

GOLDIE B. FLOBERG CENTER
Rockton, Illinois

Financial Statements
and
Independent Auditor's Report

June 30, 2024

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SIEPERT & CO., LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Goldie B. Floberg Center
Rockford, Illinois

Opinion

We have audited the accompanying financial statements of Goldie B. Floberg Center (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2024, 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 referred to above present fairly, in all material respects, the financial position of Goldie B. Floberg Center as of June 30, 2024, 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.

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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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 as a whole. The accompanying Schedule of Activities by Program and Schedule of Functional Expenses by Program on pages 29-31 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2025, 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

Siepert & Co., LLP

Beloit, Wisconsin
February 12, 2025

GOLDIE B. FLOBERG CENTER
Statement of Financial Position
June 30, 2024

ASSETS

Current Assets:

Cash and cash equivalents	\$ 599,063
Accounts receivable	803,638
Contributions receivable	84,000
Prepaid expenses	50,250
Total current assets	<u>1,536,951</u>

Other Assets:

Restricted-	
Cash	68,181
Charitable remainder trust receivable, net	470,000
Art	8,500
Property and equipment, net	2,505,761
Operating lease right-of-use asset	612,049
Prepaid capital assets	49,409
Investments, Board designated as an endowment	781,884
Investments, restricted in perpetuity	565,156
Beneficial interests in perpetual trusts	<u>747,887</u>

Total Assets	<u><u>\$ 7,345,778</u></u>
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GOLDIE B. FLOBERG CENTER
Statement of Financial Position
June 30, 2024

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 93,462
Accrued liabilities	503,885
Current portion of financing leases payable	6,165
Lease liability - current portion	59,615
Current portion of long-term debt	747,477
Total current liabilities	<u>1,410,604</u>

Long-Term Liabilities:

Long-term portion of financing leases payable	1,620
Long-term lease liability	558,392
Total liabilities	<u>1,970,616</u>

Net Assets:

Without donor restrictions-	
Undesignated	620,419
Board designated	3,373,519
Total without donor restrictions	<u>3,993,938</u>
With donor restrictions	1,381,224
Total net assets	<u>5,375,162</u>

Total Liabilities and Net Assets	<u><u>\$ 7,345,778</u></u>
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GOLDIE B. FLOBERG CENTER
Statement of Activities
For the Year Ended June 30, 2024

Change in Net Assets Without Donor Restrictions:

Support and revenue-	
Department of Human Services	\$ 8,822,044
ISBE Purchase of Care	134,830
Social Security income	858,687
Investment return, net	87,162
Interest	4,251
Contributions	379,097
Other revenues	62,533
Loss on sale of assets	(41,238)
Net assets released from restrictions	350,341
Total support and revenue without donor restrictions	<u>10,657,707</u>
Expenses-	
Program services-	
Group Home	2,816,733
Community Integrated Living Arrangement	6,925,678
Total program services	<u>9,742,411</u>
Supporting services-	
Management and general	444,251
Fundraising	179,879
Total supporting services	<u>624,130</u>
Total expenses	<u>10,366,541</u>
Change in net assets without donor restrictions	<u>291,166</u>

Change in Net Assets With Donor Restrictions:

Contributions	66,032
Change in value of beneficial trusts	56,751
Change in Community Foundation	26,322
Net assets released from restrictions	<u>(350,341)</u>
Change in net assets with donor restrictions	<u>(201,236)</u>

Change in Net Assets	89,930
Net Assets, Beginning of Year	<u>5,285,232</u>
Net Assets, End of Year	<u><u>\$ 5,375,162</u></u>

GOLDIE B. FLOBERG CENTER
Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services		
	Group Home	Community Integrated Living Arrangement	Total Program
Salaries	\$ 1,909,837	\$ 4,770,000	\$ 6,679,837
Employee benefits	209,929	512,417	722,346
Payroll taxes	165,663	405,591	571,254
Professional fees	96,482	233,740	330,222
Food supplies	26,905	56,220	83,125
Other supplies	62,561	115,087	177,648
Telephone	30,923	84,507	115,430
Postage	927	2,211	3,138
Occupancy	119,658	328,021	447,679
Transportation	30,744	74,842	105,586
Conferences and conventions	42,153	99,303	141,456
Special assistance	10	661	671
Small equipment	36,576	90,347	126,923
Printing	636	1,556	2,192
Reference materials	1,550	3,795	5,345
Dues	6,246	15,292	21,538
Interest	25,157	7,751	32,908
Total expenses before depreciation	<u>2,765,957</u>	<u>6,801,341</u>	<u>9,567,298</u>
Depreciation	<u>50,776</u>	<u>124,337</u>	<u>175,113</u>
Total Expenses	<u><u>\$ 2,816,733</u></u>	<u><u>\$ 6,925,678</u></u>	<u><u>\$ 9,742,411</u></u>

Total Supporting Services	Total Expenses
\$ 352,801	\$ 7,032,638
48,967	771,313
38,121	609,375
65,146	395,368
-	83,125
37,886	215,534
38,477	153,907
4,708	7,846
13,045	460,724
-	105,586
-	141,456
-	671
4,467	131,390
6,573	8,765
-	5,345
7,179	28,717
32	32,940
<u>617,402</u>	<u>10,184,700</u>
 6,728	 181,841
<u><u>\$ 624,130</u></u>	<u><u>\$ 10,366,541</u></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, 2024

Cash Flows From Operating Activities:

Change in net assets	\$ 89,930
Adjustments to reconcile change in net assets to net cash from operating activities-	
Depreciation	181,841
Unrealized gain on investments	(73,196)
Amortization of discount	(125,447)
Donated securities	(413)
Change in the value of endowment	(26,322)
Loss on disposition of property and equipment	41,238
Change in assets and liabilities-	
Accounts receivable	(54,055)
Operating lease right-to-use asset	61,729
Accounts payable	(12,924)
Accrued liabilities	132,198
Net cash from operating activities	<u>214,579</u>

Cash Flows From Investing Activities:

Purchase of property and equipment	(378,516)
Purchase of assets held for long-term use	(49,409)
Purchase of investments	(20,588)
Proceeds from sale of investments	6,623
Change in beneficial interests in perpetual trusts	(56,751)
Net cash from investing activities	<u>(498,641)</u>

Cash Flows From Financing Activities:

Payments on capital leases	(6,175)
Payments on lease liability	(57,261)
Repayments of long-term debt	(105,857)
Net cash from financing activities	<u>(169,293)</u>

Net Change in Cash, Cash Equivalents and Restricted Cash	(453,355)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	<u>1,120,599</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u>\$ 667,244</u>

GOLDIE FLOBERG CENTER
Statement of Cash Flows
For the Year Ended June 30, 2024

Supplemental Disclosure of Cash Flow Information:

Interest paid during the year	\$ 32,940
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Reconciliation of Cash, Cash Equivalents and Restricted Cash:

Cash and cash equivalents	\$ 599,063
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Cash and cash equivalents - restricted for purpose	<u>68,181</u>
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Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 667,244</u>
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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.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

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

Classification of Net Assets (Continued)

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 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. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for all accounts at each FDIC insured depository institution. As of June 30, 2024, the Center's cash, cash equivalents, and restricted cash had a carrying balance (excluding petty cash totaling \$800) of \$664,444 and the bank balances were \$1,349,068, of which \$1,056,588 was uninsured.

At June 30, 2024, restricted cash of \$68,181 represents funds to be used for Special Olympics and the Make-a-room program.

Accounts Receivable

Accounts receivable consists 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 collectability. 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, 2024, management has determined no allowance is necessary.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

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

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.
- 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.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

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

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.

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, 2024.

Advertising

It is the Center's policy to expense advertising as incurred. Advertising costs totaled \$15,076 for the year ended June 30, 2024.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services in the Statement of Activities. 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, and fundraising expenses include those expenses not directly identifiable with any specific function but that 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.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

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, 2024. 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 examination for the past three years. At June 30, 2024, 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. To cover any short falls, the Center maintains a line of credit (see Note J) to meet short-term cash requirements.

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, 2024, 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 Statement of Financial Position date to meet general expenditures:

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE C LIQUIDITY AND AVAILABILITY (Continued)

Financial assets at year end:

Cash, cash equivalents and restricted cash	\$ 667,244
Investments	1,347,040
Receivables	1,273,638
Contributions receivable	84,000
Beneficial interests in perpetual trusts	747,887
Investments, Board designated as an endowment	(781,884)
Board designated for operating reserve	(2,591,635)
Financial assets subject to donor restrictions-	
Cash and cash equivalents	(68,181)
Endowment investments	(565,156)
Beneficial interests in perpetual trusts	<u>(747,887)</u>

Financial assets available to meet cash needs
for general expenditures within one year

\$ (634,934)

NOTE D ACCOUNTS RECEIVABLE

Accounts receivable as presented on the Statement of Financial Position as of June 30, 2024 includes the following amounts:

Without donor restrictions:

Illinois Department of Human Services	\$ 733,398
Social Security	39,718
Other	<u>30,522</u>
	<u>\$ 803,638</u>

NOTE E CHARITABLE TRUST RECEIVABLE

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. During the year, the Center had been notified of the passing of the remaining annuitant. The Center's share of the Trust to be distributed is \$470,000 at June 30, 2024.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE F INVESTMENTS (OTHER THAN ART)

Market values, cost, and unrealized appreciation (depreciation) at June 30, 2024 are summarized as follows:

	<u>Market Value</u>	<u>Cost</u>	<u>Appreciation (Depreciation)</u>
Board designated endowment:			
Bank deposit sweep	\$ 15,798	\$ 15,798	\$ -
ETFs	383,941	299,066	84,875
Mutual funds	<u>382,145</u>	<u>364,115</u>	<u>18,030</u>
	<u>\$ 781,884</u>	<u>\$ 678,979</u>	<u>\$ 102,905</u>
Restricted in Perpetuity:			
Investments-			
Certificate of deposit	\$ 3,501	\$ 3,501	\$ -
EFTs	15,634	15,634	-
Community Foundation of Northern Illinois	<u>546,021</u>	<u>399,627</u>	<u>146,394</u>
	565,156	418,762	146,394
Beneficial interests in perpetual trusts	<u>747,887</u>	<u>747,887</u>	<u>-</u>
	<u>\$ 1,313,043</u>	<u>\$ 1,166,649</u>	<u>\$ 146,394</u>
Investment return, net:			
Interest and dividends			\$ 13,370
Realized and unrealized gains, net			80,415
Fees			<u>(6,623)</u>
			<u>\$ 87,162</u>

NOTE G CUSTODIAL FUNDS

The Center has custodial access to 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 individuals to whom the funds belong. 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, 2024 is \$83,069.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE H PROPERTY AND EQUIPMENT, NET

Property and equipment, net for the year ended June 30, 2024 is summarized as follows:

	<u>7/01/23</u>	<u>Additions</u>	<u>Dispositions</u>	<u>6/30/24</u>
Land	\$ 69,000	\$ -	\$ -	\$ 69,000
Land improvements	50,431	22,060	-	72,491
Buildings	4,030,294	206,970	48,984	4,188,370
Furnishings and equipment	277,541	26,800	-	304,341
Vehicles	<u>732,881</u>	<u>143,088</u>	<u>-</u>	<u>875,969</u>
	<u>\$ 5,160,147</u>	<u>\$ 398,918</u>	<u>\$ 48,894</u>	<u>5,510,171</u>
Accumulated depreciation				<u>(3,004,410)</u>
				<u>\$ 2,505,761</u>

Accumulated depreciation and amounts charged to depreciation for major classes of land improvements, buildings and equipment for the year ended June 30, 2024 are summarized as follows:

	<u>7/01/23</u>	<u>Additions</u>	<u>Dispositions</u>	<u>6/30/24</u>
Land improvements	\$ 23,214	\$ 3,427	\$ -	\$ 26,641
Buildings	1,995,938	155,603	7,657	2,143,884
Furnishings and equipment	89,440	11,157	-	100,597
Vehicles	<u>721,634</u>	<u>11,654</u>	<u>-</u>	<u>733,288</u>
	<u>\$ 2,830,226</u>	<u>\$ 181,841</u>	<u>\$ 7,657</u>	<u>\$ 3,004,410</u>

The total amount of assets capitalized under financing lease arrangements as of June 30, 2024 is \$90,415, which is included in vehicles. As of June 30, 2024, accumulated depreciation on these assets is \$90,415. Current year depreciation expense related to these lease arrangements is \$4,499.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

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 of the trust estate from which the Center derives income is \$316,666 at June 30, 2024 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, 2024 was \$6,093.

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 \$79,427 at June 30, 2024. The trust requires distributions be made not less frequently than semi-annually. The amount received by the Center for the year ending June 30, 2024 was \$1,399.

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 \$351,794 at June 30, 2024 and is recorded as a permanently restricted asset. The amount received by the Center for the year ending June 30, 2024 was \$15,311.

Total recorded beneficial interests in these trusts at June 30, 2024 is \$747,887.

NOTE J **LINE OF CREDIT**

The Center has established a variable rate line of credit (promissory note) in the amount of \$650,000. The note provides for interest based on the Wall Street Journal U.S. prime rate but at no time shall be less than 8.00% per annum. The note matures on May 15, 2025 and is collateralized by the Center's assets. Under this note, the amount outstanding at June 30, 2024 is \$0. Subsequent to year end, the Center drew \$343,751 on the line of credit to cover operating expenses. See Note V.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE K ACCRUED LIABILITIES

Accrued liabilities at June 30, 2024 are summarized as follows:

Accrued wages	\$ 325,801
Accrued vacation	144,364
Accrued sick leave	33,436
Other	<u>284</u>
	<u>\$ 503,885</u>

NOTE L LEASE ARRANGEMENTS

The Center assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The Center has elected to apply the short-term lease exception to all leases with a term of one year or less. Leases with an initial term of 12 months or less are not recorded on the Statement of Financial Position.

The Center has elected to use the risk-free rate of return based on US Treasury rates that match the term of the leases.

The Center leases certain office space for administrative purposes, as well as office equipment and vehicles. The Center's leases have remaining terms of 1 year to 10 years, some of which have options to extend the leases for up to 2 years.

Operating Leases:

Operating lease right-of-use assets	<u>\$ 612,049</u>
Lease liability - current portion	\$ 59,615
Long-term lease liability	<u>558,392</u>
Total operating lease liabilities	<u>\$ 618,007</u>

Financing Leases:

Property and equipment	\$ 90,415
Accumulated depreciation	<u>(90,415)</u>
Property and equipment, net	<u>\$ -</u>
Current portion of financing leases payable	\$ 6,165
Long-term portion of financing leases payable	<u>1,620</u>
Total financing lease liabilities	<u>\$ 7,785</u>

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE L LEASE ARRANGEMENTS (Continued)

The following summarizes the weighted average remaining lease term and discount rates as of June 30, 2024:

Weighted Average Remaining Lease Term:	
Operating leases	8 Years
Financing leases	1 Years
Weighted Average Discount Rate:	
Operating leases	4.02%
Financing leases	7.63%

Maturities of lease liabilities as of June 30, 2024 are as follows:

	<u>Operating</u>	<u>Financing</u>
2025	\$ 83,361	\$ 6,563
2026	83,872	1,640
2027	85,415	-
2028	84,752	-
2029	81,884	-
2030 - 2033	<u>314,307</u>	<u>-</u>
Total lease payments	733,591	8,203
Less: Interest	<u>(115,584)</u>	<u>(418)</u>
Present value of lease liabilities	<u>\$ 618,007</u>	<u>\$ 7,785</u>

The following summarizes the line items in the Statement of Activities which include the components of lease expense for the year ended June 30, 2024:

Operating lease expense:	
Occupancy	<u>\$ 87,830</u>
Financing lease cost:	
Depreciation	\$ 4,499
Interest	<u>874</u>
Total financing lease cost	<u>\$ 5,373</u>

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE L LEASE ARRANGEMENTS (Continued)

The following summarizes cash flow information related to leases for the year ending June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	<u>\$ 83,361</u>
Operating cash flows from financing leases	<u>\$ 874</u>
Financing cash flows from financing leases	<u>\$ 6,175</u>

NOTE M 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 Balances

The timing of revenue recognition, billings, and cash collections result in contract accounts receivable as reported on the Statement of Financial Position. Amounts are billed in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. The beginning and ending balances of the Center's contract receivables were as follows:

	<u>6/30/24</u>	<u>7/01/23</u>
Accounts receivables	<u>\$ 803,638</u>	<u>\$ 749,583</u>

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE M REVENUE RECOGNITION (Continued)

Contract Balances (Continued)

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 or contract assets as of June 30, 2024 or July 1, 2023.

NOTE N LONG-TERM DEBT

Long-term debt at June 30, 2024 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. This note was refinanced subsequent to year end. See Note V.	\$ 11,404
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. This note was refinanced subsequent to year end. See Note V.	736,073
	747,477
Less: Current portion	(747,477)
Total long-term debt	\$ -

Maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 747,477	\$ 14,919	\$ 762,396

Subsequent to year end, the Center refinanced the outstanding loan balances. See Note V.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE O BOARD DESIGNATED NET ASSETS

The Board has imposed designations on the use of net assets without donor restrictions at June 30, 2024 as follows:

	<u>Group Home</u>	<u>Community Integrated Living Arrangement</u>	<u>Total</u>
Operating reserve	\$ 748,719	\$ 1,842,916	\$ 2,591,635
Endowment	<u>225,886</u>	<u>555,998</u>	<u>781,884</u>
	<u>\$ 974,605</u>	<u>\$ 2,398,914</u>	<u>\$ 3,373,519</u>

NOTE P NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2024, net assets with donor restrictions are comprised of the following:

Temporary restrictions:

Purpose-

Make-a-room program	\$ 63,032
Special Olympics	<u>5,149</u>
	<u>68,181</u>

Permanent restrictions:

Endowment investments	565,156
Beneficial interests in perpetual trusts	<u>747,887</u>
	<u>1,313,043</u>
	<u>\$ 1,381,224</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, 2024.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE R **INSURANCE AND UNEMPLOYMENT EXPENSE**

The Center is a reimbursable employer for unemployment compensation. Unemployment compensation expense totaled \$13,742 for the year ended June 30, 2024. 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 \$668,625 for the year ended June 30, 2024.

NOTE S **SUPPORT FROM GOVERNMENTAL UNITS**

The Center received over 84% of its support and revenue without donor restrictions (excluding the effects of any sale of assets and investment return, net) for the year ended June 30, 2024 from state government agencies. In addition, the Center had a line of credit of \$650,000 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.
- 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.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE T FAIR VALUE MEASUREMENTS (Continued)

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, 2024:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Investments	\$ 781,884	\$ 781,884	\$ -	\$ -
Charitable remainder trust receivable	470,000	-	470,000	-
Permanent endowment:				
Investment	19,135	19,135	-	-
CFNI	546,021	-	546,021	-
Beneficial interests in perpetual trusts	747,887	-	747,887	-
	<u>\$ 2,564,927</u>	<u>\$ 801,019</u>	<u>\$ 1,763,908</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 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.

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE U ENDOWMENT FUNDS (Continued)

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, 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 565,156	\$ 565,156
Board designated endowment funds	781,884	-	781,884
Beneficial interests in perpetual trusts	<u>-</u>	<u>747,887</u>	<u>747,887</u>
	<u>\$ 781,884</u>	<u>\$ 1,313,043</u>	<u>\$ 2,094,927</u>

GOLDIE B. FLOBERG CENTER
Notes to Financial Statements

NOTE U ENDOWMENT FUNDS (Continued)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Balance, beginning of year	\$ 694,310	\$ 1,229,970	\$ 1,924,280
Investment performance, net	87,162	26,323	113,485
Contributions	412	-	412
Change in value of beneficial interests in perpetual trusts	-	56,750	56,750
Balance, end of year	<u>\$ 781,884</u>	<u>\$ 1,313,043</u>	<u>\$ 2,094,927</u>

NOTE V SUBSEQUENT EVENTS

The Center has evaluated subsequent events through February 12, 2025, which was the date these financial statements were available for issuance, and determined there were no significant non-recognized subsequent events through that date except as noted below.

In July 2024, the Center entered into an arrangement with another nonprofit to purchase one of their program facilities and take over the program operations. The loan for the facilities was \$560,000 for 60 month at an interest rate of 4.00% with a final balloon payment, resulting in a current liability of \$12,386 and a long-term liability of \$547,614. The Center also drew on its line of credit in the amount of \$343,751.

In August 2024, the Center refinanced its outstanding term loans, not including the new facility loan, and transferred its outstanding line of credit balance to a different financial institution. This resulted in a line of credit balance of \$44,365 due August 2025 and a new term loan of \$905,000, both secured by the Center's assets. The term loan was for 60 months at an interest rate of 4.50% with a final balloon payment, resulting in a current liability of \$16,986 and a long-term liability of \$888,014.

NOTE W COMMITMENTS AND CONTINGENCIES

From time-to-time, the Center is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Center's attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Center's financial position or results of operations.

GOLDIE B. FLOBERG CENTER
Schedule of Activities by Program
For the Year Ended June 30, 2024

	Group Home	Community Integrated Living Arrangement	Total
Support and revenue-			
Department of Human Services	\$ 2,463,565	\$ 6,358,479	\$ 8,822,044
ISBE Purchase of Care	134,830	-	134,830
Social Security income	200,260	658,427	858,687
Investment return, net	25,276	61,886	87,162
Interest	1,233	3,018	4,251
Contributions	130,479	314,650	445,129
Other revenues	14,201	48,332	62,533
Loss on sale of assets	(11,959)	(29,279)	(41,238)
Total support and revenue	<u>2,957,885</u>	<u>7,415,513</u>	<u>10,373,398</u>
Expenses-			
Program services	2,816,733	6,925,678	9,742,411
Supporting activities			
Management and general	127,683	316,568	444,251
Fundraising	<u>52,165</u>	<u>127,714</u>	<u>179,879</u>
Total expenses	<u>2,996,581</u>	<u>7,369,960</u>	<u>10,366,541</u>
Operating change in net assets	(38,696)	45,553	6,857
Change in value of beneficial trusts	16,458	40,293	56,751
Change in Community Foundation	<u>7,634</u>	<u>18,688</u>	<u>26,322</u>
Change in Net Assets	<u>\$ (14,604)</u>	<u>\$ 104,534</u>	<u>\$ 89,930</u>

GOLDIE B. FLOBERG CENTER
Schedule of Functional Expenses by Program
For the Year Ended June 30, 2024

	Group Home		
	Program Services	Supporting Services	Total
Salaries	\$ 1,909,837	\$ 102,258	\$ 2,012,095
Employee benefits	209,929	14,231	224,160
Payroll taxes	165,663	11,055	176,718
Professional fees	96,482	18,941	115,423
Food supplies	26,905	-	26,905
Other supplies	62,561	11,063	73,624
Telephone	30,923	10,308	41,231
Postage	927	1,392	2,319
Occupancy	119,658	3,392	123,050
Transportation	30,744	-	30,744
Conferences and conventions	42,153	-	42,153
Special assistance	10	-	10
Small equipment	36,576	1,260	37,836
Printing	636	1,906	2,542
Reference materials	1,550	-	1,550
Dues	6,246	2,082	8,328
Interest	25,157	9	25,166
Total expenses before depreciation	2,765,957	177,897	2,943,854
Depreciation	50,776	1,951	52,727
Total Expenses	<u>\$ 2,816,733</u>	<u>\$ 179,848</u>	<u>\$ 2,996,581</u>

Community Integrated Living Arrangement			Total (All Programs)		
Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
\$ 4,770,000	\$ 250,543	\$ 5,020,543	\$ 6,679,837	\$ 352,801	\$ 7,032,638
512,417	34,736	547,153	722,346	48,967	771,313
405,591	27,066	432,657	571,254	38,121	609,375
233,740	46,205	279,945	330,222	65,146	395,368
56,220	-	56,220	83,125	-	83,125
115,087	26,823	141,910	177,648	37,886	215,534
84,507	28,169	112,676	115,430	38,477	153,907
2,211	3,316	5,527	3,138	4,708	7,846
328,021	9,653	337,674	447,679	13,045	460,724
74,842	-	74,842	105,586	-	105,586
99,303	-	99,303	141,456	-	141,456
661	-	661	671	-	671
90,347	3,207	93,554	126,923	4,467	131,390
1,556	4,667	6,223	2,192	6,573	8,765
3,795	-	3,795	5,345	-	5,345
15,292	5,097	20,389	21,538	7,179	28,717
7,751	23	7,774	32,908	32	32,940
6,801,341	439,505	7,240,846	9,567,298	617,402	10,184,700
124,337	4,777	129,114	175,113	6,728	181,841
<u>\$ 6,925,678</u>	<u>\$ 444,282</u>	<u>\$ 7,369,960</u>	<u>\$ 9,742,411</u>	<u>\$ 624,130</u>	<u>\$ 10,366,541</u>



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**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, 2024, and the related Statements of Activities, Functional 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 12, 2025.

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 that 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

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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 and Responses as Finding #2024-001 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 and Responses. 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

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

Beloit, Wisconsin
February 12, 2025

GOLDIE B. FLOBERG CENTER
Schedule of Findings and Responses
For the Year Ended June 30, 2024

Finding #2024-001: 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 risk 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 has started the process to attempt to identify, document, and implement a risk assessment process.