The Josselyn Center, NFP

Financial Statements

Years ended June 30, 2019 and 2018

At The Center of Mental Health and Hope

CPAs and Consultants

WIPFLi LLP

Independent Auditor's Report

To the Board of Directors
The Josselyn Center, NFP
Northfield, Illinois

Report on the Financial Statements
We have audited the accompanying financial statements of The Josselyn Center, NFP, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Josselyn Center, NFP as of June 30, 2019 and 2018, and changes in its net assests and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1 to the financial statements, The Josselyn Center, NFP adopted the amendments in the Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities - Presentation of Financial Statements for Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The amendments have been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

Wipfli LLP

Lincolnshire, Illinois
January 24, 2020

The Josselyn Center, NFP
Statements of Financial Position

June 30,	2019	2018
ASSETS		
Current assets:		
Cash	$ 91,083	$ 87,339
Investments	442,344	323,971
Grants receivable	318,036	304,542
Pledges receivable	406,500	244,500
Pledges receivable - In-kind	-	39,870
Accounts receivable DHS	43,821	44,260
Client receivables (net of allowance of $5,000 in 2019 and 2018)	111,268	197,010
Interest receivable	2,067	2,067
Prepaid expenses	20,583	41,322
Total current assets	1,435,702	1,284,881
Property and equipment:		
Land	89,007	89,007
Building and improvements	1,934,726	857,455
Equipment and furnishings	591,625	313,747
Total property and equipment	2,615,358	1,260,209
Less accumulated depreciation	482,293	425,022
Net property and equipment	2,133,065	835,187
Other assets:		
Website (net of amortization of $3,042 in 2019 and $507 in 2018)	4,055	8,618
Pledges receivable long-term (net of allowance of $25,660 in 2019 and 2018)	196,149	341,254
Assets limited as to use:		
Donor-designated	1,822,506	1,822,506
Board-designated	288,740	277,836
Total other assets	2,311,450	2,450,214
TOTAL ASSETS	$ 5,880,217	$ 4,570,282

The Josselyn Center, NFP
Statements of Financial Position

June 30,	2019	2018
LIABILITIES AND NET ASSETS		
Liabilities:		
Lines of credit	$ 917,252	$ 232,335
Accounts payable and accrued liabilities	169,918	244,980
Total liabilities	1,087,170	477,315
Net assets:		
Without donor restrictions:		
Operating	(399,394)	(31,704)
Board-designated endowment funds	288,740	277,836
Invested in property and equipment and website	2,137,120	843,805
With donor restrictions	2,766,581	3,003,030
Total net assets	4,793,047	4,092,967
TOTAL LIABILITIES AND NET ASSETS	$ 5,880,217	$ 4,570,282

See accompanying notes to financial statements.

The Josselyn Center, NFP

Statements of Activities and Changes in Net Assets

	2019			2018		
Years Ended June 30,	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions	$ 295,807	$ 976,313	$ 1,272,120	$ 210,404	$ 1,091,320	$ 1,301,724
Client and education fees - Third party pay	1,207,520	-	1,207,520	1,096,384	-	1,096,384
Client and education fees - Self pay	104,594	-	104,594	114,787	-	114,787
Government grants	182,320	509,650	691,970	193,546	297,313	490,859
Investment income, net	129,277	-	129,277	117,420	-	117,420
Special events (net of expenses of $84,580 in 2019 and $107,222 in 2018	274,019	-	274,019	233,333	-	233,333
In-kind contributions	227,218	-	227,218	132,674	-	132,674
United Way support	-	20,500	20,500	-	25,000	25,000
Net assets released from restrictions	1,742,912	(1,742,912)	-	799,203	(799,203)	-
Total support and revenue	4,163,667	(236,449)	3,927,218	2,897,751	614,430	3,512,181
Expenses:						
Program services	2,484,515	-	2,484,515	1,934,678	-	1,934,678
Management and general	328,015	-	328,015	270,120	-	270,120
Fundraising	414,608	-	414,608	327,780	-	327,780
Total expenses	3,227,138	-	3,227,138	2,532,578	-	2,532,578
Changes in net assets	936,529	(236,449)	700,080	365,173	614,430	979,603
Net assets at beginning of year	1,089,937	3,003,030	4,092,967	724,764	2,388,600	3,113,364
Net assets - End of year	$ 2,026,466	$ 2,766,581	$ 4,793,047	$ 1,089,937	$ 3,003,030	$ 4,092,967

See accompanying notes to financial statements.

The Josselyn Center, NFP

Statements of Functional Expenses

Year Ended June 30, 2019 (with comparative 2018 totals)

		Supporting Services			2019		2018	
	Program Services	Management and General	Fundraising	Total Supporting Services	Total	%	Total	%
Salaries and consultants	$ 1,794,622	$ 120,241	$ 333,783	$ 454,024	$ 2,248,646	69.7	$ 1,812,325	71.5
Employee health insurance	108,902	(2,109)	1,190	(919)	107,983	3.3	95,142	3.8
Payroll taxes	98,497	25,827	14,031	39,858	138,355	4.3	103,577	4.1
Retirement contributions	30,119	8,713	-	8,713	38,832	1.2	26,918	1.1
Total salaries and related expenses	2,032,140	152,672	349,004	501,676	2,533,816	78.5	2,037,962	80.5
Board expenses	-	528	(504)	24	24	0.0	1,169	0.0
Social committee	1,443	801	70	871	2,314	0.1	3,187	0.1
Professional fees	72,729	51,805	3,399	55,204	127,933	3.8	106,201	4.2
Supplies	55,489	12,623	7,531	20,154	75,643	2.3	63,375	2.5
Printing	10,374	1,279	12,762	14,041	24,415	0.8	22,235	0.9
Telephone	20,707	86	760	846	21,553	0.7	21,187	0.8
Postage and shipping	1,290	355	681	1,036	2,326	0.1	5,760	0.2
Occupancy	63,113	9,053	13,004	22,057	85,170	2.6	61,184	2.4
Community education services	3,270	1,827	112	1,939	5,209	0.2	1,136	0.0
Local transportation	2,565	308	196	504	3,069	0.1	1,773	0.1
Membership dues	6,147	7,296	2,218	9,514	15,661	0.5	7,409	0.3
Equipment rent, repairs, and maintenance	18,960	1,096	286	1,382	20,342	0.6	15,833	0.6
Charge card fees	-	9,378	-	9,378	9,378	0.3	15,970	0.6
Insurance	69,207	8,650	-	8,650	77,857	2.4	65,850	2.6
Staff development	5,167	3,219	750	3,969	9,136	0.3	8,071	0.3
Bad debt expense	-	-	-	-	-	0.0	17,010	0.7
Loss on disposal of assets	23,448	3,630	1,053	4,683	28,131	0.9	-	0.0
Other	23,619	48,592	19,798	68,390	92,009	2.9	42,423	1.7
Total other expenses before depreciation	377,528	160,526	62,116	222,642	600,170	18.5	459,773	18.2
Depreciation of building and equipment	77,643	12,021	3,488	15,509	93,152	2.9	34,843	1.4
2019 total expenses	$ 2,487,311	$ 325,219	$ 414,608	$ 739,827	$ 3,227,138	100.0	$ 2,532,578	100.0
2018 total expenses	$ 1,934,678	$ 270,120	$ 327,780	$ 597,900	$ 2,532,578	100.0		

See accompanying notes to financial statements.

The Josselyn Center, NFP

Statements of Functional Expenses

Year Ended June 30, 2018

		Supporting Services			2018	
	Program Services	Management and General	Fundraising	Total Supporting Services	Total	%
Salaries and consultants	$ 1,422,380	$ 164,027	$ 225,918	$ 389,945	$ 1,812,325	71.5
Employee health insurance	97,194	95	(2,147)	(2,052)	95,142	3.8
Payroll taxes	81,293	11,844	10,440	22,284	103,577	4.1
Retirement contributions	19,654	6,344	920	7,264	26,918	1.1
Total salaries and related expenses	1,620,521	182,310	235,131	417,441	2,037,962	80.5
Board expenses	550	129	490	619	1,169	0.0
Social committee	1,019	1,403	765	2,168	3,187	0.1
Professional fees	69,661	25,988	10,552	36,540	106,201	4.2
Supplies	44,747	5,363	13,265	18,628	63,375	2.5
Printing	6,610	260	15,365	15,625	22,235	0.9
Telephone	17,161	636	3,390	4,026	21,187	0.8
Postage and shipping	1,827	90	3,843	3,933	5,760	0.2
Occupancy	45,502	6,631	9,051	15,682	61,184	2.4
Community education services	322	804	10	814	1,136	0.0
Local transportation	1,486	287	-	287	1,773	0.1
Membership dues	5,689	255	1,465	1,720	7,409	0.3
Equipment rent, repairs, and maintenance	14,141	338	1,354	1,692	15,833	0.6
Charge card fees	-	15,970	-	15,970	15,970	0.6
Insurance	56,287	8,246	1,317	9,563	65,850	2.6
Staff development	2,756	5,315	-	5,315	8,071	0.3
Bad debt expense	-	-	17,010	17,010	17,010	0.7
Other	16,185	15,364	10,874	26,238	42,423	1.7
Total other expenses before depreciation	283,943	87,079	88,751	175,830	459,773	18.2
Depreciation of building and equipment	30,214	731	3,898	4,629	34,843	1.4
2018 total expenses	$ 1,934,678	$ 270,120	$ 327,780	$ 597,900	$ 2,532,578	100.0
2017 Total Expenses	$ 1,558,742	$ 174,808	$ 201,403	$ 376,211	$ 1,934,953	100.0

See accompanying notes to financial statements.

The Josselyn Center, NFP
Statements of Cash Flows

Years Ended June 30,	2019	2018
Cash flows from operating activities:		
Changes in net assets	$ 700,080	$ 979,603
Adjustment to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	93,152	34,843
Bad debt expense	-	17,010
Receipt of in-kind contribution - Property and equipment	(267,088)	(72,554)
Realized loss on disposal of assets	28,131	-
Donated stock	(10,439)	-
Net realized gain on sale of investments	(35,262)	(20,787)
Net unrealized gain on investments	(55,915)	(66,050
Changes in operating assets and liabilities:		
Grants receivables	(13,494)	6,368
Accounts receivable DHS	439	(18,165)
Client receivables	85,742	58,743
Pledges receivable	(16,895)	(356,230)
Pledges receivable - In-kind	39,870	(39,870)
Prepaid expenses	20,739	37,520
Accounts payable and accrued liabilities	(75,062)	109,486
Net cash from operating activities	493,998	669,917
Cash flows from investing activities:		
Purchase of property and equipment	(1,147,510)	(501,504)
Purchase of investments including expenses	(302,333)	(323,703)
Proceeds from sale of investments	274,672	292,145
Net cash from investing activities	(1,175,171)	(533,062)
Cash flow from financing activities:		
Lines of credit	684,917	(104,111)
Net change in cash	3,744	32,744
Cash, beginning of year	87,339	54,595
Cash, end of year	$ 91,083	$ 87,339
Supplemental disclosures of cash flow information		
Interest	$ 30,485	$ 12,183

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Organization

The Josselyn Center, NFP (the "Center"), a not-for-profit corporation, is dedicated to providing mental health services that make lives better for their clients, their families, and the community. The Center is accredited by CARF, the Commission on Accreditation of Rehabilitation Facilities, for adult and child and adolescent outpatient mental health programs.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Basis of Presentation

The Center is required to report information regarding its financial position and activities according to two classes of net assets. A definition and description of each class follows:

Net Assets Without Donor Restriction - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions may be designated for specific purposes by the board of directors.

Net Assets With Donor Restriction - Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

As of June 30, 2019 and 2018, the Center held $2,766,581 and $3,003,030 net assets with donor restrictions, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

Revenue and Expense Recognition

Contributions, which include unconditional pledges, are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be without donor restriction, unless specifically restricted by the donor.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue and Expense Recognition (Continued)

Unconditional pledges that are expected to be collected in future years are recorded at the present value of 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 received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of the estimated future cash flows was 4.50% for pledges received in the years ended June 30, 2019 and 2018. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

The Center reports contributions in the with donor restriction class if they are received with donor stipulations as to their use. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, contributions with donor restrictions are released and reclassified to without donor restrictions in the statement of activities and changes in net assets. Donor-restricted contributions are initially reported in net assets with donor restrictions.

The Center recognizes client revenue associated with services provided to patients who have third-party coverage on the basis of contractual rates for the services rendered. Certain third-party payor reimbursement agreements are subject to audit and retrospective adjustments.

For uninsured patients, the Center recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Center records a provision for bad debts related to uninsured patients for the period the services are provided. This provision is offset by recoveries of amounts previously written off.

Gains and losses from investments and other assets and liabilities are reported as increases or decreases in the without donor restriction class unless explicit donor stipulation or law restricts their use.

Contributions and Grants

All contributions are considered net assets without donor restrictions unless specifically restricted by the donor. Grants and other contributions are reported as net assets with donor restriction 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, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions and grants with restrictions that are met in the same period as receipt are reported as support without donor restrictions.

Note 1: Summary of Significant Accounting Policies (Continued)

Grants, Accounts, and Client Receivables

Grants and accounts receivable arise in the normal course of operations. It is the policy of the Center's management to review the outstanding accounts receivable on a regular basis, as well as at year-end, review bad debt and other write-offs experienced in the past, and establish an allowance for doubtful accounts. The allowance for doubtful accounts at June 30, 2019 and 2018, was $5,000.

Client receivables are recorded net of contractual adjustments and an allowance for doubtful accounts, which reflects management's best estimate of the accounts that will not be collected.

Investments

The Center carries investments at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Investment income and gains restricted by donors are reported as increases in the without donor restrictions class if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Donated assets are recorded at fair value at the date of donation or, if sold, immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation or, if no value can be estimated, at a nominal value.

Property, Depreciation, and Amortization

Land, building and improvements, and equipment and furnishings are recorded at cost. Major renewals and improvements are capitalized, while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are charged directly to expense. Depreciation is computed on the straight-line method over an estimated useful life of 5-40 years for the building and improvements and 3-10 years for equipment. Website costs are amortized using the straight-line method over an estimated useful life of three years. Depreciation and amortization expense for the years ended June 30, 2019 and 2018, were $93,152 and $34,843, respectively.

Impairment of Long-Lived Assets

The Center reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Center has not recognized any impairment of long-lived assets during 2019 and 2018.

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs, such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited on estimates made by management. Salaries and related expenses are allocated based on time and effort. Other expenses are allocated based on direct usage or determined by salary allocation.

Income Taxes

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Center is also exempt from Illinois sales taxes, Illinois real estate taxes and federal unemployment tax. The Center has elected the reimbursement method for Illinois unemployment tax and has established an estimate of the liability totaling $32,793 and $27,212 at June 30, 2019 and 2018, respectively. The Center had no unrelated business income for the years ended June 30, 2019 and 2018, and no income tax provisions have been recorded.

In-kind contributions

Contributions of donated non-cash assets and services are recorded at their fair value in the period received or pledged. In the years ended June 30, 2019 and 2018, the Center received $227,218 and $132,674, respectively, of in-kind contributions or in-kind pledges in the form of equipment and furnishings and design services.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills that would need to be purchased if not provided by donation are recorded at their fair values in the period received. The Center receives an insignificant amount of donated services from unpaid volunteers, and no amounts have been recorded.

For the year ended June 30, 2018, the Center had $39,870 in pledges for furnishings. There were no such pledges as of June 30, 2019.

Note 1: Summary of Significant Accounting Policies (Continued)

Contingencies

The Center is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its activities. See Note 14 for details regarding a particular legal matter.

Under Section 1404A of the Illinois Unemployment Act, the Center elected to be a reimbursable employer by agreeing, in lieu of paying unemployment contributions, to reimburse the State of Illinois for the actual amount of regular benefits and one-half the amount of extended benefits paid to its former employees who meet the eligibility requirements to receive benefits. The future amounts required to be paid to the State cannot be readily predicted. The amount of reimbursement would depend on the number of the Center's employees who become unemployed, the duration of their unemployment, the number of such employees that will file a claim for benefits, and the amount of weekly and total benefits paid to them. The Center made an effort to evaluate potential liability based on historical claims for unemployment, as well as their knowledge of circumstances of termination or resignation of prior employees. Management accrued $32,793 and $27,212 as of June 30, 2019 and 2018, respectively. The actual claims paid out in the future may differ from these estimates.

Change in Accounting Policy

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*. This ASU provides certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, and netting of investment expenses with return, among other changes. The guidance was adopted effective January 1, 2018, and was applied retrospectively. The adoption of ASU No. 2016-14 had no material changes in the presentation of the Center's financial statements.

New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Center believes that this will have no impact on its financial statements or accounting policies.

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU, as amended, clarified its guidance for not-for-profit organizations to help determine when a contribution to a not-for-profit should be accounted as a contribution or an exchange and also decide when a contribution has conditions attached to it. The ASU provide criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. ASU No. 2018-08 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Center is still evaluating the impact of the provisions of ASU Topic 958.

Reclassification

Several reclassifications have been made to the prior year balances to conform to the current year presentation. Such reclassifications were made for comparative purposes only and do not restate the prior year financial statements.

Subsequent Events

The Center has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 24, 2020, which is the date the financial statements were available to be issued.

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Years Ended June 30,	2019	2018
Cash	$ 91,083	$ 87,339
Investments	2,553,590	2,424,313
Grants receivable - Other	318,036	304,542
Pledges receivable - Current	406,500	244,500
Accounts receivable DHS	43,821	44,260
Client receivables, net	111,268	197,010
Available credit	782,475	767,665
Total financial assets	4,306,773	4,069,629
Less: Board-designated investments	(288,740)	(277,836)
Less: Donor-designated investments	(1,822,506)	(1,822,506)
Less: Capital campaign restrictions - Received	(582,218)	(731,722)
Less: Naming rights restrictions	-	(100,000)
Financial assets available to meet general expenditures within one year	$ 1,613,309	$ 1,137,565

The Center's liquidity policy is to maintain financial assets available for general expenditures to meet at least four months of normal operating expenses, depending on planned growth and program development initiatives. Financial assets primarily consist of cash on hand, investments, various current receivables and available credit on two lines of credit. The Center is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Amounts not available also include board-designated investments that can be drawn upon if the governing board approves that action. To help manage unanticipated liquidity needs, the Center has two committed lines of credit with maximum borrowing limits of $200,000 and $1,500,000 as of June 30, 2019, and $200,000 and $1,000,000 as of June 30, 2018. The total available credit balances for the two lines as of June 30, 2019 and 2018, were $782,475 and $767,665.

Note 3: Reimbursement Arrangements With Third-Party Payors

The Center has agreements with third-party payors that provide for reimbursement at amounts which vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

> *Medicare* - Services are reimbursed primarily on a prospective payment methodology based upon a patient classification system, or fixed fee schedules.
>
> *Medicaid* - Services are reimbursed primarily based upon prospectively determined rates.
>
> *Other payors* - The Center has entered into payment agreements with commercial insurance carriers and health maintenance organizations. The basis for payment to the Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determines daily rates.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Violation of these laws and regulations could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patient services.

Note 4: Concentration of Credit Risk

The Center maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. At certain times during the year, cash balances may be in excess of FDIC coverage. Investments and assets limited as to use are not insured. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Center's concentration of credit risk relating to client accounts receivable is limited by the diversity and number of patients and payers. Clients accounts receivable consist of amounts due from commercial insurance companies, governmental programs, private pay, and other third-parties.

The mix of client revenue was as follows:

	2019	2018
Medicare	8 %	10 %
Medicaid, including managed care plans	74 %	73 %
Commercial and other payors	8 %	8 %
Clients (self pay)	10 %	9 %
Total	100 %	100 %

Note 5: Description of Net Assets

Net Assets without Donor Restrictions

Net assets without donor restrictions include all resources over which the Board of Directors has discretionary control. All unrestricted revenue, investment income, and expenses of the Center are included in the revenue and expenses under the without donor restrictions class. This fund also includes board-designated net assets and all fixed assets of the Center.

Board-designated net assets are designated by the Board of Directors and thus may be expended only in accordance with purposes designated by the Board of Directors. Such Board designations are revocable by Board action. Board-designated net assets include the following at June 30, 2019 and 2018:

	2019	2018
Leo T. Murphy Endowment Net Assets - Established from the proceeds of a bequest. The Leo T. Murphy endowment net assets function like an endowment fund to be held for the purpose of defraying, in whole or in part, current operating contributions to a tax deferred annuity plan for employee retirement. Each year the unexpended investment income or loss, including gains or losses, is added to or deducted from these net assets.	$ 181,334	$ 174,486
Dottie Palombo Children and Adolescent Service Endowment Net Assets (Dottie Palombo Endowment Net Assets) - Established to accept a gift from Dottie Palombo and the Palombo family, in order to support clinical mental health services to persons under eighteen years of age. Additional contributions shall not be considered earnings and shall remain as capital. The net assets of the Endowment shall not be loaned to any person or entity, nor used to obtain a loan.	107,406	103,350
Total	$ 288,740	$ 277,836

Net Assets with Donor Restrictions

Net assets with donor restrictions include all resources which are restricted by donors or which are designated for future periods. Expenditures that meet the donor restrictions are charged to assets without donor restrictions and reflected in the statement of activities as releases from restrictions.

The net assets with donor restrictions at the end of June 30, 2019 and 2018, include funds raised through the Capital Campaign, a drive to raise funds for capital improvements, expansion of services, and building the reserve.

In February 2018, the Center acquired the land and building that it uses as administrative offices; renovation of the building was completed in July 2018. The Center solicited contributions for the facility through the Capital Campaign.

Note 5: Description of Net Assets (Continued)

The Center also intends to renovate their current facility by constructing an elevator, creating accessible restrooms, and renovating the building. Part of the Capital Campaign funds will also be used to implement tele-psychiatry and expanding the on-site living room therapy program. The Center seeks to partner with Lake County agencies to make mental health services accessible. Additionally, the management would like to rebuild the reserve through the Capital Campaign funds.

Net assets with donor restrictions were as follows at June 30, 2019 and 2018:

	2019	2018
Time-restricted	$ 920,685	$ 930,166
Naming rights	-	100,000
Capital campaign	23,390	150,358
Halsey Earl Poronto, Grace K. Poronto, and Halsey Earl Poronto, Jr. Memorial Endowment Net Assets	1,822,506	1,822,506
Total	$ 2,766,581	$ 3,003,030

The Halsey Earl Poronto, Grace K. Poronto, and Halsey Earl Poronto, Jr. Memorial Endowment Net Assets is an endowment bequest with the principal donated amount restricted by the donor. Only income earned from the investment of principal may be used for support of operations. Investment earnings of $113,884 and $109,577 are included on the statement of activities and changes in net assets for the years ended June 30, 2019 and 2018, respectively.

Note 6: Investments and Assets Limited as to Use

The investments, except for corporate bonds, itemized below are considered Level 1 investments, which are measured at fair value using the market approach. The market approach values assets at quoted prices in active markets for identical assets. Corporate bonds are considered Level 2 and are valued using quotes from pricing vendors based on the recent trading activity and other observable market data.

Note 6: Investments and Assets Limited as to Use (Continued)

The following are the fair values and original cost of investments and assets limited as to use as of June 30, 2019 and 2018:

	June 30, 2019		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash	$ 109,803	$ 109,803	$ -
Common stock	505,150	792,846	287,696
US equity funds	377,688	328,417	(49,271)
Fixed income funds	1,047,385	1,052,556	5,171
Closed end equity ETF	11,466	10,620	(846)
Mutual funds alternative	259,079	259,348	269
Total	$ 2,310,571	$ 2,553,590	$ 243,019

	June 30, 2018		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash	$ 84,073	$ 84,073	$ -
Common stock	333,891	433,202	99,311
US equity funds	548,940	634,590	85,650
Fixed income funds	872,519	856,352	(16,167)
Closed end equity ETF	17,885	20,838	2,953
Mutual funds alternative	379,901	395,258	15,357
Total	$ 2,237,209	$ 2,424,313	$ 187,104

Investment return for investment securities is summarized as follows:

Years Ended June 30,	2019	2018
Investment income	$ 60,313	$ 51,798
Realized gains	35,262	20,787
Unrealized gains	55,915	66,050
Total investment return	151,490	$ 138,635
Less investment fees	(22,213)	(21,215)
Total investment return net of fees	$ 129,277	$ 117,420

Note 7: Client Fees

Consistent with the mission of the Center, care is provided to clients on a sliding fee scale, including providing services to those persons who can not afford health insurance because of inadequate resources or who are underinsured. Clients who meet certain criteria for charity care are provided care without charge or at a reduced rate.

In addition, the Center provides discounts from established charges to self-pay clients on a sliding fee scale and considers these discounts a part of its community benefit. Health care services to patients under government programs, such as Medicaid, are also considered part of the Center's benefit provided to the community, since a substantial portion of such services are reimbursed at amounts less than the costs of providing care.

For the years ended June 30, 2019 and 2018, respectively, 99% and 90% of the clients paid a reduced rate. Client fees range from $19 to $130 per hour.

Note 8: Endowment Funds

Endowment funds consist of a donor-restricted endowment fund and funds designated by the Board of Directors to function as endowments.

The Board of Directors has interpreted Illinois's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. The Center doesn't have a formal spending policy; however, it classifies as donor restricted net assets (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund in excess of the original fair value that is not classified in donor-restricted net assets is classified as without donor restrictions net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. If the market value of the donor-restricted net asset at year-end is below the original fair value, the deficit is recorded as a donor restricted unrealized loss.

Endowment funds are invested in cash, equity, bonds, and fixed income mutual funds. The total endowment will be monitored on a continual basis for consistency of investment philosophy, return relative to objectives, and asset allocation.

Note 8: Endowment Funds (Continued)

Endowment net asset components of change by type of fund were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at June 30, 2017	$ 267,941	$ 1,822,506	$ 2,090,447
Net investment return:			
Interest and dividend income	6,019	40,941	46,960
Realized gain on sale of investments	2,415	16,430	18,845
Unrealized gain on investments	7,675	52,206	59,881
Net investment return	16,109	109,577	125,686
Appropriation of endowment assets for expenditures	(6,214)	(109,577)	(115,791)
Endowment net assets at June 30, 2018	277,836	1,822,506	2,100,342
Net investment return:			
Interest and dividend income	6,912	45,341	52,253
Realized loss on sale of investments	(4,366)	(28,642)	(33,008)
Unrealized gain on investments	14,816	97,185	112,001
Net investment return	17,362	113,884	131,246
Appropriation of endowment assets for expenditures	(6,458)	(113,884)	(120,342)
Endowment net assets at June 30, 2019	$ 288,740	$ 1,822,506	$ 2,111,246

Note 9: Pledges Receivable

Pledges receivable are due as follows at June 30, 2019 and 2018:

	2019	2018
2019	$ -	$ 244,500
2020	406,500	184,211
2021	189,102	153,385
2022	28,751	28,479
2023	3,956	839
Total	628,309	611,414
Allowance for uncollectible amounts	(25,660)	(25,660)
Net pledges receivable	$ 602,649	$ 585,754

Pledges that are expected to be collected in future years are recorded at the present value of 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 received. Amortization of the discount is included in contribution revenue. The interest rate used in computing the discount of the estimated future cash flows was 4.5% for pledges received in years ended June 30, 2019 and 2018. The discount will be recognized as contribution revenue in future fiscal years as the discount is amortized over the duration of the contributions. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Pledges receivable consist of following at June 30, 2019 and 2018:

	2019	2018
Amounts due in:		
Less than one year	$ 406,500	$ 244,500
One to five years	236,000	393,500
Total pledges receivable	642,500	638,000
Less: Discount	(14,191)	(26,586)
Less: Allowance for doubtful accounts	(25,660)	(25,660)
Less: Pledges receivable - Current	(406,500)	(244,500)
Pledges receivable - Noncurrent	$ 196,149	$ 341,254

Note 10: Lines of Credit

The Center has a bank line of credit with a maximum borrowing limit of $200,000 bearing interest at the prime rate (5.50% and 5.00% at June 30, 2019 and 2018, respectively) plus .75%. The agreement was entered into on June 22, 2005. The balances outstanding as of June 30, 2019 and 2018, were $129,917 and $60,000, respectively.

The Center has an additional bank line of credit with a maximum borrowing limit of $1,500,000 bearing interest at the Lender's Reference Rate (5.50% and 5.00% at June 30, 2019 and 2018, respectively) less .50%. The balances outstanding at June 30, 2019 and 2018, were $787,335 and $172,335, respectively. The loan is collateralized by the entire amount in the investments account. All outstanding principal and any accrued outstanding interest are due on February 28, 2021.

Note 11: Retirement Plan

The Center contributes to a tax-deferred annuity (TOA). Annual contributions to the 403(b) are equal to 4% of gross compensation for salaried employees having over 12 months of full-time consecutive service or 1000 hours of service. The retirement expense for June 30, 2019 and 2018, totaled $38,832 and $26,918, respectively.

Note 12: Contracts Commitments

Prior to June 30, 2019, the Center entered into a construction contract for one of the buildings owned by the Center. Total commitments under contracts are approximately $600,000. As of the date of the report, $590,000 of the contract has been billed, and $590,000 has been paid. The renovation of the building is expected to be completed in 2020.

Note 13: Program Services

The following programs are reflected in the statement of activities for the years ended June 30, 2019 and 2018:

	2019	2018
Therapy	$ 1,426,105	$ 1,258,568
Psychiatry	686,321	522,704
Living Room	131,794	127,554
Supported employment	36,942	-
Walk in	115,168	-
Outreach	39,604	-
Camp Neeka	48,580	25,852
Total	$ 2,484,514	$ 1,934,678

Note 14: Loss Contingencies

During 2018, a patient commenced litigation against the Center and Center's independent contractor, seeking damages resulting from alleged adverse effects of a drug prescribed by the Center's independent contractor. The Center is unable to estimate reasonably the amount of the loss. The suit asks for damages in excess of $10,000,000, and the outside counsel for the Center has advised that, at this stage in the proceedings, they cannot offer an opinion as to the probable outcome. The Center is insured for malpractice on a claims-made basis covering losses of $1,000,000 per occurrence, and a $3,000,000 aggregate.

As of the date of the report, no outstanding amount is due for legal services related to the litigation. The malpractice insurance covers defense costs up to $100,000.

Note 15: Subsequent Events

Subsequently to June 30, 2019, the Center signed a noncancellable operating lease agreement for a new facility. The lease agreement expires February 28, 2025, and has two extension options. The lease agreement provides for a tenant improvement allowance up to $62,992. The allowance will be provided as a reimbursement of money actually expended.

Future minimum payments, by year and in the aggregate, under the noncancelable operating leases with initial or remaining terms in excess of one year consist of the following:

Years Ended June 30,		2019
2020	$	72,178
2021		88,779
2022		91,443
2023		94,186
2024		97,012
Thereafter		16,247
Total	$	459,845

Supplementary Information

WIPFLi LLP

Independent Auditor's Report on Supplementary Information

Board of Directors
The Josselyn Center NFP
Northfield, Illinois

We have audited the financial statements of the Josselyn Center NFP as of and for the year ended June 30, 2019, and have issued our report thereon dated January 24, 2020, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The "Grant Close Out Report" for the State of Illinois fiscal year ended June 30, 2019, is presented for purposes of additional analysis, as required by the Illinois Department of Human Services, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates to 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Wipfli LLP

January 24, 2020
Lincolnshire, Illinois

State of Illinois
Department of Human Services

GRANT CLOSE OUT REPORT

Grantee Name: The Josselyn Center | FEIN Number: 36-221-7996

Reporting period for July 1 through June 30, 2019

Program Name: | Grant/Contract Number:

CFSA NUMBER:		444- 22-0231		444- 22-1484		444-		444-		Total
A. GRANT AWARD RECEIVED	$	11,799.00	$	130,550.00	$		$		$	142,349.00
B. INTEREST EARNED	$	0.00	$	0.00	$		$		$	0.00
C. DIRECT PROGRAM EXPENSES	$	11,799.00	$	130,550.00	$		$		$	142,349.00
D. INDIRECT COSTS	$	0.00	$	0.00	$		$		$	0.00
E. UNALLOWABLE COSTS	$	0.00	$	0.00	$		$		$	0.00
F. OTHER APPROVED USES	$	0.00	$	0.00	$		$		$	0.00
G. TOTAL ALLOWABLE COSTS	$	11,799.00	$	130,550.00	$		$		$	142,349.00
H. REFUND	$	0.00	$	0.00	$		$		$	0.00

ADD TABLE | DELETE TABLE

By signing [authorizing] this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the [related] expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.

Unallowable costs includes, but not limited to: compensation of governing body, entertainment, associate dues, meetings and conventions, fundraising, bad debt, charity and grants, inventories, depreciation of IDHS funded assets, in-kind expenses, alcoholic beverages, personal automobile, fines and penalties, personal use items, lobbying, unallowable interest, unallowable relocation, gratuities, political contributions, related party transactions, or cost where conflict of interest exists.

Printed Name: Ken Wiersum | Title: Vice President, Finance

Signature: Ken Wiersum | Date: 1/3/20

Independent Auditor's Report on Supplementary Information

Board of Directors
The Josselyn Center NFP
Northfield, Illinois

We have audited the financial statements of The Josselyn Center NFP as of and for the year ended June 30, 2019, and have issued our report thereon dated January 24, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidated year-end financial reports (CYEFR) for the State of Illinois on pages 29 - 34 are presented for purposes of additional analysis, as required by the Illinois Department of Human Services, and are not a required part of the basic 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

Wipfli LLP

January 24, 2020
Lincolnshire, Illinois

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR / Program

Cancel Save

Agency	Department Of Human Services (444)
Program	Regions The Living Room (510-RTLR) (444-22-1484) *This program as added due to awards found in the CSFA. It cannot be removed.*
Program Limitations	○ Yes ◉ No Identify Limitations (required if Yes)
Mandatory Match %	○ Yes ◉ No Rate (required if Yes):
Indirect Cost Rate	0.00 %
Indirect Cost Rate Base	

Category	State Amount	Federal Amount	Match Amount	Total
Personal Services (Salaries and Wages)	63827.90	0.00	0.00	63,827.90
Fringe Benefits	7836.05	0.00	0.00	7,836.05
Travel	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Contractual Services	5284.95	0.00	0.00	5,284.95
Consultant (Professional Services)	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00
Occupancy - Rent and Utilities	25777.00	0.00	0.00	25,777.00

Category	State Amount	Federal Amount	Match Amount	Total
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	0.00	0.00	0.00
Training and Education	0.00	0.00	0.00	0.00
Direct Administrative Costs	27824.10	0.00	0.00	27,824.10
Miscellaneous Costs	0.00	0.00	0.00	0.00
Total Direct Expenses	**130,550.00**	**0.00**	**0.00**	**130,550.00**
Indirect Costs	0.00	0.00	0.00	0.00
Total Expenses	**130,550.00**	**0.00**	**0.00**	**130,550.00**

Cancel Save

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR / Program

Cancel Save

Agency	Department Of Human Services (444)
Program	Crisis Staffing (580) (444-22-0231) *This program as added due to awards found in the CSFA. It cannot be removed.*
Program Limitations	Yes ◉ No Identify Limitations (required if Yes)
Mandatory Match %	Yes ◉ No Rate (required if Yes):
Indirect Cost Rate	0.00 %
Indirect Cost Rate Base	

Category	State Amount	Federal Amount	Match Amount	Total
Personal Services (Salaries and Wages)	3709.88	0.00	0.00	3,709.88
Fringe Benefits	408.10	0.00	0.00	408.10
Travel	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	0.00	0.00
Contractual Services	7681.02	0.00	0.00	7,681.02
Consultant (Professional Services)	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	0.00	0.00	0.00

Category	State Amount	Federal Amount	Match Amount	Total
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	0.00	0.00	0.00
Training and Education	0.00	0.00	0.00	0.00
Direct Administrative Costs	0.00	0.00	0.00	0.00
Miscellaneous Costs	0.00	0.00	0.00	0.00
Commodities	0.00	0.00	0.00	0.00
Total Direct Expenses	**11,799.00**	**0.00**	**0.00**	**11,799.00**
Indirect Costs	0.00	0.00	0.00	0.00
Total Expenses	**11,799.00**	**0.00**	**0.00**	**11,799.00**

Cancel Save

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR / Program

Cancel Save

Program	All other costs not allocated

Category	Other Amount
Personal Services (Salaries and Wages)	2281563.14
Fringe Benefits	142405.45
Travel	3068.89
Equipment	29489.19
Supplies	63462.72
Contractual Services	10216.80
Consultant (Professional Services)	114774.08
Construction	0.00
Occupancy - Rent and Utilities	61985.70
Research and Development	0.00
Telecommunications	20936.11
Training and Education	9135.56
Direct Administrative Costs	128954.33
Miscellaneous Costs	218796.62
Total Direct Expenses	**3,084,788.59**

Cancel Save