The Josselyn Center, NFP

Financial Statements

Years Ended June 30, 2020 and 2019

THE JOSSELYN CENTER

At The Center of Mental Health and Hope

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Wipfli LLP

Lincolnshire, Illinois
February 8, 2021

The Josselyn Center, NFP
Statements of Financial Position

June 30,	2020	2019
ASSETS		
Current assets:		
Cash	$ 295,309	$ 91,083
Investments	473,238	442,344
Grants receivable	287,081	318,036
Pledges receivable, net of long-term portion	373,947	406,500
Accounts receivable DHS	23,288	43,821
Client receivables (net of allowance of $149,235 in 2020 and $5,000 in 2019)	125,596	111,268
Interest receivable	2,530	2,067
Prepaid expenses	70,925	20,583
Total current assets	1,651,914	1,435,702
Property and equipment:		
Land	89,007	89,007
Building and improvements	2,300,662	1,934,726
Equipment and furnishings	648,014	591,625
Total property and equipment	3,037,683	2,615,358
Less accumulated depreciation	618,258	482,293
Net property and equipment	2,419,425	2,133,065
Other assets:		
Website (net of accumulated amortization of $8,111 in 2020 and $5,070 in 2019)	6,014	4,055
Pledges receivable long-term (net of allowance of $25,660 in 2020 and 2019)	248,318	196,149
Assets limited as to use:		
Donor-designated	1,822,506	1,822,506
Board-designated	298,279	288,740
Total other assets	2,375,117	2,311,450
TOTAL ASSETS	$ 6,446,456	$ 5,880,217

The Josselyn Center, NFP
Statements of Financial Position

June 30,	2020	2019
LIABILITIES AND NET ASSETS		
Current liabilities:		
Lines of credit	$ 498,520	$ 917,252
Accounts payable and accrued liabilities	267,519	169,918
Current portion of deferred Rent	8,109	-
Note payable - Paycheck Protection Plan	458,900	-
Total current liabilities	1,233,048	1,087,170
Long-term Liabilities:		
Deferred rent, net of current portion	98,454	-
Total liabilities	1,331,502	1,087,170
Net assets:		
Without donor restrictions:		
Undesignated	1,439,075	1,737,726
Board-designated endowment funds	298,279	288,740
With donor restrictions	3,377,600	2,766,581
Total net assets	5,114,954	4,793,047
TOTAL LIABILITIES AND NET ASSETS	$ 6,446,456	$ 5,880,217

See accompanying notes to financial statements.

The Josselyn Center, NFP

Statements of Activities and Changes in Net Assets

Years Ended June 30,	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total	2019 Without Donor Restrictions	2019 With Donor Restrictions	2019 Total
Public support and revenue:						
Contributions	$ 465,284	$ 1,278,739	$ 1,744,023	$ 295,807	$ 976,313	$ 1,272,120
Client and education fees - Third party pay	1,983,667	-	1,983,667	1,207,520	-	1,207,520
Client and education fees - Self pay	84,541	-	84,541	104,594	-	104,594
Government grants	247,717	302,180	549,897	182,320	509,650	691,970
Investment income, net	29,059	-	29,059	129,277	-	129,277
Special events (net of expenses of $71,429 in 2020 and $84,580 in 2019)	214,510	-	214,510	274,019	-	274,019
In-kind contributions	-	-	-	227,218	-	227,218
United Way support	-	51,445	51,445	-	20,500	20,500
Net assets released from restrictions	1,021,345	(1,021,345)	-	1,742,912	(1,742,912)	-
Total support and revenue	4,046,123	611,019	4,657,142	4,163,667	(236,449)	3,927,218
Expenses:						
Program services	3,187,261	-	3,187,261	2,484,515	-	2,484,515
Management and general	924,285	-	924,285	328,015	-	328,015
Fundraising	223,689	-	223,689	414,608	-	414,608
Total expenses	4,335,235	-	4,335,235	3,227,138	-	3,227,138
Changes in net assets	(289,112)	611,019	321,907	936,529	(236,449)	700,080
Net assets at beginning of year	2,026,466	2,766,581	4,793,047	1,089,937	3,003,030	4,092,967
Net assets - End of year	$ 1,737,354	$ 3,377,600	$ 5,114,954	$ 2,026,466	$ 2,766,581	$ 4,793,047

See accompanying notes to financial statements.

The Josselyn Center, NFP

Statements of Functional Expenses

Year Ended June 30, 2020 (with comparative 2019 totals)

		Supporting Services			2020		2019	
	Program Services	Management and General	Fundraising	Total Supporting Services	Total	%	Total	%
Salaries and consultants	$ 2,230,755	$ 531,222	$ 153,837	$ 685,059	$ 2,915,814	67.3	$ 2,248,646	69.7
Employee health insurance	132,770	35,084	10,160	45,244	178,014	4.1	107,983	3.3
Payroll taxes	147,340	40,923	11,851	52,774	200,114	4.6	138,355	4.3
Retirement contributions	26,982	7,494	2,170	9,664	36,646	0.8	38,832	1.2
Total salaries and related expenses	2,537,847	614,723	178,018	792,741	3,330,588	76.8	2,533,816	78.5
Professional fees	121,589	39,455	11,426	50,881	172,470	3.9	127,933	3.9
Supplies	53,949	18,521	5,364	23,885	77,834	1.8	75,643	2.3
Printing	15,477	4,299	1,245	5,544	21,021	0.5	24,415	0.8
Telephone	26,099	8,099	2,099	10,198	36,297	0.8	21,577	0.7
Postage and shipping	3,051	847	246	1,093	4,144	0.1	2,326	0.1
Occupancy	153,910	11,391	3,299	14,690	168,600	3.9	85,170	2.6
Local transportation	1,952	542	157	699	2,651	0.1	3,069	0.1
Membership dues	5,578	1,549	449	1,998	7,576	0.2	15,661	0.5
Equipment rent, repairs, and maintenance	22,692	5,927	1,716	7,643	30,335	0.7	20,342	0.6
Charge card fees	-	8,648	-	8,648	8,648	0.2	9,378	0.3
Insurance	43,729	12,146	3,516	15,662	59,391	1.4	77,857	2.4
Staff development	7,685	2,046	616	2,662	10,347	0.2	16,659	0.5
Bad debt expense	-	144,535	-	144,535	144,535	3.3	-	0.0
Loss on disposal of assets	-	-	-	-	-	0.0	28,131	0.9
Other	91,344	23,140	7,308	30,448	121,792	2.8	92,009	2.9
Total other expenses before depreciation	547,055	281,145	37,441	318,586	865,641	19.9	600,170	18.6
Depreciation and amortization	102,359	28,417	8,230	36,647	139,006	3.2	93,152	2.9
2020 total expenses	$ 3,187,261	$ 924,285	$ 223,689	$ 1,147,974	$ 4,335,235	100.0	$ 3,227,138	100.0
2019 total expenses	$ 2,487,311	$ 325,219	$ 414,608	$ 739,827	$ 3,227,138	100.0		

See accompanying notes to financial statements.

The Josselyn Center, NFP

Statements of Functional Expenses

Year Ended June 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total
Salaries and consultants	$ 1,794,622	$ 120,241	$ 333,783	$ 454,024	$ 2,248,646
Employee health insurance	108,902	(2,109)	1,190	(919)	107,983
Payroll taxes	98,497	25,827	14,031	39,858	138,355
Retirement contributions	30,119	8,713	-	8,713	38,832
Total salaries and related expenses	2,032,140	152,672	349,004	501,676	2,533,816
Professional fees	72,729	51,805	3,399	55,204	127,933
Supplies	55,489	12,623	7,531	20,154	75,643
Printing	10,374	1,279	12,762	14,041	24,415
Telephone	20,707	614	256	870	21,577
Postage and shipping	1,290	355	681	1,036	2,326
Occupancy	63,113	9,053	13,004	22,057	85,170
Local transportation	2,565	308	196	504	3,069
Membership dues	6,147	7,296	2,218	9,514	15,661
Equipment rent, repairs, and maintenance	18,960	1,096	286	1,382	20,342
Charge card fees	-	9,378	-	9,378	9,378
Insurance	69,207	8,650	-	8,650	77,857
Staff development	9,880	5,847	932	6,779	16,659
Bad debt expense	-	-	-	-	-
Loss on disposal of assets	23,448	3,630	1,053	4,683	28,131
Other	23,619	48,592	19,798	68,390	92,009
Total other expenses before depreciation	377,528	160,526	62,116	222,642	600,170
Depreciation and amortization	77,643	12,021	3,488	15,509	93,152
2019 total expenses	$ 2,487,311	$ 325,219	$ 414,608	$ 739,827	$ 3,227,138

See accompanying notes to financial statements.

The Josselyn Center, NFP

Statements of Cash Flows

Years Ended June 30,		2020		2019
Cash flows from operating activities:				
Changes in net assets	$	321,907	$	700,080
Adjustments to reconcile changes in net assets to net cash from operating activities:				
Depreciation and amortization		139,006		93,152
Bad debt expense		144,535		-
Receipt of in-kind contribution - Property and equipment		-		(267,088)
Loss on disposal of assets		-		28,131
Donated stock		(11,540)		(10,439)
Net realized gain (loss) on sale of investments		90,942		(35,262)
Net unrealized gain on investments		(68,681)		(55,915)
Changes in operating assets and liabilities:				
Grants receivables		30,955		(13,494)
Accounts receivable DHS		20,533		439
Client receivables		(158,563)		85,742
Pledges receivable		(19,616)		(16,895)
Pledges receivable - In-kind		-		39,870
Interest receivable		(463)		-
Prepaid expenses		(50,342)		20,739
Accounts payable and accrued liabilities		97,601		(75,062)
Deferred rent		106,563		-
Net cash from operating activities		642,837		493,998
Cash flows from investing activities:				
Purchase of property and equipment		(427,325)		(1,147,510)
Purchase of investments including expenses		(577,520)		(302,333)
Proceeds from sale of investments		526,066		274,672
Net cash from investing activities		(478,779)		(1,175,171)
Cash flow from financing activities:				
Proceeds from lines of credit		948,720		684,917
Repayments on lines of credit		(1,367,452)		-
Proceeds from note payable - Paycheck Protection Plan		458,900		-
Net cash from financing activities		40,168		684,917
Net change in cash		204,226		3,744
Cash, beginning of year		91,083		87,339
Cash, end of year	$	295,309	$	91,083
Supplemental disclosures of cash flow information				
Interest	$	42,719	$	30,485

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.

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, 2020 and 2019. 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 payer 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 (though, in prior years, receivables had been recorded on a net basis). The allowance for doubtful accounts at June 30, 2020 and 2019, were $174,895 and $30,660, respectively.

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 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 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, 2020 and 2019, were $139,006 and $93,152, 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 2020 and 2019.

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.

Deferred Rent

The Center has a lease agreement, which provides for base rent escalations during the lease term and provided for an up front tennant improvement allowance of approximately $63,000. The Organization records rent expense on the straight-line basis over the lease term. The difference between the amounts incurred as rent expense and rental payments is reflected as deferred rent. Deferred rent was $106,563 and $- at June 30, 2020 and 2019, respectively.

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 $49,046 and $32,793 at June 30, 2020 and 2019, respectively. The Center had no unrelated business income for the years ended June 30, 2020 and 2019, 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. For the year ended June 30, 2019, the Center received $227,218, of in-kind contributions or in-kind pledges in the form of equipment and furnishings and design services.

Note 1: Summary of Significant Accounting Policies (Continued)

In-kind contributions (Continued)

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.

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 15 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 $49,046 and $32,793 as of June 30, 2020 and 2019, respectively. The actual claims paid out in the future may differ from these estimates.

Change in Accounting Policy

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities* (Topic 958) - *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU No. 2018-08 assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and in determining whether a contribution transaction is conditional. The Center adopted this guidance as of July 1, 2019, with no effect on its recognition of contributions received.

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, 2019. 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 February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for substantially all leases with lease terms in excess of twelve months. The new lease guidance also simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021, and are to be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. The Center continues to evaluate the effect that the implementation of this ASU will have on its financial statements and related disclosures.

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 February 8, 2021, 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,	2020	2019
Cash	$ 295,309	$ 91,083
Investments	2,594,023	2,553,590
Grants receivable	287,081	318,036
Pledges receivable	373,947	406,500
Accounts receivable DHS	23,288	43,821
Client receivables, net	125,596	111,268
Total financial assets	3,699,244	3,524,298
Less: Board-designated investments	(298,279)	(288,740)
Less: Donor-designated investments	(1,822,506)	(1,822,506)
Less: Capital campaign restrictions	-	(582,218)
Less: Lake County expansion restrictions	(1,229,765)	-
Financial assets available to meet general expenditures within one year	$ 348,694	$ 830,834

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. 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 for the years ended June 30, 2020 and 2019, the Center has two committed lines of credit with maximum borrowing limits of $200,000 and $1,500,000. The total available credit balances for the two lines as of June 30, 2020 and 2019, were $1,201,480 and $782,478, respectively.

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.

Note 3: Reimbursement Arrangements With Third-Party Payors (Continued)

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:

	2020	2019
Medicare	12 %	8 %
Medicaid, including managed care plans	72 %	74 %
Commercial and other payors	11 %	8 %
Clients (self pay)	5 %	10 %
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 revenue without donor restrictions, 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.

Note 5: Description of Net Assets (Continued)

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, 2020 and 2019:

		2020		2019
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.	$	183,398	$	181,334
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.		114,881		107,406
Total	$	298,279	$	288,740

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.

Net assets with donor restrictions were as follows at June 30, 2020 and 2019:

		2020		2019
Time-restricted	$	909,346	$	920,685
Lake County expansion		645,748		-
Capital campaign		-		23,390
Halsey Earl Poronto, Grace K. Poronto, and Halsey Earl Poronto, Jr. Memorial Endowment Net Assets		1,822,506		1,822,506
Total	$	3,377,600	$	2,766,581

Note 5: Description of 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. Investment earnings of $20,740 and $113,884 are included on the statement of activities and changes in net assets for the years ended June 30, 2020 and 2019, respectively.

Note 6: Investments and Assets Limited as to Use

The investments 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.

The following are the fair values and original cost of investments and assets limited as to use as of June 30, 2020 and 2019:

	June 30, 2020		
	Cost	Fair Value	Unrealized Gain (Loss)
Cash	$ 169,155	$ 169,155	$ -
Common stock	401,661	573,142	171,481
US equity funds	432,854	510,319	77,465
Fixed income funds	949,326	986,382	37,056
Closed end equity ETF	116,649	132,199	15,550
Mutual funds alternative	211,811	222,826	11,015
Total	$ 2,281,456	$ 2,594,023	$ 312,567

	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

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

Net investment return for investment securities is summarized as follows:

Years Ended June 30,	2020	2019
Interest and dividend income	$ 74,582	$ 60,313
Realized gains (losses)	(90,942)	35,262
Unrealized gain on investments	68,681	55,915
Investment fees	(23,262)	(22,213)
Total investment return	$ 29,059	$ 129,277

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, 2020 and 2019, respectively, 99% 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.

Note 8: Endowment Funds (Continued)

Endowment funds are invested in cash, equity 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.

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, 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
Net investment return:			
Interest and dividend income	8,433	53,230	61,663
Realized loss on sale of investments	(10,283)	(64,906)	(75,189)
Unrealized gain on investment	7,766	49,018	56,784
Investment fees	(2,630)	(16,602)	(19,232)
Net investment return	3,286	20,740	24,026
Contributions	7,475	-	7,475
Appropriation of endowment assets for expenditures	(1,222)	(20,740)	(21,962)
Endowment net assets at June 30, 2020	$ 298,279	$ 1,822,506	$ 2,120,785

Note 9: Pledges Receivable

Pledges receivable are due as follows at June 30, 2020 and 2019:

	2020	2019
2020	$ -	$ 406,500
2021	373,947	189,102
2022	269,857	28,751
2023	4,121	3,956
Total	647,925	628,309
Allowance for uncollectible amounts	(25,660)	(25,660)
Net pledges receivable	$ 622,265	$ 602,649

Pledges receivable consist of following at June 30, 2020 and 2019:

	2020	2019
Amounts due in:		
Less than one year	$ 373,947	$ 406,500
One to five years	286,500	236,000
Total pledges receivable	660,447	642,500
Less: Discount	(12,522)	(14,191)
Less: Allowance for doubtful accounts	(25,660)	(25,660)
Less: Pledges receivable - Current	(373,947)	(406,500)
Pledges receivable - Noncurrent	$ 248,318	$ 196,149

Note 10: Note Payable - Paycheck Protection Program

In response to COVID-19 crisis, the Center applied for and received a loan in the amount of $458,900 pursuant to the Paycheck Protection Program (PPP), administered by the Small Business Administration (SBA). The loan bears interest at a rate of 1.0% and matures on May 8, 2022. Monthly principal and interest payments of $25,697 were set to commence on December 8, 2020 based on the loan agreement. On October 7, 2020, The Paycheck Protection Flexibility Act of 2020, P.L. 116-142, extended the deferral period for loan payments to either (1) the date that SBA remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period.

If certain criteria are met, all or a portion of the loan may be forgiven. As of the date of the issuance of the financial statements, the loan forgiveness criteria have not been finalized, and no determination of forgiveness can be made.

Note 11: 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 (4.0% and 5.50% at June 30, 2020 and 2019, respectively) plus .75%. The agreement was entered into on June 22, 2005. The balances outstanding as of June 30, 2020 and 2019, were $- and $129,917, 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 (4.0% and 5.50% at June 30, 2020 and 2019, respectively) less .50%. The balances outstanding at June 30, 2020 and 2019, were $498,520 and $787,335, 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 12: Lease commitments

In March 2020, the Center signed a noncancellable operating lease agreement for a new office facility expiring February 28, 2025, with two three-year extension options. The monthly lease payment is $7,218 and increases annually. The lease also required a security deposit of $10,827 which is included in prepaid expenses on the statements of financial position. Rent expense for this lease was $73,460 the year ended June 30, 2020.

Future minimum lease commitments are as follows:

Years Ended June 30,		2020
2021	$	88,779
2022		91,443
2023		94,186
2024		97,011
2025		16,248
Total	$	387,667

Note 13: 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 the years ended June 30, 2020 and 2019, totaled $36,646 and $38,832, respectively.

Note 14: Program Services

The following programs are reflected in the statement of activities for the years ended June 30, 2020 and 2019:

	2020	2019
Therapy	$ 1,101,542	$ 1,541,273
Psychiatry	957,743	686,321
Living Room	130,721	131,794
Employment services	125,019	36,942
Lake County	599,585	-
Outreach	214,358	39,604
Camp Neeka	58,293	48,581
Total	$ 3,187,261	$ 2,484,515

Note 15: 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 and additional outside physician. The Center is unable to estimate reasonably the amount of the loss. Requested damages in excess of $15,000,000 could be requested from three plaintiffs, and the outside counsel for the Center has advised, at this stage of the proceedings, that they estimate that there is less than a 25% chance of an unfavorable 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. There is also a $2,000,000 umbrella policy.

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 16: Business Conditions

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic." First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. As of the date of issuance of the financial statements, the Center's operations have not been negatively impacted; however, the Center has experienced a roughly 50% increase in demand for services. No impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Center's results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Note 17: Subsequent Events

Subsequent to June 30, 2020, the Center received two significant contributions. The Center received a $1,600,000 pledge to purchase the Central Avenue building the Center started leasing in August, 2020. The Center closed on the purchase of the building on December 31, 2020 with a purchase price of $1,860,000. The Center also received a grant of approximately $1,200,000 from the Illinois Department of Healthcare and Family Services for the state CARES Pandemic Related Stability Payments Program to cover health care related expenses related to the COVID-19 pandemic.

Supplementary Information

WIPFLI

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, 2020, and have issued our report thereon dated February 8, 2021, 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 26 - 30 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.

Wipfli LLP

February 8, 2021
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)	96946.56	0.00	0.00	96,946.56
Fringe Benefits	6453.08	0.00	0.00	6,453.08
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	0.00	0.00	0.00	0.00
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
Research and Development	0.00	0.00	0.00	0.00

Category	State Amount	Federal Amount	Match Amount	Total
Telecommunications	0.00	0.00	0.00	0.00
Training and Education	0.00	0.00	0.00	0.00
Direct Administrative Costs	4637.35	0.00	0.00	4,637.35
Miscellaneous Costs	0.00	0.00	0.00	0.00
Total Direct Expenses	**133,813.99**	**0.00**	**0.00**	**133,813.99**
Indirect Costs	0.00	0.00	0.00	0.00
Total Expenses	**133,813.99**	**0.00**	**0.00**	**133,813.99**

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)	4768.98	0.00	0.00	4,768.98
Fringe Benefits	954.89	0.00	0.00	954.89
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	0.00	0.00	0.00	0.00
Consultant (Professional Services)	10913.13	0.00	0.00	10,913.13
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	**16,637.00**	**0.00**	**0.00**	**16,637.00**
Indirect Costs	0.00	0.00	0.00	0.00
Total Expenses	**16,637.00**	**0.00**	**0.00**	**16,637.00**

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	Other grant programs and activities

Category	Direct Federal	Other Amount	Total
Personal Services (Salaries and Wages)	0.00	3014212.70	3,014,212.70
Fringe Benefits	0.00	207252.03	207,252.03
Travel	0.00	2651.00	2,651.00
Equipment	0.00	30335.00	30,335.00
Supplies	0.00	77834.00	77,834.00
Contractual Services	0.00	1844.47	1,844.47
Consultant (Professional Services)	0.00	159712.40	159,712.40
Construction	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	142823.00	142,823.00
Research and Development	0.00	0.00	0.00
Telecommunications	0.00	36297.00	36,297.00
Training and Education	0.00	10347.00	10,347.00
Direct Administrative Costs	0.00	240677.65	240,677.65
Miscellaneous Costs	0.00	260798.00	260,798.00
Total Direct Expenses	**0.00**	**4,184,784.25**	**4,184,784.25**