

HCS FAMILY SERVICES

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

YEARS ENDED JUNE 30, 2025 AND 2024



Wieland Wallace Inc.
Certified Public Accountants

HCS FAMILY SERVICES

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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, 2025 and 2024, 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, 2025 and 2024, 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
December 1, 2025

HCS FAMILY SERVICES
STATEMENTS OF FINANCIAL POSITION

ASSETS

June 30,

2025 2024

CURRENT ASSETS

Cash	\$	215,370	\$	602,260
Short-term investments		984,490		699,658
Unconditional promises to give				
Without donor restrictions		75,000		75,000
With donor restrictions		644,075		805,221
Food inventory		77,700		39,600
Prepaid expenses		2,500		2,500

TOTAL CURRENT ASSETS **1,999,135** 2,224,239

FIXED ASSETS

Furniture and equipment		241,084		227,256
Vehicles		229,683		130,443
Leasehold improvements		635,109		6,631
Construction in progress		—		519,714
Total		1,105,876		884,044
Less accumulated depreciation and amortization		268,724		174,956

NET FIXED ASSETS **837,152** 709,088

TOTAL ASSETS \$ **2,836,287** \$ 2,933,327

LIABILITIES AND NET ASSETS

LIABILITIES

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

Without donor restrictions		2,192,212		2,028,441
With donor restrictions		644,075		830,221

TOTAL NET ASSETS **2,836,287** 2,858,662

TOTAL LIABILITIES AND NET ASSETS \$ **2,836,287** \$ 2,933,327

HCS FAMILY SERVICES
STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2025			Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	2025 Totals	Without Donor Restrictions	With Donor Restrictions	2024 Totals
SUPPORT AND REVENUES						
In-kind donations	\$ 1,349,279	\$ 27,792	\$ 1,377,071	\$ 687,943	\$ 27,792	\$ 715,735
Grants	100,000	99,240	199,240	384,550	99,665	484,215
Contributions	286,421	—	286,421	319,398	—	319,398
Interest	43,920	—	43,920	37,231	—	37,231
Miscellaneous	—	—	—	284	—	284
Special events	—	—	—	10,000	—	10,000
Net assets released from restrictions	313,178	(313,178)	—	264,150	(264,150)	—
TOTAL SUPPORT AND REVENUES	2,092,798	(186,146)	1,906,652	1,703,556	(136,693)	1,566,863
EXPENSES						
Program services	1,792,718	—	1,792,718	1,081,084	—	1,081,084
Management and general	54,060	—	54,060	44,727	—	44,727
Fundraising	82,249	—	82,249	62,967	—	62,967
TOTAL EXPENSES	1,929,027	—	1,929,027	1,188,778	—	1,188,778
INCREASE (DECREASE) IN NET ASSETS	163,771	(186,146)	(22,375)	514,778	(136,693)	378,085
NET ASSETS, BEGINNING OF YEAR	2,028,441	830,221	2,858,662	1,513,663	966,914	2,480,577
NET ASSETS, END OF YEAR	\$ 2,192,212	\$ 644,075	\$ 2,836,287	\$ 2,028,441	\$ 830,221	\$ 2,858,662

HCS FAMILY SERVICES
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2025				Year Ended June 30, 2024			
	Program Services	Management and General	Fundraising	2025 Total	Program Services	Management and General	Fundraising	2024 Total
Accounting and auditing	\$ 13,923	\$ 1,229	\$ 1,228	\$ 16,380	\$ 10,141	\$ 895	\$ 894	\$ 11,930
Advertising	—	5,516	16,548	22,064	—	305	915	1,220
Direct client assistance	1,366,782	—	—	1,366,782	723,147	—	—	723,147
Bank fees	—	—	1,068	1,068	—	—	1,160	1,160
Contract services	3,260	652	434	4,346	1,973	395	262	2,630
Depreciation	81,109	6,329	6,330	93,768	15,357	1,198	1,199	17,754
Facilities and occupancy	106,243	4,619	4,619	115,481	105,667	4,594	4,594	114,855
Equipment repair and maintenance	5,974	664	—	6,638	5,747	638	—	6,385
Insurance	17,355	4,338	—	21,693	19,679	4,920	—	24,599
Memberships and subscriptions	453	50	—	503	716	80	—	796
Miscellaneous	9,434	9,433	—	18,867	9,982	9,983	—	19,965
Personnel								
Salaries and wages	147,912	16,435	41,086	205,433	142,371	15,819	39,548	197,738
Payroll fees	5,810	646	1,614	8,070	5,002	556	1,389	6,947
Taxes and benefits	12,466	1,385	3,463	17,314	12,765	1,418	3,546	17,729
Postage	—	96	195	291	—	755	1,532	2,287
Printing and copying	632	70	176	878	2,766	307	769	3,842
Supplies	8,981	998	2,494	12,473	16,266	1,808	4,518	22,592
Telephone and internet	10,778	1,198	2,994	14,970	9,505	1,056	2,641	13,202
Travel	1,606	402	—	2,008	—	—	—	—
TOTAL EXPENSES	\$ 1,792,718	\$ 54,060	\$ 82,249	\$ 1,929,027	\$ 1,081,084	\$ 44,727	\$ 62,967	\$ 1,188,778

HCS FAMILY SERVICES
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2025	2024
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ (22,375)	\$ 378,085
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	93,768	17,754
Changes in operating assets and liabilities:		
Unconditional promises to give	161,146	(26,257)
Food inventory	(38,100)	12,200
Accounts payable	(74,665)	74,665
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	119,774	456,447
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of short-term investments	(284,832)	224,723
Payments for the purchase of fixed assets	(221,832)	(655,408)
<u>NET CASH USED BY INVESTING ACTIVITIES</u>	(506,664)	(430,685)
<u>NET INCREASE (DECREASE) IN CASH</u>	(386,890)	25,762
<u>CASH AT BEGINNING OF YEAR</u>	602,260	576,498
<u>CASH AT END OF YEAR</u>	\$ 215,370	\$ 602,260
<u>NONCASH OPERATING ACTIVITIES</u>		
Donated goods	\$ 1,349,279	\$ 687,943
Donated facilities	27,792	27,792
<u>TOTAL NONCASH OPERATING ACTIVITIES</u>	\$ 1,377,071	\$ 715,735

HCS FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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, 2025 and 2024 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, 2025 and 2024, 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, 2025 and 2024 totaled \$93,768 and \$17,754.

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, 2025, 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, 2025 and 2024, 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 \$1.90 and \$1.97 during the years ended June 30, 2025 and 2024, respectively, in accordance with data provided by Northern Illinois Food Bank. The total donations reported were \$687,942 and \$687,942 during the years ended June 30, 2025 and 2024, respectively.

Facilities

The Organization operates in two facilities. For the year ended June 30, 2025, 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:	
2026	\$ 86,604
2027	86,728
2028	86,851
2029	86,975
2030-2033	<u>283,521</u>
	<u>\$ 630,679</u>

Anne M. Jeans Elementary School provides 1,000 square feet of space valued at \$27,792 annually for which the Organization is charged \$1,000 (see Note 6). The total value of donated facilities for the years ended June 30, 2025 and 2024 is \$27,792 and \$27,792, 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>2025</u>	<u>2024</u>
Promises without donor restrictions	\$ 75,000	\$ 75,000
DuPage County American Rescue Plan	-	74,665
Time restriction – in-kind facilities		
Anne M. Jeans Elementary School Pantry	13,396	13,396
Village of Hinsdale Pantry	<u>630,679</u>	<u>717,160</u>
	<u>\$ 719,075</u>	<u>\$ 880,221</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>2025</u>	<u>2024</u>
DuPage County Grant for refrigerated van	\$ -	\$ 74,665
Community Memorial Foundation Grant for cooler	-	25,000
Time restriction – in-kind facilities		
Anne M. Jeans Elementary School Pantry	13,396	13,396
Village of Hinsdale Pantry	<u>630,679</u>	<u>717,160</u>
	<u>\$ 644,075</u>	<u>\$ 830,221</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, 2025:

Year Ending June 30:		
2026-2030	\$ 5,000	
2031-2035	5,000	
2036-2038	<u>2,000</u>	
Total	<u>\$ 12,000</u>	

NOTE 7 - LINE OF CREDIT

The Organization presently has a line of credit with Hinsdale Bank which permits maximum borrowings of \$200,000. The Organization also has the ability to borrow against the value of their Short-term investments, if needed. At June 30, 2025 the Organization was approved to borrow up to \$625,893 with an interest rate of 8.25%, however these amounts can fluctuate daily based on the value of their investments.

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>2025</u>	<u>2024</u>
Cash	\$ 215,370	\$ 602,260
Unconditional promises to give	719,075	880,221
Short-term investments	<u>984,490</u>	<u>699,658</u>
Total financial assets	1,918,935	2,182,139
Less those unavailable for general expenditures within one year, due to:		
Investments with maturities exceeding one year after year-end	(482,039)	(224,936)
Donor time restrictions for use of facilities	(644,075)	(730,556)
Donor restricted for program or asset purchase expenditures	<u>(99,240)</u>	<u>(99,665)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 693,581</u>	<u>\$ 1,126,982</u>