

The Josselyn Center, NFP

Financial Statements

Years Ended June 30, 2021 and 2020



THE
JOSSELYN
CENTER

At The Center of Mental Health and Hope

WIPFLI



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, 2021 and 2020, 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, 2021 and 2020, and 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.

The logo for WIPFLI, consisting of the letters "WIPFLI" in a bold, white, sans-serif font, centered within a dark gray rectangular background.

Emphasis of Matter

As discussed in Note 15 to the financial statements, The Josselyn Center, NFP has pending litigation that potentially exposes it to a significant future loss that may exceed insured limits. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to the matter.

Wipfli LLP

October 14, 2022
Lincolnshire, Illinois

The Josselyn Center, NFP

Statements of Financial Position

June 30,	2021	2020
ASSETS		
Current assets:		
Cash	\$ 546,237	\$ 295,309
Investments	1,201,199	473,238
Grants receivable	814,654	287,081
Pledges receivable, net of long-term portion	665,898	373,947
Accounts receivable DHS	-	23,288
Client receivables (net of allowance of \$241,592 in 2021 and \$149,235 in 2020)	367,916	125,596
Interest receivable	2,530	2,530
Prepaid expenses	272,011	70,925
Total current assets	3,870,445	1,651,914
Property and equipment:		
Land	89,007	89,007
Building and improvements	4,452,553	2,300,662
Equipment and furnishings	661,057	648,014
Total property and equipment	5,202,617	3,037,683
Less accumulated depreciation	805,784	618,258
Net property and equipment	4,396,833	2,419,425
Other assets:		
Website (net of accumulated amortization of \$10,750 in 2021 and \$8,111 in 2020)	62,555	6,014
Pledges receivable long-term (net of allowance of \$25,660 in 2021 and 2020)	511,343	248,318
Assets limited as to use:		
Donor-designated	1,822,506	1,822,506
Board-designated	336,041	298,279
Total other assets	2,732,445	2,375,117
TOTAL ASSETS	\$ 10,999,723	\$ 6,446,456

The Josselyn Center, NFP

Statements of Financial Position

<i>June 30,</i>	2021	2020
LIABILITIES AND NET ASSETS		
Current liabilities:		
Lines of credit	\$ -	\$ 498,520
Accounts payable and accrued liabilities	821,917	267,519
Current portion of deferred rent	12,122	8,109
Current portion of note payable	600,000	-
Note payable - Paycheck Protection Plan	432,173	458,900
Total current liabilities	1,866,212	1,233,048
Long-term liabilities:		
Deferred rent, net of current portion	73,685	98,454
Note payable, net of current portion	780,000	-
Total long-term liabilities	853,685	98,454
Total liabilities	2,719,897	1,331,502
Net assets:		
Without donor restrictions:		
Undesignated	4,408,399	1,439,075
Board-designated endowment funds	336,041	298,279
With donor restrictions	3,535,386	3,377,600
Total net assets	8,279,826	5,114,954
TOTAL LIABILITIES AND NET ASSETS	\$ 10,999,723	\$ 6,446,456

See accompanying notes to financial statements.

The Josselyn Center, NFP

Statements of Activities and Changes in Net Assets

<i>Years Ended June 30,</i>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions	\$ 1,753,014	\$ 1,351,130	\$ 3,104,144	\$ 465,284	\$ 1,278,739	\$ 1,744,023
Client and education fees - Third party pay	3,546,199	-	3,546,199	1,983,667	-	1,983,667
Client and education fees - Self pay	50	-	50	84,541	-	84,541
Government grants	2,040,795	300,250	2,341,045	247,717	302,180	549,897
Investment income, net	534,117	-	534,117	29,059	-	29,059
Other	136,588	-	136,588	-	-	-
Special events (net of expenses of \$5,639 in 2021 and \$71,429 in 2021)	66,959	-	66,959	214,510	-	214,510
United Way support	51,241	-	51,241	-	51,445	51,445
Net assets released from restrictions	1,493,594	(1,493,594)	-	1,021,345	(1,021,345)	-
Total support and revenue	9,622,557	157,786	9,780,343	4,046,123	611,019	4,657,142
Expenses:						
Program services	4,908,253	-	4,908,253	3,187,261	-	3,187,261
Management and general	1,333,764	-	1,333,764	924,285	-	924,285
Fundraising	373,454	-	373,454	223,689	-	223,689
Total expenses	6,615,471	-	6,615,471	4,335,235	-	4,335,235
Changes in net assets	3,007,086	157,786	3,164,872	(289,112)	611,019	321,907
Net assets at beginning of year	1,737,354	3,377,600	5,114,954	2,026,466	2,766,581	4,793,047
Net assets - End of year	\$ 4,744,440	\$ 3,535,386	\$ 8,279,826	\$ 1,737,354	\$ 3,377,600	\$ 5,114,954

See accompanying notes to financial statements.

The Josselyn Center, NFP
Statements of Functional Expenses
Year Ended June 30, 2021 (with comparative 2020 totals)

	Supporting Services				2021		2020	
	Program Services	Management and General	Fundraising	Total Supporting Services	Total	%	Total	%
Salaries and consultants	\$ 3,390,459	\$ 921,321	\$ 257,970	\$ 1,179,291	\$ 4,569,750	69.1	\$ 2,915,814	67.3
Employee health insurance	187,939	51,071	14,300	65,371	253,310	3.8	178,014	4.1
Payroll taxes	232,432	63,160	17,685	80,845	313,277	4.7	200,114	4.6
Retirement contributions	36,307	9,866	2,763	12,629	48,936	0.7	36,646	0.8
Total salaries and related expenses	3,847,137	1,045,418	292,718	1,338,136	5,185,273	78.4	3,330,588	76.8
Billing and credentialing	74,980	20,375	5,705	26,080	101,060	1.5	-	0.0
Professional fees	131,125	35,632	9,977	45,609	176,734	2.7	172,470	3.9
Supplies	152,542	41,452	11,607	53,059	205,601	3.1	77,834	1.8
Printing	10,162	2,761	773	3,534	13,696	0.2	21,021	0.5
Telephone	48,462	13,169	3,687	16,856	65,318	1.0	36,297	0.8
Postage and shipping	2,174	591	165	756	2,930	0.0	4,144	0.1
Occupancy	165,028	44,844	12,556	57,400	222,428	3.4	168,600	3.9
Property taxes	78,058	21,211	5,939	27,150	105,208	1.6	-	0.0
Local transportation	190	52	14	66	256	0.0	2,651	0.1
Membership dues	6,684	1,816	509	2,325	9,009	0.1	7,576	0.2
Equipment rent, repairs, and maintenance	7,038	1,912	535	2,447	9,485	0.1	30,335	0.7
Charge card fees	12,164	3,306	926	4,232	16,396	0.2	8,648	0.2
Insurance	48,788	13,257	3,712	16,969	65,757	1.0	59,391	1.4
Staff development	32,685	8,882	2,487	11,369	44,054	0.7	10,347	0.2
Bad debt expense	-	-	-	-	-	0.0	144,535	3.3
Other	154,160	41,891	11,730	53,621	207,781	3.1	121,792	2.8
Total other expenses before depreciation	924,240	251,151	70,322	321,473	1,245,713	18.8	865,641	19.9
Depreciation and amortization	136,876	37,195	10,414	47,609	184,485	2.8	139,006	3.3
2021 total expenses	\$ 4,908,253	\$ 1,333,764	\$ 373,454	\$ 1,707,218	\$ 6,615,471	100.0	\$ 4,335,235	100.0
2020 total expenses	\$ 3,187,261	\$ 924,285	\$ 223,689	\$ 1,147,974	\$ 4,335,235	100.0		

See accompanying notes to financial statements.

The Josselyn Center, NFP
Statements of Functional Expenses
Year Ended June 30, 2020

	Supporting Services				2020	
	Program Services	Management and General	Fundraising	Total Supporting Services	Total	%
Salaries and consultants	\$ 2,230,755	\$ 531,222	\$ 153,837	\$ 685,059	\$ 2,915,814	67.3
Employee health insurance	132,770	35,084	10,160	45,244	178,014	4.1
Payroll taxes	147,340	40,923	11,851	52,774	200,114	4.6
Retirement contributions	26,982	7,494	2,170	9,664	36,646	0.8
Total salaries and related expenses	2,537,847	614,723	178,018	792,741	3,330,588	76.8
Professional fees	121,589	39,455	11,426	50,881	172,470	3.9
Supplies	53,949	18,521	5,364	23,885	77,834	1.8
Printing	15,477	4,299	1,245	5,544	21,021	0.5
Telephone	26,099	8,099	2,099	10,198	36,297	0.8
Postage and shipping	3,051	847	246	1,093	4,144	0.1
Occupancy	153,910	11,391	3,299	14,690	168,600	3.9
Local transportation	1,952	542	157	699	2,651	0.1
Membership dues	5,578	1,549	449	1,998	7,576	0.2
Equipment rent, repairs, and maintenance	22,692	5,927	1,716	7,643	30,335	0.7
Charge card fees	-	8,648	-	8,648	8,648	0.2
Insurance	43,729	12,146	3,516	15,662	59,391	1.4
Staff development	7,685	2,046	616	2,662	10,347	0.2
Bad debt expense	-	144,535	-	144,535	144,535	3.3
Loss on disposal of assets	-	-	-	-	-	0.0
Other	91,344	23,140	7,308	30,448	121,792	2.8
Total other expenses before depreciation	547,055	281,145	37,441	318,586	865,641	19.9
Depreciation and amortization	102,359	28,417	8,230	36,647	139,006	3.3
2020 total expenses	\$ 3,187,261	\$ 924,285	\$ 223,689	\$ 1,147,974	\$ 4,335,235	100.1

See accompanying notes to financial statements.

The Josselyn Center, NFP

Statements of Cash Flows

Years Ended June 30,	2021	2020
Cash flows from operating activities:		
Changes in net assets	\$ 3,164,872	\$ 321,907
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	184,485	139,006
Bad debt expense	-	144,535
Donated stock	-	(11,540)
Net realized gain (loss) on sale of investments	(26,773)	90,942
Net unrealized gain on investments	(465,301)	(68,681)
Changes in operating assets and liabilities:		
Grants receivables	(527,573)	30,955
Accounts receivable DHS	23,288	20,533
Client receivables	(242,320)	(158,563)
Pledges receivable	(554,976)	(19,616)
Interest receivable	-	(463)
Prepaid expenses	(201,086)	(50,342)
Accounts payable and accrued liabilities	554,398	97,601
Deferred rent	(20,756)	106,563
Net cash from operating activities	1,888,258	642,837
Cash flows from investing activities:		
Purchase of property and equipment	(2,218,434)	(427,325)
Purchase of investments	(628,294)	(577,520)
Proceeds from sale of investments	354,645	526,066
Net cash from investing activities	(2,492,083)	(478,779)
Cash flow from financing activities:		
Proceeds from lines of credit	200,000	948,720
Repayments on lines of credit	(698,520)	(1,367,452)
Proceeds from note payable	1,430,000	-
Repayments on note payable	(50,000)	-
Proceeds from note payable - Paycheck Protection Plan	-	458,900
Return of funds - Paycheck Protection Plan	(26,727)	-
Net cash from financing activities	854,753	40,168
Net change in cash	250,928	204,226
Cash, beginning of year	295,309	91,083
Cash, end of year	\$ 546,237	\$ 295,309
Supplemental disclosures of cash flow information		
Interest paid	\$ 26,058	\$ 42,719

See accompanying notes to financial statements.

The Josselyn Center, NFP

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization

The Josselyn Center, NFP ("Josselyn"), a not-for-profit corporation, is dedicated to providing mental health services that make lives better for their clients, their families, and the community. Josselyn 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 Josselyn have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Basis of Presentation

Josselyn 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.

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.

The Josselyn Center, NFP

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Client and Education Fees

Client and education fee revenue is reported at the amount that reflects the consideration to which Josselyn expects to be entitled in exchange for providing client care. These amounts are due from patients, third-party payers (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Revenue is recognized at a point in time when counseling services are provided.

Josselyn determines the transaction price based on contractual rates and implicit price concessions for the services rendered. Josselyn provides discounts from established charges to uninsured clients and considers these discounts a part of its community benefit. On the basis of historical experience, a significant portion of Josselyn's uninsured clients will be unable or unwilling to pay for the services provided. Thus, Josselyn records a price concession as reduction of fee revenue related to uninsured clients for the period the services are provided. This concession is offset by recoveries of amounts previously written off.

Client receivables on the statements of financial position represent receivables from contracts with customers at June 30, 2021 and 2020. Josselyn did not have any contract assets or liabilities as of June 30, 2021 and 2020.

Contributions and Grants

Contributions, which include unconditional pledges, are recognized as revenues in the period received or promised. 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, 2021 and 2020. 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.

Conditional contributions are recorded when the conditions have been met. 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.

The Josselyn Center, NFP

Notes to Financial Statements

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 Josselyn'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, 2021 and 2020, were \$267,252 and \$174,895, respectively.

Investments

Josselyn 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 net assets without donor restrictions 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 five to 40 years for the building and improvements and three to 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, 2021 and 2020, were \$184,485 and \$139,006, respectively.

Impairment of Long-Lived Assets

Josselyn 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. Josselyn has not recognized any impairment of long-lived assets during 2021 and 2020.