

**ST. MARY'S SERVICES
DBA HOPEFUL BEGINNINGS
OF ST. MARY'S SERVICES
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**



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Independent Auditor's Report

To the Board of Trustees of
St. Mary's Services
dba Hopeful Beginnings of St. Mary's Services
Palatine, Illinois

Opinion

We have audited the accompanying financial statements of St. Mary's Services dba Hopeful Beginnings of St. Mary's Services (an Illinois nonprofit corporation), 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 referred to above present fairly, in all material respects, the financial position of St. Mary's Services dba Hopeful Beginnings of St. Mary's Services as of June 30, 2022, 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. 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 St. Mary's Services dba Hopeful Beginnings of St. Mary's Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

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 St. Mary's Services dba Hopeful Beginnings of St. Mary's Services ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of St. Mary's Services dba Hopeful Beginnings of St. Mary's Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Mary's Services dba Hopeful Beginnings of St. Mary's Services' ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited St. Mary's Services dba Hopeful Beginnings of St. Mary's Services 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

ATA Group, LLP

December 29, 2022

Financial Statements

ST. MARY'S SERVICES dba Hopeful Beginnings of St. Mary's Services

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)

	<u>ASSETS</u>	
	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 314,239	\$ 101,173
Investment Securities	3,476,353	3,335,392
Accounts Receivable	7,412	33,999
Property Tax Refund Receivable	44,832	44,832
Prepaid Expenses	9,811	12,684
Total Current Assets	3,852,647	3,528,080
NONCURRENT ASSETS		
Property and Equipment, net	344,548	362,448
Beneficial Interest in Perpetual Trusts Held by Others	5,953,530	3,978,542
Investment Securities, Restricted for Endowments	581,840	581,840
Total Noncurrent Assets	6,879,918	4,922,830
Total Assets	\$ 10,732,565	\$ 8,450,910
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 41,994	\$ 38,222
Current Liabilities	41,994	38,222
NONCURRENT LIABILITIES	-	-
Total Liabilities	41,994	38,222
NET ASSETS		
Net Assets Without Donor Restrictions		
Undesignated	4,007,561	3,704,666
Designated	147,640	147,640
Total Unrestricted	4,155,201	3,852,306
Net Assets With Donor Restrictions	6,535,370	4,560,382
Total Net Assets	10,690,571	8,412,688
Total Liabilities and Net Assets	\$ 10,732,565	\$ 8,450,910

The accompanying notes are an integral part of these financial statements.

Financial Statements

ST. MARY'S SERVICES dba Hopeful Beginnings of St. Mary's Services

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	\$ 164,153	\$ -	\$ 164,153	\$ 173,892
In-Kind Contributions (Note 8)	88,930	-	88,930	18,056
Grants	45,734	-	45,734	54,625
Adoptive Program Fees	92,183	-	92,183	161,597
Counseling Services	-	-	-	376
Educational Initiative Fees	48,995	-	48,995	48,995
Change in Value of Perpetual Trusts	-	1,974,988	1,974,988	1,021,482
Investment Income from Perpetual Trusts	1,361,438	-	1,361,438	55,697
Investment Return, net	(609,039)	-	(609,039)	838,994
PPP Loan Forgiveness	-	-	-	176,065
Total Revenues, Gains and Other Support	1,192,394	1,974,988	3,167,382	2,549,779
EXPENSES				
Maternity Program	333,075	-	333,075	234,715
Adoptive Program	131,671	-	131,671	93,957
Educational Initiative	61,649	-	61,649	73,352
Management and General	186,159	-	186,159	220,986
Fundraising	176,945	-	176,945	169,207
Total Expenses	889,499	-	889,499	792,217
CHANGE IN NET ASSETS	302,895	1,974,988	2,277,883	1,757,562
NET ASSETS, BEGINNING OF THE YEAR	3,852,306	4,560,382	8,412,688	6,655,126
NET ASSETS, END OF THE YEAR	\$ 4,155,201	\$ 6,535,370	10,690,571	\$ 8,412,688

The accompanying notes are an integral part of these financial statements.

Financial Statements

ST. MARY'S SERVICES dba Hopeful Beginnings of St. Mary's Services

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Program Services				Supporting Services			Total	
	Maternity Program	Adoption Initiative	Education Program	Total	Management and General	Fundraising	Total	2022	2021
Salaries	\$ 148,002	\$ 57,831	\$ 35,121	\$ 240,954	\$ 106,087	\$ 43,482	\$ 149,569	\$ 390,523	\$ 381,403
Social Worker	21,787	-	-	21,787	-	-	-	21,787	9,806
Employee benefits	19,622	6,183	6,301	32,106	22,226	6,534	28,760	60,866	69,219
Payroll taxes	11,414	4,679	2,926	19,019	8,436	3,077	11,513	30,532	29,892
Total personnel	200,825	68,693	44,348	313,866	136,749	53,093	189,842	503,708	490,320
Advertising and marketing	67,881	44,956	6,271	119,108	12,590	11,148	23,738	142,846	96,779
Temporary help	6,000	-	-	6,000	290	62,450	62,740	68,740	63,399
Fund Raising Expenses-Events	-	-	-	-	-	31,672	31,672	31,672	42,448
Occupancy	9,017	2,975	1,881	13,873	4,234	3,343	7,577	21,450	(19,459)
Computer	8,202	2,671	1,717	12,590	3,434	3,052	6,486	19,076	14,261
Depreciation and amortization	8,183	2,664	1,713	12,560	3,425	3,045	6,470	19,030	21,353
Insurance	6,312	2,055	1,321	9,688	2,642	2,349	4,991	14,679	14,558
Telephone	7,667	1,759	963	10,389	1,646	1,114	2,760	13,149	12,122
Accounting and Auditing	780	254	163	1,197	11,477	290	11,767	12,964	12,503
Office Equipment Rental	4,214	1,372	882	6,468	2,124	1,568	3,692	10,160	9,580
Education	2,249	1,170	399	3,818	2,233	80	2,313	6,131	2,627
Supplies	2,037	607	493	3,137	1,062	469	1,531	4,668	2,873
Dues, Memberships, Subscriptions	2,190	246	139	2,575	672	247	919	3,494	2,466
Travel / Mileage Payments	904	1,355	1,094	3,353	12	12	24	3,377	1,628
Nonmedical Maternity Services	3,221	-	-	3,221	-	-	-	3,221	3,688
Legal	127	153	-	280	2,440	-	2,440	2,720	11,264
Service charges	20	333	4	357	39	1,953	1,992	2,349	2,881
Payroll Processing Services	905	295	189	1,389	379	337	716	2,105	1,845
Miscellaneous expenses	1,783	3	2	1,788	239	4	243	2,031	2,186
Postage and delivery	333	110	70	513	201	709	910	1,423	1,547
Licenses and Permits	-	-	-	-	271	10	281	281	198
Outreach	225	-	-	225	-	-	-	225	740
Purchased Medical Services	-	-	-	-	-	-	-	-	410
Total expenses	\$ 333,075	\$ 131,671	\$ 61,649	\$ 526,395	\$ 186,159	\$ 176,945	\$ 363,104	\$ 889,499	\$ 792,217

The accompanying notes are an integral part of these financial statements.

Financial Statements

ST. MARY'S SERVICES dba Hopeful Beginnings of St. Mary's Services

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,277,883	\$ 1,757,562
Adjustments to Reconcile Change in Net Assets to		
Cash Used in Operating Activities:		
Depreciation and Amortization	19,030	21,353
Change in Value of Perpetual Trusts Held by Others	(1,974,988)	(1,021,482)
Investment loss (gain), net	593,754	(853,302)
PPP Loan Forgiveness	-	(176,065)
(Increase) Decrease in Accounts Receivable	26,589	(62,743)
(Increase) Decrease in Prepaid and Other Assets	2,872	(755)
Increase (Decrease) in Accounts Payable and Accruals	3,771	12,861
Net Cash Used in Operating Activities	948,911	(322,571)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,130)	(6,788)
Proceeds from Sale and Maturities of Investments	955,285	-
Purchase of Investments	(1,690,000)	264,309
Net Cash Provided by (Used in) Investing Activities	(735,845)	257,521
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP Forgivable Loan Proceeds	-	87,965
Net Cash Provided by Financing Activities	-	87,965
Net Increase (Decrease) in Cash and Cash Equivalents	213,066	22,915
Cash and Cash Equivalents, Beginning of Year	101,173	78,258
Cash and Cash Equivalents, End of Year	314,239	\$ 101,173
Income Taxes Paid during the Year	\$ -	\$ -
Interest Paid during the Year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of St. Mary's Services dba Hopeful Beginnings of St. Mary's Services (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Nature of Organization Activities

St. Mary's Services dba Hopeful Beginnings of St. Mary's Services is a nonprofit charitable corporation, founded in 1887, providing many services related to maternity, adoption and postpartum parents. Among its major programs are adoption services, maternity programs to pregnant adolescents and women, including counseling, and financial assistance as needed, consulting and education services including pre-adoptive parent preparation classes for prospective parents. In 2019, St. Mary's added counseling services related to: perinatal mood disorders, postpartum depression and anxiety, grief, loss of pregnancy and adjustment to motherhood.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The net assets of the Organization are classified as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor-restrictions. The restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless specially required to be included in donor restricted net assets by the donor or by applicable state law.

C. Cash and Cash Equivalents

Cash and cash equivalents consist primarily of amounts in a demand deposit account.

D. Investments

Investments are stated at fair market value based on quoted market prices. Investment income is recorded on the accrual basis; purchases and sales of investments are reflected on a trade-date basis. Unrealized gains or losses are based on the change in market value of the assets

Note 1: Summary of Significant Accounting Policies (Continued)

from the beginning to the end of the fiscal year. Realized gains or losses are based on the change in market value of the assets from the date acquired to the date of sale.

All of the income, as defined by the perpetual trusts, is paid out in quarterly installments to the Organization. For the Organization's controlled investments, cash may be withdrawn from time-to-time to fund operations.

The Organization invests in various investment securities. Investment securities in general are subject 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 that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

E. Permanent Donor Restricted Funds Investment Policy

The investment objective of the Organization is to generate an annual total rate of return for the funds sufficient to produce the following results:

1. Finance distributions (and cover related operational expenses of the investments) of 4-6% of the average market value of the investments over a three year moving average period, as agreed upon by the Trustees;
2. Inclusive of the above, grow the value of the corpus of the investments annually by at least the annual rate of inflation (CPI) for that year; and
3. Inclusive of 1 and 2, cause the real value of the investments to increase.

The above financial results should be sought without incurring a level of rate-of-return volatility materially greater than that generally associated with endowment investment programs. These results if not attainable in any given year, should be achieved on average over long periods of time to the extent allowed by returns in the broad markets. The earnings of the permanently restricted funds is for the unrestricted use of the Organization.

F. Accounts Receivable

Receivables are valued at management's estimate of the amount that will ultimately be collected. Write-offs of uncollectible balances are reported at such times that collectability is determined unlikely. Management believes that all receivables are collectible; consequently, no reserve for uncollectible accounts has been recorded.

G. Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. The Organization's capitalization policy is currently \$3,000 (\$500 in years ended before July 1, 2016). Depreciation is calculated based on estimated useful lives of the assets and amortization of leasehold improvements is provided over the shorter of their useful life or the remaining lease term using the straight-line method.

Note 1: Summary of Significant Accounting Policies (Continued)

Building and Improvements	5-25 years
Furniture and equipment	3-7 years
Website	3 years

H. Revenue

Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give with due dates extending beyond one year are discounted. Donor restricted contributions are reported as increases in the donor restricted funds. When a restriction is satisfied, restricted net assets are reclassified to unrestricted net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

The Organization has adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. It requires that contributions are given which have a measurable performance or other barrier and a right of return, are not recognized until the conditions upon which they depend have been met. St. Mary's received no such contributions.

The Organization has adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606) adopted in 2021. FASB ASC 606 establishes a comprehensive, principles-based framework for recognizing revenue. The guidance in FASB ASC 606 is based on the principle that revenue from contracts with customers should be recognized when an entity satisfies its obligation(s) under a contract by transferring the promised goods or services to the customer. The amount recognized is the amount the entity expects to be entitled to receive from the customer. Management has evaluated FASB ASC 606 and has found that it has not changed the manner of recognizing revenue from contracts with customers. There are no outstanding contract assets or obligations at the beginning or end of the year ended June 30, 2022.

I. In-Kind Support

The Organization may receive various types of in-kind support including contributed assets, professional services, advertising and materials. Recognition of contributed tangible assets is recorded at estimated fair market value when received. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization receives a significant amount of unskilled, contributed time that does not fully meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

J. Beneficial Interest in Perpetual Trusts Held by Others

The Organization is the beneficiary of perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity. The fair value of the beneficial interest in the trust is recognized as an asset and as a donor restricted contribution at the date the trust is established. The Organization's estimate of fair value is based on fair value information received from the trustees. The trust assets consist of, but are not limited to, cash and cash equivalents, equity and fixed income securities. These assets are not subject to the control or direction of the Organization. Gains and losses, which are not distributed by the trusts, are reflected as change in value of perpetual trusts held by others in the statement of activities and changes in net assets. Income from these trusts is distributed quarterly to St. Mary's and is unrestricted as to use.

K. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. If evident from the type of expense it is charged directly to the program or supporting service. Other costs are allocated based on the salaries of employees working in each program or supporting services. Some employees' time was spread among multiple programs and supporting services.

L. Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$142,846.

M. Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Organization is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the years before the tax year ended June 30, 2019.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

O. Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or by functional expense classification. Such information does

Note 1: Summary of Significant Accounting Policies (Continued)

not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Note 2: Investments and Fair Value Measurement

Generally accepted accounting principles provide a uniform framework for the definition, measurement and disclosure of fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Such accounting guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no changes to valuation methodologies at June 30, 2022.

The Organization's investments in mutual funds are valued based on quoted market prices and are categorized in Level 1 of the investment hierarchy.

Fair values of assets measured on a recurring basis at June 30, 2022 is as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2022				
Mutual Funds	\$ 4,058,193	\$ 4,058,193	\$ -	\$ -

Notes to Financial Statements

Note 2: Investments and Fair Value Measurement (Continued)

Of the \$4,058,193 of the Organization's investments, \$581,840 represents funds permanently restricted by donors as endowments and the remaining \$3,476,353 is unrestricted for the Organization's charitable purposes.

Note 3: Property and Equipment, net

Property and Equipment, net	
Land	\$ 62,478
Building and Improvements	340,873
Furniture and Equipment	31,994
Website	<u>7,088</u>
	442,433
Less Accumulated Depreciation and Amortization	<u>97,885</u>
Total Property and Equipment, net	<u>\$ 344,548</u>

Note 4: Endowment Funds in Perpetual Trusts Held by Others

The Organization is the beneficiary of two perpetual trusts that are administered by trustees outside the Organization. Although the assets of these trusts are not in its possession, the Organization will receive the income earned on trust assets in perpetuity. The Organization's interest in each trust is as follows:

	<u>Percent Interest</u>
Calvin B. Beach	50%
Bishop of Chicago	Less than 5%

The Organization's share of the assets held in these trusts at June 30, 2022 is as follows:

Calvin B. Beach	\$ 5,870,738
Bishop of Chicago	<u>82,792</u>
	<u>\$ 5,953,530</u>

The investments held in the perpetual trusts, as reported by the trustees, are allocated as noted below. All are Level 1 assets, except \$2,830,604 of the Real Estate Funds, which are Level 2 assets. The descriptions of the asset levels are in Note 2.

Notes to Financial Statements

Note 4: Endowment Funds in Perpetual Trusts Held by Others (Continued)

Cash and short-term investments	\$ 211,337
Fixed income securities	1,276,052
Equity securities	1,230,340
Commodity funds	152,690
Real estate funds	3,000,319
Various	<u>82,792</u>
Total Perpetual Trust Investments	<u>\$ 5,953,530</u>

Income from these trusts, paid directly to the Organization in quarterly payments, totaled \$1,361,438. This income is unrestricted.

Note 5: Restrictions and Limitations on Net Assets

The Organization's donor restricted funds consist of various funds established for promoting child welfare and the operation of the Organization. The principal of these funds are permanently restricted by donors. The Organization invests these funds in broadly diversified portfolios of equity and fixed income funds to maximize total return consistent with prudent risk limitations. Income from these funds is unrestricted in accordance with the donor's wishes and the board's instructions.

Permanently restricted (Endowment) net assets at June 30, 2022 consist of the following:

Restricted Funds	
George D. and Isabella Brown Fund	\$ 540,629
Thomas D. Lowther Trust	16,789
Scholarship Fund	<u>24,422</u>
	<u>581,840</u>
Beneficial Interest In Perpetual trusts Held by Others	
Calvin B. Beach	5,870,738
Bishop of Chicago	<u>82,792</u>
	<u>5,953,530</u>
	<u>\$ 6,535,370</u>

Notes to Financial Statements

Note 5: Restrictions and Limitations on Net Assets (Continued)

Permanently Restricted (Endowment) Net Assets Activity

	Restricted Funds	Perpetual Trusts
June 30, 2021 balances	\$ 581,840	\$ 3,978,542
Investment return, net	(88,864)	1,361,438
Contributions	-	-
Amounts appropriated for expenditure	88,864	(1,361,438)
Reclassification of funds to unrestricted	-	-
Change in value	-	1,974,988
June 30, 2022 balances	<u>\$ 581,840</u>	<u>\$ 5,953,530</u>

Board designated net assets are those funds set aside by the board for a specific purpose or so that the balance of the original donation can be tracked. Board designated net assets at June 30, 2022 consist of the following:

Scholarship Fund	\$ 81,857
Maria Arbeen Memorial Fund	<u>65,783</u>
	<u>\$ 147,640</u>

There have been no additions to, or disbursements of corpus from, these funds during the year ended June 30, 2022.

Note 6: Liquidity and Availability of Financial Assets

The organization manages its financial assets to meet its current obligations through an annual budget and regular review of financial information at monthly board meetings. It has adequate resources to fund its budget for the next twelve months as its unrestricted current assets exceed its current liabilities by over \$3.8 million.

Note 7: Equipment Lease

The organization has entered into an operating lease for the use of an imaging system. Rent expense for copiers for the year end June 30, 2022 were \$10,159. Future minimum lease payments are as follows:

Year Ending June 30,	
2023	8,836
2024	8,836
Thereafter	<u>-</u>
	<u>\$ 17,672</u>

Note 8: Contributed Goods and Services

For the year ended June 30, 2022, the Organization received in-kind contributions totaling \$88,930. \$21,787 in-kind contributions were for a licensed social worker. The remaining \$67,143 was received through a Google Ad grant, used for advertising purposes. Google Inc. offers qualifying nonprofit organizations access to up to \$10,000 per month in search ads advertising St. Mary's Services as users search the internet using Google.com.

Note 9: Defined Contribution Pension Plan

In September 2017 the board voted to establish a Simple IRA plan, to be offered to full-time employees that have been employed one year or longer. The Organization will match the employee's contribution equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. Employees may choose among various mutual funds to contribute to. The employees can change their contribution amounts quarterly. For the year ended June 30, 2022, the Organization contributed \$5,183 on behalf of its employees.

Note 10: PPP Forgivable Loan

As part of the CARES Act the Small Business Administration offered forgivable loans to small businesses and nonprofits to pay for qualifying expenses under the Paycheck Protection Program. In 2021, the Organization officially received forgiveness of \$176,065 from two loans dating back to 2021 and 2020. The amount forgiven was the total loan amounts received in prior years. This amount was recognized as revenue in the statement of activities in 2021.

Note 11: Investment Income from Perpetual Trusts

This year the Organization received \$1,361,438 in investment income from the perpetual trusts. This amount far exceeded amounts reported in prior years due to several prior years' payments inadvertently not paid to St. Mary's on an annual basis. This trust income came from one trust. This error in the system has been corrected and annual yields will be more consistent going forward.