



THE BABY FOLD

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

**For the Year Ended June 30, 2024
(With Summarized Financial Information for 2023)**



SIKICH.COM

THE BABY FOLD
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	1-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5-6
Statement of Functional Expenses	7-8
Statement of Cash Flows.....	9-10
Notes to Financial Statements.....	11-31
SUPPLEMENTARY INFORMATION	
Schedule of Support and Revenue	32
Schedule of Functional Support and Revenue	33
Schedule Of Earnings on Invested Assets - Investment Fund	34
Residential Treatment Center, Foster Family Care, and Adoption Programs Statistics (Unaudited)	35

3051 Hollis Dr., 3rd Floor
Springfield, IL 62704
217.793.3363

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Baby Fold
Normal, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Baby Fold, which comprise the Statement of Financial Position as of June 30, 2024, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Baby Fold as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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, that raise substantial doubt about the Organization'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.

Report on Prior Period Summarized Comparative Information

The financial statements of The Baby Fold as of June 30, 2023 were audited by CliftonLarsonAllen LLP, whose report dated June 6, 2024 expressed an unmodified opinion of those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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. Such 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 of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The accompanying supplementary schedule of support and revenue as of and for the year ended June 30, 2023, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Sikich CPA LLC

Springfield, Illinois
June 13, 2025

FINANCIAL STATEMENTS

THE BABY FOLD**STATEMENT OF FINANCIAL POSITION**

June 30, 2024

(With Summarized Financial Information for June 30, 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 999,229	\$ 1,264,638
Investments	4,713,084	7,013,282
Accounts receivable, net of an allowance for expected credit losses of \$175,000 and \$98,209 for the years ended June 30, 2024 and 2023, respectively	2,019,470	2,071,826
Grants receivable	223,065	-
Food inventory	13,110	7,646
Facilities inventory	572	-
Prepaid expenses	199,875	269,051
Grain inventories	39,691	66,657
Investments in real estate	426,715	426,715
Cash value of life insurance	4,960	4,960
Land, buildings, and equipment, net	7,899,056	8,346,541
Right-of-use asset, operating	1,160,364	1,427,097
Investment, restricted	5,195,452	4,811,272
Investment held in trust by others	4,829,804	4,148,403
TOTAL ASSETS	\$ 27,724,447	\$ 29,858,088
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	605,405	434,559
Line of credit	252,938	2,500,000
Loan payable under Paycheck Protection Program	361,586	723,287
Notes payable	1,000,385	-
Accrued expenses	1,037,291	753,049
Lease liability, operating	1,159,213	1,437,356
Pension payable	-	962,227
Deferred revenue, annuity contracts	32,626	35,531
Deferred revenue, other	128,369	-
Refundable grant advance	-	193,658
Total liabilities	4,577,813	7,039,667
NET ASSETS		
Without donor restriction	13,006,878	13,744,246
With donor restriction	10,139,756	9,074,175
Total net assets	23,146,634	22,818,421
TOTAL LIABILITIES AND NET ASSETS	\$ 27,724,447	\$ 29,858,088

See accompanying notes to financial statements.

THE BABY FOLD

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

(With Summarized Financial Information for the Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
REVENUE, GAINS AND				
OTHER SUPPORT				
Contributions	\$ 1,022,247	\$ 68,497	\$ 1,090,744	\$ 1,269,685
Fees from governmental agencies	14,919,217	-	14,919,217	13,702,685
Grants from governmental agencies	4,016,262	-	4,016,262	3,294,440
Net investment income	562,029	315,683	877,712	1,281,621
In-kind contributions	163,385	-	163,385	55,093
Fundraising events, net of costs of direct benefit to donors of \$107,880 and \$53,564 for the years ended June 30, 2024 and 2023, respectively	419,333	-	419,333	431,930
Earnings and distributions from estates in trust	215,749	681,401	897,150	290,081
Other	323,530	-	323,530	150,263
Net assets released from restrictions	-	-	-	-
Total revenue, gains and other support	21,641,752	1,065,581	22,707,333	20,475,798
EXPENSES				
Program services				
Traditional school	2,828,993	-	2,828,993	3,957,267
Autism school	6,472,978	-	6,472,978	5,442,755
Performance foster care and special needs adoption	2,779,617	-	2,779,617	1,813,054
Specialized foster care	527,191	-	527,191	525,466
Adoption preservation	2,435,258	-	2,435,258	2,197,004
Healthy start	294,619	-	294,619	140,240
Intact family services	619,940	-	619,940	687,191
Adoption preservation respite	168,442	-	168,442	138,606
Community schools	171,420	-	171,420	155,411
Choices	-	-	-	26,217
Healthy families Illinois	453,011	-	453,011	395,146
Prevention initiative	343,232	-	343,232	349,768
Care Connection	455,266	-	455,266	461,479
Doula	270,242	-	270,242	-
Total program services	17,820,209	-	17,820,209	16,289,604

See accompanying notes to financial statements.

THE BABY FOLD

STATEMENT OF ACTIVITIES (Continued)

For the Year Ended June 30, 2024
(With Summarized Financial Information for the Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
EXPENSES (Continued)				
Support services				
Management and general	\$ 3,339,595	\$ -	\$ 3,339,595	\$ 2,922,717
Public relations	1,121,081	-	1,121,081	1,309,996
Total support services	4,460,676	-	4,460,676	4,232,713
Total expenses	22,280,885	-	22,280,885	20,522,317
CHANGE IN NET ASSETS	(639,133)	1,065,581	426,448	(46,519)
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	(98,235)	-	(98,235)	230,875
TOTAL CHANGES IN NET ASSETS	(737,368)	1,065,581	328,213	184,356
NET ASSETS, BEGINNING OF YEAR	13,744,246	9,074,175	22,818,421	22,634,065
NET ASSETS, END OF YEAR	\$ 13,006,878	\$ 10,139,756	\$ 23,146,634	\$ 22,818,421

See accompanying notes to financial statements.

THE BABY FOLD

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024
(With Summarized Financial Information for the Year Ended June 30, 2023)

	Program Services									
	Performance					Intact		Adoption	Community	
	Traditional High School	Hammitt Challenges	Foster Care and Special Needs Adoption	Specialized Foster Care	Adoption Preservation	Healthy Start	Family Services	Preservation Respite	Schools	
EXPENSES:										
Salaries and wages	\$ 1,992,339	\$ 4,186,018	\$ 1,277,386	\$ 242,025	\$ 1,598,678	\$ 188,328	\$ 405,604	\$ 102,414	\$	121,243
Group insurance	218,403	478,083	132,142	23,607	220,974	37,686	26,525	6,479		3,334
Pensions	43,775	64,797	13,156	4,689	13,214	2,364	3,693	1,817		1,876
Social Security and Medicare tax	147,258	309,196	93,199	17,550	114,571	12,688	30,794	7,330		9,150
Unemployment compensation taxes	1,501	3,879	822	108	1,493	71	414	113		95
Workers' compensation insurance	20,938	58,390	11,506	1,514	20,885	996	5,901	1,586		1,332
Professional liability insurance	12,254	30,990	6,570	864	11,925	569	3,307	906		760
Employee medical	3,100	7,401	2,617	119	1,732	30	475	457		48
Auditing and legal fees	-	-	-	-	-	-	-	-		-
Administrative consultants	-	-	-	-	-	-	-	-		-
Technology supplies and services	30,513	86,712	13,494	1,835	30,355	1,260	7,914	1,763		1,451
Office supplies and expenses	4,480	6,335	11,686	589	5,708	830	651	15		4
Telephone	10,864	29,492	11,477	4,465	45,835	1,756	6,875	1,589		2,593
Printing	258	-	-	-	-	-	-	-		-
Postage	876	1,964	1,789	346	669	5	263	44		46
Office equipment rental	1,957	11,900	1,073	188	3,604	116	600	18		21
Subscriptions	2,292	2,539	-	-	-	-	-	-		-
Rent	-	35,000	100,980	13,860	82,680	7,504	51,480	-		9,755
Utilities	21,084	132,440	19	13	33,572	647	-	1,244		263
Buildings and grounds supplies	7,724	35,904	1,139	1,035	6,321	172	2,451	384		213
Maintenance of buildings and grounds	23,782	241,076	6,715	6,729	53,322	7,356	1,206	975		3,426
Equipment repairs	2,956	16,139	-	-	433	191	-	9		57
Property insurance	16,824	43,484	9,218	1,213	16,732	798	4,640	1,271		1,067
Travel	1,644	12,378	67,253	13,330	53,153	7,854	13,429	459		3,500
Auto insurance	9,239	23,881	5,063	666	9,189	438	2,548	698		-
Conference and convention expense	6,244	12,402	3,949	2,320	17,563	1,410	(311)	290		771
Program supplies	10,671	72,983	3,475	713	13,883	2,202	463	27,574		3,849
In-kind supplies, services and capital	-	-	200	-	-	-	-	-		-
Intact flex fund	-	-	-	-	-	-	24,553	-		-
Specific assistance	-	-	41,482	5,034	365	15	6,378	-		95
Medical supplies	187	509	-	689	-	-	-	-		-
Food	45,836	75,221	-	-	-	-	-	-		-
Kitchen service supplies	6,821	12,187	-	-	-	-	-	-		-
Professional consultants	9,574	24,069	43,836	2,685	10,725	2,369	11,872	-		-
Bstudent stipend	-	155	-	-	-	-	-	-		-
Foster home care	-	-	904,303	177,296	-	-	-	9,180		-
Festival expenses	-	-	-	-	-	-	-	-		-
Dues	(86)	2,441	-	-	-	1,046	-	-		-
Board of trustees expense	-	-	-	-	-	-	-	-		-
Interest expense	15,313	39,580	8,392	1,104	15,231	747	4,225	1,157		972
Lease interest expense	404	3,639	3,129	1,564	43,766	6,637	2,377	91		1,259
Bad debt expenses	-	-	-	-	-	-	-	-		-
Miscellaneous	9,076	1,764	493	111	(66)	8,161	(24)	(7)		3,766
Depreciation expense	150,892	410,030	3,054	930	8,746	373	1,637	586		474
Total expenses before cost of sales	2,828,993	6,472,978	2,779,617	527,191	2,435,258	294,619	619,940	168,442		171,420
Cost of Sales										
Cost of direct benefit to donors, supplies	-	-	-	-	-	-	-	-		-
TOTAL EXPENSES	\$ 2,828,993	\$ 6,472,978	\$ 2,779,617	\$ 527,191	\$ 2,435,258	\$ 294,619	\$ 619,940	\$ 168,442	\$	171,420

See accompanying notes to financial statements.

THE BABY FOLD

STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2024

(With Summarized Financial Information for the Year Ended June 30, 2023)

					Support Services						
	Healthy Families Illinois	Prevention Initiative	Care Connection	Doula	Total Program Services	Management and General	Public Relations	Cost of Sales	2024 Total	2023 Total	
EXPENSES:											
Salaries and wages	\$ 308,170	\$ 216,413	\$ 338,969	\$ 142,615	\$ 11,120,202	\$ 1,328,978	\$ 467,767	\$ -	\$ 12,916,947	\$12,412,304	
Group insurance	20,964	26,792	25,894	8,006	1,228,889	106,804	34,971	-	1,370,664	1,255,672	
Pensions	3,237	4,489	4,833	2,585	164,525	427,399	9,294	-	601,218	95,571	
Social Security and Medicare tax	22,910	15,764	25,544	10,264	816,218	96,171	35,743	-	948,132	898,394	
Unemployment compensation taxes	207	252	318	148	9,421	6,693	432	-	16,546	4,873	
Workers' compensation insurance	2,891	3,528	4,455	2,070	135,992	38,618	6,050	-	180,660	150,123	
Professional liability insurance	1,742	2,147	2,319	1,182	75,535	-	-	-	75,535	47,770	
Employee medical	70	223	138	171	16,581	22,728	75	-	39,384	78,675	
Auditing and legal fees	-	-	-	-	-	126,785	-	-	126,785	78,765	
Administrative consultants	-	-	-	-	-	108,778	-	-	108,778	221,645	
Technology supplies and services	3,828	4,445	4,819	27,003	215,392	262,870	32,464	-	510,726	486,703	
Office supplies and expenses	64	5,852	341	13,709	50,264	120,707	25,738	-	196,709	115,767	
Telephone	6,689	4,290	4,454	319	130,698	26,638	3,321	-	160,657	129,485	
Printing	-	-	-	-	258	982	42,308	-	43,548	102,787	
Postage	138	7	-	5	6,152	4,022	3,896	-	14,070	16,408	
Office equipment rental	349	91	349	815	21,081	8,031	361	-	29,473	39,248	
Subscriptions	-	-	-	-	4,831	15,863	615	-	21,309	11,196	
Rent	19,851	25,514	12,732	15,008	374,364	20,271	25,200	-	419,835	479,954	
Utilities	2,335	494	3,024	5,069	200,204	29,400	24,685	-	254,289	282,607	
Buildings and grounds supplies	658	1,006	3,227	262	60,496	25,848	1,984	-	88,328	87,915	
Maintenance of buildings and grounds	7,157	4,300	582	4,070	360,696	62,176	14,094	-	436,966	381,197	
Equipment repairs	191	115	4	573	20,668	1,390	-	-	22,058	8,508	
Property insurance	2,316	-	3,569	1,658	102,790	54,520	4,847	-	162,157	165,794	
Travel	10,493	2,905	8,027	4,504	198,929	28,542	2,526	-	229,997	233,894	
Auto insurance	1,272	-	1,960	911	55,865	7,459	2,662	-	65,986	52,270	
Conference and convention expense	11,076	4,158	1,132	8,008	69,012	28,773	6,082	-	103,867	101,308	
Program supplies	4,176	3,480	1,817	7,167	152,453	-	3,162	-	155,615	167,212	
In-kind supplies, services and capital	-	-	-	-	200	-	249,062	-	249,262	227,264	
Intact flex fund	-	-	-	-	24,553	-	-	-	24,553	22,801	
Specific assistance	1,211	119	-	54	54,753	-	-	-	54,753	33,587	
Medical supplies	-	-	-	-	1,385	-	-	-	1,385	2,795	
Food	-	-	-	-	121,057	-	-	-	121,057	132,833	
Kitchen service supplies	-	-	-	-	19,008	-	-	-	19,008	14,876	
Professional consultants	3,696	3,960	110	2,988	115,884	(213)	-	-	115,671	144,642	
Bstudent stipend	-	-	-	-	155	-	-	-	155	461	
Foster home care	-	-	-	-	1,090,779	-	-	-	1,090,779	735,669	
Festival expenses	-	-	-	-	-	-	61,484	-	61,484	76,396	
Dues	1,038	1,336	-	292	6,067	34,616	1,444	-	42,127	80,947	
Board of trustees expense	-	-	-	-	-	371	-	-	371	1,023	
Interest expense	2,108	2,570	1,501	1,507	94,407	80,090	4,394	-	178,891	138,456	
Lease interest expense	5,283	554	3,885	4,350	76,938	9,807	-	-	86,745	-	
Bad debt expenses	-	-	-	-	-	175,000	-	-	175,000	98,209	
Miscellaneous	7,151	7,292	(18)	4,929	42,628	71,685	44,578	-	158,891	78,527	
Depreciation expense	1,740	1,136	1,281	-	580,879	7,793	11,842	-	600,514	627,786	
Total expenses before cost of sales	453,011	343,232	455,266	270,242	17,820,209	3,339,595	1,121,081	-	22,280,885	20,522,317	
Cost of Sales											
Cost of direct benefit to donors, supplies	-	-	-	-	-	-	-	107,880	107,880	53,564	
TOTAL EXPENSES	\$ 453,011	\$ 343,232	\$ 455,266	\$ 270,242	\$ 17,820,209	\$ 3,339,595	\$ 1,121,081	\$ 107,880	\$ 22,388,765	\$ 20,575,881	

See accompanying notes to financial statements.

THE BABY FOLD

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2024
(With Summarized Financial Information for the Year Ended June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 328,213	\$ 184,356
Adjustments to reconcile change in net assets to net cash flows used by operating activities:		
Depreciation	600,514	627,786
Credit loss expense	175,000	98,209
Net (gain) on investments, realized and unrealized	(481,332)	(641,593)
Net unrealized (gain) on trust held by others	(681,401)	(111,614)
Cash in excess of operating lease expense	(11,410)	-
Noncash lease expense	-	10,259
Pension-related changes other than net periodic pension cost	98,235	(230,875)
Contributions, restricted for long term purpose	(12,384)	(42,258)
(Increase) decrease in assets		
Accounts receivable	(122,644)	(738,888)
Grants receivable	(223,065)	
Inventories, food , facilities and grain	20,930	(35,424)
Prepaid expenses	69,176	2,990
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	455,088	262,077
Pension payable	(1,060,462)	(113,055)
Deferred revenue, annuity contracts	(2,905)	(4,779)
Deferred revenue, program	(65,289)	136,107
Net cash flows used by operating activities	(913,736)	(596,702)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(3,081,493)	(598,885)
Proceeds from sale of investment securities	5,478,843	642,104
Purchase of property and equipment	(153,029)	(116,841)
Net cash flows from (used by) investing activities	2,244,321	(73,622)

See accompanying notes to financial statements.

THE BABY FOLD

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended June 30, 2024
(With Summarized Financial Information for the Year Ended June 30, 2023)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions, restricted for long term purpose	12,384	42,258
Borrowings on line of credit	2,266,436	1,250,000
Repayments on line of credit	(4,513,498)	-
Proceeds on notes payable	1,250,000	-
Principal payments on loans and notes payable	(611,316)	(427,215)
Net cash flows from (used by) financing activities	(1,595,994)	865,043
NET CHANGE IN CASH AND CASH EQUIVALENTS	(265,409)	194,719
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,264,638	1,069,919
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 999,229	\$ 1,264,638
Cash paid for interest	\$ 178,891	\$ 138,456

See accompanying notes to financial statements.

THE BABY FOLD

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Baby Fold (the Organization) is a nonprofit organization whose mission embodies Christian principles to help families and children develop the hope, courage, and love they need to become whole and healthy. Their vision is to transform children's lives by being the premier provider of mental health, education, and family services.

Basis of Presentation:

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Without donor restrictions represent Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With donor restrictions represent 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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported in the statements of activities as net assets released from restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition – Fees from Governmental Agencies

The Organization recognizes revenues in the period in which the performance obligations are satisfied. The Organization has agreements with third-party payors that provide for payments in amounts different from established rates. Generally, the Organization bills the clients and third-party after the services are performed. Fee revenue is reported at the estimated net realizable amount from patients, third-party payors, and others for services rendered and includes estimated retroactive adjustments due to future audits, reviews, and investigations.

Any payments received in advance of the services being performed are recorded as deferred revenue, other, on the statement of financial position and recognized as revenue in the period the performance obligations are satisfied.

The Organization's performance obligations are satisfied over time for the delivery of various services. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients receiving services for a variety of assessment and treatment services. The Organization measures the performance obligation from the commencement of a service to the point when it is no longer required to provide services to that client, which is generally the completion of the services for that day.

Any revenue for performance obligations completed, but not received before year-end, are recognized as accounts receivables on the statement of financial position.

The Organization's initial estimate of the transaction price is determined by reducing the total standard charges related to the client services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions and other reductions to the Organization's standard charges.

The Organization determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party and government payors. The Organization determines its estimates of explicit price concessions based on contractual agreements, its discount policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of clients served.

Government Payors

Services rendered to government payors are reimbursed at the agreed upon amounts in grant and contract documents as well as fee schedules.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition – Fees from Governmental Agencies (Continued)

Significant Judgements

There are no significant judgments in the earning of revenues based on the point in time method of revenue recognition.

Disaggregation of Revenue

The following table provides disaggregation of revenue from contracts with customers based on the timing of the revenue recognition for the year ended June 30, 2024:

Revenue from contracts with customers

Recognized over time:

Fees from governmental agencies \$ 14,919,217

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the demand for services, availability of contract funding, prompt payment from government and private sources as well as general economic conditions.

Contract Balances

The beginning and ending contract balances were as follows as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 2,194,470	\$ 2,170,035
Deferred revenue	128,369	-

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant and Contribution Revenue

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when barriers are overcome. Contributions received with donor-imposed restrictions and the related gains and investment income that are met in the same year as received are reported as revenues without donor restrictions. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues with donor restrictions; the restrictions are considered to be released at the time the asset is placed in service. Contributions of assets other than cash are recorded at their estimated fair value in the period received.

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A significant portion of the Organization's revenue is derived from cost-reimbursable state grants. These grants are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Advance payments on grants are recorded as refundable advances until funds have been expended. As of June 30, 2024, the Organization had no refundable grant advances related to cost reimbursable grants that were unearned. In addition, the Organization had conditional grant awards of \$7,458,178 that had not been received nor earned as the qualifying expenditures had not been incurred as of June 30, 2024. These awards are conditional upon incurring allowable expenditures under the grants.

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and as a result of such, audit adjustments could be required. The Organization is not aware of any material additional liabilities that governmental agencies have requested to be returned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases. Salaries and wages, group insurance, pensions, social security and Medicare tax, unemployment compensation, worker's compensation insurance, and employee medical insurance are allocated on the basis of time and effort. Professional liability insurance, technology supplies and services, office supplies and expenses, office equipment rental, buildings and group supplies, maintenance of buildings and grounds, equipment repairs, property insurance, interest expense, lease interest expense, depreciation expense, and miscellaneous expense are allocated based on estimated usage by program.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are defined as all highly liquid instruments with an original maturity of three months or less.

Accounts Receivable

Accounts receivable represent amounts due from state and federal agencies for services provided under various grant contracts and amounts due from local governmental entities for tuition. Accounts receivable are stated at the invoice amount reduced by an estimate made for credit losses based on a review of all outstanding amounts. The Organization separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the balance sheet date, the Organization develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The provision for credit losses charged to expense was \$76,791 for the year ended June 30, 2024.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)

Payments of accounts receivable are applied to the specific invoices or amounts billed to awarding agencies.

Allowance for Credit Losses on Accounts Receivable

After all attempts to collect have failed, the receivable is written off against the allowance. If recoveries are made from accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. As of June 30, 2024, the Organization determined that an allowance for credit losses of \$175,000 was adequate. However, actual write-offs in excess of the allowance for credit losses may occur.

Changes in the allowance for credit losses for the year ended June 30, 2024 are as follows:

	<u>2024</u>
Beginning Balance	\$ 98,209
Provision for credit losses	76,791
Write-offs (recoveries)	<u>-</u>
ENDING BALANCE	<u><u>\$ 175,000</u></u>

Investment Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at fair value in the statement of financial position and realized and unrealized gains and losses are reflected in the statement of activities. Investment gain is reported net of external and direct internal expenses. If a restriction is fulfilled in the same time period in which the investment income is received, the investment income is reported as net assets without donor restrictions.

Grain Inventories

Grain inventories, considered to be investment assets of the Organization, are stated at fair value.

Investment in Real Estate

Investment in real estate is carried at cost or estimated fair value at the date of receipt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land, Buildings, and Equipment

Physical assets acquired with a unit cost in excess of \$2,500 are capitalized as fixed assets. Items with a unit cost below this threshold is expensed in the year purchased. Buildings and equipment are stated at cost or at its estimated fair value at date of donation, if received as a gift, less accumulated depreciation. Depreciation is provided over the following estimated useful lives of the respective assets on a straight-line basis:

	<u>Years</u>
Land improvements	3 to 25
Buildings and improvements	10 to 35
Office furniture and equipment	5 to 10
Audit visual and miscellaneous tools and equipment	3 to 10
Transportation equipment	3 to 5

Income Tax Status

The Organization is a nonprofit organization and is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation. The Organization is no longer subject to U.S. Federal or State examinations by tax authorities for tax years prior to 2020.

Prior year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

Individual lease contracts may not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term. The discount rate is used for computing the present value of the lease liability, when applicable.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Change in Accounting Principle

On July 1, 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, Accounting Standards Codification (ASC) Topic 326*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecast and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. Financial assets held by the Organization that are subject to the guidance in ASC Topic 326 are accounts receivable. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only for the year ended June 30, 2024.

Subsequent Events

Management evaluated subsequent events through June 13, 2025, the date the financial statements were available to be issued and determined that there were no significant non-recognized events through that date.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and cash equivalents	\$	999,229
Investment securities		9,908,536
Accounts receivable, net		2,019,470
Grants receivable		<u>223,065</u>
Total financial assets available, at year end		13,150,300
Less: Those unavailable for general expenditures		
Assets collateralized for line of credit		(252,938)
Net assets with donor restriction, excluding investments held in trust by others and restricted investment in real estate		<u>(5,195,452)</u>
TOTAL FINANCIAL ASSETS AFTER IMPOSED RESTRICTIONS	\$	<u><u>7,701,910</u></u>

The net assets with donor restrictions are not included above as they are not considered available for general expenditure. The Organization's operating investments of \$4,713,084 at June 30, 2024 are included in Note 3. Although the Organization does not intend to spend from the investment portfolio, these amounts could be made available if necessary. Additionally, as part of the liquidity management plan, as the need arises, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

3. INVESTMENT SECURITIES

	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 819,756	\$ 819,756
Money market funds	37,085	37,085
Equities	4,441,934	5,033,251
Fixed income - corporate bonds	1,435,460	1,459,339
Mutual funds	1,414,100	1,425,674
Exchange traded funds	799,959	1,029,572
Real estate investment trusts	<u>103,460</u>	<u>103,859</u>
TOTAL, END OF YEAR	<u>\$ 9,051,754</u>	<u>\$ 9,908,536</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENT SECURITIES (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2024:

	<u>Fair Value</u>
Interest	\$ 85,107
Dividends	188,823
Net realized/unrealized gain in investments	<u>481,332</u>
Investment gain from securities	755,262
Net farm rental income	239,016
Interest fees	<u>(116,566)</u>
NET INVESTMENT GAIN	<u><u>\$ 877,712</u></u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Accordingly, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could be material in amount in relation to the carrying value of investments.

4. INVESTMENTS IN REAL ESTATE

The Organization has acquired real estate as beneficiary under various wills and trusts established by individuals. The following reflects the real estate holdings:

	Fair Value at Date of Gift	Estimated Fair Value at June 30, 2024 (Unaudited)
Mary J. Cornell - 160 acres	\$ 56,000	\$ 1,920,000
Alta Johnston - 229 acres	114,500	3,114,400
Rosetta Fox Courtney - 112 acres	55,730	819,231
Irene Blum - 80 acres	<u>200,485</u>	<u>1,296,000</u>
TOTAL	<u><u>\$ 426,715</u></u>	<u><u>\$ 7,149,631</u></u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

5. INVESTMENTS HELD IN TRUST BY OTHERS

The Organization receives cash distributions from the trusts listed below. In accordance with the trust agreements, the principal is generally retained by the trust in perpetuity with the income being distributed periodically.

The following values for each trust represent the Organization's share of the fair value of the trust at June 30, 2024 as provided by the outside fiscal agent:

James B. Kennedy Trust	\$ 1,216,624
O. V. Douglass Trust	185,899
Charles Ockerman Trust	407,560
Bessie Row Trust	52,279
Nina Bozarth Trust	409,073
Maude Scranton Trust	423,797
Genevieve Moyer Trust	950,241
Thomas Campbell Trust	<u>1,184,331</u>
TOTAL INVESTMENTS HELD IN TRUST BY OTHERS	<u>\$ 4,829,804</u>

The income from these trusts for the year has been included as other revenue in the statement of activities as both revenue without donor restrictions in the Investment Fund and revenue with donor restrictions in the Endowment Fund as follows:

Cash distributions (without donor restrictions)	\$ 215,749
Increase in fair value (with donor restrictions)	<u>681,401</u>
TOTAL	<u>\$ 897,150</u>

6. FAIR VALUE MEASUREMENTS

U.S. GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. U.S. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quotes prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

6. FAIR VALUE MEASUREMENTS (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the year ended June 30, 2024.

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, 2024.

Equity securities: Valued at the closing quoted price in an active market.

Fixed income - corporate bonds: The investment grade corporate bonds held by the Organization generally do not trade in active markets on the measurement date. Therefore, corporate bonds are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

Exchange traded funds: Valued at the closing quoted price in an active market.

Mutual funds: Valued at the NAV of shares on the last trading day of the fiscal year.

Money market funds: Valued at the closing quoted price in an active market

Real estate investment trusts: Valued at the closing quoted price in an active market.

Grain Inventories: Valued by an investment manager based on an active elevator grain price.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

6. FAIR VALUE MEASUREMENTS (Continued)

Investments Held in Trust by Others: Valued using the fair value of the assets held in the trust reported by the trustee as of June 30, 2024. The Organization considers the measurement of its investments held in trust by others to be a Level 3 measurement within the hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

Recurring Measurements

Assets measured at fair value on a recurring basis as of June 30, 2024 are as follows:

	Level 1	Level 2	Level 3	Total
ASSETS				
Equity securities	\$ 5,033,251	\$ -	\$ -	\$ 5,033,251
Fixed income - corporate bonds	-	1,459,339	-	1,459,339
Exchange traded funds	1,029,572	-	-	1,029,572
Mutual funds	1,425,674	-	-	1,425,674
Money market funds	37,085	-	-	37,085
Real estate investment trusts	103,859	-	-	103,859
Grain inventories	-	39,691	-	39,691
Investments held in trust by others	-	-	4,829,804	4,829,804
TOTAL ASSETS AT FAIR VALUE	\$ 7,629,441	\$ 1,499,030	\$ 4,829,804	13,958,275
Cash and cash equivalents *				819,756
Total assets				\$ 14,778,031

*Cash and cash equivalents are recorded at cost and are not based on Level 1, 2, or 3 inputs

The following table sets forth a summary of changes in fair value of the Organization's Level 3 assets for the year ended June 30, 2024:

	Investments Held in Trust by Others
Balance, beginning of year	\$ 4,148,403
Investments held in trust by others distribution	(215,749)
Contributions	-
Realized and unrealized gain	897,150
BALANCE, END OF YEAR	\$ 4,829,804

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LAND, BUILDINGS, AND EQUIPMENT

The following is a summary of land, buildings, and equipment at June 30, 2024:

	Cost	Accumulated Depreciation	Book Value	Current Year Depreciation
Land and improvements	\$ 803,946	\$ 233,241	\$ 570,705	\$ 18,729
Buildings and improvements	18,470,133	11,276,053	7,194,080	519,581
Equipment				
Office furniture, data processing and other equipment	1,246,733	1,112,749	133,984	61,307
Audio visual and miscellaneous tools and equipment	59,242	58,955	287	897
Transportation equipment	124,277	124,277	-	-
TOTAL	\$ 20,704,331	\$ 12,805,275	\$ 7,899,056	\$ 600,514

8. LINE OF CREDIT

In August 2022, the Organization established a margin loan relationship with the Charles Schwab & Co. Inc. (“Schwab”) to borrow up to 50% of the market value of the current Schwab long-term investment accounts to meet immediate obligations as needed, with the investment accounts used as collateral. As of June 30, 2024, the 50% market value of the accounts equates to approximately \$3.2 million. Interest is a variable rate based on an offset from Schwab’s base rate, and was 6.75%, as of June 30, 2024. The balance on the loan was \$252,938 as of June 30, 2024.

9. LOAN PAYABLE UNDER PAYROLL PROTECTION PROGRAM

In April 2020, the Organization received a loan from a bank in the amount of \$1,974,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5, 2020) and was due over 24 weeks deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in May 2021 principal and interest payments will be required through the maturity date in May 2022.

THE BABY FOLD**NOTES TO FINANCIAL STATEMENTS (Continued)**

9. LOAN PAYABLE UNDER PAYROLL PROTECTION PROGRAM (Continued)

On September 24, 2021, Organization received partial forgiveness of the PPP Loan in the amount of \$527,755. At June 30, 2024, there was \$361,586 remaining on the loan. The term loan bears an annual interest rate of 1%, is unsecured and guaranteed by the U.S. and requires monthly principal and interest payments of \$33,693. The loan matures on May 6, 2025, at which time all remaining principal and interest is owed.

As of June 30, 2024, future maturities of the PPP Loan are as follows:

2025	\$ 361,586
	<u>\$ 361,586</u>

10. NOTES PAYABLE

In September 2023, the Organization entered into a loan for \$1,250,000, secured by mortgages on real estate. The loan carries interest at 6.65%, with monthly principal and interest payments of \$97,215. The loan is due October 2053. Maturities on the notes payable are as follows:

2025	\$ 80,401
2026	36,036
2027	38,432
2028	40,988
2029	43,714
Thereafter	<u>760,814</u>
	<u>\$ 1,000,385</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 are as follows:

	Held in Perpetuity	Purpose or Time Restrictions
Robert Thomas	\$ 14,425	\$ -
Alta W. Johnston	114,500	-
Catharine Bell	260,163	-
Friends of the Fold	5,256	-
Charles Prussner	20,000	-
Luella E. Schultze	2,000	-
Dora Myers	11,484	-
Jean and William Hammitt	5,000	20,000
Robert W. Braun, Sr. Bright Futures Endowed Fund	30,311	17,281
Christian Life Fund	147,998	-
Investments held in trust by others (Note 5)	4,829,804	-
Supporting Early Intervention for Family Stability	397,838	346,373
ReImagine Hammitt	-	56,113
Ed Scharf Endowment Fund	3,625,468	235,742
TOTAL RESTRICTED NET ASSETS	\$ 9,464,247	\$ 675,509

12. PENSION PLANS

The Organization had a noncontributory, defined benefit pension plan covering all employees who met certain eligibility requirements. The Plan provides benefits based on the highest consecutive three-year average salary. The Organization's funding policy is to make an annual contribution in accordance with the actuarial computation provided by the plan's actuary. Effective July 1, 2009, this plan was frozen and no new employees were allowed to enter the Plan. This plan was terminated and settled during the year ended June 30, 2024, through both cash payouts in January 2024 and an annuity buy-out with United of Omaha in March 2024.

The Organization also has a 403(b) plan to which employees may contribute. The board of directors determines annually if any matching contributions will be made by the Organization. During 2024, the Organization matched 50% of the amount contributed by the participant up to a total match of 2% of eligible employee wages. Additionally, the Organization contributed, on a quarterly basis, 1% of wages for employees with 10 or more years of service and 2% of wages for employees with 15 or more years of service. The Organization made contributions to the plan of \$178,089 during the year ended June 30, 2024.

13. ENDOWMENTS

The Baby Fold's endowments consist of funds established to support a variety of programs at the Organization. Its endowments consist of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of The Baby Fold has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity:

- The original value of the initial gift amounts donated to the endowment,
- The original value of subsequent gift amounts donated to the endowment, and
- Any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible impact of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment policies for endowment assets that attempt to provide conservative earnings potential while reducing risk.

13. ENDOWMENTS (Continued)

Spending Policy

The Organization spends endowment earnings in accordance with the directives of the donor. If no directive exists, the board of directors, implements the spending policy through such actions as budget review and approval, review and approval of monthly financial statements, and review and assessment of investment performance.

It is the goal of the Organization to grow the investment accounts at an average annual return in excess of corresponding benchmarks, over a market cycle, keeping the level of risk consistent with a nonprofit organization having a long-term investment philosophy. The Organization targets a diversified asset allocation to achieve its long-term objectives within prudent risk constraints, with the exception of any specific endowment funds whose agreements include different guidelines.

Strategies Employed for Achieving Objectives

The Organization invests funds in a manner expected to maintain appropriate diversification among investment styles within the equity and fixed income allocations according to the investment policy.

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ 9,464,247	\$ 9,464,247
Accumulated gains	619,396	619,396
TOTAL ENDOWMENT FUNDS	\$ 10,083,643	\$ 10,083,643

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

13. ENDOWMENTS (Continued)

Strategies Employed for Achieving Objectives (Continued)

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 9,074,175	\$ 9,074,175
Investment return	997,084	997,084
Contributions	12,384	12,384
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 10,083,643</u>	<u>\$ 10,083,643</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2024, there were no underwater funds.

14. COMMITMENTS AND CONTINGENCIES

The Organization is the beneficiary under various wills and trust agreements. The total amount receivable will be recorded when clear title is established, and the proceeds are measurable.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

15. LEASES - ASC 842

The Organization entered into several long-term lease agreements for buildings, equipment and vehicles. The leases have terms expiring through the year ending June 30, 2029. The following table provides quantitative information concerning the Organization's leases for the year ended June 30, 2024:

Operating lease costs	\$ 482,751
Short-term lease costs	53,302
Other information	
Cash paid for amounts included in the measurement of lease liabilities	\$ 484,532
Operating cash flows from operating leases	
Right-of-use assets obtained in exchange for new Operating lease liabilities	\$ 214,083
Weighted -average remaining lease term - operating leases	3.2
Weighted-average discount rate - operating leases	3.39%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

Year Ending June 30,	
2025	\$ 415,188
2026	365,706
2027	340,483
2028	90,675
2029	10,594
	<hr/> 1,222,646
Undiscounted cash flows	
Less imputed interest	<hr/> (63,433)
TOTAL PRESENT VALUE	<hr/> <hr/> \$ 1,159,213
Short-term lease liability	\$ 383,025
Long-term lease liability	<hr/> 776,188
TOTAL	<hr/> <hr/> \$ 1,159,213

16. CONCENTRATIONS

The Organization receives a substantial amount of its support from state government. If a significant reduction in the level of this support were to occur, it would have an adverse effect on the Organization's programs and activities.

The Organization maintains its cash and investment accounts with several banks. At June 30, 2024, cash balances were insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor per bank. At times, balances in these accounts may exceed federal limits. As of June 30, 2024, the Organization's cash balances exceeded FDIC limits by \$782,185. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

17. RELATED PARTY

Contributions include amounts received from the board of directors of approximately \$56,000 during the year ended June 30, 2024.

SUPPLEMENTARY INFORMATION

THE BABY FOLD

SCHEDULE OF SUPPORT AND REVENUE

For the Year Ended June 30, 2024
(With Summarized Financial Information for the Year Ended June 30, 2023)
(See Independent Auditor's Report)

	Without Donor Restriction	With Donor Restriction	Total	
			2024	2023
PUBLIC SUPPORT AND REVENUE				
Public Support (Contributions):				
Contributions:				
Churches	\$ 60,339	\$ -	\$ 60,339	\$ 183,245
Nonchurch organizations	23,180	2,000	25,180	31,484
Corporate	91,607	-	91,607	91,996
Individuals	653,845	56,113	709,958	711,231
Foundations	186,071	-	186,071	128,154
Bequests	7,205	10,384	17,589	119,025
Campaign	-	-	-	50
United Way	-	-	-	4,500
Total public support and revenue	1,022,247	68,497	1,090,744	1,269,685
FEES AND GRANTS FROM GOVERNMENTAL AGENCIES				
School Tuition	9,879,206	-	9,879,206	9,748,514
State and Federal Meals Reimb	70,783	-	70,783	83,287
STEP Grant	18,137	-	18,137	-
City of Bloomington Gift	10,000	-	10,000	-
Doula Services-ISBE GRANT	209,208	-	209,208	-
Adoption Preservation	2,613,701	-	2,613,701	227,442
Foster Care	3,713,531	-	3,713,531	2,643,491
Healthy Start-DHS	150,878	-	150,878	934,002
Healthy Start-ISBE	344,874	-	344,874	-
Adoption Preservation Respite	167,342	-	167,342	132,996
Community Schools	184,565	-	184,565	85,000
Intact Family Services	624,832	-	624,832	628,501
Healthy Families	395,473	-	395,473	11,380
Care Connection	552,949	-	552,949	502,512
Total fees and government agency	18,935,479	-	18,935,479	14,997,125
OTHER REVENUE				
Fundraising events, net	419,333	-	419,333	253,404
Net investment income	562,029	315,683	877,712	1,281,621
Earnings and distributions from Estates held in trust	215,749	681,401	897,150	290,081
In-kind contributions	163,385	-	163,385	55,093
Other	323,530	-	323,530	150,263
Total other revenue	1,684,026	997,084	2,681,110	2,030,462

THE BABY FOLD

SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE

For the Year Ended June 30, 2024
(Operating Fund)
(See Independent Auditor's Report)

	Hammit High School	Hammitt Challenges	Performance Foster Care and Special Needs Adoption	Specialized Foster Care	Adoption Preservation	Healthy Start	Intact Family Services	Adoption Preservation Respite	Community Schools	Healthy Families Illinois	Prevention Initiative	Care Connection	Doula	Total
PUBLIC SUPPORT AND REVENUE														
Public Support:														
Contributions:														
Churches	\$ -	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	200
Non Church Organizations	-	1,918	-	-	-	575	-	-	-	-	-	-	-	2,493
Corporate	2,196	30	479	-	-	-	-	-	-	-	-	-	-	2,705
Individuals	(113)	35,018	-	-	455	1,500	-	-	-	-	-	-	-	36,860
Foundations	14,500	38,100	-	-	-	30,175	-	-	2,000	2,000	-	-	-	86,775
Bequests	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Campaign	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Public Support	16,583	75,266	479	-	455	32,250	-	-	2,000	2,000	-	-	-	129,033
FEES AND GRANTS FROM GOVERNMENTAL AGENCIES														
School Tuition	3,019,599	6,827,595	-	-	-	-	-	-	-	-	-	-	-	9,847,194
1:1 Billings	-	29,863	-	-	-	-	-	-	-	-	-	-	-	29,863
Hammitt Training and Consult Fees (1:1 Billings)	-	2,150	-	-	-	-	-	-	-	-	-	-	-	2,150
State and Federal Meals Reimb	22,459	48,324	-	-	-	-	-	-	-	-	-	-	-	70,783
STEP Grant	9,068	9,068	-	-	-	-	-	-	-	-	-	-	-	18,136
City of BLM Grant	-	-	5,000	5,000	-	-	-	-	-	-	-	-	-	10,000
Doula Services-ISBE	-	-	-	-	-	-	-	-	-	-	-	-	209,208	209,208
Adoption Preservation	-	-	-	-	2,613,701	-	-	-	-	-	-	-	-	2,613,701
Foster Care	-	-	3,211,739	501,792	-	-	-	-	-	-	-	-	-	3,713,531
Healthy Start-DHS	-	-	-	-	-	150,878	-	-	-	-	-	-	-	150,878
Healthy Start-ISBE	-	-	-	-	-	-	-	-	-	-	344,874	-	-	344,874
Adoption Preservation Respite	-	-	-	-	-	-	-	167,342	-	-	-	-	-	167,342
Community Schools	-	-	-	-	-	-	-	-	184,565	-	-	-	-	184,565
Intact Family Services	-	-	-	-	-	-	624,832	-	-	-	-	-	-	624,832
Healthy Families	-	-	-	-	-	-	-	-	-	395,473	-	-	-	395,473
Care Connection	-	-	-	-	-	-	-	-	-	-	-	552,949	-	552,949
Total fees and grants from governmental agencies	3,051,126	6,917,000	3,216,739	506,792	2,613,701	150,878	624,832	167,342	184,565	395,473	344,874	552,949	209,208	18,935,479
OTHER REVENUE														
In-Kind Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	32,625	-	-	-	10,165	-	-	-	-	42,790
Total Other Revenue	-	-	-	-	32,625	-	-	-	10,165	-	-	-	-	42,790
Total Revenue	\$ 3,067,709	\$ 6,992,266	\$ 3,217,218	\$ 506,792	\$ 2,646,781	\$ 183,128	\$ 624,832	\$ 167,342	\$ 196,730	\$ 397,473	\$ 344,874	\$ 552,949	\$ 209,208	\$ 19,107,302

THE BABY FOLD

SCHEDULE OF EARNINGS ON INVESTED ASSETS - INVESTMENT FUND

Year ended June 30, 2024
(See Independent Auditors' Report)

INVESTMENT INCOME FROM REAL ESTATE

Income from farms and rental property	\$ 301,450	
Less:		
Farm and rental expenses	(46,123)	
Farm management fees	<u>(16,311)</u>	
Net investment income from real estate		\$ 239,016

INVESTMENT INCOME FROM SECURITIES

Interest - money market	82,877	
Interest - U.S. Government securities	1,575	
Interest - corporate bonds	655	
Dividends - corporate stock	<u>188,823</u>	
Total interest and dividends	273,930	
Net realized and unrealized gain	481,332	
Less: investment fees	<u>(116,566)</u>	
Net investment income from securities		<u>638,696</u>
NET INVESTMENT GAIN		<u><u>\$ 877,712</u></u>

THE BABY FOLD

RESIDENTIAL TREATMENT CENTER, FOSTER FAMILY CARE, AND ADOPTION PROGRAM STATISTICS (UNAUDITED)

Year ended June 30, 2024
(See Independent Auditor's Report)

	<u>Days of Care</u>
FOSTER FAMILY CARE PROGRAM	
Children placed by Department of Children and Family	
Services on a long-term basis	<u><u>51,372</u></u>