Infant Welfare Society of Chicago (d/b/a Angel Harvey Family Health Center)

Financial Report

June 30, 2021

Infant Welfare Society of Chicago (d/b/a Angel Harvey Family Health Center)

Contents

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Independent Auditor's Report

To the Board of Directors
Infant Welfare Society of Chicago
(d/b/a Angel Harvey Family Health Center)

We have audited the accompanying financial statements of Infant Welfare Society of Chicago (d/b/a Angel Harvey Family Health Center) (the "Organization"), which comprise the statement of financial position as of June 30, 2021 and 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Infant Welfare Society of Chicago (d/b/a Angel Harvey Family Health Center) as of June 30, 2021 and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

November 17, 2021

Statement of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash	$ 1,200,670	$ 874,314
Patient accounts receivable - Net	599,040	242,473
Grants and pledges receivable - Net (Note 4)	124,535	375,635
Prepaid expenses and other current assets	148,731	130,841
Total current assets	2,072,976	1,623,263
Investments (Note 5)	7,700,572	5,366,994
Property and Equipment - Net (Note 7)	6,742,170	6,971,152
Grants and Pledges Receivable (Note 4)	-	45,250
Total assets	**$ 16,515,718**	**$ 14,006,659**
Liabilities and Net Assets		
Current Liabilities - Accounts payable and accrued expenses	$ 766,513	$ 502,638
Net Assets		
Without donor restrictions	14,208,135	12,006,223
With donor restrictions	1,541,070	1,497,798
Total net assets	15,749,205	13,504,021
Total liabilities and net assets	**$ 16,515,718**	**$ 14,006,659**

See notes to financial statements.

Statement of Activities

Year Ended June 30, 2021

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Public support and revenue:			
Patient services revenue	$ 5,283,325		$ 5,283,325
Bonus & Incentive Payments	130,539		130,539
304(b) Drug Revenue	10,682		10,682
Contributions and grants:			-
Auxiliary	632,122	$ 500	632,622
Individuals and corporations (includes in-kind donations of $212,601 for 2021)	397,512	22,226	419,738
Foundations	558,948	320,167	879,115
Government	443,952		443,952
CARES Act Revenue-PPP Loan	1,089,600		1,089,600
Juvenile probation revenue	230,725		230,725
Miscellaneous	17,856		17,856
Net assets released from restriction for operations	339,211	(339,211)	
Total public support and revenue	9,134,472	3,682	9,138,154
Expenses:			
Program services:			
Primary health	$ 4,723,310		$ 4,723,310
Dental health	1,207,582		1,207,582
Other wellness services	890,854		890,854
Total program services	6,821,746		6,821,746
Supporting services:			
Management and general	1,591,751		1,591,751
Fundraising	323,220		323,220
Auxiliary support expenses	65,282		65,282
Total supporting services	1,980,253		1,980,253
Total expenses	8,801,999		8,801,999
Operating loss	$ 332,473	$ 3,682	$ 336,155
Other revenue - investment loss	1,869,439	39,590	1,909,029
Excess of public support and revenue over expenses	2,201,912	43,272	2,245,184
Total change in net assets	2,201,912	43,272	2,245,184
Net assets, beginning of year	12,006,223	1,497,798	13,504,021
Net assets, end of year	14,208,135	1,541,070	15,749,205

See notes to consolidated financial statements.

Statement of Activities

Year Ended June 30, 2020

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Public support and revenue:			
Patient services revenue	$ 4,240,786		$ 4,240,786
Contributions and grants:			
Auxiliary	540,500	$ 5,632	546,132
Individuals and corporations (includes in-kind donations of $80,403 for 2020)	598,888	16,292	615,180
Foundations	630,011	127,100	757,111
Government	1,246,984		1,246,984
Juvenile probation revenue	545,471		545,471
Miscellaneous	30,183		30,183
Net assets released from restriction for operations	187,097	(187,097)	
Total public support and revenue	8,019,920	(38,073)	7,981,847
Expenses:			
Program services:			
Primary health	$ 4,347,242		$ 4,347,242
Dental health	1,188,287		1,188,287
Other wellness services	986,821		986,821
Total program services	6,522,350		6,522,350
Supporting services:			
Management and general	1,477,033		1,477,033
Fundraising	272,075		272,075
Auxiliary support expenses	62,307		62,307
Total supporting services	1,811,415		1,811,415
Total expenses	8,333,765		8,333,765
Operating loss	$ (313,845)	$ (38,073)	$ (351,918)
Other expenses - investment loss	(106,353)	(2,439)	(108,792)
Deficiency of public support and revenue over expenses	(420,198)	(40,512)	(460,710)
Net assets released from restriction for capital purchases	53,713	(53,713)	
Total change in net assets	(366,485)	(94,225)	(460,710)
Net assets, beginning of year	12,372,708	1,592,023	13,964,731
Net assets, end of year	12,006,223	1,497,798	13,504,021

See notes to consolidated financial statements.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services				Support Services				
	Primary Health	Dental Health	Other Wellness Services	Total Program Services	Management and General	Fundraising	Auxiliary Support	Total Support Services	Total
Salaries	$ 2,941,378	$ 814,323	$ 514,156	$ 4,269,857	$ 803,232	$ 185,487	$ 59,240	$ 1,047,959	$ 5,317,816
Employee health and retirement benefits	303,151	81,305	54,307	438,763	79,002	19,287	189	98,478	537,241
Payroll taxes	208,322	56,284	35,808	300,414	41,578	12,964	4,534	59,076	359,490
Total employee compensation	3,452,851	951,912	604,271	5,009,034	923,812	217,738	63,963	1,205,513	6,214,547
Professional fees and contract service payments	593,390	73,807	211,916	879,113	352,568	75,416	939	428,923	1,308,036
Supplies	145,442	38,062	3,831	187,335	24,007	12,845	-	36,852	224,187
Professional liability insurance	53,387	5,449	1,338	60,174	-	-	-	-	60,174
Equipment rentals, repairs, and maintenance	113,883	40,201	14,141	168,225	85,096	121	257	85,474	253,699
General occupancy	137,694	37,408	17,528	192,630	71,264	159	106	71,529	264,159
All other operating expenses	67,943	13,127	4,855	85,925	55,460	16,941	17	72,418	158,343
Depreciation and amortization	158,720	47,616	31,744	238,080	79,544	-	-	79,544	317,624
340(b) drug expense	-	-	1,230	1,230	-	-	-	-	1,230
Total expenses	**$ 4,723,310**	**$ 1,207,582**	**$ 890,854**	**$ 6,821,746**	**$ 1,591,751**	**$ 323,220**	**$ 65,282**	**$ 1,980,253**	**$ 8,801,999**

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services				Support Services				
	Primary Health	Dental Health	Other Wellness Services	Total Program Services	Management and General	Fundraising	Auxiliary Support	Total Support Services	Total
Salaries	$ 2,687,305	$ 791,487	$ 615,774	$ 4,094,566	$ 762,200	$ 177,812	$ 56,322	$ 996,334	$ 5,090,900
Employee health and retirement benefits	293,863	89,686	67,943	451,492	82,328	20,373	234	102,935	554,427
Payroll taxes	221,320	66,402	50,134	337,856	58,705	14,324	4,975	78,004	415,860
Total employee compensation	3,202,488	947,575	733,851	4,883,914	903,233	212,509	61,531	1,177,273	6,061,187
Professional fees and contract service payments	489,743	73,699	172,081	735,523	244,256	37,957	389	282,602	1,018,125
Supplies	152,650	31,734	1,918	186,302	26,534	10,682	128	37,344	223,646
Professional liability insurance	72,882	4,814	-	77,696	-	-	-	-	77,696
Equipment rentals, repairs, and maintenance	112,771	37,906	13,603	164,280	74,906	-	-	74,906	239,186
General occupancy	128,553	38,337	19,743	186,633	57,482	-	87	57,569	244,202
All other operating expenses	34,624	8,163	14,919	57,706	93,856	10,927	172	104,955	162,661
Depreciation and amortization	153,531	46,059	30,706	230,296	76,766	-	-	76,766	307,062
Total expenses	**$ 4,347,242**	**$ 1,188,287**	**$ 986,821**	**$ 6,522,350**	**$ 1,477,033**	**$ 272,075**	**$ 62,307**	**$ 1,811,415**	**$ 8,333,765**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Changes in net assets	$ 2,245,184	$ (460,710)
Adjustments to reconcile changes in net assets to net cash and restricted cash from operating activities:		
Depreciation and amortization	317,624	307,062
Net realized and unrealized (gains) losses on investments	(1,737,887)	272,911
Changes in operating assets and liabilities that (used) provided cash and restricted cash:		
Receivables	(60,217)	197,258
Prepaid expenses and other current assets	(17,890)	35,670
Accounts payable and accrued expenses	263,875	(54,486)
Net cash and restricted cash provided by operating activities	1,010,689	297,705
Cash Flows from Investing Activities		
Purchase of property and equipment	(88,642)	(33,483)
Purchases of investments	(2,272,531)	(612,728)
Proceeds from sales or maturity of investments	1,663,479	1,051,097
Net cash and restricted cash (used in) provided by investing activities	(697,694)	404,886
Net Increase in Cash and Restricted Cash	312,995	702,591
Cash and Restricted Cash - Beginning of year	1,098,974	396,383
Cash and Restricted Cash - End of year	**$ 1,411,969**	**$ 1,098,974**
Classification of Cash and Restricted Cash		
Cash	$ 1,200,670	$ 874,314
Restricted cash included in investments	211,299	224,660
Total cash and restricted cash	**$ 1,411,969**	**$ 1,098,974**

See notes to financial statements.

Note 1 - Nature of Business

Infant Welfare Society of Chicago (d/b/a Angel Harvey Family Health Center) (the "Organization") is an Illinois not-for-profit corporation that provides quality medical and dental services for the health, physical, and mental development of children and their families in the Chicagoland community. Women are accommodated with prenatal and family planning care under the direction of our partner midwifery groups. Financial support for the Organization's services is received from a variety of entities that include private foundations, individuals, grants, and managed care/insurance companies.

In November 2016, the board of directors authorized a change in services that allowed the Organization to accommodate the provision of medical, dental, and behavioral health services for the whole family. Previously, the Organization's services were limited to women and children. To recognize the addition of the whole family, the Organization adopted an assumed name of the Angel Harvey Family Health Center.

Note 2 - Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. As of June 30, 2021 and 2020, cash balances exceed the insured limit. Management believes that, due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Patient Accounts Receivable

Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges, reduced by explicit price concessions provided to third-party payors, discounts provided to qualifying individuals as part of the financial assistance policy, and implicit price concessions provided primarily to self-pay patients. Estimates for explicit price concessions are based on provider contracts, payment terms for relevant prospective payment systems, and historical experience adjusted for economic conditions and other trends affecting the Organization's ability to collect outstanding amounts.

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records significant implicit price concessions in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible.

Grants and Pledges Receivable

Pledges of cash and other assets, including unconditional promises to give in the future, are reported as revenue when granted or received, measured at fair value. The Organization recorded a provision for doubtful accounts in 2020 of $10,000. The Organization did not record a provision for doubtful accounts in 2021.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position.

Note 2 - Significant Accounting Policies (Continued)

Investment return (including realized and unrealized gains and losses on investments, interest, and dividends) is included in deficiency of public support and revenue over expenses unless the income or loss is restricted by donors, in which case the investment return is recorded directly to net assets with donor restrictions.

Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investments reported in the financial statements.

Paycheck Protection Program Deferred Income Liability

Funding received under the Paycheck Protection Program (PPP) is considered an in-substance government grant under provisions of ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*, and is being recognized as the conditions of the PPP agreement have been met. See Note 14 for additional information on the terms and conditions of the PPP agreement.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at the estimated fair market value at the time of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Costs of maintenance and repairs are charged to expense when incurred. The Organization's policy is to capitalize assets with costs of $5,000 or more and useful lives over one year.

Classification of Net Assets

Net assets of the Organization are classified as net assets without donor restrictions or net assets with donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions may expire with the passage of time or can be removed by meeting certain requirements. Additionally, donor-imposed restrictions may limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as changes in net assets without donor restrictions unless specifically restricted by the donor or by applicable state law. The Organization has adopted the total return method of allocating investment income.

Net Assets with Donor Restrictions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as restricted support 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 as net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the year in which the gift is received are reported as contributions without donor restrictions. There are also certain donor-restricted contributions the principal amount of which may not be expended.

Note 2 - Significant Accounting Policies (Continued)

The Organization reports unconditional promises to give as contributions at the estimated amount to be ultimately realized. If pledges are expected to be collected in less than one year, the pledges receivable are classified as current assets. Pledge amounts due in excess of one year after the reporting date are classified as noncurrent assets at net realizable value.

Donated Services and Materials

The Organization records donated services and material received as a contribution and a corresponding expense. The revenue and expenses for the years ended June 30, 2021 and 2020 are reflected at fair value at the date of receipt. Contributed services consist of legal services provided to the Organization. These contributed services and materials were valued at approximately $212,000 and $80,000 for the years ended June 30, 2021 and 2020, respectively.

A substantial number of individuals and organizations have volunteered their services to the Organization. The estimated value of donated services has not been reflected in the financial statements, as these services do not require specific expertise.

Deficiency of Public Support and Revenue Over Expenses

The statement of activities and changes in nets assets includes deficiency of public support and revenue over expenses. Changes in net assets without donor restrictions, which are excluded from deficiency of public support and revenue over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions that, by donor restriction, were to be used for the purposes of acquiring such assets).

Patient Services Revenue

Patient services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Organization receiving services in the clinical setting. The Organization measures the performance obligation from the commencement of health care services or other visit to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the services or visit.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14 (a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Note 2 - Significant Accounting Policies (Continued)

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and for those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient fee revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients.

Patients who meet the Organization's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Organization does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors have different reimbursement and payment methodologies.
- Length of the patient's service or episode of care
- Organization's line of business that provides services

As of December 1, 2020, the Organization is approved as a federally qualified health center look-alike for both Medicare and Medicaid reimbursement purposes.

Grant Revenue

Grant revenue received for grants is considered a nonexchange transaction and is recognized as the conditions of the grants have been met. Grant funding received in advance of conditions being met is recorded as deferred revenue.

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. Therefore, these expenses require allocation on a reasonable basis. Accordingly, certain indirect costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

The various programs are primary health, dental health, and other wellness services. Primary health provides clinic-based medical services, while the dental health group provides dental and orthodontia services. The other wellness services include various behavioral health, counseling, vision, and social service programs.

Costs not directly attributable to a function, including depreciation, amortization, and other occupancy costs, are allocated to a functional category based on an employee's time attributed to a function or a pro rata percentage.

Income Taxes

The Organization has received a tax determination letter from the Internal Revenue Service indicating that the Organization is a tax-exempt organization, as defined by Section 501(c)(3) of the Internal Revenue Code of 1986, and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. No provision has been made for income taxes in the accompanying financial statements, as the Organization has had no significant unrelated business income.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 17, 2021, which is the date the financial statements were available to be issued.

Note 3 - Patient Accounts Receivable

Patient accounts receivable are based on the estimated transaction price for completed contracts and total $599,040, $242,473, and $422,032 at June 30, 2021, 2020, and 2019, respectively.

The Organization grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors at June 30 is as follows:

	2021	2020
Medicaid	79 %	77 %
Private	10	10
Medicare	1	-
Self-pay	10	13
Total	100 %	100 %

Note 4 - Grants and Pledges Receivable

Included in grants and pledges receivable are several unconditional promises to give generated from a campaign or various programs. As of June 30, 2021 and 2020, grants and pledges receivable consist of the following:

	2021	2020
Gross grants and pledges receivable	$ 124,535	$ 430,885
Less allowance for uncollectible grants and pledges receivable	-	(10,000)
Grants and pledges receivable	$ 124,535	$ 420,885
Amounts due in:		
Less than one year	$ 124,535	$ 375,635
One to five years	-	45,250
Total	$ 124,535	$ 420,885

Management provides for probable uncollectible amounts through a provision for uncollectible grants and contributions and an adjustment to a valuation allowance based on its assessment of the current status of its receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants and pledges receivable. As of June 30, 2021 and 2020, there was no discount recorded on grants and pledges receivable. There was no allowance recorded for 2021 and there was a $10,000 allowance recorded in 2020.

Note 5 - Investments

The detail of investments is as follows at June 30, 2021 and 2020:

	2021	2020
Cash, cash equivalents, and money market funds	$ 333,347	$ 252,185
Commodities	460,134	426,003
Fixed-income funds	798,792	806,588
International emerging funds	769,586	393,245
International mature funds	595,205	460,448
Other yield funds	862,163	499,807
Large-cap domestic equities	1,562,252	1,226,326
Small-cap domestic equities	1,899,820	1,163,478
REITs	419,273	138,914
Total investments at fair value	$ 7,700,572	$ 5,366,994

The Organization's investment returns (losses) were as follows:

	2021	2020
Interest and dividends	$ 185,409	$ 180,715
Realized gains on investments	195,748	191,066
Unrealized gains (losses) on investments - Net	1,542,139	(463,977)
Investments fees	(14,267)	(16,596)
Total return (loss) on investments	$ 1,909,029	$ (108,792)

Note 6 - Liquidity

The Organization's financial assets available within one year of June 30 for general expenditure are as follows:

	2021	2020
Cash	$ 1,200,670	$ 874,314
Patient accounts receivable	599,040	242,473
Grants and pledges receivable	124,535	286,561
Total	$ 1,924,245	$ 1,403,348

The Organization has certain board-designated and donor-restricted assets that are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Organization has other assets restricted for donor-restricted purposes. These assets with board-designated or donor-imposed restrictions, which are more fully described in Notes 9 and 10, are not available for general expenditure within the next year and are not reflected in the amounts above. However, the board-designated amounts could be made available, if necessary. The Organization has grants and pledges receivable that are restricted for time, as described in Note 9, and are not available for general expenditure within the next year and are not reflected in the amounts above. At June 30, 2020, there was $89,074 of grants and pledges receivable that are restricted for time and included within current assets. At June 30, 2021, there were no grants and pledges receivable that were restricted for time.

Note 7 - Property and Equipment

Property and equipment are summarized as follows:

	2021	2020	Depreciable Life - Years
Land	$ 418,750	$ 418,750	-
Buildings and improvements	10,369,431	10,303,681	25-40
Furniture and equipment	1,893,495	1,870,604	3-10
Total cost	12,681,676	12,593,035	
Less accumulated depreciation	5,939,506	5,621,883	
Net property and equipment	$ 6,742,170	$ 6,971,152	

Note 8 - Operating Leases

The Organization is obligated under an operating lease for office equipment beginning in July 2020 and expiring on September 1, 2023. Total rent expense under these leases was $55,051 for 2021.

Future minimum annual commitments under these operating leases are as follows:

Years Ending June 30	Amount
2022	$ 76,620
2023	76,620
2024	19,155
Total	$ 172,395

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30 are available for the following purpose or time restrictions:

	2021	2020
Purpose:		
Child development/CHAT	$ 12,500	$ 41,267
Care coordination	41,667	44,791
Comer Sano!	13,050	12,050
Dental clinic	56,000	40,833
Family services	35,000	30,000
Literacy	9,382	8,882
Centering	5,109	5,109
Campaign for a Healthy Tomorrow	497,576	352,026
Endowment fund	723,054	723,054
Children with special needs	147,732	115,462
Total purpose	1,541,070	1,373,474
Time - With donor restrictions - Campaign for a Healthy Tomorrow	-	124,324
Total net assets with donor restrictions	$ 1,541,070	$ 1,497,798

Both the endowment fund and children with special needs net assets are restricted in perpetuity.

During 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes in the amount of $339,211 and $240,810, respectively.

Note 10 - Endowments

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Organization has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment assets absent explicit donor stipulations to the contrary, which is consistent with historical accounting practices of the Organization. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the net assets. The donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment assets: (1) the duration and preservation of the various assets, (2) the purposes of the donor-restricted endowment assets, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Note 10 - Endowments (Continued)

The Organization has adopted investment and spending policies, approved by the board of directors, for endowment assets that attempt to provide for the immediate needs of the intended beneficiaries of its endowment assets while also maintaining the purchasing power of those endowment assets so that current and future generations may benefit equally. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income and capital appreciation, that exceeds the amounts distributed for expenditures in support of the Organization's operating activities, with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity, fixed-income securities, and real estate investment trusts that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make the board-directed distributions while growing the assets if possible. Investment risk is measured in terms of the total endowment assets; investment assets and allocation between asset classes and strategies are managed to avoid exposing the endowment assets to unacceptable levels of risk.

Appropriation for distribution of board-designated endowment assets is determined solely at the discretion of the board of directors. Amounts appropriated for expenditure with donor restrictions represent earnings on the endowment.

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - July 1, 2020	$ 4,528,478	$ 838,516	$ 5,366,994
Interest and dividends	185,885	-	185,885
Net appreciation	1,698,297	39,590	1,737,887
Contributions and (amounts appropriated for expenditures)	417,126	(7,319)	409,807
Endowment net assets - June 30, 2021	$ 6,829,786	$ 870,787	$ 7,700,573

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - July 1, 2019	$ 5,077,845	$ 848,301	$ 5,926,146
Interest and dividends	181,969	-	181,969
Net depreciation	(249,751)	(2,439)	(252,190)
Amounts appropriated for expenditure	(481,585)	(7,346)	(488,931)
Endowment net assets - June 30, 2020	$ 4,528,478	$ 838,516	$ 5,366,994

For the years ended June 30, 2021 and 2020, amounts appropriated for expenditure consisted of the following:

	2021	2020
Board-approved appropriation	$ 400,000	$ 400,000
Cash transfers to cover operating expenses - Net	-	55,448
Cash transfers to cover capital expenses - Net	-	33,483
Other contributions - Net	9,807	-
Total	$ 409,807	$ 488,931

Note 11 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). As of June 30, 2021 and 2020, $7,489,273 and $5,142,334, respectively, was determined to be Level 1 inputs. Investments included $211,299 and $224,660 of cash included in the statement of financial position at June 30, 2021 and 2020, respectively, that is not measured at fair value on a recurring basis and, therefore, is not included in the fair value hierarchy.

Note 12 - Employee Benefit Plan

The Organization has a defined contribution profit-sharing plan covering substantially all eligible employees. The plan provides for discretionary contributions based on employee classifications defined in the plan. No contribution was approved for the years ended June 30, 2021 and 2020.

Note 13 - Related Party Transactions

The Auxiliary of the Infant Welfare Society of Chicago (the "Auxiliary") and the Organization have board members who serve concurrently on the board of directors for both organizations. During 2021 and 2020, the contribution from the Auxiliary included $632,122 and $540,500, respectively, for operations and $500 and $5,632, respectively, for literacy and centering and for dental equipment.

The Organization also provides supporting services to the Auxiliary and has allocated operating and administrative expenses to the Auxiliary. Auxiliary support expenses amounted to $65,282 and $62,307 for the years ended June 30, 2021 and 2020, respectively.

Note 14 - Paycheck Protection Program

The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of two years, with interest accruing at a rate of 1 percent and monthly payments of principal and interest beginning one month after the expiration of the deferment period.

While the legal form of the PPP agreement is a loan, the Organization concluded the loan represents, in substance, a grant that is expected to be forgiven and, therefore, has accounted for the agreement as a conditional contribution. The following measurable barriers must be substantially overcome before the contribution can be considered unconditional and recorded as revenue:

- Incur eligible expense
- Maintain full-time equivalent counts and salary levels through the eligibility period
- Not exceed reduction in compensation limitations
- Experience overall decrease in gross receipts

During the year ended June 30, 2020, the Organization received a PPP loan of $1,000,000. Within the year ended June 30, 2021, the Organization received a second PPP loan in the amount of $1,089,601. Based on the loan amount, irrespective of any potential forgiveness that may be granted in the future, monthly principal payments would be approximately $25,000.

As of June 30, 2021 and 2020, the Organization overcame all measurable barriers and determined the full amount of $1,089,061 and $1,000,000, respectively, to be eligible for forgiveness, which is recognized as government revenue on the statement of activities and changes in net assets. The $1,000,000 PPP loan received in fiscal year ended June 30, 2020 was officially forgiven by the SBA on August 13, 2021, and the $1,089,061 PPP loan received in fiscal year ended June 30, 2021 was officially forgiven by the SBA on November 8, 2021.

If the SBA determines the Organization was not initially eligible under the program or concludes that the Organization did not have an adequate basis for making the good-faith certification of the necessity of the loan at the time of application, the loan could become payable on demand. Furthermore, the SBA has the ability to review the Organization's loan file for a period subsequent to the date the loan is forgiven or repaid in full. The results of any review could result in the SBA requesting additional documentation to support the Organization's initial eligibility for the loan, with the potential for the SBA to pursue legal remedies at its discretion.