

HCS FAMILY SERVICES

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED JUNE 30, 2024 AND 2023



Wieland Wallace Inc.
Certified Public Accountants

HCS FAMILY SERVICES
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TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7



Independent Auditor's Report

To the Board of Directors
HCS Family Services

Opinion

We have audited the accompanying financial statements of HCS Family Services (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 HCS Family Services as of June 30, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HCS Family 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 these 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 HCS Family Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 HCS Family 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 HCS Family Services' ability to continue as a going concern for a reasonable period of time.

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

Wieland Wallace Inc.

Batavia, Illinois
January 9, 2025

HCS FAMILY SERVICES
STATEMENTS OF FINANCIAL POSITION

ASSETS

June 30,

2024 2023

CURRENT ASSETS

Cash	\$	602,260	\$	576,498
Short-term investments		699,658		924,381
Unconditional promises to give				
Without donor restrictions		75,000		12,050
With donor restrictions		805,221		841,914
Food inventory		39,600		51,800
Prepaid expenses		2,500		2,500

TOTAL CURRENT ASSETS **2,224,239** 2,409,143

FIXED ASSETS

Furniture and equipment		227,256		146,521
Vehicles		130,443		55,778
Leasehold improvements		6,631		26,337
Construction in progress		519,714		-
 Total		884,044		228,636
Less accumulated depreciation and amortization		174,956		157,202

NET FIXED ASSETS **709,088** 71,434

TOTAL ASSETS \$ **2,933,327** \$ 2,480,577

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$	74,665	\$	-
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NET ASSETS

Without donor restrictions		2,028,441		1,513,663
With donor restrictions		830,221		966,914

TOTAL NET ASSETS **2,858,662** 2,480,577

TOTAL LIABILITIES AND NET ASSETS \$ **2,933,327** \$ 2,480,577

HCS FAMILY SERVICES
STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	2024 Totals	Without Donor Restrictions	With Donor Restrictions	2023 Totals
<u>SUPPORT AND REVENUES</u>						
In-kind donations	\$ 687,943	\$ 27,792	\$ 715,735	\$ 982,616	\$ 816,914	\$ 1,799,530
Grants	384,550	99,665	484,215	30,000	150,000	180,000
Contributions	319,398	-	319,398	264,357	-	264,357
Interest	37,231	-	37,231	27,237	-	27,237
Miscellaneous	284	-	284	592	-	592
Special events	10,000	-	10,000	-	-	-
Net assets released from restrictions	264,150	(264,150)	-	38,396	(38,396)	-
<u>TOTAL SUPPORT AND REVENUES</u>	<u>1,703,556</u>	<u>(136,693)</u>	<u>1,566,863</u>	<u>1,343,198</u>	<u>928,518</u>	<u>2,271,716</u>
<u>EXPENSES</u>						
Program services	1,081,084	-	1,081,084	1,292,093	-	1,292,093
Management and general	44,727	-	44,727	39,242	-	39,242
Fundraising	62,967	-	62,967	62,281	-	62,281
<u>TOTAL EXPENSES</u>	<u>1,188,778</u>	<u>-</u>	<u>1,188,778</u>	<u>1,393,616</u>	<u>-</u>	<u>1,393,616</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>514,778</u>	<u>(136,693)</u>	<u>378,085</u>	<u>(50,418)</u>	<u>928,518</u>	<u>878,100</u>
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>1,513,663</u>	<u>966,914</u>	<u>2,480,577</u>	<u>1,564,081</u>	<u>38,396</u>	<u>1,602,477</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 2,028,441</u>	<u>\$ 830,221</u>	<u>\$ 2,858,662</u>	<u>\$ 1,513,663</u>	<u>\$ 966,914</u>	<u>\$ 2,480,577</u>

HCS FAMILY SERVICES
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2024				Year Ended June 30, 2023			
	Program Services	Management and General	Fundraising	2024 Total	Program Services	Management and General	Fundraising	2023 Total
Accounting and auditing	\$ 10,141	\$ 895	\$ 894	\$ 11,930	\$ 13,583	\$ 1,199	\$ 1,198	\$ 15,980
Advertising	-	305	915	1,220	-	1,348	4,177	5,525
Direct client assistance	723,147	-	-	723,147	956,627	-	-	956,627
Bank fees	-	-	1,160	1,160	-	-	1,077	1,077
Contract services	1,973	395	262	2,630	1,945	389	259	2,593
Depreciation	15,357	1,198	1,199	17,754	14,556	1,136	1,136	16,828
Donations	-	-	-	-	1,717	-	-	1,717
Facilities and occupancy	105,667	4,594	4,594	114,855	89,392	3,887	3,887	97,166
Equipment repair and maintenance	5,747	638	-	6,385	5,588	621	-	6,209
Insurance	19,679	4,920	-	24,599	18,024	4,506	-	22,530
Memberships and subscriptions	716	80	-	796	725	81	-	806
Miscellaneous	9,982	9,983	-	19,965	5,151	5,150	-	10,301
Personnel								
Salaries and wages	142,371	15,819	39,548	197,738	149,750	16,639	41,597	207,986
Payroll fees	5,002	556	1,389	6,947	3,869	430	1,074	5,373
Taxes and benefits	12,765	1,418	3,546	17,729	13,270	1,474	3,687	18,431
Postage	-	755	1,532	2,287	-	645	1,309	1,954
Printing and copying	2,766	307	769	3,842	28	3	8	39
Supplies	16,266	1,808	4,518	22,592	11,030	974	973	12,977
Telephone and internet	9,505	1,056	2,641	13,202	6,838	760	1,899	9,497
TOTAL EXPENSES	\$ 1,081,084	\$ 44,727	\$ 62,967	\$ 1,188,778	\$ 1,292,093	\$ 39,242	\$ 62,281	\$ 1,393,616

HCS FAMILY SERVICES
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2024	2023
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 378,085	\$ 878,100
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	17,754	16,828
Changes in operating assets and liabilities:		
Unconditional promises to give	(26,257)	(811,789)
Food inventory	12,200	6,000
Accounts payable	74,665	-
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	456,447	89,139
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of short-term investments	224,723	(924,381)
Payments for the purchase of fixed assets	(655,408)	(30,525)
<u>NET CASH USED BY INVESTING ACTIVITIES</u>	(430,685)	(954,906)
<u>NET INCREASE (DECREASE) IN CASH</u>	25,762	(865,767)
<u>CASH AT BEGINNING OF YEAR</u>	576,498	1,442,265
<u>CASH AT END OF YEAR</u>	\$ 602,260	\$ 576,498
<u>NONCASH OPERATING ACTIVITIES</u>		
Donated goods	\$ 687,943	\$ 899,736
Donated facilities	27,792	899,794
<u>TOTAL NONCASH OPERATING ACTIVITIES</u>	\$ 715,735	\$ 1,799,530

HCS FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 - NATURE OF ACTIVITIES

HCS Family Services (the Organization) is an Illinois nonprofit organization providing emergency or interim assistance to individuals and families. It serves residents of Hinsdale, Clarendon Hills, Oak Brook, Willowbrook, Burr Ridge, Darien, Westmont and surrounding unincorporated areas in Illinois. The Organization's primary program is operating a Food Pantry that provides nutritious foods and household items based on individual preferences and needs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

SHORT-TERM INVESTMENTS

Certificates of deposit with original maturities greater than three months are classified as short-term investments. These are carried at cost which approximates market value.

PROMISES TO GIVE AND REVENUE RECOGNITION

Grants, gifts and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises to give are recognized as support when the conditions on which they depend are substantially met. Support from grants and other agreements that in substance constitute exchanges for services from the Organization is recognized at a point in time when earned.

Amounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible promises using the allowance method. However, no allowance was determined to be warranted at June 30, 2024 and 2023 as all promises to give are expected to be realized.

IN-KIND CONTRIBUTIONS OF GOODS AND SERVICES

Contributions of food and other noncash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

USE OF ESTIMATES

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

HCS FAMILY SERVICES

Notes to Financial Statements (Continued)

MANAGEMENT REVIEW

Management has evaluated subsequent events to the date on which the financial statements were available to be issued, which is the date of the Independent Auditor's Report.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. At June 30, 2024 and 2023, there were no cash equivalents. The Organization maintains its cash and cash equivalents in two financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and cash equivalents.

FOOD INVENTORY

Food inventory on hand is valued at cost or its estimated fair value at the time of donation.

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Purchased property and equipment are recorded at acquisition cost. Depreciation and amortization is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	3-10
Vehicle	5
Leasehold improvements	Shorter of useful life or lease term

Depreciation expense for the years ended June 30, 2024 and 2023 totaled \$17,754 and \$16,828.

COST ALLOCATION

The costs of providing the Organization's programs and supporting services are summarized on a functional basis in the statements of activities and functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on an estimated space usage basis. Other costs are allocated on best estimates of usage.

INCOME TAXES

The Organization applied for and has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. Accordingly, income taxes are not provided for in the financial statements.

The financial statement effects of a tax position taken or expected to be taken are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of June 30, 2024, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

HCS FAMILY SERVICES

Notes to Financial Statements (Continued)

NOTE 3 - IN-KIND DONATIONS

Food

During the years ended June 30, 2024 and 2023, respectively, the Organization collected and distributed nearly 600,000 pounds of food per year to individuals and families it serves. For financial reporting purposes, food donations were valued at an estimated fair value per pound of \$1.97 and \$1.93 during the years ended June 30, 2024 and 2023, respectively, in accordance with data provided by Northern Illinois Food Bank. The total donations reported were \$687,942 and \$899,737 during the years ended June 30, 2024 and 2023, respectively.

Facilities

The Organization operates in two facilities. For the year ended June 30, 2024, the Village of Hinsdale provided a 4,500 square foot facility at no charge, valued at \$86,358 for financial reporting purposes for the current year, plus a \$717,160 in-kind rent receivable as the lease term is for 10 years. The in-kind rent receivable for the Village of Hinsdale is broken down as follows:

Year Ending June 30:	
2025	\$ 86,481
2026	86,604
2027	86,728
2028	86,851
2029-2033	<u>370,496</u>
	<u>\$ 717,160</u>

Anne M. Jeans Elementary School provides 1,000 square feet of space valued at \$27,793 annually for which the Organization is charged \$1,000 (see Note 6). The total value of donated facilities for the years ended June 30, 2024 and 2023 is \$27,793 and \$899,794, respectively. This amount is recorded as an in-kind contribution and corresponding occupancy expense.

Volunteers

The Organization is able to operate through the countless hours provided by numerous unpaid volunteers. No amounts have been recognized in the financial statements for the value of such volunteer efforts because the criteria for recognition under accounting principles generally accepted in the United States of America have not been met.

NOTE 4 - PROMISES TO GIVE

Unconditional promises to give consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Promises without donor restrictions	\$ 75,000	\$ 12,050
Time restriction – in-kind facilities		
Anne M. Jeans Elementary School Pantry	13,396	13,396
Village of Hinsdale Pantry	717,160	803,518
DuPage County American Rescue Plan	74,665	<u>25,000</u>
	<u>\$ 880,221</u>	<u>\$ 853,964</u>

HCS FAMILY SERVICES

Notes to Financial Statements (Continued)

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2024</u>	<u>2023</u>
Time restriction – in-kind facilities		
Anne M. Jeans Elementary School Pantry	\$ 13,396	\$ 13,396
Village of Hinsdale Pantry	717,160	803,518
DuPage County American Rescue Plan Grant	-	50,000
DuPage County Grant for refrigerated van	74,665	-
Community Memorial Foundation Grant for cooler	<u>25,000</u>	<u>100,000</u>
	<u>\$ 830,221</u>	<u>\$ 966,914</u>

NOTE 6 - COMMITMENTS

The Organization leases a pantry under a 20-year operating lease that commenced in February 2018. Yearly rent under this lease is \$1,000. The lease can be terminated by either party with six months' prior written notice. Future minimum rental payments under the lease are as follows at June 30, 2024:

Year Ending June 30:	
2025	\$ 1,000
2026-2030	\$ 5,000
2031-2035	5,000
2036-2038	<u>2,000</u>
Total	<u>\$ 13,000</u>

NOTE 7 - LINE OF CREDIT

The Organization presently has a line of credit with Hinsdale Bank which permits maximum borrowings of \$350,000. The Organizations had no outstanding line of credit balances at June 30, 2024 and 2023.

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization keeps six months of monthly operating available at all times.

Financial assets at year-end available to meet cash needs for general expenditure within one year are comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 602,260	\$ 576,498
Unconditional promises to give	<u>880,221</u>	<u>853,964</u>
Total financial assets	1,482,481	1,430,462
Less those unavailable for general expenditures within in one year, due to:		
Donor time restrictions for use of facilities	(730,556)	(817,414)
Donor restricted for program or asset purchase expenditures	<u>(99,665)</u>	<u>(25,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 652,260</u>	<u>\$ 588,548</u>