

**CENTER FOR ENRICHED LIVING, INC.**

**FINANCIAL STATEMENTS**

*As of and for the Years Ended June 30, 2024 and 2023*

*And Report of Independent Auditor*

**CENTER FOR ENRICHED LIVING, INC.**  
**TABLE OF CONTENTS**

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**REPORT OF INDEPENDENT AUDITOR** ..... 1-2

**FINANCIAL STATEMENTS**

Statements of Financial Position..... 3-4

Statements of Activities..... 5

Statements of Functional Expenses ..... 6-7

Statements of Cash Flows ..... 8

Notes to the Financial Statements ..... 9-19

## Report of Independent Auditor

To the Board of Directors  
Center for Enriched Living, Inc.  
Riverwoods, Illinois

### Opinion

We have audited the accompanying financial statements of Center For Enriched Living, Inc. (“CEL”) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CEL as of June 30, 2024 and 2023, 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 CEL 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.

### Prior Year Financial Statements

The financial statements as of June 30, 2023, were audited by PKF Mueller, which was acquired by Cherry Bekaert LLP as of December 31, 2023, and whose report dated October 3, 2023, expressed an unmodified opinion on those financial statements.

### 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 CEL’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 CEL'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 CEL'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.

*Cherry Bekaert LLP*

Elgin, Illinois

November 6, 2024

**CENTER FOR ENRICHED LIVING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

*JUNE 30, 2024 AND 2023*

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,418,542	\$ 2,433,497
Cash - restricted for unemployment reserve	41,204	33,915
Accounts Receivable:		
Membership fees receivable	12,436	10,537
Grants receivable	134,870	311,364
Current portion of unconditional promises to give	149,937	278,750
Prepaid expenses	<u>24,324</u>	<u>48,284</u>
Total Current Assets	<u>1,781,313</u>	<u>3,116,347</u>
Property and Equipment:		
Building	6,964,955	6,948,279
Land	906,457	906,457
Furniture and equipment	558,223	805,065
Vans	<u>442,699</u>	<u>601,470</u>
Total Property and Equipment	8,872,334	9,261,271
Less accumulated depreciation	<u>(5,051,415)</u>	<u>(5,202,065)</u>
Property and Equipment, Net	<u>3,820,919</u>	<u>4,059,206</u>
Other Assets:		
Investments	1,068,477	508,263
Unconditional promises to give, net of current portion	<u>-</u>	<u>51,004</u>
Total Other Assets	<u>1,068,477</u>	<u>559,267</u>
<b>Total Assets</b>	<u><u>\$ 6,670,709</u></u>	<u><u>\$ 7,734,820</u></u>

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

**CENTER FOR ENRICHED LIVING, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

*JUNE 30, 2024 AND 2023*

	<u>2024</u>	<u>2023</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 86,393	\$ 87,553
Deferred revenue	243,795	232,175
Current portion of note payable	<u>28,975</u>	<u>24,134</u>
Total Current Liabilities	359,163	343,862
Noncurrent Liabilities:		
Note payable, net of current portion	<u>628,142</u>	<u>662,060</u>
Total Liabilities	<u>987,305</u>	<u>1,005,922</u>
Net Assets:		
Without donor restrictions	4,979,915	5,593,347
With donor restrictions	<u>703,489</u>	<u>1,135,551</u>
Total Net Assets	<u>5,683,404</u>	<u>6,728,898</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 6,670,709</u>	<u>\$ 7,734,820</u>

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

**CENTER FOR ENRICHED LIVING, INC.**  
**STATEMENTS OF ACTIVITIES**

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 942,978	\$ 19,354	\$ 962,332	\$ 832,308	\$ 222,878	\$ 1,055,186
In-kind contributions	126,549	-	126,549	129,652	-	129,652
Foundation and public grants	227,000	137,000	364,000	162,569	197,783	360,352
Government grants	150,701	-	150,701	87,931	19,569	107,500
Special events	1,018,733	-	1,018,733	1,003,535	-	1,003,535
Membership fees	1,545,972	-	1,545,972	1,032,006	-	1,032,006
Employee Retention Credit	-	-	-	35,809	-	35,809
Investment return, net	86,168	-	86,168	28,976	-	28,976
Other income	1,634	-	1,634	15,619	-	15,619
Loss on disposal of property and equipment	(800)	-	(800)	-	-	-
Net assets released from restrictions	588,416	(588,416)	-	484,283	(484,283)	-
Total Support and Revenue	4,687,351	(432,062)	4,255,289	3,812,688	(44,053)	3,768,635
Expenses:						
Program services	3,847,559	-	3,847,559	3,121,986	-	3,121,986
Supporting Services:						
Management and general	623,585	-	623,585	608,300	-	608,300
Fundraising	829,639	-	829,639	699,023	-	699,023
Total Supporting Services	1,453,224	-	1,453,224	1,307,323	-	1,307,323
Total Expenses	5,300,783	-	5,300,783	4,429,309	-	4,429,309
Change in net assets	(613,432)	(432,062)	(1,045,494)	(616,621)	(44,053)	(660,674)
Net assets, beginning of year	5,593,347	1,135,551	6,728,898	6,209,968	1,179,604	7,389,572
Net assets, end of year	\$ 4,979,915	\$ 703,489	\$ 5,683,404	\$ 5,593,347	\$ 1,135,551	\$ 6,728,898

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

**CENTER FOR ENRICHED LIVING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services			
	Social Enrichment Programs	Robert Vihon Family Resource Center	Employment Programs	Adult Day Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 758,543	\$ 263,840	\$ 329,800	\$ 1,088,342	\$ 2,440,525	\$ 329,801	\$ 527,681	\$ 857,482	\$ 3,298,007
Employee benefits	63,928	22,234	27,793	91,717	205,672	27,793	44,469	72,262	277,934
Payroll taxes	55,803	19,409	24,262	80,065	179,542	24,262	38,820	63,082	242,624
Total Salaries and Related Expenses	878,274	305,483	381,855	1,260,124	2,825,739	381,856	610,970	992,826	3,818,565
Activity fees	41,274	529	529	10,582	52,914	-	-	-	52,914
Bad debt expense	-	-	-	-	-	4,096	-	4,096	4,096
Employee expense	7,177	978	1,630	14,676	24,461	6,523	1,631	8,154	32,615
Equipment rental and maintenance	12,221	610	610	23,213	36,654	21,381	3,054	24,435	61,089
In-kind expenses:									
Advertising	27,600	3,600	3,600	55,200	90,000	12,000	18,000	30,000	120,000
Supplies	911	113	113	2,081	3,218	378	189	567	3,785
Professional services	370	61	61	738	1,230	697	123	820	2,050
Other	129	21	21	257	428	243	43	286	714
Insurance expense	13,636	2,963	5,927	21,931	44,457	14,226	593	14,819	59,276
Marketing and public relations	4,087	888	888	8,349	14,212	1,776	1,776	3,552	17,764
Meetings and conferences	9,562	1,247	415	19,954	31,178	8,730	1,663	10,393	41,571
Miscellaneous	18,787	5,217	5,217	40,698	69,919	28,176	6,261	34,437	104,356
Occupancy	25,953	2,994	2,994	52,902	84,843	12,976	1,996	14,972	99,815
Postage	758	50	50	1,916	2,774	1,261	1,009	2,270	5,044
Printing	5,574	1,393	5,572	8,358	20,897	2,786	4,179	6,965	27,862
Professional fees	1,289	-	-	3,866	5,155	15,467	5,156	20,623	25,778
Publications	2,265	492	98	4,527	7,382	1,969	492	2,461	9,843
Purchased services	4,870	-	-	14,610	19,480	58,441	19,480	77,921	97,401
Scholarship expense	77,975	-	19,493	32,488	129,956	-	-	-	129,956
Special events fees	-	-	-	-	-	-	142,091	142,091	142,091
Supplies	10,967	456	456	26,047	37,926	5,484	2,285	7,769	45,695
Telephone	2,284	126	126	6,970	9,506	1,267	1,901	3,168	12,674
Vehicle costs and transportation	15,037	-	485	32,982	48,504	-	-	-	48,504
Total Expenses Before Depreciation	1,161,000	327,221	430,140	1,642,469	3,560,833	579,733	822,892	1,402,625	4,963,458
Depreciation	87,704	10,120	10,120	178,782	286,726	43,852	6,747	50,599	337,325
Total Expenses	\$ 1,248,704	\$ 337,341	\$ 440,260	\$ 1,821,251	\$ 3,847,559	\$ 623,585	\$ 829,639	\$ 1,453,224	\$ 5,300,783

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



**CENTER FOR ENRICHED LIVING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2023

	Program Services					Supporting Services			
	Social Enrichment Programs	Robert Vihon Family Resource Center	Employment Programs	Adult Day Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
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:									
Advertising	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 to the financial statements are an integral part of these statements.

**CENTER FOR ENRICHED LIVING, INC.**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,045,494)	\$ (660,674)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	337,325	364,287
Loss on disposal of property and equipment	800	-
Donated investments	(27,218)	-
Changes in:		
Membership fees receivable	(1,899)	(9,145)
Grants receivable	176,494	252,062
Unconditional promises to give	179,817	75,606
Employee retention credit receivable	-	442,594
Prepaid expenses	23,960	(7,631)
Accounts payable and accrued expenses	(1,160)	17,851
Deferred revenue	11,620	(69,979)
Net cash flows from operating activities	<u>(345,755)</u>	<u>404,971</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	58,965	5,657
Purchase of investments	(591,961)	(513,920)
Proceeds from sale of property and equipment	1,000	-
Purchase of property and equipment	(100,838)	(78,032)
Net cash flows from investing activities	<u>(632,834)</u>	<u>(586,295)</u>
<b>Cash flows from financing activities:</b>		
Payments on note payable	(29,077)	(28,954)
Net change in cash and cash equivalents	(1,007,666)	(210,278)
Cash, cash equivalents, and restricted cash, beginning of year	2,467,412	2,677,690
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 1,459,746</u>	<u>\$ 2,467,412</u>
<b>Summary of cash accounts:</b>		
Cash and cash equivalents	\$ 1,418,542	\$ 2,433,497
Cash - restricted for unemployment reserve	41,204	33,915
Total cash, cash equivalents, and restricted cash	<u>\$ 1,459,746</u>	<u>\$ 2,467,412</u>
<b>Noncash investing and financing activities:</b>		
Donated investments	<u>\$ 27,218</u>	<u>\$ -</u>
<b>Other cash flow information:</b>		
Interest paid	<u>\$ 31,949</u>	<u>\$ 32,318</u>

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

**CENTER FOR ENRICHED LIVING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2024 AND 2023*

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**Note 1—Nature of operations**

In 1968, 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.

*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 to 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 pandemic had an even greater impact on CEL members who reside in residential facilities, intensifying their social isolation. Many of those members do not have family in their lives and many of the agencies where they live do not 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* – The Robert Vihon Family Resource Center (the “Vee” Center) addresses the urgent needs of people with IDD, their families, and caregivers. This program dramatically expands 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.

**CENTER FOR ENRICHED LIVING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2024 AND 2023*

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**Note 1—Nature of operations (continued)**

The “Vee” Center staff 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 works 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 and Catalyst 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.

**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 and Restricted Cash* – CEL considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. CEL has restricted funds held at an insurance company for the purpose of providing a reserve for unemployment claims to be paid to the State of Illinois.

*Concentration of Credit Risk* – CEL maintains its cash balances in financial institutions located in the United States, which are insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000 for each institution. At times, CEL's cash deposits were in excess of the FDIC limit. At June 30, 2024 and 2023, the uninsured cash balances were \$50,377 and \$648,106 respectively. CEL has not experienced any losses and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

**CENTER FOR ENRICHED LIVING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

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**Note 2—Significant accounting policies (continued)**

*Adoption of New Accounting Standard – Credit Losses* – In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, and subsequently related amendments (ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, and ASU 2022-02). This guidance replaces the existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. CEL adopted this new accounting standard effective July 1, 2023, and all of the related amendments using the modified retrospective method. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no significant impact to CEL’s operating results for the current period due to this standard update.

*Membership Fees Receivable* – Membership fees receivable include amounts billed and currently due from customers of which CEL has an unconditional right to receive. The amounts due are stated at their estimated net realizable value. CEL extends credit to its customers and does not require collateral. The allowance for credit losses is based on CEL’s assessment of the collectability of receivable. In accordance with Accounting Standards Codification (“ASC”) Topic 326, *Financial Instruments - Credit Losses*, CEL makes ongoing estimates relating to the collectability of receivables and records an allowance for estimated losses expected from the inability of its customers to make required payments. CEL establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and creditworthiness of significant customers. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Receivables are written off when there is no reasonable expectation of recovery. As of June 30, 2024 and 2023, CEL deemed an allowance for credit losses was immaterial and, therefore, unnecessary.

*Unconditional Promises to Give and Grants Receivable* – CEL records unconditional promises to give and grants receivable that are expected to be collected within one year at net realizable value. Unconditional promises to give and grants receivable 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 and grants receivable based on historical experience, as assessment of economic conditions, and a review of subsequent collections. At June 30, 2024 and 2023, an allowance for uncollectible promises to give and grants receivable was not deemed necessary.

*Investments* – Investments purchased are recorded at cost , or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. There were no unrealized or realized gains and losses in fiscal year 2024 and 2023.

*Property and Equipment* – Property and equipment is recorded at cost, or if donated, at fair value on the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. 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

**CENTER FOR ENRICHED LIVING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2024 AND 2023*

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**Note 2—Significant accounting policies (continued)**

*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.

*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 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 fees 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 fees and sponsorships and ticket sales from special events paid in advance are reported as deferred revenue in the statements of financial position.

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>July 1, 2022</u>
Membership fees receivable	\$ 12,436	\$ 10,537	\$ 1,392
Deferred revenue	\$ 243,795	\$ 232,175	\$ 302,154

**CENTER FOR ENRICHED LIVING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2024 AND 2023*

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**Note 2—Significant accounting policies (continued)**

*Contributions and Grants* – Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially 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, 2024, CEL was awarded a three year conditional grant from a foundation starting in fiscal year 2025 based on 5% of CEL's previous fiscal year's total expenses, minus in-kind contributions and minus any deficit, if any. CEL has not recorded any amounts for the year ended June 30, 2024 for this grant as the conditions have not been satisfied. As of June 30, 2023, CEL had not been awarded any grants for which conditions had not been satisfied.

*In-Kind Contributions* – Contributed nonfinancial assets include donated professional services, donated property and equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition, volunteers contribute significant amounts of time to CEL's program services and fundraising campaigns; 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. Contributed goods are recorded at fair value at the date of the donation.

*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, 2024 and 2023, 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, 2024 and 2023.

**CENTER FOR ENRICHED LIVING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

**Note 2—Significant accounting policies (continued)**

*Employee Retention Credit* – The provisions of the Coronavirus Aid, Relief, and Economic Security 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 of \$442,594 once the measurable performance or other barrier and right of return of the ERC had been overcome. The entire amount was collected during the year ended June 30, 2023. The ERC 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 CEL been contacted.

*Subsequent Events* – Management has evaluated subsequent events through November 6, 2024, the date that the financial statements were available for issue.

**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 statements of financial position date, comprise the following:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,418,542	\$ 2,433,497
Accounts receivable:		
Membership fees receivable	12,436	10,537
Grants receivable	134,870	311,364
Unconditional promises to give	149,937	329,754
Investments	<u>1,068,477</u>	<u>508,263</u>
Total financial assets at year-end	2,784,262	3,593,415
Less amounts not available for general expenditures within one year, due to:		
Donor-restricted for a specific purpose	<u>703,489</u>	<u>1,135,551</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,080,773</u>	<u>\$ 2,457,864</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, 2024 and 2023.

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.



**CENTER FOR ENRICHED LIVING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

**Note 4—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 transformed CEL into a regional destination for specialized disability services. It is 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, Illinois, the Vee Center focuses on Family Services, Teen and Adult Services, and Interventions and Treatment. In addition, CEL accepts unconditional promises to give for its other programs as well. Total unconditional promises to give as of June 30, 2024 and 2023 were \$149,937 and \$329,754, respectively.

Unconditional promises to give at June 30, 2024 are expected to be collected as follows:

	<u>Vee Center</u>	<u>Other Programs</u>	<u>Total</u>
June 30, 2025	<u>\$ 8,000</u>	<u>\$ 141,937</u>	<u>\$ 149,937</u>

**Note 5—Fair value measurements**

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

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

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

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**CENTER FOR ENRICHED LIVING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2024 AND 2023

**Note 5—Fair value measurements, continued**

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

*Certificates of Deposit* – Based on interest rates and credit ratings in other observable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, CEL's assets at fair value as of June 30:

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 1,068,477	\$ -	\$ 1,068,477

	As of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 508,263	\$ -	\$ 508,263

For the years ended June 30, 2024 and 2023, there were no significant transfers into or out of Level 3.

**Note 6—Line of credit**

CEL has a \$250,000 line of credit with a bank that expires in February 2025. Interest payments are due monthly at the bank's prime rate, which was 8.50% and 8.25% at June 30, 2024 and 2023, 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, 2024 and 2023. The agreement requires CEL to comply with certain financial and non-financial covenants. As of June 30, 2024, CEL failed to comply with the debt service coverage ratio covenant. CEL has obtained a waiver for the violation from the bank.

**CENTER FOR ENRICHED LIVING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2024 AND 2023*

**Note 7—Note payable**

CEL obtained a \$800,000, 10-year term commercial mortgage with a bank in February 2019. The rate was fixed at 4.54% through February 2024 when it was repriced at a fixed rate of 210 basis points over the 5-year Treasury for the 5 remaining years until maturity in February 2029 with a balloon payment due of all unpaid principal and interest. Payments are due monthly of \$5,694 which includes principal and interest based on a 20-year amortization. Interest expense totaled \$34,545 and \$32,318 for the years ended June 30, 2024 and 2023, respectively, and is included in miscellaneous expense in the statements of functional expenses. The note is collateralized by a first mortgage and a security interest of all business assets of CEL. The total amount outstanding at June 30, 2024 and 2023 was \$657,117 and \$686,194, respectively.

Principal payments due on this note payable during each of the following years are as follows:

2025	\$	28,975
2026		30,796
2027		32,731
2028		34,788
2029		<u>529,827</u>
Total principal payments	<u>\$</u>	<u>657,117</u>

**Note 8—Net assets with donor restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Purpose restrictions:		
Employment program	\$ -	\$ 20,000
Vee Family Resource Center	703,489	842,506
Youth/Teen program	-	<u>10,000</u>
Total purpose restrictions	<u>703,489</u>	<u>872,506</u>
Time restrictions:		
Fiscal year 2024 operating expenses	-	<u>263,045</u>
Total net assets with donor restrictions	<u>\$ 703,489</u>	<u>\$ 1,135,551</u>

**CENTER FOR ENRICHED LIVING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2024 AND 2023*

**Note 8—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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Employment program	\$ 94,500	\$ 85,069
Art training program	10,000	10,000
Operating expenses (time restriction)	263,045	226,877
The Vee Center	163,371	75,087
Transportation	-	25,000
Catalyst program	-	1,000
Youth/teen program	57,500	61,250
Total net assets released from restrictions	<u>\$ 588,416</u>	<u>\$ 484,283</u>

**Note 9—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, 2021 through June 30, 2024. CEL received \$181,949 and \$176,877 under this grant for the years ended June 30, 2024 and 2023, respectively, and is included in contributions on the statements of activities. The Foundation has renewed their commitment with a grant for July 1, 2024 through June 30, 2027 to pay 5% of CEL's total expenses and subtracting in-kind expenses and any deficit from the prior year's audited financial statements.

**Note 10—Donated in-kind goods and services**

Donated in-kind goods and services for the years ended June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Advertising	\$ 120,000	\$ 120,000
Program and food supplies	3,785	5,624
Office and building supplies	-	1,528
Special events supplies	714	-
Professional services	2,050	2,500
Total donated in-kind goods and services	<u>\$ 126,549</u>	<u>\$ 129,652</u>

CEL received advertising services at no cost. Based on current market rates for advertising, CEL would have paid \$120,000 for each of the years ended June 30, 2024 and 2023.

CEL received program and food supplies, office and building supplies, and special events supplies with an estimated fair market value of \$4,499 and \$7,152 for the years ended June 30, 2024 and 2023, respectively. The supplies were used to support the programs of CEL.

CEL received professional services at no cost. Based on current market rates for the professional services, CEL would have paid \$2,050 and \$2,500 for the years ended June 30, 2024 and 2023, respectively.

**CENTER FOR ENRICHED LIVING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2024 AND 2023*

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**Note 10—Donated in-kind goods and services (continued)**

All in-kind contributions received by CEL for the years ended June 30, 2024 and 2023 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 11—Retirement plan**

CEL provides a 403(b) retirement 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. Employer contributions for the years ended June 30, 2024 and 2023 totaled \$52,247 and \$39,121, respectively, and are included in employee benefits on the statements of functional expenses. Employees are fully vested immediately for all contributions and are entitled to accumulated contributions plus investment earnings upon termination or retirement.

**Note 12—Related-party transactions**

CEL initiated a capital campaign to fund the "Vee" Center during the year ended June 30, 2021, in which various Board members participated. As of June 30, 2024 and 2023, campaign pledges due from Board members totaled \$8,000 and \$105,784, respectively, and are included in unconditional promises to give on the statements of financial position. Contributions from these board members were \$-0- and \$76,050 for the years ended June 30, 2024 and 2023, respectively, and are included in contributions on the statements of activities.

**Note 13—Contingency**

CEL received Paycheck Protection Program loans of \$494,300 (PPP1) and \$431,510 (PPP2) which were forgiven in November 2020 and September 2021, respectively. Their forgiveness is 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. CEL is not currently under examination nor has CEL been contacted.

**Note 14—Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications had no impact on change in net assets or cash flows from operations.