conditions are substantially met.

Contributions

All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When donor restrictions expire, 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Center reports the support as without donor restrictions.

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE A** NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

Contributed services that create or enhance non-financial assets or require specialized skills and would typically otherwise have to be purchased by the Center are recorded at fair value at the date of contribution as revenue and expense in the period received. Contributed services that do not meet these criteria are not recorded. No such contributed services were received during the year ended June 30, 2022.

Advertising

It is the Center's policy to expense advertising as incurred. Advertising costs totaled \$2,052 for the year ended June 30, 2022.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of time records, square footage and estimates by the Center's management. Management and general expenses include those expenses not directly identifiable with any specific function but provide for the overall support and direction of the Center.

Estimates

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

**NOTE B** INCOME TAXES

The Center is a nonprofit organization exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) as other than a private foundation. As a result, there is no provision for income taxes in the financial statements.

Management of the Center has evaluated for and determined there are no uncertain tax positions as of June 30, 2022. The Center is subject to informational reporting requirements in the United States federal jurisdiction and the State of Illinois. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. Tax returns remain open for federal and State of Illinois

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE B** **INCOME TAXES** (Continued)

examination for the past three years. At June 30, 2022, there are no ongoing income tax audits or unresolved disputes with the various taxing authorities the Center currently files, or has filed, with.

**NOTE C** **LIQUIDITY AND AVAILABILITY**

The Center regularly monitors liquidity required to meet its operating needs, while also striving to maintain liquid financial assets to cover general expenditures. The Center has donor restricted endowments and interests in perpetual trusts that will exist in perpetuity, and a Board designated endowment that is available at Board discretion. The income generated from such endowments and trusts is used to fund programs and supporting services. In addition, the Center receives grants, support without donor restrictions and generates income through fees for services. This income has historically funded annual programs and supporting service needs, together with investment income without donor restrictions.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Center considers all administrative and general expenses, which are expected to be paid in the subsequent year, to be general expenditures.

As of June 30, 2022, the following table shows the total financial assets held by the Center and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets at year end:

Cash, cash equivalents and restricted cash	\$ 1,632,491
Investments	1,156,501
Receivables, net	1,030,395
Contributions receivable	84,000
Beneficial interests in perpetual trusts	690,102
Investments, Board designated as an endowment	(636,540)
Board designated for operating reserve	(2,007,198)
Financial assets subject to donor restrictions-	
Cash and cash equivalents	(17,517)
Receivables, net	(338,167)
Endowment investments	(519,961)
Beneficial interests in perpetual trusts	<u>(690,102)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 384,004</u>
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**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE D ACCOUNTS RECEIVABLE**

Accounts receivable as presented on the Statement of Financial Position as of June 30, 2022 include the following amounts:

Without donor restrictions:	
Illinois Department of Human Services	\$ 628,459
Social Security	28,118
Other	<u>35,651</u>
	<u>\$ 692,228</u>

**NOTE E CHARITABLE REMAINDER TRUST RECEIVABLE, NET**

In 2019, the Center was notified they were one of the residual beneficiaries of a charitable remainder trust. The Center will receive their share of the trust at such time as all annuitants under the trust have died. At June 30, 2022 the estimated fair value of the Center's share of the trust is \$388,448 and the estimated life expectancy of the remaining annuitant is 7 years. Using an estimated risk free interest rate of 2%, the Center has calculated the discounted present value of the future distribution at \$338,167.

**NOTE F INVESTMENTS (OTHER THAN ART)**

Market values, cost and unrealized appreciation (depreciation) at June 30, 2022 are summarized as follows:

	<u>Market Value</u>	<u>Cost</u>	<u>Appreciation (Depreciation)</u>
Board designated endowment:			
Bank deposit sweep	\$ 12,094	\$ 12,094	\$ -
ETFs	308,239	281,587	26,652
Mutual funds	<u>316,207</u>	<u>345,021</u>	<u>(28,814)</u>
	<u>\$ 636,540</u>	<u>\$ 638,702</u>	<u>\$ (2,162)</u>

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE F** INVESTMENTS (OTHER THAN ART) (Continued)

	<u>Market Value</u>	<u>Cost</u>	<u>Appreciation (Depreciation)</u>
Restricted in Perpetuity:			
Investments-			
Certificate of deposit	\$ 3,501	\$ 3,501	\$ -
EFTs	15,634	15,634	-
Community Foundation of Northern Illinois	<u>500,826</u> 519,961	<u>399,627</u> 418,762	<u>101,199</u> 101,199
Beneficial interests in perpetual trusts	<u>690,102</u>	<u>690,102</u>	-
	<u>\$ 1,210,063</u>	<u>\$ 1,108,864</u>	<u>\$ 101,199</u>
Investment return, net:			
Interest and dividends			\$ 26,641
Realized and unrealized gains, net			(140,364)
Fees			<u>(6,821)</u>
			<u>\$ (120,544)</u>

**NOTE G** CUSTODIAL FUNDS

The Center maintains bank accounts for the personal funds of the clients of the Center, which are held to be disbursed only for the personal needs of the particular individual to whom the funds are assigned. Since these custodial funds are not assets of the Center, they are not included in the accompanying financial statements. The balance in the bank accounts of this type at June 30, 2022 is \$145,415.

**NOTE H** PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended June 30, 2022 is summarized as follows:

**GOLDIE B. FLOBERG CENTER**  
Notes to Financial Statements

NOTE H PROPERTY AND EQUIPMENT (Continued)

	<u>7/01/21</u>	<u>Additions</u>	<u>Dispositions</u>	<u>6/30/22</u>
Land	\$ 69,000	\$ -	\$ -	\$ 69,000
Land improvements	215,705	6,930	-	222,635
Buildings	5,389,817	217,873	(130,000)	5,477,690
Furnishings and equipment	609,085	8,699	-	617,784
Vehicles	<u>1,009,405</u>	<u>-</u>	<u>(203,455)</u>	<u>805,950</u>
	<u>\$ 7,293,012</u>	<u>\$ 233,502</u>	<u>\$ (333,455)</u>	<u>7,193,059</u>
Accumulated depreciation				<u>(5,316,405)</u>
				<u>\$ 1,876,654</u>

Accumulated depreciation and amounts charged to depreciation for major classes of land improvements, buildings and equipment for the year ended June 30, 2022 are summarized as follows:

	<u>7/01/21</u>	<u>Additions</u>	<u>Dispositions</u>	<u>6/30/22</u>
Land improvements	\$ 126,813	\$ 13,357	\$ -	\$ 140,170
Buildings	3,722,092	155,052	(64,350)	3,812,794
Furnishings and equipment	565,812	11,924	-	577,736
Vehicles	<u>976,631</u>	<u>12,529</u>	<u>(203,455)</u>	<u>785,705</u>
	<u>\$ 5,391,348</u>	<u>\$ 192,862</u>	<u>\$ (267,805)</u>	<u>\$ 5,316,405</u>

The total amount of assets capitalized under capital lease arrangements as of June 30, 2022 is \$90,415, which is included in vehicles. As of June 30, 2022, accumulated depreciation on these assets is \$76,917. Current year depreciation expense related to these lease arrangements is \$12,529.

In the prior year, the Center reported \$19,908 as construction in process for construction projects. These projects were completed and the related costs were capitalized as building additions during the year ended June 30, 2022.

NOTE I BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Center is beneficiary of 5% of the annual net income of a trust estate. Under the terms of the trust, the Trustee shall distribute the Center's share of the net income in perpetuity, so long as the Center carries out a charitable enterprise. The estimated value of the principal portion

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE I** **BENEFICIAL INTERESTS IN PERPETUAL TRUSTS** (Continued)

of the trust estate from which the Center derives income is \$284,071 at June 30, 2022 and is recorded as a permanently restricted asset. Distributions are made to the Center semi-annually. The amount received by the Center for the year ending June 30, 2022 was \$12,612.

The Center is beneficiary of 100% of the annual net income from a second trust estate. Under the terms of the trust the income is to be used exclusively to provide "extras" for the children not otherwise available. The estimated value of the principal portion of the trust estate from which the Center derives income is \$70,401 at June 30, 2022. The trust requires distributions be made not less frequently than semi-annually. The amount received by the Center for the year ending June 30, 2022 was \$1,147.

The Center is beneficiary of 10% of the annual distributions from a third trust estate. Under the terms of the trust, the Trustee shall distribute the Center's share of the net income in perpetuity, so long as the Center carries out a charitable enterprise. The estimated value of the principal portion of the trust estate from which the Center derives income is \$335,630 at June 30, 2022 and is recorded as a permanently restricted asset. The amount received by the Center for the year ending June 30, 2022 was \$14,886.

Total recorded beneficial interests in these trusts at June 30, 2022 is \$690,102.

**NOTE J** **LINE OF CREDIT**

The Center has established a variable rate line of credit (promissory note) in the amount of \$1,000,000. The note provides for interest based on the Wall Street Journal U.S. prime but at no time be less than 4.00% per annum. The note matures on May 15, 2023 and was collateralized by the Center's property located at 58 West Rockton Road in Rockton. Under this note, the amount outstanding at June 30, 2022 is \$0.

**NOTE K** **ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2022 are summarized as follows:

Accrued wages	\$ 182,677
Accrued 401(k)	137
Accrued vacation	125,299
Accrued sick leave	30,656
	<u>\$ 338,769</u>

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE L REVENUE RECOGNITION**

In accordance with Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers*, the Center recognizes revenue when the control of the promised goods and services is transferred to the Center's outside parties in an amount that reflects the consideration the Center expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASU 2014-09 also requires expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts with customers. The Center recognizes contracts with customers as goods or services are transferred or provided in accordance with ASU 2014-09.

The Center's revenue associated with exchange transactions relates to services provided to individuals who require counseling, vocational training, support, education, residential and independent living assistance. The Center provides these services to eligible individuals on a daily basis. Each month the Center bills the state for reimbursement of services rendered based on a negotiated rate. Program revenue is recognized monthly as the services are provided.

Contract liabilities represent payments received from customers prior to the satisfaction of the corresponding performance obligations. Contract liabilities are recognized as revenue once the corresponding performance obligations are satisfied based on the contract with the customer. Contract assets represent the Center's right to consideration based on satisfied performance obligations from contracts with customers. The Center had no material contract liabilities as of July 1, 2021 or June 30, 2022. The Center had the following contract assets recorded:

	<u>7/01/21</u>	<u>6/30/22</u>
Accounts receivables	<u>\$ 383,695</u>	<u>\$ 692,228</u>

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE M CAPITAL LEASES**

In 2017, the Center entered into lease agreements for two vehicles. In 2019, the Center entered into a lease agreement for a third vehicle. In 2020, the Center entered into a lease agreement for a fourth vehicle. The terms of the four leases provide for monthly payments of \$454 through May 2022, \$365 through March 2022, \$486 through July 2023, and \$547 through September 2025, respectively. The Center has recorded these as capital leases. Required future minimum payments are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,634	\$ 1,765	\$ 12,399
2024	6,175	874	7,049
2025	6,165	398	6,563
2026	<u>1,619</u>	<u>22</u>	<u>1,641</u>
	<u>13,959</u>	<u>1,294</u>	<u>15,253</u>
	<u>\$ 24,593</u>	<u>\$ 3,059</u>	<u>\$ 27,652</u>

**NOTE N LONG-TERM DEBT**

Long-term debt at June 30 consists of the follows:

Note payable in monthly installments of \$2,049 with interest at 4.00 % and maturing April 20, 2027.

The note is collateralized by real estate. \$ 59,686

Note payable in monthly installments of \$9,446 with interest at 4.00 % and maturing December 5, 2024.

The note is collateralized by real estate. 892,306

951,992

Less: Current portion (101,311)

Total long-term debt \$ 850,681

Maturities of long-term debt are as follows:

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE N LONG-TERM DEBT (Continued)**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 101,311	\$ 36,195	\$ 137,506
2024	105,526	32,070	137,596
2025	<u>745,155</u>	<u>14,611</u>	<u>759,766</u>
	<u>850,681</u>	<u>46,681</u>	<u>897,362</u>
	<u>\$ 951,992</u>	<u>\$ 82,876</u>	<u>\$ 1,034,868</u>

**NOTE O BOARD DESIGNATED NET ASSETS**

The Board has imposed designations on the use of net assets without donor restrictions at June 30, 2022 as follows:

	<u>Group Home</u>	<u>Community Integrated Living Arrangement</u>	<u>Total</u>
Operating reserve	\$ 774,099	\$ 1,233,099	\$ 2,007,198
Endowment	<u>245,513</u>	<u>391,027</u>	<u>636,540</u>
	<u>\$ 1,019,612</u>	<u>\$ 1,624,126</u>	<u>\$ 2,643,738</u>

**NOTE P NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2022, net assets with donor restrictions are comprised of the following:

Temporary restrictions:

Purpose-

Therapeutic programs, camps and other programs	\$ 5,188
Special Olympics	12,329

Time-

Charitable remainder trust receivable, net	<u>338,167</u>
	<u>355,684</u>

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

NOTE P NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Permanent restrictions:	
Endowment investments	519,961
Beneficial interests in perpetual trusts	<u>690,102</u>
	<u>1,210,063</u>
	<u>\$ 1,565,747</u>

NOTE Q RETIREMENT PLAN

Effective for the fiscal year ended June 30, 1994, the Center established a 401(k) retirement plan that covers substantially all employees who have attained age 18 and completed two years of full-time service. The plan provides for discretionary contributions by the Center and participants' interest in these contributions are 100% vested at all times. The cost of the plan charged against operations was \$0 for the year ended June 30, 2022.

NOTE R INSURANCE AND UNEMPLOYMENT EXPENSE

The Center is a reimbursable employer for unemployment compensation. Unemployment compensation expense totaled \$35,937 for the year ended June 30, 2022. The Center also provides healthcare coverage for its employees. Under the policy, the Center pays approximately 90% of employees' premiums. The employees may pay their percentage of the premiums through a Section 125 plan. The amount charged to expense under the policy was \$718,193 for the year ended June 30, 2022.

NOTE S SUPPORT FROM GOVERNMENTAL UNITS

The Center received over 84% of its support for the year ended June 30, 2022 from state government agencies. In addition, the Center had a line of credit of \$1,000,000 that's available to provide working capital support. A significant reduction in the state support or the credit available under the line of credit could have a significant effect on the Center's programs and activities.

NOTE T FAIR VALUE MEASUREMENTS

The Center follows the guidance of ASC No. 820, *Fair Value Measurements*, which establishes a single authoritative definition of fair value, establishes a framework for measuring fair value, and requires additional disclosures about fair value measurements. Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 - Quoted market prices in active markets for identical assets and liabilities.



**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE T FAIR VALUE MEASUREMENTS (Continued)**

- Level 2 - Observable market based inputs or other observable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are not corroborated by market data.

The following table presents the Center's financial assets and liabilities that are measured at fair value on a recurring basis for each hierarchy level at June 30, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Investments	\$ 636,540	\$ 636,540	\$ -	\$ -
Charitable remainder trust receivable, net	338,167	-	338,167	-
Permanent endowment:				
Investment	19,135	19,135	-	-
CFNI	500,826	-	500,826	-
Beneficial interests in perpetual trusts	690,102	-	690,102	-
	<u>\$ 2,184,770</u>	<u>\$ 655,675</u>	<u>\$ 1,529,095</u>	<u>\$ -</u>

The following methods and assumptions were used by the Center in estimating its fair value disclosures for financial instruments:

- Cash, cash equivalents and restricted cash: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- Investments and endowment investments: The fair values are based on quoted market prices for identical assets.
- Endowment receivable and the charitable remainder trust receivable, net values are based on the present value of anticipated future distributions.
- Beneficial interests in perpetual trusts: The fair values are based on observable market based inputs or similar assets.

**NOTE U ENDOWMENT FUNDS**

The Center's endowments consist of individual donor restricted funds established for a variety of purposes and the Board designated funds. In addition, the Center's management has determined that the Center's beneficial interests in perpetual trusts meet the definition of endowment funds under UPMIFA and therefore are included with other donor restricted endowments as part of permanently restricted net assets. As required by generally accepted

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

NOTE U ENDOWMENT FUNDS (Continued)

accounting principles, net assets associated with the Center's endowments are classified and reported based on the existence or absence of original donor-imposed restrictions.

The Center's management has interpreted IL UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of gifts donated to permanent endowments, (b) the original value of subsequent gifts to permanent endowments, and (c) accumulations to permanent endowments made in accordance with the direction of applicable donor gift instruments at the time the accumulation is added to a fund.

*Investment Return Objectives, Risk Parameters and Strategies.* It is management's understanding that the investment and handling of the perpetual trusts is subject to and is guided by the laws of Illinois, including the following Acts of the State of Illinois: *The Trusts and Trustees Act* (760 ILCS 5/1 *et seq.*), *The Prudent Investor Rule* (760 ILCS 5/5), *The Uniform Prudent Management of Institutional Funds Act* (760 ILCS 50/1 *et seq.*) and *The Charitable Trust Act* (760 ILCS 55/1 *et seq.*).

*Spending Policy.* The amounts appropriated by the Center for spending are determined by the trust agreements and their yearly distributions to the Center and the earnings from donor restricted endowment funds.

Endowment net assets as of June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 519,960	\$ 519,960
Board designated endowment funds	636,540	-	636,540
Beneficial interests in perpetual trusts	<u>-</u>	<u>690,101</u>	<u>690,101</u>
	<u>\$ 636,540</u>	<u>\$ 1,210,061</u>	<u>\$ 1,846,601</u>
Balance, beginning of the year	\$ 731,681	\$ 1,416,262	\$ 2,147,943
Investment performance, net	(120,545)	(67,147)	(187,692)
Contributions	25,404	-	25,404
Change in value of beneficial interests in perpetual trusts	<u>-</u>	<u>(139,054)</u>	<u>(139,054)</u>
Balance, end of year	<u>\$ 636,540</u>	<u>\$ 1,210,061</u>	<u>\$ 1,846,601</u>

**GOLDIE B. FLOBERG CENTER**  
**Notes to Financial Statements**

**NOTE V NEW ACCOUNTING PRONOUNCEMENT**

The Financial Accounting Standards Board (FASB) has issued a new pronouncement that will affect the accounting for nonprofit organizations. It is:

- ASU 2016-02 *Leases*. This will amend the treatment of operating leases by lessees by requiring them to be recorded on the Statement of Financial Position as an asset and a liability. It will be effective for the Center's year ending June 30, 2023.

Management is in the process of reviewing its records to ensure the Center is prepared to implement the new standard as required. No determination has been made as to the effect of this on the Center's financial statements.

**NOTE W PRIOR PERIOD ADJUSTMENT**

During the current year, it was determined that the July 2021 health insurance should have been recorded as prepaid at June 30, 2021. A prior period adjustment was recorded in the amount of \$55,129 to record prepaid insurance as of June 30, 2021. As a result, net assets as of July 1, 2021 increased by \$55,129 as reported in the Statement of Activities.

**NOTE X CORONAVIRUS**

In January 2020, the World Health Organization declared the novel coronavirus outbreak origination in Wuhan, China to be a public health emergency. This coronavirus spread to other countries, including the United States, and efforts to contain the spread of this coronavirus intensified. The outbreak and the preventative or protective actions that governments and the Center took in respect of this coronavirus resulted in a period of business disruption and reduced operations. There has been no material effect at this point, although any future resulting financial impact cannot be reasonably estimated at this time but may materially affect the Center's financial condition and results of operations. The extent to which the coronavirus impacts the Center's future results will depend on further developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others.

**NOTE Y SUBSEQUENT EVENTS**

The Center has evaluated subsequent events through February 3, 2023, which was the date these financial statements were available for issuance, and determined that there were no significant non-recognized events through that date.

**GOLDIE B. FLOBERG CENTER**  
**Schedule of Activities by Program**  
For the Year Ended June 30, 2022

	<u>Group Home</u>	<u>Community Integrated Living Arrangement</u>	<u>Total</u>
Support and revenue-			
Department of Human Services	\$ 2,617,898	\$ 4,378,190	\$ 6,996,088
ISBE Purchase of Care	120,423	-	120,423
Social Security income	198,261	518,865	717,126
Investment return, net	(45,806)	(74,738)	(120,544)
Interest and dividends	209	340	549
Contributions	267,978	437,228	705,206
Other revenues	1,376	7,041	8,417
Gain on sale of assets	72,850	186	73,036
Total support and revenue	<u>3,233,189</u>	<u>5,267,112</u>	<u>8,500,301</u>
Expenses-			
Program services	2,923,870	4,665,492	7,589,362
Supporting activities			
Management and general	135,778	206,943	342,721
Fundraising	36,748	59,957	96,705
Total expenses	<u>3,096,396</u>	<u>4,932,392</u>	<u>8,028,788</u>
Operating change in net assets	136,793	334,720	471,513
Change in value of beneficial trusts	(52,840)	(86,213)	(139,053)
Change in value of charitable remainder trust	2,592	4,229	6,821
Change in Community Foundation	<u>(25,516)</u>	<u>(41,631)</u>	<u>(67,147)</u>
Change in Net Assets	<u>\$ 61,029</u>	<u>\$ 211,105</u>	<u>\$ 272,134</u>

**GOLDIE B. FLOBERG CENTER**  
**Schedule of Functional Expenses by Program**  
For the Year Ended June 30, 2022

	Group Home		
	Program Services	Supporting Services	Total
Salaries	\$ 1,881,373	\$ 77,245	\$ 1,958,618
Employee benefits	363,009	24,442	387,451
Payroll taxes	191,616	12,168	203,784
Professional fees	68,735	17,111	85,846
Food supplies	4,265	-	4,265
Other supplies	55,059	9,464	64,523
Telephone	30,971	10,324	41,295
Postage	2,808	4,212	7,020
Occupancy	102,353	3,932	106,285
Transportation	25,495	-	25,495
Conferences and conventions	18,843	-	18,843
Special assistance	-	-	-
Small equipment	53,052	1,939	54,991
Printing	2,008	6,026	8,034
Reference materials	73	-	73
Dues	7,559	2,520	10,079
Miscellaneous	2,400	-	2,400
Interest	33,227	30	33,257
Total expenses before depreciation	<u>2,842,846</u>	<u>169,413</u>	<u>3,012,259</u>
Depreciation	<u>81,024</u>	<u>3,113</u>	<u>84,137</u>
Total Expenses	<u>\$ 2,923,870</u>	<u>\$ 172,526</u>	<u>\$ 3,096,396</u>

SCHEDULE 2

Community Integrated Living Arrangement			Total (All Programs)		
Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
\$ 3,219,811	\$ 126,032	\$ 3,345,843	\$ 5,101,184	\$ 203,277	\$ 5,304,461
378,147	25,266	403,413	741,156	49,708	790,864
311,939	19,806	331,745	503,555	31,974	535,529
109,159	27,063	136,222	177,894	44,174	222,068
6,684	-	6,684	10,949	-	10,949
92,515	15,184	107,699	147,574	24,648	172,222
57,863	19,287	77,150	88,834	29,611	118,445
4,309	6,463	10,772	7,117	10,675	17,792
190,466	7,318	197,784	292,819	11,250	304,069
55,253	-	55,253	80,748	-	80,748
30,453	-	30,453	49,296	-	49,296
755	-	755	755	-	755
67,567	2,426	69,993	120,619	4,365	124,984
3,277	9,832	13,109	5,285	15,858	21,143
120	-	120	193	-	193
12,333	4,111	16,444	19,892	6,631	26,523
3,915	-	3,915	6,315	-	6,315
16,224	89	16,313	49,451	119	49,570
4,560,790	262,877	4,823,667	7,403,636	432,290	7,835,926
104,702	4,023	108,725	185,726	7,136	192,862
<u>\$ 4,665,492</u>	<u>\$ 266,900</u>	<u>\$ 4,932,392</u>	<u>\$ 7,589,362</u>	<u>\$ 439,426</u>	<u>\$ 8,028,788</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Goldie B. Floberg Center  
Rockton, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Goldie B. Floberg Center (Center) (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2022, and the related Statements of Activities, Financial Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 3, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the Center's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies

Board of Directors  
Goldie B. Floberg Center

in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as Finding #2022-001 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Goldie B. Floberg Center's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Center's response to the finding identified in our audit and described in the accompanying Schedule of Findings. The Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIEPERT & CO., LLP



Beloit, Wisconsin  
February 3, 2023



**GOLDIE B. FLOBERG CENTER**  
**Schedule of Findings**  
For the Year Ended June 30, 2022

**Finding #2022-001: Significant Deficiency in Internal Control over Financial Reporting**

**Criteria:**

Risk assessment, including fraud risk assessment, is one element of internal control. Thus, ideally, the Center should include the performance of this assessment.

**Condition:**

The Center does not have a formal risk assessment or antifraud program.

**Cause:**

The auditors performed risk assessment procedures instead of testing the Center's assessment procedures.

**Effect:**

The Center does not have a formal risk assessment or antifraud program.

**Recommendation:**

A formal risk assessment should be developed to mitigate risk of material misstatements in the financial statements and the misappropriation of assets.

**Management Response:**

The Center will attempt to identify, document, and implement a risk assessment process.