JUVENILE PROTECTIVE ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2022

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Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Juvenile Protective Association
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of JUVENILE PROTECTIVE ASSOCIATION (an Illinois nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JUVENILE PROTECTIVE ASSOCIATION as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JUVENILE PROTECTIVE ASSOCIATION and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 JUVENILE PROTECTIVE ASSOCIATION'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 JUVENILE PROTECTIVE ASSOCIATION'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 JUVENILE PROTECTIVE ASSOCIATION'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.

Warady & Davis LLP

December 15, 2022

STATEMENTS OF FINANCIAL POSITION

As of June 30	**2022**	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 1,662,762**	$ 1,280,424
Receivables for Program Services	**455,158**	252,484
Grants and Pledges Receivable	**1,409,920**	295,000
Investments, Undesignated	**38,529**	29,821
Prepaid Expenses	**48,833**	41,438
Total Current Assets	**3,615,202**	1,899,167
PROPERTY AND EQUIPMENT, NET	**398,147**	295,120
INVESTMENTS, BOARD-DESIGNATED FOR ENDOWMENT	**1,382,846**	1,579,945
	$ 5,396,195	$ 3,774,232
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	**$ 11,694**	$ 18,319
Accounts Payable	**9,394**	17,200
Accrued Payroll and Related Expenses	**9,877**	4,448
Total Current Liabilities	**30,965**	39,967
LONG-TERM DEBT, NET OF CURRENT PORTION		
Payroll Protection Program Loan	—	317,367
Mortgage Note Payable	**184,298**	335,425
Total Long-Term Liabilities	**184,298**	652,792
Total Liabilities	**215,263**	692,759
NET ASSETS		
Without Donor Restriction		
Undesignated	**1,811,896**	947,528
Board-Designated Endowment Fund	**1,382,846**	1,579,945
Total Net Assets Without Donor Restriction	**3,194,742**	2,527,473
With Donor Restriction	**1,986,190**	554,000
Total Net Assets	**5,180,932**	3,081,473
	$ 5,396,195	$ 3,774,232

STATEMENTS OF ACTIVITIES

For the Years Ended June 30	2022			2021		
	Without Donor Restriction	**With Donor Restriction**	**Total**	Without Donor Restriction	With Donor Restriction	Total
SUPPORT, REVENUE AND GAINS						
Direct Public Support						
Contributions	**$ 1,437,085**	**$ 1,816,190**	**$ 3,253,275**	$ 892,765	$ 384,000	$ 1,276,765
Special Event Revenue	**544,423**		**544,423**	380,012		380,012
Government Grant - Payroll Protection Program Loan Forgiveness	**317,367**		**317,367**	350,065		350,065
Total Direct Public Support	**2,298,875**	**1,816,190**	**4,115,065**	1,622,842	384,000	2,006,842
Program Service Revenue						
Fees from Governmental Agencies	**134,088**		**134,088**	136,894		136,894
Program Service Fees	**717,623**		**717,623**	645,983		645,983
Total Program Service Revenue	**851,711**		**851,711**	782,877		782,877
Other Revenue						
Realized and Unrealized Gain (Loss) on Investments	**(220,221)**		**(220,221)**	255,846		255,846
Dividend and Interest Income, net of Investment Fees	**23,122**		**23,122**	15,620		15,620
Total Other Revenue (Losses)	**(197,099)**		**(197,099)**	271,466		271,466
Net Assets Released from Restrictions						
Satisfaction of Restrictions	**384,000**	**(384,000)**	**—**	292,000	(292,000)	—
Total Support, Revenue and Gains	**3,337,487**	**1,432,190**	**4,769,677**	2,969,185	92,000	3,061,185
EXPENSES						
Program Services	**1,675,363**		**1,675,363**	1,648,445		1,648,445
Support Services						
Management and General	**535,973**		**535,973**	258,291		258,291
Fundraising	**320,328**		**320,328**	324,835		324,835
Direct Expenses of Special Events	**138,554**		**138,554**	60,152		60,152
Total Support Expenses	**994,855**		**994,855**	643,278		643,278
Total Expenses	**2,670,218**		**2,670,218**	2,291,723		2,291,723
NET CHANGES IN NET ASSETS	**667,269**	**1,432,190**	**2,099,459**	677,462	92,000	769,462
Net Assets, Beginning	**2,527,473**	**554,000**	**3,081,473**	1,850,011	462,000	2,312,011
NET ASSETS, ENDING	**$ 3,194,742**	**$ 1,986,190**	**$ 5,180,932**	$ 2,527,473	$ 554,000	$ 3,081,473

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

		Support Services				
	Program Services	Management and General	Fundraising	Direct Expenses to Special Events	Total	Total Expenses
Salaries	$ 1,096,293	$ 334,359	$ 228,316	$ —	$ 562,675	$ 1,658,968
Payroll Taxes and Employee Benefits	254,286	77,529	52,943	—	130,472	384,758
Professional Fees and Contract Services	138,542	47,226	—	—	47,226	185,768
Supplies	6,584	4,187	1,099	1,346	6,632	13,216
Telephone	19,048	1,284	1,070	—	2,354	21,402
Information Technology	57,236	3,858	3,216	—	7,074	64,310
Postage	—	506	—	220	726	726
Occupancy	42,318	2,855	2,377	—	5,232	47,550
Interest	—	14,228	—	—	14,228	14,228
Equipment Rentals, Repairs and Maintenance	7,934	535	446	—	981	8,915
Outside Printing	—	—	—	741	741	741
Local Transportation	363	647	558	205	1,410	1,773
Conferences and Meetings	828	5,098	13,024	13,466	31,588	32,416
Food and Entertainment	—	149	—	85,191	85,340	85,340
Venue Rental	—	—	—	16,689	16,689	16,689
Auction Items	—	—	—	19,252	19,252	19,252
Insurance	13,553	6,716	1,413	—	8,129	21,682
Membership Dues	9,779	7,970	4,274	—	12,244	22,023
Bank and Credit Card Fees	—	20,647	—	—	20,647	20,647
Advertising, Marketing and Recruiting	1,937	4,370	3,974	1,444	9,788	11,725
	1,648,701	532,164	312,710	138,554	983,428	2,632,129
Depreciation and Amortization	26,662	3,809	7,618	—	11,427	38,089
TOTAL EXPENSES	$ 1,675,363	$ 535,973	$ 320,328	$ 138,554	$ 994,855	$ 2,670,218

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2021

	Program Services	Support Services: Management and General	Support Services: Fundraising	Support Services: Direct Expenses to Special Events	Support Services: Total	Total Expenses
Salaries	$ 1,116,820	$ 121,137	$ 239,318	$ —	$ 360,455	$ 1,477,275
Payroll Taxes and Employee Benefits	238,000	25,815	51,000	—	76,815	314,815
Professional Fees and Contract Services	132,249	48,178	—	—	48,178	180,427
Supplies	11,350	5,180	124	—	5,304	16,654
Telephone	16,479	1,787	3,531	—	5,318	21,797
Information Technology	30,447	3,302	6,525	—	9,827	40,274
Postage	—	832	885	—	1,717	1,717
Occupancy	37,139	2,504	2,086	—	4,590	41,729
Interest	—	16,825	—	—	16,825	16,825
Equipment Rentals, Repairs and Maintenance	9,108	614	512	—	1,126	10,234
Outside Printing	—	—	149	—	149	149
Local Transportation	150	109	223	249	581	731
Conferences and Meetings	2,180	3,275	4,402	24,004	31,681	33,861
Food and Entertainment	—	—	84	30,874	30,958	30,958
Auction Items	—	—	—	5,025	5,025	5,025
Insurance	19,738	2,440	—	—	2,440	22,178
Membership Dues	9,112	6,578	3,901	—	10,479	19,591
Bank and Credit Card Fees	—	16,375	—	—	16,375	16,375
Advertising and Marketing	2,291	—	5,414	—	5,414	7,705
	1,625,063	254,951	318,154	60,152	633,257	2,258,320
Depreciation and Amortization	23,382	3,340	6,681	—	10,021	33,403
TOTAL EXPENSES	$ 1,648,445	$ 258,291	$ 324,835	$ 60,152	$ 643,278	$ 2,291,723

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30	**2022**	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Changes in Net Assets	**$ 2,099,459**	$ 769,462
Adjustments to Reconcile Net Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	**38,089**	33,403
Realized and Unrealized (Gain) Loss on Investments	**220,221**	(255,846)
Donated Investments in Securities	**(9,389)**	(11,172)
Paycheck Protection Program Loan Forgiveness	**(317,367)**	(350,065)
Receivables for Program Services	**(202,674)**	(152,109)
Grants and Pledges Receivable	**(1,114,920)**	(72,500)
Prepaid Expenses	**(7,395)**	(4,453)
Accounts Payable	**(7,806)**	(16,829)
Accrued Payroll and Related Expenses	**5,429**	(3,756)
Total Adjustments	**(1,395,812)**	(833,327)
Net Cash Provided (Used) by Operating Activities	**703,647**	(63,865)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	**(141,116)**	—
Net Purchases of Investments	**(216,185)**	(156,145)
Net Proceeds from Sales of Investments	**193,744**	146,456
Net Cash Used by Investing Activities	**(163,557)**	(9,689)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program Loan	**—**	317,367
Principal Repayments of Long-Term Debt	**(157,752)**	(17,692)
Net Cash Provided (Used) by Financing Activities	**(157,752)**	299,675
NET INCREASE IN CASH AND CASH EQUIVALENTS	**382,338**	226,121
Cash and Cash Equivalents, Beginning	**1,280,424**	1,054,303
CASH AND CASH EQUIVALENTS, ENDING	**$ 1,662,762**	1,280,424
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	**$ 14,227**	$ 16,825

See accompanying notes.

NATURE OF ASSOCIATION

Juvenile Protective Association (the Association or "JPA") is a nonprofit social service agency, which provides protective and rehabilitative services to abused, neglected, and exploited children and their families. The Association's programs include prevention, early intervention and counseling, research, professional education and technical assistance which are described in more detail below.

Therapy & Consultation Programs & Services

The Association provides school-based therapy services consisting of trauma-informed individual therapy to children, small group therapy for children, and psychoeducational classroom groups. JPA also provides consultation to teachers and school administrators through a program called Connect to Kids™ . The Association also provides professional development on a wide range of topics to educators, foundations, and other public groups.

In support of its child-focused programming, the Association provides support and guidance to parents and caregivers of children in therapy.

Through its program called New Light, the Association provides fee-for-service consultation and therapy directly to the child and families provided on an hourly basis.

Child Welfare Research, Evaluation & Consultation Services

Research: This program includes research projects such as Nurturing Parenting Program and Illinois Birth through Three Program where the Association takes on the lead role in the project. Contracted parties will retain the ownership and license rights of the research data.

Consulting Services for Child Welfare: services include consultation and supervision for administrators, social workers, and others to develop and promote the skill, knowledge, attitude, and ethical standards in the practice of clinical social work. This program also includes a contract with University of North Carolina whereas the Association is taking on a lead role in research projects such as Nurturing Parenting Program and Illinois Birth through Three Program. The University will retain the ownership and license rights of the research data. Best Practices program is to support the Illinois Department of Children and Family Services (DCFS) in developing, monitoring, and implementing best practices aimed at improving the quality of services and the safety, well-being, and permanency outcomes for the children and families it serves.

Permanency Planning: services are provided by the Association under a contract entered into with the Department of Child and Family Services of Illinois (the Department). Per the agreement, The Association consults on permanency planning cases where the Department is responsible for the evaluation, yet outside assistance is desired. The Association will consult to Department staff regarding the policy and procedures that bear on permanency planning and train the staff and other system participants in regards to risk assessment. The Department is the recipient of the services performed.

The Association receives its support primarily from contributions from private entities, program service fees, grants and contracts from government agencies. The Association conducts its activities from an owned facility located in Chicago, Illinois.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

BASIS OF ACCOUNTING

The financial statements of the Association have been prepared using the accrual basis of accounting.

USE OF ESTIMATES

The preparation of financial statements in conformity with 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 amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

FINANCIAL STATEMENT PRESENTATION

The financial statement presentation follows the provisions of the Financial Accounting Standards Board (FASB) Codification topic related to Financial Statements of Not-for-Profit Organizations. This guidance requires the Association to report information regarding its financial position and activities, based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations plus those resources for which donor-imposed purpose and time stipulations have been satisfied. Net assets without donor restriction may otherwise be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restriction - Amounts that are stipulated by donors for specific operating purposes or use in future periods. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), these net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Contributions received with donor restriction for which the restriction is met in the same year are reported as support revenue without donor restriction.

In addition, certain amounts are stipulated by donors to be maintained in perpetuity. Investment income, including realized and unrealized gains and losses, are classified as time restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). There are no net assets with donor restriction in perpetuity at June 30, 2022 and 2021.

CASH EQUIVALENTS

The Association considers all highly-liquid investments with original maturities of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of those instruments.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECEIVABLES

Receivables for program services consist of amounts due for services provided under various contracts with government agencies and private institutions. Grants and pledges receivable consist primarily of private foundation grant revenue due from donors that is expected to be collected after year-end. All grants and pledges receivable are due within one year of the statement of financial position date. There is no allowance for doubtful accounts at June 30, 2022 and 2021 because management believes all outstanding balances are fully collectible.

INVESTMENTS

Investments consist of money market funds, mutual funds, exchange traded funds and preferred stock. Investments are presented in the financial statements at fair value in accordance with GAAP. Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. Investments in mutual funds are stated at fair value based on published net asset values of shares owned by the Association. Investment transactions and any related gains or losses are recorded on the trade date. Contributions of marketable securities are recorded at fair value on the date of donation. It is the policy of the Association to sell donated securities immediately upon receipt.

Investment income, gains and losses, any investment related expenses are recorded as changes in net assets without restriction in the statements of activities unless their use is restricted by donor stipulation or law.

PROPERTY AND EQUIPMENT

Property and equipment purchases of $1,000 or more are recorded at cost when purchased or constructed, or at fair value at the date of donation, and are depreciated on the straight-line basis over their estimated useful lives as indicated in the table below. Major renewals and betterments that extend the useful life of an asset are capitalized while routine maintenance and repairs are expensed as incurred.

Asset Class	Years
Buildings	40
Building Improvements	10-30
Furniture and Equipment and Vehicles	5

RECOGNITION OF SUPPORT AND REVENUES

All support revenue is considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recorded when an unconditional promise to give has been received. Certain promises have time and/or purpose restrictions and are classified as donations with donor restrictions and are released from restrictions through expenditure or service delivery in accordance with the agreement. Special event ticket sales, registrations, and sponsorships are comprised of both an exchange transaction component and a contribution component. The exchange transaction component is recognized as revenue at a point in time which is when the event is held. There are no deferred revenues associated with special events as receipts for event revenue and the date of each event occur within the same reporting fiscal year.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECOGNITION OF SUPPORT AND REVENUES (Continued)

Program service fees are primarily comprised of consulting and counseling services and are recognized as revenue over time, during the period in which the program services are provided to the program participants. These fees are billed weekly or monthly directly to individuals, the families, or third parties which pay on behalf of the program participants. Payment terms are generally 30 days but extended terms may apply under certain contracts but do not exceed 90 days.

DONATED SERVICES

No amounts have been reflected for donated volunteers' time because their services do not meet the criteria for recognition in the financial statements. However, a substantial number of volunteers have donated significant amounts of time to the Association for program, fundraising, and governance activities.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses are charged directly to program services or support services categories based upon specific identification where possible. Expenses which are not directly identifiable by program or support services are allocated among the programs and support services benefited based on appropriate methods determined by management. These allocation methods include allocation of personnel and any other costs deemed to be related to time and efforts expended by employees on the different functional categories and allocation of occupancy and related costs using space utilization percentages occupied by the various functions.

NOTE 2—LIQUIDITY AND AVAILABILITY OF 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, are comprised of the following at June 30:

	2022	2021
Cash	**$ 1,662,762**	$ 1,280,424
Investments	**1,421,375**	1,609,766
Receivable for Program Services	**455,158**	252,484
Grants and Pledges Receivable	**1,409,920**	295,000
Less: Board-Designated Endowment Fund	**(1,382,846)**	(1,579,945)
Less: Net Assets with Donor Restrictions	**(1,986,190)**	(554,000)
	$ 1,580,179	$ 1,303,729

NOTE 2—LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

After removing the board-designated endowment fund and net assets with donor restriction, the amount of liquid assets available for operating costs at June 30, 2022 is less than one year's total operating expenses. However, the Association has taken many factors into consideration to effectively manage the availability of resources including 1) primary expenses incurred are salaries, taxes, and benefits, 2) future public support is anticipated to be available for future operations, 3) donor restricted net assets are to be used for specific program operating costs in the next fiscal year, and 4) certain operating expenses such as direct expenses for special fundraising events are only incurred to the extent revenue is available to offset such expenses. Further, although the association generally does not intend to spend its board-designated net assets on operating expenses, these amounts could be made available if necessary. Also, the Association maintains a $150,000 line of credit that can be drawn upon should the need arise. The Association has a balloon payment for a mortgage loan due in March 2027 (see Note 7) which has not been considered in the above analysis because it is the intent of the Association to refinance the mortgage.

NOTE 3—CONCENTRATIONS OF CREDIT RISK

The Association maintains cash with financial institutions, which, at times, may exceed federally insured limits. The Association maintains temporary cash investments in financial institutions with high credit standings and has not experienced any losses in such accounts. Thus, management believes it is not exposed to any significant credit risk on cash.

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

NOTE 4—INVESTMENTS AND FAIR VALUE

The FASB Codification provides a framework for measuring fair value using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 Inputs to the valuation methodology include:

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

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

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Association had no Level 3 investments at June 30, 2022 and 2021.

NOTE 4—INVESTMENTS AND FAIR VALUE (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Association's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

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, 2022 and 2021.

Investments in money market funds, common stock, mutual funds and exchange-traded funds traded on a national securities exchange or reported on the NASDAQ national market are stated at the last reported sales price on the day of valuation. These investments are classified as Level 1 in the fair value hierarchy. Investments in preferred stock are classified as Level 2 in the fair value hierarchy.

The Association assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Association's investment policy regarding the recognition of transfers between levels of the fair value hierarchy. For the years ended June 30, 2022 and 2021, there were no such transfers.

The following table summarizes the Association's investments accounted for at fair value on a recurring basis as of June 30, 2022, using the fair value hierarchy:

	Fair Value Measurements Using			
	Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds				
U.S. Fixed Income Funds	$ 624,613	$ —	$ —	$ 624,613
Exchange Traded Funds				
U.S. and International Financial Indices	765,623	—	—	765,623
Preferred Stock	—	1,000	—	1,000
Total Investments at Fair Value	$ 1,390,236	$ 1,000	$ —	1,391,236
Cash Included in Portfolio				30,139
Total Investments				$ 1,421,375

NOTE 4—INVESTMENTS AND FAIR VALUE (Continued)

The following table summarizes the Association's investments accounted for at fair value as of June 30, 2021, using the fair value hierarchy:

	Fair Value Measurements Using			
	Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money Market Funds	$ 45,279	$ —	$ —	$ 45,279
Mutual Funds				
U.S. Fixed Income Funds	668,769	—	—	668,769
Exchange Traded Funds				
U.S. and International Financial Indices	894,718	—	—	894,718
Preferred Stock	—	1,000	—	1,000
	$ 1,608,766	$ 1,000	$ —	$ 1,609,766

Returns on the Association's investments were as follows for the year ended June 30:

	2022	2021
Interest and Dividend Income	**$ 35,081**	$ 26,397
Investment Fees	**(11,959)**	(10,777)
Net Realized Gain (Loss) on Sale of Investments	**(9,482)**	55,053
Unrealized Gain (Loss) on Investments	**(210,739)**	200,793
	$ 197,099	$ 271,466

NOTE 5—PROPERTY AND EQUIPMENT

At June 30, property and equipment consisted of the following:

	2022	2021
Land	**$ 120,000**	$ 120,000
Building	**634,733**	634,733
Building Improvements	**297,482**	236,109
Furniture and Equipment	**276,790**	197,047
	1,329,005	1,187,889
Less: Accumulated Depreciation and Amortization	**930,858**	892,769
	$ 398,147	$ 295,120
Depreciation and Amortization Expense	**$ 38,089**	$ 33,403

NOTE 6—LINE OF CREDIT

The Association has an available $150,000 line of credit, which expires January 14, 2024. The line of credit bears interest at the prime rate (4.75% as of June 30, 2022) plus 1.00%. The line of credit is collateralized by a first lien on all business assets of the Association. There were no borrowings on the line of credit and no balance outstanding as of and for the years ended June 30, 2022 and 2021.

NOTE 7—LONG-TERM DEBT

The Association had a $500,000 mortgage payable to a financial institution that bore interest at 4.625%, and required monthly payments of $2,876, including interest. In March 2022, the Association refinanced its mortgage, which now has a stated principal amount of $200,000 and bears interest at 4% and requires monthly payments of principal and interest of $1,619 with a final balloon payment due March 14, 2027. The mortgage is secured by the Association's building. The outstanding balance on the mortgage payable was as follows as of June 30:

	2022	2021
Mortgage Note Payable	**$ 195,992**	$ 353,744
Less: Current Portion	**11,694**	18,319
Long-Term Portion	**$ 184,298**	$ 335,425

Principal payments on long-term debt are due as follows:

Year Ending June 30	
2023	$ 11,694
2024	12,157
2025	12,679
2026	13,203
2027	146,259
	$ 195,992

Interest expense on the mortgage was $14,227 for 2022 and $16,825 for 2021.

NOTE 8—PAYROLL PROTECTION PROGRAM LOAN

On April 3, 2020, the Association applied for and was awarded a Payroll Protection Program (PPP) loan from the U.S. Small Business Administration (SBA) of $350,065. The loan accrues interest at a fixed rate of 1.00% per annum, but payments are not required to begin for seven months after the funding of the loan. The loan was set to mature on April 3, 2022, however, on April 15, 2021, the loan was fully forgiven by the SBA and is included in support revenue on the statements of activities.

NOTE 8—PAYROLL PROTECTION PROGRAM LOAN (Continued)

On January 11, 2021, the Organization applied for and was approved for a $317,367 loan from the SBA under the 2nd round of the Payroll Protection Program (PPP2). The loan accrues interest at a fixed rate of 1.00% per annum, but payments are not required to begin for ten months after the funding of the loan. The loan matures on January 11, 2023. The loan and accrued interest are forgivable up to 100% of the loan as long as the Organization uses the loans proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the PPP2, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan is uncollateralized and is fully guaranteed by the Federal government. The PPP2 loan was fully forgiven by the SBA on September 12, 2021 and is included in support revenue on the statements of activities.

As permitted under accounting principles U.S. GAAP, the Organization is treating the possible loan forgiveness as a gain contingency under ASC 450-30.

NOTE 9—NET ASSETS WITH DONOR RESTRICTIONS

Time and purpose restricted net assets consisted of the following at June 30:

	2022	2021
WeRock	**$ —**	$ 10,000
Project CARES	**704,110**	—
Building Bridges to North Lawndale (BBNL) Program	**337,080**	—
Treatment and Counseling Program	**5,000**	49,000
Chicago Public Schools Mental Health Partnership	**60,000**	60,000
Connect to Kids Program	**775,000**	285,000
Mesirow Child and Family Center	**100,000**	150,000
Time Restricted – General Operations	**5,000**	—
	$ 1,986,190	$ 554,000

Amounts released from restrictions during the year ended June 30:

	2022	2021
WeRock	**$ —**	$ —
Building Bridges to North Lawndale (BBNL) Program	**—**	50,000
Treatment and Counseling Program	**49,000**	35,000
Chicago Public Schools Mental Health Partnership	**60,000**	60,000
Connect to Kids Program	**220,000**	140,000
Benefit Event (2021)	**—**	7,000
Mesirow Child and Family Center	**50,000**	—
Other - Time Restricted	**5,000**	—
	$ 384,000	$ 292,000

NOTE 10—EMPLOYEE BENEFIT PLANS

The Association maintains a tax-deferred annuity retirement plan for employees who have attained age 21 and have completed one year of service of at least 900 hours. The Association makes employer-matching contributions equal to 50% of the first 6% of the employees' voluntary contributions. The Association made employer-matching contributions totaling $14,260 for the year ended June 30, 2022 and $17,888 for the year ended June 30, 2021. In addition, discretionary employer profit sharing contributions may be made each year. The Association did not make any discretionary employer profit sharing contributions in 2022 and 2021.

NOTE 11—INCOME TAXES

Juvenile Protective Association is qualified as a charitable organization exempt from federal income taxes under provisions of the Internal Revenue Code as an entity described in Section 501(c)(3) and is similarly classified by the State of Illinois.

The Association follows the guidance in the FASB Codification topic related to uncertainty in income taxes, which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Association has taken or expects to take in its tax returns. Under the guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is "more likely than not” that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. Management believes that it has appropriate support for the positions taken on its returns.

The Association files its forms 990 in the U.S. federal jurisdiction and the office of the Attorney General for the State of Illinois.

NOTE 12—OPERATING LEASE

In October 2017, the Association entered into a five-year lease for office equipment with monthly payments of $573 plus usage fees. Rental payments are included in equipment rentals, repairs and maintenance expense on the statements of functional expenses. Payments under the lease agreements including usage fees amounted to $8,083 for the year ended June 30, 2022 and $8,248 for the year ended June 30, 2021.

NOTE 13—BOARD-DESIGNATED ENDOWMENT FUNDS

The Board of Directors has designated certain net assets without donor restriction to function as an endowment fund. The Association's board-designated endowment fund composition by type of fund is as follows for the year ended June 30, 2022:

	Without Donor Restriction	With Donor Time Restriction	With Donor Restriction in Perpetuity	Total Endowment Fund
Board-Designated Endowment Fund, Beginning of Year	$ 1,579,945	$ —	$ —	$ 1,579,945
Investment Income, Net of Fees	23,122	—	—	23,122
Net Realized and Unrealized Gains and (Losses)	(220,221)	—	—	(220,221)
Board-Designated Endowment Fund, End of Year	$ 1,382,846	$ —	$ —	$ 1,382,846

The Association's board-designated endowment fund composition by type of fund is as follows for the year ended June 30, 2021:

	Without Donor Restriction	With Donor Time Restriction	With Donor Restriction in Perpetuity	Total Endowment Fund
Board-Designated Endowment Fund, Beginning of Year	$ 1,308,479	$ —	$ —	$ 1,308,479
Investment Income, Net of Fees	15,620	—	—	15,620
Net Realized and Unrealized Gains and (Losses)	255,846	—	—	255,846
Board-Designated Endowment Fund, End of Year	$ 1,579,945	$ —	$ —	$ 1,579,945

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets without restriction that attempt to provide a predictable stream of earnings. The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the various indices set in the Association's investment policy, while assuming a moderate level of investment risk.

NOTE 13—BOARD-DESIGNATED ENDOWMENT FUNDS (Continued)

Strategies Employed for Achieving Objectives

To satisfy its rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based mutual fund investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association's investment policy provides for an annual transfer from the Endowment Fund to the Operating Fund of the lesser of the previous year's Endowment Fund earnings or 5% of the fair market value of the endowment assets at the end of the previous year.

NOTE 14—RELATED PARTY TRANSACTIONS

The Association received donations from Board members' of $162,882 for the year ended June 30, 2022 and $200,582 for the year ended June 30, 2021.

At June 30, 2022 and 2021, the Association had $-0- and $2,500 outstanding pledges receivable from Board members, respectively.

NOTE 15—SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2022, the date through which the financial statements were available for issue. There was no subsequent event which require disclosure.