

**THE JOSSELYN CENTER, NFP**

**FINANCIAL STATEMENTS  
AS OF JUNE 30, 2025 AND 2024**

**TOGETHER WITH AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Josselyn Center, NFP:

### ***Opinion***

We have audited the accompanying financial statements of The Josselyn Center, NFP, which comprise the statement of financial position as of June 30, 2025 and 2024, and the related statements of activities, cash flows and functional expenses 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 The Josselyn Center, NFP as 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 The Josselyn Center, NFP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about The Josselyn Center, NFP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report  
To the Board of Directors of  
The Josselyn Center, NFP

***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 and *Government 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 and *Government Auditing Standards*, we:

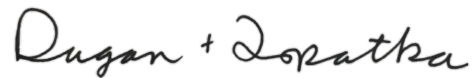
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 The Josselyn Center, NFP's 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, which raise substantial doubt about The Josselyn Center, NFP's 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.

Independent Auditor's Report  
To the Board of Directors of  
The Josselyn Center, NFP

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2026, on our consideration of The Josselyn Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Josselyn Center, NFP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Josselyn Center, NFP's internal control over financial reporting and compliance.



DUGAN & LOPATKA

Warrenville, Illinois  
April 20, 2026

INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
The Josselyn Center, NFP:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Josselyn Center, NFP. (the Center) which comprise the statement of financial position as of June 30, 2025 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2026.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

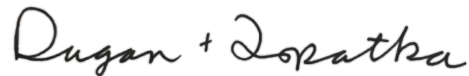
***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Independent Auditor's Report on  
Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an  
Audit of Financial Statements  
Performed in Accordance with  
*Government Auditing Standards*  
To the Board of Directors of  
The Josselyn Center, NFP

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DUGAN & LOPATKA

Warrenville, Illinois  
April 20, 2026

THE JOSSELYN CENTER, NFP  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2025 AND 2024

<u>A S S E T S</u>	<u>2025</u>	<u>2024</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,276,140	\$ 1,567,708
Investments	2,846,721	2,531,921
Grants and contributions receivable	1,863,888	531,566
Client fees receivable, net of allowance for credit losses of \$700,000 for 2025 and 2024	1,284,341	1,489,797
Current portion of pledges receivable, net of allowance and discount	185,066	437,767
Prepaid expenses	573,016	479,241
Total current assets	9,029,172	7,038,000
LONG-TERM ASSETS:		
Property and equipment, net	14,373,115	9,720,835
Website	63,443	63,443
Membership interest	271,726	292,892
Pledge receivable, net of current portion, allowance and discount	-	190,066
Right-of-use asset - operating lease	1,870,789	3,703,223
Investments - donor restricted	1,822,506	1,822,506
Investments - board designated	326,041	326,041
Total other assets	18,727,620	16,119,006
Total assets	\$ 27,756,792	\$ 23,157,006
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,425,805	\$ 338,364
Accrued expenses	1,570,146	1,494,858
Grant advance	90,105	-
Notes payable, current maturities	88,601	80,823
Line of credit	1,250,000	305,027
Operating lease liability, current portion	539,618	713,022
Total current liabilities	4,964,275	2,932,094
LONG-TERM LIABILITIES:		
Operating lease liability, net of current	1,405,783	3,107,454
Notes payable, net of current maturities	3,518,059	3,606,660
Total long-liabilities	4,923,842	6,714,114
Total liabilities	9,888,117	9,646,208
NET ASSETS:		
Without donor restrictions - undesignated	12,946,798	8,432,883
Without donor restrictions - board designated	1,021,475	1,021,475
With donor restrictions	3,900,402	4,056,440
Total net assets	17,868,675	13,510,798
Total liabilities and net assets	\$ 27,756,792	\$ 23,157,006

The accompanying notes are an integral part of this statement.

THE JOSSELYN CENTER NFP  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE:</b>						
Revenues, Gains, and Other Support -						
Contributions	\$ 1,639,179	\$ 3,326,485	\$ 4,965,664	\$ 4,431,718	\$ 1,115,934	\$ 5,547,652
Client and education fees - third party	17,965,128	-	17,965,128	16,783,340	-	16,783,340
Government grants - Operating	3,632,233	122,785	3,755,018	1,005,066	785,892	1,790,958
Government grants - capital	-	4,586,332	4,586,332	-	2,287,453	2,287,453
Special events, net of expenses \$93,953 and \$66,416 for 2025 and 2024, respectively	433,248	-	433,248	474,125	-	474,125
Rental income	30,840	-	30,840	52,657	-	52,657
Investment income	375,496	197,857	573,353	205,564	322,276	527,840
Gain on membership interest	24,190	-	24,190	108,221	-	108,221
Other income	201,905	-	201,905	26,876	-	26,876
(Loss) on sale of property and equipment	(4,051)	-	(4,051)	(29,112)	-	(29,112)
Net assets released from restrictions	8,389,497	(8,389,497)	-	6,956,365	(6,956,365)	-
Total Revenues, Gains, and Other Support	<u>32,687,665</u>	<u>(156,038)</u>	<u>32,531,627</u>	<u>30,014,820</u>	<u>(2,444,810)</u>	<u>27,570,010</u>
<b>EXPENSES:</b>						
Program services	21,721,435	-	21,721,435	20,461,184	-	20,461,184
Management and general	5,877,378	-	5,877,378	4,295,744	-	4,295,744
Fundraising	859,311	-	859,311	662,381	-	662,381
Total expenses	<u>28,458,124</u>	<u>-</u>	<u>28,458,124</u>	<u>25,419,309</u>	<u>-</u>	<u>25,419,309</u>
CHANGE IN NET ASSETS	4,229,541	(156,038)	4,073,503	4,595,511	(2,444,810)	2,150,701
EXCESS OF ASSETS ACQUIRED OVER LIABILITIES ASSUMED IN DONATION OF FAMILY SERVICE OF LAKE COUNTY	284,374	-	284,374	-	-	-
TOTAL CHANGE IN NET ASSETS	<u>4,513,915</u>	<u>(156,038)</u>	<u>4,357,877</u>	<u>4,595,511</u>	<u>(2,444,810)</u>	<u>2,150,701</u>
NET ASSETS, Beginning of year,	<u>9,454,358</u>	<u>4,056,440</u>	<u>13,510,798</u>	<u>4,858,847</u>	<u>6,501,250</u>	<u>11,360,097</u>
NET ASSETS, End of year	<u>\$ 13,968,273</u>	<u>\$ 3,900,402</u>	<u>\$ 17,868,675</u>	<u>\$ 9,454,358</u>	<u>\$ 4,056,440</u>	<u>\$ 13,510,798</u>

The accompanying notes are an integral part of this statement.

THE JOSSELYN CENTER NFP  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in total net assets	\$ 4,357,877	\$ 2,150,701
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	553,301	445,004
Credit loss expense	554,122	1,227,574
Loss on sale of property and equipment	4,051	29,112
Change in value of partnership	21,166	(108,221)
Cash contributions received in current year for long-term purposes	-	(601,689)
Capital grants received in current year for long-term purposes	(4,586,332)	(2,287,453)
Non-cash portion of lease expense for operating leases	654,025	672,632
Net realized and unrealized (gain) on investments	(364,004)	(393,214)
Change in assets and liabilities:		
(Increase) in grants and contributions receivable	(1,332,322)	(248,609)
(Increase) in client fees receivable	(348,666)	(1,699,016)
Decrease in pledges receivable	442,767	293,242
Decrease in other receivables	-	579,283
(Increase) in prepaid expenses	(93,775)	(401,356)
Increase (decrease) in accounts payable	1,087,441	(691,777)
Increase in accrued expenses	75,288	429,195
Increase in grant advance	90,105	-
(Decrease) in operating lease liabilities	(696,666)	(594,134)
	<u>418,378</u>	<u>(1,198,726)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(5,209,632)	(2,865,598)
Proceeds from sale of property and equipment	-	1,900,000
Purchases of investments	(1,092,804)	(2,318,107)
Proceeds from sale of investments	1,142,008	721,000
	<u>(5,160,428)</u>	<u>(2,562,705)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for long-term purposes	-	601,689
Proceeds from capital grants received for long-term purposes	4,586,332	2,287,453
Net (payments) borrowings on line of credit	944,973	(1,394,973)
Borrowings on notes payable	-	3,732,731
Payments on notes payable	(80,823)	(2,821,915)
	<u>5,450,482</u>	<u>2,404,985</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>708,432</b>	<b>(1,356,446)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>1,567,708</b>	<b>2,924,154</b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b>\$ 2,276,140</b>	<b>\$ 1,567,708</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ 317,766</u>	<u>\$ 335,791</u>
Right of use assets acquired through operating lease	<u>\$ -</u>	<u>1,499,546</u>

The accompanying notes are an integral part of this statement.

THE JOSSELYN CENTER, NFP  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 13,558,175	\$ 3,259,211	\$ 476,180	\$ 17,293,566
Payroll taxes	1,038,587	239,300	36,934	1,314,821
Pension plan accrual	477,607	128,053	23,796	629,456
Other employee benefits	2,039,348	371,143	52,720	2,463,211
Accounting	-	79,414	-	79,414
Legal	-	40,725	11	40,736
Other fees for service	600,326	45,549	1,920	647,795
Advertising and promotion	37,548	88,317	25,668	151,533
Office expenses	284,072	135,883	28,345	448,300
Information technology	476,330	250,872	19,710	746,912
Occupancy	1,425,557	336,468	49,931	1,811,956
Travel	12,854	14,516	422	27,792
Interest	199,677	109,827	8,262	317,766
Depreciation	350,518	188,279	14,504	553,301
Insurance	225,090	104,832	7,875	337,797
Billing and credentialing	243,425	-	-	243,425
Miscellaneous	198,199	484,989	113,033	796,221
Credit loss expense	554,122	-	-	554,122
	<u>\$ 21,721,435</u>	<u>\$ 5,877,378</u>	<u>\$ 859,311</u>	<u>\$ 28,458,124</u>
Total functional expenses				

THE JOSSELYN CENTER, NFP  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 12,387,591	\$ 2,726,170	\$ 278,969	\$ 15,392,730
Payroll taxes	860,355	224,043	35,813	1,120,211
Retirement Plan	320,251	81,449	5,540	407,240
Other employee benefits	1,395,759	235,962	164,389	1,796,110
Accounting	-	29,875	-	29,875
Legal	-	72,085	-	72,085
Other fees for service	968,142	115,349	46,777	1,130,268
Advertising and promotion	40,626	10,831	2,709	54,166
Office expenses	288,849	33,982	16,991	339,822
Information technology	462,828	123,421	30,855	617,104
Occupancy	1,231,803	268,078	11,669	1,511,550
Travel	13,899	3,705	926	18,530
Interest	251,843	67,158	16,790	335,791
Depreciation	362,644	78,922	3,438	445,004
Insurance	252,157	67,242	16,810	336,209
Billing and credentialing	163,784	-	-	163,784
Miscellaneous	233,079	157,472	30,705	421,256
Credit loss expense	1,227,574	-	-	1,227,574
	<u>\$ 20,461,184</u>	<u>\$ 4,295,744</u>	<u>\$ 662,381</u>	<u>\$ 25,419,309</u>
Total functional expenses	<u>\$ 20,461,184</u>	<u>\$ 4,295,744</u>	<u>\$ 662,381</u>	<u>\$ 25,419,309</u>

THE JOSSELYN CENTER, NFP  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Josselyn Center, NFP, (the Center) is an Illinois nonprofit corporation that provides mental health services that make the 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, child, and adolescent outpatient mental health programs. Major sources of support come primarily from client fees, third-party payors, federal and state grants, and contributions.

The financial statements were available to be issued on April 20, 2026, with subsequent events being evaluated through this date.

The following summarizes the significant accounting policies and practices reflected in the accompanying financial statements.

Basis of Accounting -

The financial statements are maintained on the accrual basis of accounting which recognizes revenues as they are earned and expenses as they are incurred.

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Not-for-Profit Organizations*. Under the ASC, the Organization is required to report information regarding two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of management and the board of directors.

*With donor restrictions* – Net assets that are subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Center and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates -

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Concentrations of Credit Risk -

Financial instruments which potentially subject the Center to concentrations of credit risk consist principally of cash. The Center places its cash and deposits with high-credit quality financial institutions; however, deposits may exceed the federally insured limits in various banks from time to time. The Center has not experienced any losses in such accounts.

Client Fees Receivable -

Client fees receivable arise in the normal course of the Center's activities. Receivables are carried at original invoice amount, less an estimate made for expected current credit losses. Receivables are measured at amortized cost. An allowance for credit losses that are expected to be incurred is recorded as of the date that a receivable is originated. The allowance reduces the carrying amount of the receivables to the net amount expected to be collected over the assets' contractual term. The determination of the allowance requires the Center to collectively evaluate receivables by classifying them into pools that share similar risk characteristics such as risk rating, type of receivable, size of the receivable, contractual term, industry type of the debtor, geographic location of the debtor, or date of origination while individually evaluating such assets, if any, that do not possess risk characteristics similar to those in the identified pools.

Management determines the allowance for credit losses based on:

- Available and relevant internal and/or external information about historical loss experience with similar assets;
- Current conditions;
- Reasonable and supportable forecasts that affect the expected collectability of the reported amount of financial assets that have an extended contractual term.

The Center considers a receivable to be past due when the normal invoice terms have been exceeded. Receivables are written off once they are deemed uncollectable. Write offs are recognized as a deduction from the allowance for credit losses. Amounts previously written off that are now expected to be recovered are included in the determination of the allowance for credit losses. The Center recognizes an allowance for losses on accounts receivable in an amount equal to the estimated probable losses. The allowance is based on an analysis of historical bad debt experience, current receivables aging, and expected future write-offs. Credit loss expense for the years ended June 30, 2025 and 2024 was \$554,122 and \$1,227,574, and allowance was \$700,000 as of June 30, 2025 and 2024.

Investments -

The Center has investments that are comprised of fixed income, equities, mutual funds and money markets that are carried at fair market value. Investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of market risk associated with certain investment, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments - (Continued)

Donated investment assets are recorded at fair value at the end 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 and Equipment -

Property and equipment are stated at cost if purchased or fair value if contributed. The Center capitalizes fixed asset additions over \$5,000. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Website costs are amortized using the straight-line method over an estimated useful life of three years. Below are the estimated useful lives of the assets:

Building and improvements	5 - 40 years
Equipment	3 - 10 years

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in the statement of activities and changes in net assets.

In-Kind Contributions -

Contributions of donated non-cash assets and services are recorded at their fair value in the period received or pledged. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, which 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 number of donated services from unpaid volunteers, and no amounts have been recorded.

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 are less than the carrying amount of that asset. As of June 30, 2025 and 2024 there have been no such losses.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, supplies, occupancy, depreciation and amortization, professional fees, and other expenses which are allocated on the basis of estimates of time and effort.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes -

The Center has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Center files informational returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Center is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2022. The Center does not expect a material net change in unrecognized tax benefits in the next twelve months.

Revenue Recognition for Program Fees -

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

The Center determines the transactions price based on contractual rates and implicit price concessions for the services rendered. Consistent with the missions of the Center, discounts are provided from established charges to uninsured or self-pay clients on a sliding fee scale and these discounts are considered a part of the Center's community benefits.

The Center rents some of its office space to tenants. Rental income is considered a single performance obligation that is recognized over time. Rental income is charged each month, and the monthly fees are recognized ratably over the life of the lease.

Revenue Recognition for Grants and Contributions -

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions resulting from split-interest agreements, measured at the time into which the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. 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 restrictions and reported in the statement of activities as net assets released from restrictions.

A portion of the Center's revenue is derived from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Center has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Grants Receivables -

Grant receivables are stated at the amount the Center expects to collect from the outstanding balances. The Center provides for uncollectible amounts, should they exist, through a charge to operations and a credit to an allowance for doubtful accounts based on an assessment of the current status of the individual accounts. Balances still outstanding after the Center has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. Based on a review of outstanding receivable, management determined that an allowance for doubtful accounts was not necessary at June 30, 2025 and 2024.

Pledge Receivables -

Pledge receivables are recorded in the fiscal year in which the notification of an unconditional promise to give is received and then are classified as either net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of donor restrictions. Pledge receivables are stated at the amount management expects to collect from outstanding balances, net of present value of future payments. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledge receivables. As of June 30, 2025 and 2024, the allowance for uncollectible pledge receivables was \$25,660.

Leases -

The Company determines if an arrangement is a lease or contains a lease at inception of the contract. The Company's operating leases are presented in operating lease right-of-use assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities in the accompanying statement of financial position as of June 30, 2025 and 2024.

Operating lease right-of-use assets and lease liabilities are measured based on the present value of future lease payments over the lease term at each lease's commencement date. As most of the Center's leases do not specify their implicit rate, the Center has elected a practical expedient to use the nominal yield, at lease inception, applicable to U.S. Treasury instruments with a maturity of similar length of the lease term.

Operating lease right-of-use assets include all fixed contractual lease payments and initial direct costs incurred by the Center, less any lease incentives the Center receives from the lessor. The Center has elected a practical expedient to account for lease and non-lease components together as a single lease component. The terms of the Center's leases generally contain lease payments and reimbursements to the lessor of the Center's proportionate share of common area maintenance (CAM), real estate taxes and other pass-through charges. Only the fixed lease components are included in the right-of-use assets and lease liabilities. Additionally, the Center has elected not to apply these lease accounting policies to leases with a term of one year or less at the commencement date.

Operating lease expense for lease payments is recognized on a straight-line basis over the terms of each lease. Variable lease components include CAM, real estate taxes and other charges and are recorded as lease expense as incurred.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Leases - (Continued)

The Center's leases can contain options granting the right to renew or extend the term of the lease for specified option periods. The decision as to whether the Center will exercise the renewal options is generally at the Center's sole discretion. The Center includes lease extensions in the lease term when it is reasonably certain that the Center will exercise the extension.

Membership Interest -

The center has a 2.6% ownership interest in Providerco, LLC, as a limited partner. The Center has no control of the decisions or operations of the partnership, and accordingly, Providerco, LLC is not consolidated with the Center. The Center records its investment in Providerco, LLC using the equity method and accordingly, distributed income and losses, capital contributions made to, and distributions received from Providerco, LLC will affect the basis of this investment.

(2) REIMBURSEMENT ARRANGEMENTS WITH THIRD-PARTY PAYORS:

The Center has agreements with third-party payors that provide for reimbursement at amounts which varies based on the established rate of the services and payor. 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 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.

### (3) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurement established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

#### Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

#### Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

#### Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024:

Fixed Income, Equities, and Mutual Fund Alternatives: Valued at the closing price (net asset value) reported on the active market on which the individual securities are traded.

Certificates of Deposit: Valued at cost, which approximates fair value.

(3) FAIR VALUE MEASUREMENTS: (Continued)

Fair values of assets measured on a recurring basis as of June 30, 2025 and 2024 were as follows:

<u>Description</u>	<u>June 30, 2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 1,876,372	\$ -	\$ -	\$ 1,876,372
Equities	2,615,522	-	-	2,615,522
Certificates of deposit	<u>503,374</u>	<u>-</u>	<u>-</u>	<u>503,374</u>
Total	<u>\$ 4,995,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,995,268</u>

<u>Description</u>	<u>June 30, 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 1,444,721	\$ -	\$ -	\$ 1,444,721
Equities	2,218,180	-	-	2,218,180
Certificates of deposit	<u>1,017,567</u>	<u>-</u>	<u>-</u>	<u>1,017,567</u>
Total	<u>\$ 4,680,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,680,468</u>

(4) INVESTMENTS:

Net investment return for investment securities for the years ended June 30, 2025 and 2024 is summarized as follows:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 209,349	\$ 134,626
Realized gain	46,747	4,627
Unrealized gain	<u>317,257</u>	<u>388,587</u>
Total	<u>\$ 573,353</u>	<u>\$ 527,840</u>

(5) PLEDGES RECEIVABLES:

Unconditional promises to give at June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 231,467	\$ 437,767
Receivable in greater than one year and less than five years	<u>-</u>	<u>236,467</u>
Total unconditional promises to give	231,467	674,234
Less - Discounts to net present value	(20,741)	(20,741)
- Allowance for doubtful accounts	<u>(25,660)</u>	<u>(25,660)</u>
Net unconditional promise to give	<u>\$ 185,066</u>	<u>\$ 627,833</u>

(6) PROPERTY AND EQUIPMENT:

The costs of the Center's property and equipment as of June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 207,750	\$ 207,750
Building and improvements	15,017,236	10,305,543
Furniture and equipment	<u>1,560,025</u>	<u>1,069,141</u>
Total property and equipment	16,785,011	11,582,434
Less: Accumulated depreciation	<u>(2,411,896)</u>	<u>(1,861,599)</u>
Net property and equipment	<u>\$ 14,373,115</u>	<u>\$ 9,720,835</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$553,301 and \$445,004.

(7) NOTES PAYABLE:

The Center had the following notes payable as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Note payable from a bank that matures in November 2028 with a variable interest rate calculated at SOFR plus a margin of 2.75% (7.07%) as of June 30, 2025), monthly principal payments ranging from \$6,464 to \$8,826 plus interest with a balloon payment on November 15, 2028 of the remaining balance secured by a building and other assets.	<u>\$ 3,606,660</u>	<u>\$ 3,687,483</u>
Total notes payable	3,606,660	3,687,483
Less - Current maturities	<u>88,601</u>	<u>80,823</u>
Notes payable - long-term	<u>\$ 3,518,059</u>	<u>\$ 3,606,660</u>

Maturities on long-term debt are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2026	\$ 88,601
2027	96,892
2028	103,462
2029	<u>3,317,705</u>
	<u>\$ 3,606,660</u>

(8) LINE OF CREDIT:

The Center obtained a working capital line of credit with a maximum borrowing limit of \$1,250,000 which matured in January 2026. It carried interest at the prime rate less 0.25% (7.25% at June 30, 2025). The amount outstanding as of June 30, 2025 was \$1,250,000.

Subsequent to year end the Center extended its line of credit through January 2027 and the maximum borrowing limit was increased to \$1,750,000.

(9) NET ASSETS:

The Center's net assets that are board-designated are as follows:

	<u>2025</u>	<u>2024</u>
Cash Reserves	\$ 695,434	\$ 695,434
Leo T. Murphy endowment net assets	211,160	211,160
Dottie Palombo Children and Adolescent Service Endowment net assets	<u>114,881</u>	<u>114,881</u>
Total net assets without donor restrictions	<u>\$ 1,021,475</u>	<u>\$ 1,021,475</u>

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.

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, the fund is restricted to board approved uses. 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.

The Center's net assets with donor restrictions are as follows:

	<u>2025</u>	<u>2024</u>
Halsey Early Poronto, Grace K. Poronto and Halsey Earl Poronto Jr. Memorial Endowment Net Assets	\$ 1,822,506	\$ 1,822,506
Black, Indigenous and People of Color Scholarship Initiative	170,544	325,000
Visa	65,970	-
Schriber Scholars Memorial	872,937	582,000
EMR	58,844	-
Mission	39,288	500,000
Youth Services	146,236	-
Capital Campaign	26,934	-
	<u>697,143</u>	<u>826,934</u>
	<u>\$ 3,900,402</u>	<u>\$ 4,056,440</u>

(9) NET ASSETS: (Continued)

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.

(10) LEASES:

The Center leases its facilities under operating leases with non-related parties. The Center is also responsible for its share of real estate taxes, insurance and maintenance costs for the buildings. The operating leases will expire at various dates through February 2031.

The components of lease expense for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 741,899	\$ 745,192
Total lease expense	<u>\$ 741,899</u>	<u>\$ 745,192</u>

The lease expenses are part of total occupancy expenses on the statement of functional expenses.

Future minimum lease payments under noncancelable leases for the year ended June 30, 2025 are as follows:

2026	\$ 587,939
2027	594,519
2028	263,325
2029	233,167
2030	233,167
Thereafter	<u>291,459</u>
Total future minimum lease payments	2,203,576
Less imputed interest included	<u>(258,175)</u>
Present value of net minimum lease payments	<u>\$ 1,945,401</u>

The following provides additional information related to the Center's leases as of and for the year ended June 30, 2025:

	<u>2025</u>	<u>2024</u>
Current portion of lease liabilities	\$ 539,618	\$ 713,022
Long-term portion of lease liabilities	<u>1,405,783</u>	<u>3,107,454</u>
Total lease liabilities	<u>\$ 1,945,401</u>	<u>\$ 3,820,476</u>
Weighted average lease term	4.68 years	5.88 years
Weighted average discount rate	3.33%	3.38%

(10) LEASES: (Continued)

Cash paid for amounts included in the measurements of the Center's leases for the years ended June 30, 2025 and June 30, 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Operating cash from operating leases	<u>\$ 723,993</u>	<u>\$ 668,657</u>

(11) 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' 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 does not 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 net assets without donor restrictions 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 net asset composition by type of fund for the years ended June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Without donor restrictions	\$ 336,041	\$ 336,041
With purpose or time restrictions	-	-
Perpetual in nature	<u>1,822,506</u>	<u>1,822,506</u>
	<u>\$ 2,158,547</u>	<u>\$ 2,158,547</u>

(11) ENDOWMENT FUNDS: (Continued)

Endowment changes by net asset classes for the years ended June 30, 2025 are as follows:

	<u>Without Donor Restrictions</u>	<u>Purpose or Time Restricted</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 336,041	\$ -	\$ 1,822,506	\$ 2,158,547
Investment return:				
Interest income	11,253	61,032	-	72,285
Realized gain	3,240	17,572	-	20,812
Unrealized gain	<u>21,988</u>	<u>119,253</u>	<u>-</u>	<u>141,241</u>
Total investment return	<u>36,481</u>	<u>197,857</u>	<u>-</u>	<u>234,338</u>
Appropriated amounts	<u>(36,481)</u>	<u>(197,857)</u>	<u>-</u>	<u>(234,338)</u>
Endowment net assets, end of year	<u>\$ 336,041</u>	<u>\$ -</u>	<u>\$ 1,822,506</u>	<u>\$ 2,158,547</u>

Endowment changes by net asset classes for the years ended June 30, 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>Purpose or Time Restricted</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 336,041	\$ -	\$ 1,822,506	\$ 2,158,547
Investment return:				
Interest income	15,156	82,197	-	97,353
Realized gain	43,746	2,825	-	46,571
Unrealized gain	<u>521</u>	<u>237,254</u>	<u>-</u>	<u>237,775</u>
Total investment return	<u>59,423</u>	<u>322,276</u>	<u>-</u>	<u>381,699</u>
Appropriated amounts	<u>(59,423)</u>	<u>(322,276)</u>	<u>-</u>	<u>(381,699)</u>
Endowment net assets, end of year	<u>\$ 336,041</u>	<u>\$ -</u>	<u>\$ 1,822,506</u>	<u>\$ 2,158,547</u>

(12) RETIREMENT PLAN:

The Center contributes to a tax-deferred annuity. 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 1,000 hours of service. The retirement expense for the year ended June 30, 2025 and 2024 totaled \$629,457 and \$407,240, respectively.

(13) LIQUIDITY AND AVAILABILITY OF RESOURCES:

The Center's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 2,276,140	\$ 1,567,708
Grants and contribution receivables	1,863,888	531,566
Client fees receivable	1,284,341	1,489,797
Current portion of pledge receivables	185,066	437,767
Investments	<u>4,995,268</u>	<u>4,680,468</u>
Total financial assets	<u>10,604,703</u>	<u>8,707,306</u>
Less:		
Assets with donor restrictions	\$ 3,900,402	\$ 3,866,374
Board-designated net assets	<u>1,021,475</u>	<u>1,021,475</u>
	<u>4,921,877</u>	<u>4,887,849</u>
Assets available for general expenditures	<u>\$ 5,682,826</u>	<u>\$ 3,819,457</u>

The Center maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Investments are included in the table above as these assets are available to be used should the Center deem necessary; however, the investments are not expected to be used within one year.

(14) ALLOWANCE FOR CREDIT LOSSES:

Credit loss activity consists of the following for the year ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 700,000	\$ 700,000
Write-offs	(554,122)	(1,227,574)
Recoveries	-	-
Credit loss expense	<u>554,122</u>	<u>1,227,574</u>
Balance, end of year	<u>\$ 700,000</u>	<u>\$ 700,000</u>

The Center determines the allowance for credit losses by using a receivables aging schedule and utilizing historical loss percentages adjusted for the effects of current economic conditions in the industry in which the Center operates, and reasonable and supportable forecasts of future economic conditions and how it will impact the Center's industry. The Center annually adjusts its historical loss percentages to reflect the anticipated adverse effect caused by the factors above.

(15) ACQUISITION:

In November 2024, The Josselyn Center, NFP acquired the assets of Family Service of Lake County (FSLC). FSLC was a not for profit organization whose mission was to provide counseling, education, and support services to strengthen individuals and families in need to succeed in school, at work, in relationships and within the community. Through the acquisition The Josselyn Center seeks to further their mission of providing a wide range of social services in Cook and Lake County.

The following table summarizes the assets acquired from FSLC:

Cash	\$ 29,076
Investments	<u>255,298</u>
Total assets acquired:	<u>\$ 284,374</u>

(16) SUBSEQUENT EVENTS:

In September 2025, the Center sold one of its properties for a sales price of \$1,860,000. The Center used \$250,000 of the proceeds to pay down its mortgage balance.