

Assurance

**THE CENTER FOR
ENRICHED LIVING, INC.**

Audited Financial Statements

Years Ended June 30, 2023 and 2022

LOCAL
KNOWLEDGE,
GLOBAL
EXPERTISE

**THE CENTER FOR ENRICHED LIVING, INC.
AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of The Center For Enriched Living, Inc.

Opinion

We have audited the accompanying financial statements of The Center For Enriched Living, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Center For Enriched Living, Inc. as of June 30, 2023 and 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Center For Enriched Living, Inc. 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 The Center For Enriched Living, Inc.'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 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 The Center For Enriched Living, Inc.'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 Center For Enriched Living, Inc.'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.

PKF Mueller

THE CENTER FOR ENRICHED LIVING, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 2,941,760	2,650,332
Cash - restricted for unemployment reserve	33,915	27,358
Accounts receivable:		
Membership fees receivable	10,537	1,392
Current portion of grants receivable	311,364	330,837
Current portion of unconditional promises to give	278,750	269,660
Employee Retention Credit receivable	-	442,594
Prepaid expenses	<u>48,284</u>	<u>40,653</u>
Total current assets	<u>3,624,610</u>	<u>3,762,826</u>
Property and equipment:		
Building	6,948,279	6,944,480
Land	906,457	906,457
Furniture and equipment	805,065	730,832
Vans	<u>601,470</u>	<u>601,470</u>
Total property and equipment	9,261,271	9,183,239
Less accumulated depreciation	<u>(5,202,065)</u>	<u>(4,837,778)</u>
Property and equipment, net	<u>4,059,206</u>	<u>4,345,461</u>
Other assets:		
Grants receivable, net of current portion	-	232,589
Unconditional promises to give, net of current portion	<u>51,004</u>	<u>135,700</u>
Total other assets	<u>51,004</u>	<u>368,289</u>
Total assets	<u>\$ 7,734,820</u>	<u>8,476,576</u>

The accompanying notes are an integral part of the financial statements.

THE CENTER FOR ENRICHED LIVING, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 87,553	69,702
Deferred revenue	232,175	302,154
Current portion of note payable	<u>24,134</u>	<u>29,561</u>
Total current liabilities	<u>343,862</u>	<u>401,417</u>
Noncurrent liabilities:		
Note payable, net of current portion	<u>662,060</u>	<u>685,587</u>
Total liabilities	<u>1,005,922</u>	<u>1,087,004</u>
Net assets:		
Without donor restrictions	5,593,347	6,209,968
With donor restrictions	<u>1,135,551</u>	<u>1,179,604</u>
Total net assets	<u>6,728,898</u>	<u>7,389,572</u>
Total liabilities and net assets	<u>\$ 7,734,820</u>	<u>8,476,576</u>

The accompanying notes are an integral part of the financial statements.

THE CENTER FOR ENRICHED LIVING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Support and revenue:						
Contributions	\$ 832,308	222,878	1,055,186	888,512	684,350	1,572,862
In-kind contributions	129,652	-	129,652	129,311	-	129,311
Foundation and public grants	162,569	197,783	360,352	122,615	466,300	588,915
Government grants	87,931	19,569	107,500	84,289	25,461	109,750
Other income	15,619	-	15,619	6,792	-	6,792
Special events	1,003,535	-	1,003,535	901,024	75,000	976,024
Employee Retention Credit	35,809	-	35,809	442,594	-	442,594
Membership program fees	1,032,006	-	1,032,006	758,804	-	758,804
Interest income	28,976	-	28,976	2,030	-	2,030
Gain on forgiveness of Paycheck Protection Program loan	-	-	-	431,510	-	431,510
Net assets released from restrictions	484,283	(484,283)	-	410,360	(410,360)	-
Total support and revenue	<u>3,812,688</u>	<u>(44,053)</u>	<u>3,768,635</u>	<u>4,177,841</u>	<u>840,751</u>	<u>5,018,592</u>
Expenses:						
Program services	<u>3,121,986</u>	<u>-</u>	<u>3,121,986</u>	<u>2,482,050</u>	<u>-</u>	<u>2,482,050</u>
Supporting services:						
Management and general	608,300	-	608,300	565,850	-	565,850
Fundraising	<u>699,023</u>	<u>-</u>	<u>699,023</u>	<u>618,943</u>	<u>-</u>	<u>618,943</u>
Total supporting services	<u>1,307,323</u>	<u>-</u>	<u>1,307,323</u>	<u>1,184,793</u>	<u>-</u>	<u>1,184,793</u>
Total expenses	<u>4,429,309</u>	<u>-</u>	<u>4,429,309</u>	<u>3,666,843</u>	<u>-</u>	<u>3,666,843</u>
Change in net assets	(616,621)	(44,053)	(660,674)	510,998	840,751	1,351,749
Net assets, beginning of year	<u>6,209,968</u>	<u>1,179,604</u>	<u>7,389,572</u>	<u>5,698,970</u>	<u>338,853</u>	<u>6,037,823</u>
Net assets, end of year	<u>\$ 5,593,347</u>	<u>1,135,551</u>	<u>6,728,898</u>	<u>6,209,968</u>	<u>1,179,604</u>	<u>7,389,572</u>

The accompanying notes are an integral part of the financial statements.

THE CENTER FOR ENRICHED LIVING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL EXPENSES
	SOCIAL ENRICHMENT PROGRAMS	ROBERT VIHON FAMILY RESOURCE CENTER	EMPLOYMENT PROGRAMS	ADULT DAY PROGRAMS	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	
Salaries	\$ 780,893	52,060	234,268	832,952	1,900,173	312,357	390,446	702,803	2,602,976
Employee benefits	62,574	4,172	18,772	66,745	152,263	25,030	31,287	56,317	208,580
Payroll taxes	58,180	3,879	17,454	62,058	141,571	23,272	29,090	52,362	193,933
Total salaries and related expenses	901,647	60,111	270,494	961,755	2,194,007	360,659	450,823	811,482	3,005,489
Activity fees	24,379	-	-	5,719	30,098	-	-	-	30,098
Bad debt expense	-	-	-	-	-	30,786	-	30,786	30,786
Employee expense	9,761	1,331	2,218	19,966	33,276	8,874	2,218	11,092	44,368
Equipment rental and maintenance	9,717	-	540	20,514	30,771	19,974	3,239	23,213	53,984
Grants	-	-	-	200	200	-	-	-	200
In-kind expenses:									
Printing	27,600	-	3,600	58,800	90,000	12,000	18,000	30,000	120,000
Supplies	144	-	18	336	498	72	30	102	600
Other	1,629	-	272	3,259	5,160	3,349	543	3,892	9,052
Insurance expense	12,536	2,725	5,451	20,167	40,879	13,081	545	13,626	54,505
Marketing and public relations	3,165	-	688	6,467	10,320	2,064	1,376	3,440	13,760
Meetings and conferences	6,534	852	284	13,638	21,308	5,966	1,136	7,102	28,410
Miscellaneous	14,706	-	-	31,862	46,568	30,228	4,902	35,130	81,698
Occupancy	21,769	2,512	2,512	44,375	71,168	10,884	1,675	12,559	83,727
Postage	1,016	-	-	2,371	3,387	2,032	1,355	3,387	6,774
Printing	5,767	1,442	5,767	8,649	21,625	2,883	4,325	7,208	28,833
Professional fees	875	-	-	2,625	3,500	10,500	3,500	14,000	17,500
Publications	1,316	-	57	2,918	4,291	1,201	229	1,430	5,721
Purchased services	3,275	-	-	9,825	13,100	39,301	13,100	52,401	65,501
Scholarship expense	55,415	-	13,854	23,091	92,360	-	-	-	92,360
Special events fees	-	-	-	-	-	-	179,774	179,774	179,774
Supplies	10,459	436	436	24,840	36,171	5,230	2,179	7,409	43,580
Telephone	3,532	-	186	10,225	13,943	1,859	2,788	4,647	18,590
Vehicle costs and transportation	15,411	-	497	33,804	49,712	-	-	-	49,712
Total expenses before depreciation	1,130,653	69,409	306,874	1,305,406	2,812,342	560,943	691,737	1,252,680	4,065,022
Depreciation	94,715	10,929	10,929	193,071	309,644	47,357	7,286	54,643	364,287
Total expenses	\$ 1,225,368	80,338	317,803	1,498,477	3,121,986	608,300	699,023	1,307,323	4,429,309

The accompanying notes are an integral part of the financial statements.

THE CENTER FOR ENRICHED LIVING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL EXPENSES
	SOCIAL ENRICHMENT PROGRAMS	EMPLOYMENT PROGRAMS	ADULT DAY PROGRAMS	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	
Salaries	\$ 630,278	189,083	651,289	1,470,650	273,120	357,157	630,277	2,100,927
Employee benefits	52,514	15,754	54,264	122,532	22,756	29,758	52,514	175,046
Payroll taxes	49,009	14,703	50,642	114,354	21,237	27,772	49,009	163,363
Total salaries and related expenses	731,801	219,540	756,195	1,707,536	317,113	414,687	731,800	2,439,336
Activity fees	10,720	-	2,515	13,235	-	-	-	13,235
Bad debt expense	-	-	-	-	10,146	-	10,146	10,146
Employee expense	4,582	1,041	9,998	15,621	4,166	1,041	5,207	20,828
Equipment rental and maintenance	10,217	568	21,569	32,354	21,002	3,406	24,408	56,762
Grants	-	-	2,950	2,950	-	-	-	2,950
In-kind expenses:								
Printing	27,600	3,600	58,800	90,000	12,000	18,000	30,000	120,000
Program supplies	480	60	1,120	1,660	240	100	340	2,000
Other	776	129	1,552	2,457	1,595	259	1,854	4,311
Insurance expense	9,526	4,142	17,397	31,065	9,940	414	10,354	41,419
Marketing and public relations	2,211	481	4,518	7,210	1,442	961	2,403	9,613
Meetings and conferences	5,300	230	11,754	17,284	4,840	922	5,762	23,046
Miscellaneous	13,201	-	28,603	41,804	27,136	4,400	31,536	73,340
Occupancy	21,218	2,448	45,700	69,366	10,609	1,632	12,241	81,607
Postage	867	-	2,022	2,889	1,733	1,155	2,888	5,777
Printing	3,445	3,445	6,027	12,917	1,722	2,583	4,305	17,222
Professional fees	898	-	2,155	3,053	14,908	-	14,908	17,961
Publications	772	34	1,712	2,518	705	134	839	3,357
Purchased services	4,434	-	10,641	15,075	73,603	-	73,603	88,678
Scholarship expense	23,649	5,913	9,855	39,417	-	-	-	39,417
Special events fees	-	-	-	-	-	158,225	158,225	158,225
Supplies	5,436	227	13,136	18,799	2,718	1,132	3,850	22,649
Telephone	3,054	161	8,842	12,057	1,608	2,411	4,019	16,076
Vehicle costs and transportation	7,706	249	16,904	24,859	-	-	-	24,859
Total expenses before depreciation	887,893	242,268	1,033,965	2,164,126	517,226	611,462	1,128,688	3,292,814
Depreciation	97,247	11,221	209,456	317,924	48,624	7,481	56,105	374,029
Total expenses	\$ 985,140	253,489	1,243,421	2,482,050	565,850	618,943	1,184,793	3,666,843

The accompanying notes are an integral part of the financial statements.

THE CENTER FOR ENRICHED LIVING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash provided (used) by operating activities:		
Change in net assets	\$ (660,674)	1,351,749
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	364,287	374,029
Gain on forgiveness of Paycheck Protection Program loan	-	(431,510)
Changes in:		
Membership fees receivable	(9,145)	(992)
Grants receivable	252,062	(485,261)
Unconditional promises to give	75,606	(49,635)
Employee retention credit receivable	442,594	(442,594)
Prepaid expenses	(7,631)	(6,895)
Accounts payable and accrued expenses	17,851	(4,240)
Deferred revenue	(69,979)	90,864
	<u>404,971</u>	<u>395,515</u>
Cash used by investing activities:		
Purchase of property and equipment	(78,032)	(31,663)
Cash used by financing activities:		
Payments on note payable	(28,954)	(27,655)
Net increase in cash and cash equivalents	297,985	336,197
Cash, cash equivalents, and restricted cash, beginning of year	<u>2,677,690</u>	<u>2,341,493</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 2,975,675</u>	<u>2,677,690</u>
Summary of cash accounts:		
Cash and cash equivalents	\$ 2,941,760	2,650,332
Cash - restricted for unemployment reserve	<u>33,915</u>	<u>27,358</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 2,975,675</u>	<u>2,677,690</u>
Noncash financing transactions:		
Forgiveness of Paycheck Protection Program loan	<u>\$ -</u>	<u>431,510</u>
Other cash flow information:		
Interest paid	<u>\$ 32,318</u>	<u>33,616</u>

The accompanying notes are an integral part of the financial statements.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - NATURE OF OPERATIONS

Center for Enriched Living

In 1968, the Center for Enriched Living, Inc. (CEL) was founded by the Young Men's Jewish Council (YMJC) when two young mothers were looking for after-school activities for their children with Intellectual and Developmental Disabilities (IDD). In 1984, CEL separated from YMJC to become an independent nonprofit organization under the laws of the State of Illinois. CEL's programs provide opportunities for people with IDD, including Down Syndrome, Autism, Cerebral Palsy, Fragile X, Rett Syndrome, Asperger's, and other disabilities, to make friends, connect to community, develop skills, foster independence, make personal choices, and have fun.

In a normal year, more than 450 members attend a variety of programs that operate year-round. The COVID-19 pandemic caused CEL to shift much of its programming online, but through innovation and dedication to safety, CEL was able to reinstate in-person programming in its 20,000 square foot, universally designed building in Riverwoods, Illinois.

Mission Statement

Enriching the lives of individuals with intellectual and developmental disabilities by maximizing their opportunities for personal success, fun and friendship, employment, and community involvement.

Vision Statement

People with intellectual and developmental disabilities are empowered to realize their greatest potential, thrive within the community, and achieve their hopes and dreams.

Social Enrichment Programs

Youth and Young Adult Social Programs - CEL's youth and young adult social programs provide members ages 13-21 with opportunities to make friends in a supportive environment, explore the community, build skills, and pursue new interests. The programs run year-round during evenings and weekends, with a 9-week summer day camp exclusively for young adults. CEL's youth and young adult members choose from a variety of program offerings including after school clubs, fitness, summer camp, bowling, art, theatre, horseback riding, swimming, science experiments, community excursions, dances, technology, healthy cooking, and so much more. With continuation of virtual programs and reinstatement of in-person programs, youth and young adult members are able to meet and choose from social clubs, art, virtual exploration, dance, and movement programs.

Adult Social Programs - At the foundation of CEL's programs lies a social component. Social isolation is a key barrier that prevents people with IDD from living their fullest lives. At CEL, they are part of a dynamic community where their voices are heard, their choices are honored, and their interests and feedback develop the programs that are available year-round. CEL members over the age of 21 choose from programs that provide opportunities to make friends, enjoy new experiences, continue learning in a supportive environment, and most importantly, have fun. Social interactions create community, strengthen relationship skills, and improve health and well-being.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - NATURE OF OPERATIONS, CONTINUED

Social Enrichment Programs, Continued

The pandemic had an even greater impact on CEL members who reside in residential facilities, intensifying their social isolation. Many of those members don't have family in their lives and many of the agencies where they live don't have the technical support to provide online access to keep them connected. CEL's continued offering of virtual programs and the technology lending library provided access to the friends, enrichment, and support they count on. As in-person programs resumed, CEL worked with these agencies to offer private programs where members could experience the fun of leaving their homes and interact with staff in a different but still safe place.

Robert Vihon Family Resource Center

CEL is proud to announce the creation of the Robert Vihon Family Resource Center to address the urgent needs of people with IDD, their families, and caregivers. This new program will dramatically expand the scope of services we provide, transforming CEL into a regional destination for those seeking reliable resources and information, mental health counseling, therapeutic services, peer support groups, and more.

The Robert Vihon Family Resource Center (the "Vee" Center) will be operated by a new team of staff, who are trained and licensed to work with the IDD community: Social Workers, Board Certified Behavior Analysts, and clinical therapists (physical, occupational, etc.). The "Vee" Center team will work with members and families (one-on-one and in groups) to help them navigate life transitions, connect with critical internal and external resources, and build meaningful, independent lives.

Employment Programs

While people with developmental disabilities have the skills and the desire to work, they lack the opportunities. CEL works to combat the staggering 85% unemployment rate that people with IDD face by partnering with small businesses and large corporations to remove existing barriers to hiring someone with a disability. CEL's staff create opportunities for individuals with IDD to learn the soft skills needed to find and keep a job. CEL partnered with individuals to successfully resume working after COVID-19 layoffs, and to find and prepare for new job opportunities.

Adult Day Programs

In Illinois, when young adults turn 22 and transition out of the school system, there are few opportunities. CEL's year-round adult day program named REACH, addresses the daytime needs of adults with developmental disabilities so they have opportunities for continued learning and growth long after school has ended.

CEL's members in REACH have opportunities to achieve personal success through continued learning, making their own choices, communicating their needs and opinions, volunteering for several local organizations, exploring personal hobbies and interests, and so much more, with up to 70% of their day spent out and about within the community.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - NATURE OF OPERATIONS, CONTINUED

Adult Day Programs, Continued

While many of CEL's members and their families have been dealing with so much uncertainty throughout the pandemic, the flexibility and responsiveness of CEL to continue providing both virtual and in-person programs served as a welcome constant in their lives. CEL is proud to be a dependable place for social enrichment, lifelong learning, and community-based employment opportunities.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to nonprofit organizations.

Accounting Estimates

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, CEL considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

CEL maintains its cash balances in three financial institutions located in Chicago, Illinois. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, CEL's cash deposits were in excess of the FDIC limit. At June 30, 2023 and 2022, the uninsured cash balances were \$648,106 and \$0 respectively.

Accounts Receivable

CEL carries its accounts receivable at the outstanding principal balance adjusted for the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on CEL's historical bad debt experience, the aging of the receivables, and based on management's judgment. Accounts deemed uncollectible are charged to the allowance for doubtful accounts. Any finance charges earned on open accounts receivable are recognized when received. No allowance for doubtful accounts was deemed necessary as of June 30, 2023 and 2022.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Unconditional Promises to Give

CEL records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at the present value of estimated future cash flows. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. CEL determines the allowance for uncollectible promises to give based on historical experience, as assessment of economic conditions, and a review of subsequent collections. At June 30, 2023 and 2022, an allowance for uncollectible promises to give was not deemed necessary.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair values. Such donations are reported as without donor restrictions unless the donor restricts the donation for a specific purpose. Cash contributions that must be used to acquire property and equipment are reported as net assets with donor restrictions. Without donor stipulations regarding how long these donated assets must be maintained, CEL reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. Property and equipment are depreciated using the straight-line method over their useful lives. CEL capitalizes all acquisitions of property and equipment in excess of \$1,000. The useful lives of property and equipment for purposes of computing depreciation are as follows:

Building	25 years
Furniture and equipment	3 - 10 years
Vans	5 years

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-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. CEL reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions for which restrictions are met in the same accounting period are recorded as net assets without donor restrictions.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Support and Revenue Recognition

Revenue from Contracts with Customers

CEL derives a significant portion of its revenue from revenue sources that involve contracts with customers. Those sources include membership program fees and sponsorships and ticket sales from special events. Revenues are recognized when control of these services is transferred to its customers in an amount that reflects the consideration CEL expects to be entitled to in exchange for those services. CEL has a significant financing component but has not adjusted the promised amount of consideration for the effects of the significant financing component as all payments are received within a year of the services being provided.

CEL has elected to use the portfolio approach practical expedient. CEL's contracts with customers contain similar terms and as a result, CEL has elected to apply its revenue recognition policies to a portfolio of contracts with similar characteristics. CEL does not expect the results of doing so to differ materially from applying the guidance to individual contracts.

Revenue from membership programs are recognized ratably over time as programs are simultaneously received and consumed by members throughout the course of the program.

Revenue from sponsorships and ticket sales from special events are recognized on the day of the special event. All membership program fees and sponsorships and ticket sales from special events paid in advance are reported as deferred revenue in the statements of financial position.

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates CEL's revenue based on the timing of satisfaction of performance obligations for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Performance obligations satisfied at a point in time	\$ 1,003,535	976,024
Performance obligations satisfied over time	\$ 1,032,006	758,804

CEL awards scholarships based upon individuals' financial needs and the awards reduce the realizable amount of membership program income. Scholarships granted by CEL totaled \$92,360 and \$39,417 during the years ended June 30, 2023 and 2022, respectively, and are included in the statements of functional expenses.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Support and Revenue Recognition, Continued

Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable and deferred revenue on the statements of financial position. The beginning and ending contract balances were as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>July 1, 2021</u>
Accounts receivable	\$ 10,537	1,392	400
Deferred revenue	\$ 232,175	302,154	211,290

Promises to Give

Unconditional contributions and grants are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Amounts received that are restricted by donors for future periods or for specific purposes are reported as net assets with donor restrictions.

When a restriction expires or qualifying expenses are incurred, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional promises (those with a measurable performance or other barrier and a right of return) are recognized when the underlying conditions are met. Cash received in advance of these conditions being met is recorded as refundable advances. CEL reports conditional promises with donor restrictions as increases in net assets without donor restrictions when both the condition and restrictions are satisfied.

As of June 30, 2023 and 2022, CEL had not been awarded any grants for which conditions had not been satisfied.

Donated Services

Volunteers contribute significant amounts of time to CEL's program services and fundraising campaigns during the year; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Functional Expenses, Continued

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, professional fees, supplies, insurance expense, and miscellaneous, which are allocated on the basis of estimates of time and effort.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$120,000 for each of the years ended June 30, 2023 and 2022, and is presented as in-kind advertising expense in the statements of functional expenses.

Income Taxes

CEL is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for either federal or state income taxes.

CEL has evaluated the tax positions taken for all open tax years. Currently, the returns for the prior three fiscal years are open and subject to examination by the Internal Revenue Service; however, CEL is not currently under audit nor has CEL been contacted by this jurisdiction.

Based on the evaluation of CEL's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2023 and 2022.

Employee Retention Credit

The provisions of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) provides an employee retention credit (ERC), which is a refundable tax credit against certain employment taxes for eligible employers. Management determined CEL qualifies for the ERC and has elected to treat the credit consistent with the treatment of conditional grants. CEL recorded a receivable and ERC grant revenue once the measurable performance or other barrier and right of return of the ERC had been overcome. CEL has recognized \$442,594 as ERC grant revenue for the year ended June 30, 2022. CEL has a related receivable balance of \$442,594 as of June 30, 2022. The full amount plus interest of \$35,809 was collected during the year ended June 30, 2023.

The \$442,594 is subject to examination for a period of up to five years from the filing date of the ERC refunds. CEL is not currently under examination nor has the Company been contacted.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Adoption of New Accounting Standard – Leases

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Topic 842. The FASB also subsequently issued additional ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize ROU assets and lease liabilities for operating leases on the statement of financial position. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021.

CEL elected to adopt these ASUs effective July 1, 2022 and utilized the available practical expedients. CEL was not required to record any ROU assets and lease liabilities as a result of the adoption of the standard.

New Accounting Standard – Credit Losses

In June 2016, the FASB issued guidance to change the accounting for credit losses. The guidance requires an entity to utilize a new impairment model known as the current expected credit loss ("CECL") model to estimate its lifetime "expected credit losses" and record an allowance that presents the net amount expected to be collected on the financial assets. The CECL framework is expected to result in earlier recognition of credit losses. CEL intends to adopt the guidance as of July 1, 2023 and is currently evaluating the effect it is expected to have on its financial statements and related disclosures.

Management Evaluation of Going Concern

In accordance with U.S. GAAP, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about CEL's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. Management's evaluation did not identify any conditions or events that raise substantial doubt about CEL's ability to continue as a going concern for the period from October 3, 2023 to October 3, 2024.

Subsequent Events

Subsequent events have been evaluated through October 3, 2023, the date that the financial statements were available for issue.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 - LIQUIDITY AND AVAILABILITY

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

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,941,760	2,650,332
Accounts receivable:		
Membership fee receivable	10,537	1,392
Grants receivable	311,364	563,426
Unconditional promises to give	329,754	405,360
Employee retention credit receivable	-	442,594
	<u>3,593,415</u>	<u>4,063,104</u>
Less: amounts not available for general expenditures within one year, due to:		
Donor-restricted for a specific purpose	<u>1,135,551</u>	<u>1,179,604</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,457,864</u>	<u>2,883,500</u>

The Board of Directors approved an endowment policy that was put in place in October 2018. No spending of any endowment fund will be allowed until after the fund meets or exceeds a balance of \$1,000,000. After meeting this goal, it will be subject to an annual spending rate of not less than 3% and not more than 5% of the 12-quarter rolling average of the fund's quarter-end market values. Spending of the fund will be restricted pursuant to the spending policy for 50 years from the date of its inception, and the Board of Directors may extend but not shorten that period. There are no funds in the endowment as of June 30, 2023 and 2022.

As part of CEL's liquidity management plan, cash in excess of daily requirements is invested in money market accounts to earn additional interest.

CEL's goal is to maintain available financial assets sufficient to meet 90 days of general operating expenditures. To meet obligations and cash liquidity needs, CEL maintains a revolving line of credit (see Note 6).

NOTE 4 - RESTRICTED CASH

CEL has funds held at an insurance company for the purpose of providing a reserve for unemployment claims to be paid to the State of Illinois. The balance as of June 30, 2023 and 2022 was \$33,915 and \$27,358, respectively.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5 - UNCONDITIONAL PROMISES TO GIVE

CEL launched a “Vee Family Resource Center Focused Campaign” (Vee Center) to raise \$500,000 to develop a program to celebrate the life and memory of Robert Vihon, one of CEL’s dearest friends and co-founders. The Vee Center will transform CEL into a regional destination for specialized disability services. It will be operated by a team of staff, trained, and licensed to work with the IDD community: Social Workers, Behavior Analysts, and Clinical Therapists (physical, occupational, etc.). Housed at CEL’s Universal Design building in Riverwoods, The Vee Center will focus on Family Services, Teen and Adult Services, and Interventions and Treatment. The Vee Center will have a dramatic impact on the future of CEL, on CEL’s members and families, and on the IDD community. In addition, CEL accepts unconditional promises to give for its other programs as well. Total unconditional promises to give as of June 30, 2023 and 2022 were \$329,754 and \$405,360, respectively.

Unconditional promises to give at June 30, 2023 are expected to be collected as follows:

	Vee Center	Other Programs	TOTAL
June 30, 2024	\$ 113,480	165,270	278,750
June 30, 2025	51,004	-	51,004
Total unconditional promises to give	\$ 164,484	165,270	329,754

NOTE 6 - LINE OF CREDIT

CEL has a \$250,000 line of credit with a local bank that expires in February 2025. The interest rate is based on the prime rate, which was 8.75% and 4.75% at June 30, 2023 and 2022, respectively. The line of credit is collateralized by all the business assets of CEL. There was no outstanding balance on the line of credit as of June 30, 2023 and 2022. All financial covenants were met or waived for the years ended June 30, 2023 and 2022.

NOTE 7 - PAYCHECK PROTECTION PROGRAM LOAN

Pursuant to the 2021 Consolidated Appropriations Act (CAA), CEL applied for a second \$431,510 Paycheck Protection Program (PPP) loan and received the funds on January 29, 2021. CEL initially recorded a note payable as of June 30, 2022. CEL received forgiveness for the total loan amount and has recognized a gain on forgiveness of PPP loan in the statement of activities of \$431,510 for the year ended June 30, 2022.

NOTE 8 - NOTE PAYABLE

CEL obtained a \$800,000, 10-year term commercial mortgage with a local bank in February 2019. The rate is fixed at 4.54% until February 2024 when it will reprice at a fixed rate of 210 basis points over the 5-year Treasury for the 5 remaining years until maturity in February 2029. The monthly payment of \$5,106 includes principal and interest based on a 20-year amortization. Interest expense totaled \$32,318 and \$33,616 for the years ended June 30, 2023 and 2022, respectively, and is included in miscellaneous expense in the statements of functional expenses. The bank has a first mortgage and a security interest of all assets. All financial covenants were met or waived for the years ended June 30, 2023 and 2022.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 8 - NOTE PAYABLE, CONTINUED

Note payable at June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Commercial mortgage at local bank	\$ 686,194	715,148
Less current portion	<u>(24,134)</u>	<u>(29,561)</u>
Total notes payable, net of current portion	<u>\$ 662,060</u>	<u>685,587</u>

Principal payments due on long-term debt during each of the following years are as follows:

2024	\$ 24,134
2025	25,495
2026	26,933
2027	28,452
2028	30,057
Thereafter	<u>551,123</u>
Total principal payments	<u>\$ 686,194</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Purpose restrictions:		
Employment program	\$ 20,000	30,000
Vee Family Resource Center	842,506	604,682
Youth/Teen program	10,000	30,000
Transportation	<u>-</u>	<u>25,000</u>
Total purpose restrictions	<u>872,506</u>	<u>689,682</u>
Time restrictions:		
Fiscal year 2023 operating expenses	-	244,961
Fiscal year 2024 operating expenses	<u>263,045</u>	<u>244,961</u>
Total time restrictions	<u>263,045</u>	<u>489,922</u>
Total net assets with donor restrictions	<u>\$ 1,135,551</u>	<u>1,179,604</u>

**THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS, CONTINUED

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Employment program	\$ 85,069	114,332
Art training program	10,000	10,000
Fiscal year 2022 operating expenses	226,877	207,078
Gardening	-	700
Township residents	-	9,500
The Vee Center	75,087	-
Transportation	25,000	-
Catalyst program	1,000	-
Youth/Teen program	<u>61,250</u>	<u>68,750</u>
 Total net assets released from restrictions	 <u>\$ 484,283</u>	 <u>410,360</u>

NOTE 10 - OPERATING GRANT

A private family foundation (Foundation) had committed to pay CEL 5% of its budget for programs and services annually over the period from July 1, 2018 through June 30, 2021. The Foundation subsequently renewed this agreement which expires June 30, 2024. CEL received \$176,877 and \$157,078 under this grant for the years ended June 30, 2023 and 2022, respectively, and is included in contributions on the statements of activities.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 11 - DONATED IN-KIND GOODS AND SERVICES

Donated in-kind goods and services for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Advertising	\$ 120,000	120,000
Program and food supplies	5,624	2,000
Professional services	2,500	1,890
Office and building supplies	1,528	21
Special events supplies	-	2,400
Total donated in-kind goods and services	\$ 129,652	126,311

CEL was provided advertising services at no cost. Based on current market rates for advertising, CEL would have paid \$120,000 for the years ended June 30, 2023 and 2022.

CEL received program and food supplies, office and building supplies, and special events supplies with an estimated fair market value of \$7,152 and \$7,421 for the years ended June 30, 2023 and 2022, respectively. The supplies were used to support the programs of CEL.

CEL was provided professional services at no cost. Based on current market rates for the professional services, CEL would have paid \$2,500 and \$1,890 for the years ended June 30, 2023 and 2022, respectively.

All in-kind contributions received by CEL for the years ended June 30, 2023 and 2022 were considered to be without donor restrictions and are able to be used by CEL as determined by the Board of Directors and management.

NOTE 12 - RETIREMENT PLAN

CEL provides a 403(b) retirement plan (Plan) for eligible full-time employees who have completed three months of service. CEL contributes a discretionary amount of eligible employees' salaries, as determined by the Board of Directors, which ranges from 1% to 3%. The Plan also allows for employee salary deferral contributions.

CEL expenses contributions to the Plan as incurred. Employer contributions for the years ended June 30, 2023 and 2022 totaled \$39,121 and \$32,576, respectively, and are included in employee benefits on the statements of functional expenses. Employees are fully vested immediately in all contributions and are entitled to accumulated contributions plus investment earnings upon termination or retirement.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13 - RELATED-PARTY TRANSACTIONS

CEL initiated a focused campaign to fund the Vee Family Resource Center during the year ended June 30, 2021, in which various Board members participated. As of June 30, 2023 and 2022, focused campaign pledges due from Board members totaled \$105,784 and \$124,500, respectively, and are included in unconditional promises to give on the statements of financial position. Contributions from these board members were \$76,050 and \$74,100 for the years ended June 30, 2023 and 2022, respectively, and are included in contributions on the statements of activities.

NOTE 14 - CONTINGENCY

The \$494,300 PPP loan (loan 1), \$431,510 second PPP loan (loan 2), and their forgiveness are subject to examination under the terms of the agreement with the Small Business Administration for a period of six years from the date the PPP loans are forgiven, which was November 2020 for loan 1, and September 2021 for loan 2. CEL is not currently under examination nor has CEL been contacted.

NOTE 15 - RECLASSIFICATIONS

Certain amounts in the June 30, 2022 financial statements have been reclassified to conform to the June 30, 2023 presentation.