

Assurance

THE CENTER FOR ENRICHED LIVING, INC.

Audited Financial Statements

Years Ended June 30, 2022 and 2021

LOCAL
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**THE CENTER FOR ENRICHED LIVING, INC.
AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

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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, 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 (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, 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 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, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 2,650,332	2,309,372
Cash - restricted for unemployment reserve	27,358	32,121
Accounts receivable:		
Membership fees receivable	1,392	400
Grants receivable, current portion	330,837	78,165
Unconditional promises to give, current portion	269,660	237,392
Employee retention credit receivable	442,594	-
Prepaid expenses	<u>40,653</u>	<u>33,758</u>
Total current assets	<u>3,762,826</u>	<u>2,691,208</u>
Property and equipment:		
Building	6,944,480	6,924,864
Land	906,457	906,457
Furniture and equipment	730,832	718,787
Vans	<u>601,470</u>	<u>601,470</u>
Total property and equipment	9,183,239	9,151,578
Less accumulated depreciation	<u>(4,837,778)</u>	<u>(4,463,751)</u>
Property and equipment, net	<u>4,345,461</u>	<u>4,687,827</u>
Other assets:		
Grants receivable, net of current portion	232,589	-
Unconditional promises to give, net of current portion	<u>135,700</u>	<u>118,333</u>
Total other assets	<u>368,289</u>	<u>118,333</u>
Total assets	<u>\$ 8,476,576</u>	<u>7,497,368</u>

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

THE CENTER FOR ENRICHED LIVING, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 69,702	73,942
Deferred revenue	302,154	211,290
Paycheck Protection Program loan	-	431,510
Current portion of note payable	<u>29,561</u>	<u>20,940</u>
Total current liabilities	<u>401,417</u>	<u>737,682</u>
Noncurrent liabilities:		
Note payable, net of current portion	<u>685,587</u>	<u>721,863</u>
Total liabilities	<u>1,087,004</u>	<u>1,459,545</u>
Net assets:		
Without donor restrictions	6,209,968	5,698,970
With donor restrictions	<u>1,179,604</u>	<u>338,853</u>
Total net assets	<u>7,389,572</u>	<u>6,037,823</u>
Total liabilities and net assets	<u>\$ 8,476,576</u>	<u>7,497,368</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, 2022 AND 2021

	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Support and revenue:						
Contributions	\$ 888,512	684,350	1,572,862	1,275,805	273,332	1,549,137
In-kind contributions	129,311	-	129,311	162,040	-	162,040
Foundation and public funds	122,615	466,300	588,915	46,330	158,288	204,618
Government grants	84,289	25,461	109,750	25,120	97,689	122,809
Other income	6,792	-	6,792	84,560	-	84,560
Special events	901,024	75,000	976,024	732,339	-	732,339
Employee Retention Credit	442,594	-	442,594	-	-	-
Membership program fees	758,804	-	758,804	455,927	-	455,927
Investment return, net	2,030	-	2,030	3,442	-	3,442
Gain on forgiveness of Paycheck Protection Program loan	431,510	-	431,510	494,300	-	494,300
Forgiveness of unemployment expense	-	-	-	92,656	-	92,656
Net assets released from restrictions	410,360	(410,360)	-	221,656	(221,656)	-
Total support and revenue	<u>4,177,841</u>	<u>840,751</u>	<u>5,018,592</u>	<u>3,594,175</u>	<u>307,653</u>	<u>3,901,828</u>
Expenses:						
Program services	<u>2,482,050</u>	-	<u>2,482,050</u>	<u>2,078,207</u>	-	<u>2,078,207</u>
Supporting services:						
Management and general	571,850	-	571,850	642,040	-	642,040
Fundraising	<u>612,943</u>	-	<u>612,943</u>	<u>583,362</u>	-	<u>583,362</u>
Total supporting services	<u>1,184,793</u>	-	<u>1,184,793</u>	<u>1,225,402</u>	-	<u>1,225,402</u>
Total expenses	<u>3,666,843</u>	-	<u>3,666,843</u>	<u>3,303,609</u>	-	<u>3,303,609</u>
Change in net assets	510,998	840,751	1,351,749	290,566	307,653	598,219
Net assets, beginning of year	<u>5,698,970</u>	<u>338,853</u>	<u>6,037,823</u>	<u>5,408,404</u>	<u>31,200</u>	<u>5,439,604</u>
Net assets, end 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>

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
	YOUTH SOCIAL PROGRAMS	ADULT SOCIAL AND EMPLOYMENT PROGRAMS	ADULT DAY PROGRAMS	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	
Salaries	\$ 231,103	546,241	693,306	1,470,650	273,120	357,157	630,277	2,100,927
Employee benefits	19,255	45,512	57,765	122,532	22,756	29,758	52,514	175,046
Payroll taxes	17,970	42,474	53,910	114,354	21,237	27,772	49,009	163,363
Total salaries and related expenses	268,328	634,227	804,981	1,707,536	317,113	414,687	731,800	2,439,336
Activity fees	1,588	9,132	2,515	13,235	-	-	-	13,235
Bad debt expense	-	-	-	-	10,146	-	10,146	10,146
Employee expense	1,666	2,916	11,039	15,621	4,166	1,041	5,207	20,828
Equipment rental and maintenance	3,973	6,244	22,137	32,354	21,002	3,406	24,408	56,762
Grants	-	-	2,950	2,950	-	-	-	2,950
In-kind expenses:								
Advertising	10,800	16,800	62,400	90,000	18,000	12,000	30,000	120,000
Program supplies	160	320	1,180	1,660	240	100	340	2,000
Other	302	474	1,681	2,457	1,595	259	1,854	4,311
Insurance expense	3,728	5,799	21,538	31,065	9,940	414	10,354	41,419
Marketing and public relations	865	1,346	4,999	7,210	1,442	961	2,403	9,613
Meetings and conferences	2,074	3,226	11,984	17,284	4,840	922	5,762	23,046
Miscellaneous	5,134	8,067	28,603	41,804	27,136	4,400	31,536	73,340
Occupancy	8,977	12,241	48,148	69,366	10,609	1,632	12,241	81,607
Postage	347	520	2,022	2,889	1,733	1,155	2,888	5,777
Printing	1,550	2,411	8,956	12,917	1,722	2,583	4,305	17,222
Professional fees	359	539	2,155	3,053	14,908	-	14,908	17,961
Publications	302	470	1,746	2,518	705	134	839	3,357
Purchased services	1,774	2,660	10,641	15,075	73,603	-	73,603	88,678
Scholarship expense	5,913	24,044	9,460	39,417	-	-	-	39,417
Special events fees	-	-	-	-	-	158,225	158,225	158,225
Supplies	1,812	3,624	13,363	18,799	2,718	1,132	3,850	22,649
Telephone	804	2,251	9,002	12,057	1,608	2,411	4,019	16,076
Vehicle costs and transportation	2,983	4,723	17,153	24,859	-	-	-	24,859
Total expenses before depreciation	323,439	742,034	1,098,653	2,164,126	523,226	605,462	1,128,688	3,292,814
Depreciation	41,143	56,104	220,677	317,924	48,624	7,481	56,105	374,029
Total expenses	\$ 364,582	798,138	1,319,330	2,482,050	571,850	612,943	1,184,793	3,666,843

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, 2021

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL EXPENSES
	YOUTH SOCIAL PROGRAMS	ADULT SOCIAL AND EMPLOYMENT PROGRAMS	ADULT DAY PROGRAMS	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	
Salaries	\$ 153,209	408,559	459,628	1,021,396	323,443	357,489	680,932	1,702,328
Employee benefits	14,128	37,674	42,383	94,185	29,825	32,964	62,789	156,974
Payroll taxes	19,273	51,394	57,819	128,486	40,687	44,970	85,657	214,143
Total salaries and related expenses	186,610	497,627	559,830	1,244,067	393,955	435,423	829,378	2,073,445
Activity fees	55	317	88	460	-	-	-	460
Bad debt expense	-	-	-	-	3,921	-	3,921	3,921
Employee expense	1,330	2,328	8,812	12,470	3,325	831	4,156	16,626
Equipment rental and maintenance	4,269	6,710	23,786	34,765	22,566	3,660	26,226	60,991
Grants	-	-	80,003	80,003	-	-	-	80,003
In-kind expenses:								
Advertising	10,800	16,800	62,400	90,000	18,000	12,000	30,000	120,000
Program supplies	205	409	1,509	2,123	307	128	435	2,558
Website	971	1,526	5,411	7,908	5,134	833	5,967	13,875
Other	1,793	2,817	9,987	14,597	9,475	1,536	11,011	25,608
Insurance expense	4,658	7,245	26,911	38,814	12,421	518	12,939	51,753
Marketing and public relations	1,094	1,702	6,323	9,119	1,825	1,216	3,041	12,160
Meetings and conferences	1,382	2,149	7,982	11,513	3,224	614	3,838	15,351
Miscellaneous	5,136	8,072	28,620	41,828	27,151	4,403	31,554	73,382
Occupancy	7,146	9,745	38,330	55,221	8,446	1,299	9,745	64,966
Postage	293	440	1,709	2,442	1,465	977	2,442	4,884
Printing	1,883	2,930	10,882	15,695	2,093	3,139	5,232	20,927
Professional fees	346	519	2,078	2,943	14,371	-	14,371	17,314
Publications	594	923	3,430	4,947	1,385	264	1,649	6,596
Purchased services	1,432	2,149	8,594	12,175	59,446	-	59,446	71,621
Scholarship expense	5,397	21,944	8,633	35,974	-	-	-	35,974
Special events fees	-	-	-	-	-	106,127	106,127	106,127
Supplies	1,384	2,768	10,209	14,361	2,077	865	2,942	17,303
Telephone	599	1,677	6,707	8,983	1,197	1,797	2,994	11,977
Vehicle costs and transportation	1,105	1,749	6,351	9,205	-	-	-	9,205
Total expenses before depreciation	238,482	592,546	918,585	1,749,613	591,784	575,630	1,167,414	2,917,027
Depreciation	42,523	57,987	228,084	328,594	50,256	7,732	57,988	386,582
Total expenses	\$ 281,005	650,533	1,146,669	2,078,207	642,040	583,362	1,225,402	3,303,609

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash provided (used) by operating activities:		
Change in net assets	\$ 1,351,749	598,219
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	374,029	386,582
Gain on forgiveness of Paycheck Protection Program loan	(431,510)	(494,300)
Gain on forgiveness of unemployment expense	-	(92,656)
Changes in:		
Membership fees receivable	(992)	(400)
Grants receivable	(485,261)	30,660
Unconditional promises to give	(49,635)	(332,169)
Employee retention credit receivable	(442,594)	-
Prepaid expenses	(6,895)	40,827
Accounts payable and accrued expenses	(4,240)	122,240
Deferred revenue	<u>90,864</u>	<u>162,763</u>
Net cash provided by operating activities	<u>395,515</u>	<u>421,766</u>
Cash provided (used) by investing activities:		
Purchase of property and equipment	(31,663)	(31,480)
Redemption of certificates of deposit	<u>-</u>	<u>94,194</u>
Net cash provided (used) by investing activities	<u>(31,663)</u>	<u>62,714</u>
Cash provided (used) by financing activities:		
Proceeds from Paycheck Protection Program loan	-	431,510
Payments on note payable	<u>(27,655)</u>	<u>(26,413)</u>
Net cash provided (used) by financing activities	<u>(27,655)</u>	<u>405,097</u>
Net increase in cash and cash equivalents	336,197	889,577
Cash, cash equivalents, and restricted cash, beginning of year	<u>2,341,493</u>	<u>1,451,916</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 2,677,690</u>	<u>2,341,493</u>

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, 2022 AND 2021

	2022	2021
Noncash investing transactions:		
Van donated in fiscal year 2020, received in fiscal year 2021	\$ -	60,247
Noncash financing transactions:		
Forgiveness of Paycheck Protection Program loan	\$ 431,510	494,300
Other cash flow information:		
Interest paid	\$ 33,616	34,859
Summary of cash accounts:		
Cash and cash equivalents	\$ 2,650,332	2,309,372
Cash - restricted for unemployment reserve	27,358	32,121
Total cash, cash equivalents, and restricted cash	\$ 2,677,690	2,341,493

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, 2022 AND 2021

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.

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, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS, CONTINUED

Adult Social 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.

Adult 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. During the year ended June 30, 2022, CEL had approximately 36 people employed in jobs at local restaurants, grocery stores, retail stores, offices, and more, with an additional 9 people in the pipeline.

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.

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 as applicable to not-for-profit organizations (U.S. GAAP).

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 one financial institution 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. However, at June 30, 2022 and 2021, CEL had no uninsured cash balances.

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, 2022 and 2021.

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, 2022 and 2021, an allowance for uncollectible promises to give was not deemed necessary.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair values. Such donations are reported as support 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 support. 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

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.

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:

	2022	2021
Performance obligations satisfied at a point in time	\$ 976,024	732,339
Performance obligations satisfied over time	\$ 758,804	455,927

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Support and Revenue Recognition, Continued

CEL awards scholarships based upon individuals' financial needs; such awards reduce the realizable amount of membership program income. Scholarships granted by CEL totaled \$39,417 and \$35,974 during the years ended June 30, 2022 and 2021, respectively, and are included in the statements of functional expenses.

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>July 1, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Accounts receivable	\$ -	400	1,392
Deferred revenue	\$ 48,527	211,290	302,154

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, 2022 and 2021, 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.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 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, 2022 and 2021, 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, 2022 and 2021.

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 and is awaiting payment.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Change in Accounting Principles – Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU improves financial reporting by providing new presentation and disclosure requirements, including presenting contributed nonfinancial assets (in-kind contributions) as a separate line item in the statements of activities apart from contributions of cash and other financial assets. The ASU also requires additional qualitative and quantitative disclosures about the nature, amount, restrictions, and policies surrounding the contributed nonfinancial assets. For the year ended June 30, 2022, CEL adopted the ASU on a retrospective basis and has adjusted the presentation in these financial statements accordingly.

New Accounting Standard – Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (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 right-to-use assets and lease liabilities for operating leases on the statements of financial position. The ASUs are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. CEL is currently evaluating the methods of adoption allowed and the effect that adoption is expected to have on its financial position, results of operations and cash flows 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 25, 2022 to October 25, 2023.

Subsequent Events

Subsequent events have been evaluated through October 25, 2022, the date that the financial statements were available for issue.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,650,332	2,309,372
Accounts receivable:		
Membership fee receivable	1,392	400
Grants receivable	563,426	78,165
Unconditional promises to give	405,360	355,725
Employee retention credit receivable	<u>442,594</u>	<u>-</u>
 Total financial assets at year-end	 <u>4,063,104</u>	 <u>2,743,662</u>
 Less: amounts not available for general expenditures within one year, due to:		
Donor-restricted for a specific purpose	<u>1,179,604</u>	<u>338,853</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,883,500</u>	<u>2,404,809</u>

A Board-approved endowment policy 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 may extend but not shorten that period. There are no funds in the endowment as of June 30, 2022 and 2021. Without donor restriction bequests for a total of \$15,818 and \$0 were received for the years ending June 30, 2022 and 2021, respectively. Due to the uncertainty surrounding the COVID-19 pandemic, the Board of Directors voted to keep the funds received undesignated and available for general operating use.

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

The unemployment reserve consists of 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, 2022 and 2021 was \$27,358 and \$32,121, respectively.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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.

Unconditional promises to give are expected to be collected as follows:

	<u>Vee Center</u>	<u>Other Programs</u>	<u>TOTAL</u>
June 30, 2023	\$ 128,480	141,180	269,660
June 30, 2024	94,980	25,000	119,980
June 30, 2025	<u>15,720</u>	<u>-</u>	<u>15,720</u>
Total unconditional promises to give	<u>\$ 239,180</u>	<u>166,180</u>	<u>405,360</u>

NOTE 6 - LINE OF CREDIT

CEL has a \$250,000 line of credit with a local bank that expires in February 2023. The interest rate is based on the prime rate, which was 4.75% and 3.25% at June 30, 2022 and 2021, 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, 2022 and 2021. All financial covenants were met or waived for the years ended June 30, 2022 and 2021. CEL intends to renew the line of credit upon expiration and believes that it is probable it will be able to do so.

NOTE 7 - PAYCHECK PROTECTION PROGRAM LOAN

On April 16, 2020, CEL received loan proceeds in the amount of \$494,300 under the Paycheck Protection Program (PPP). CEL initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. CEL recognized a gain on forgiveness of PPP loan in the statement of activities of \$494,300 for the year ended June 30, 2021.

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.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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 \$33,616 and \$34,859 for the years ended June 30, 2022 and 2021, respectively, and is included in miscellaneous expense in the statements of functional expenses. The bank has a first mortgage and assignment of rents and leases along with a security interest of all assets. All financial covenants were met or waived for the years ended June 30, 2022 and 2021.

Note payable at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Commercial mortgage at local bank	\$ 715,148	742,803
Less current portion	(29,561)	(20,940)
Total notes payable, net of current portion	\$ 685,587	721,863

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

2023	\$ 29,561
2024	24,168
2025	25,531
2026	26,971
2027	28,493
Thereafter	580,424
Total principal payments	\$ 715,148

**THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purpose restrictions:		
Employment program	\$ 30,000	24,771
Township residents	-	9,500
Vee Family Resource Center	604,682	273,332
Youth/Teen program	30,000	31,250
Transportation	<u>25,000</u>	<u>-</u>
Total purpose restrictions	<u>689,682</u>	<u>338,853</u>
Time restrictions:		
Fiscal year 2023 operating expenses	244,961	-
Fiscal year 2024 operating expenses	<u>244,961</u>	<u>-</u>
Total time restrictions	<u>489,922</u>	<u>-</u>
 Total net assets with donor restrictions	 <u>\$ 1,179,604</u>	 <u>338,853</u>

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Summer program	\$ -	10,000
Employment program	114,332	28,542
Art training program	10,000	8,000
Music therapy	-	12,000
COVID-19 supplies	-	1,402
Fiscal year 2022 operating expenses	207,078	-
Gardening	700	-
Virtual program equipment	-	50,988
Technology equipment	-	1,000
Township residents	9,500	64,524
Youth/Teen program	<u>68,750</u>	<u>45,200</u>
 Total net assets released from restrictions	 <u>\$ 410,360</u>	 <u>221,656</u>

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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 \$157,078 and \$183,414 under this grant for the years ended June 30, 2022 and 2021, respectively and included in contributions on the statement of activities.

NOTE 11 - DONATED IN-KIND GOODS AND SERVICES

Donated in-kind goods and services for the years ended June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Advertising	\$ 120,000	120,000
Program and food supplies	5,000	2,558
Professional services	1,890	14,575
Office and building supplies	21	-
Special events	2,400	-
Small equipment	-	24,907
	<u> </u>	<u> </u>
Total donated in-kind goods and services	<u>\$ 129,311</u>	<u>162,040</u>

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, 2022 and 2021.

CEL received program and food supplies, office and building supplies, special events supplies, and small equipment with an estimated fair market value of \$7,421 and \$27,465 for the years ended June 30, 2022 and 2021, 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 \$1,890 and \$14,575 for the years ended June 30, 2022 and 2021, respectively.

All in-kind contributions received by CEL for the years ended June 30, 2022 and 2021 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.

THE CENTER FOR ENRICHED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 12 - RETIREMENT PLAN, CONTINUED

CEL expenses contributions to the Plan as incurred. Employer contributions for the years ended June 30, 2022 and 2021 totaled \$32,576 and \$29,253, 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.

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, 2022 and 2021, focused campaign pledges due from Board members totaled \$124,500 and \$130,000, respectively, and are included in contributions on the statements of activities.

NOTE 14 - IMPACT OF COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread in certain parts of the world. To date, the impact on CEL's operations have improved resulting in a 17% increase in revenues from fiscal year 2021. CEL began in-person programming and in person special events following the suspension of these activities due to COVID-19. Management continues to actively monitor the global situation in order to mitigate any potential future impact on CEL's changes in net assets and financial performance.

NOTE 15 - CONTINGENCY

The \$494,300 Paycheck Protection Program (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 16 - RECLASSIFICATIONS

Certain amounts in the June 30, 2021 financial statements have been reclassified to conform to the June 30, 2022 presentation.