EASTER SEALS MIDWEST

FINANCIAL STATEMENTS

JUNE 30, 2023

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Independent Auditors' Report

Board of Directors
Easter Seals Midwest
St. Louis, Missouri

Opinion

We have audited the financial statements of Easter Seals Midwest (the Organization), a not-for-profit organization, which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the Organization 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.

Emphasis Of Matter

As discussed in Note 2 to the financial statements, effective July 1, 2022, Easter Seals Midwest adopted Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

RubinBrown LLP

October 16, 2023

EASTER SEALS MIDWEST

STATEMENT OF FINANCIAL POSITION

Assets

	June 30, 2023	2022
Current Assets		
Cash and cash equivalents	$ **7,604,813**	$ 18,437,274
Accounts receivable (net of allowance for uncollectible accounts of $621,416 and $580,640 in 2023 and 2022, respectively)	**10,417,138**	7,209,364
Pledges receivable (Note 1)	**327,093**	164,521
Prepaid expenses	**154,700**	158,332
Total Current Assets	**18,503,744**	25,969,491
Property, Equipment And Leasehold Improvements (Note 4)	**6,843,484**	6,318,375
Other Assets		
Long-term pledges receivable (Note 1)	**1,809**	6,069
Security deposits	**118,461**	96,147
Investments (Note 3)	**45,419,617**	27,201,482
Right-of-use asset - operating	**4,321,670**	—
Right-of-use asset - financing	**839,206**	—
Total Other Assets	**50,700,763**	27,303,698
Total Assets	$ **76,047,991**	$ 59,591,564

Liabilities And Net Assets

	2023	2022
Current Liabilities		
Current maturities of long-term debt (Note 6)	$ **443,645**	$ 427,745
Accounts payable	**1,938,161**	1,898,232
Accrued salaries and related expenses (Note 14)	**4,785,964**	4,171,982
Deferred revenue	—	209,740
Accrued expenses and other liabilities	**8,013**	59,701
Current portion of operating lease liability (Note 9)	**687,043**	—
Current portion of financing lease liability (Note 9)	**228,740**	—
Total Current Liabilities	**8,091,566**	6,767,400
Operating Lease Liability (Note 9)	**3,702,493**	—
Financing Lease Liability (Note 9)	**616,050**	—
Long-Term Debt (Note 6)	**3,528,776**	4,120,449
Total Liabilities	**15,938,885**	10,887,849
Net Assets		
Without Donor Restrictions		
Operations	**27,462,270**	20,058,496
Investment in property, equipment and leasehold improvements, net of related debt	**2,871,063**	1,770,181
Board designated - other (Note 1)	**5,025,903**	4,590,386
Board designated endowment (Note 7)	**19,710,371**	17,399,705
Total Without Donor Restrictions	**55,069,607**	43,818,768
With Donor Restrictions (Note 8)	**5,039,499**	4,884,947
Total Net Assets	**60,109,106**	48,703,715
Total Liabilities And Net Assets	$ **76,047,991**	$ 59,591,564

EASTER SEALS MIDWEST

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Program service revenue (Note 11)	$ 87,412,456	$ —	$ 87,412,456
Contributions and grants	1,080,767	149,403	1,230,170
Contributed nonfinancial assets (Note 15)	163,943	—	163,943
Special events	706,162	—	706,162
Net assets released from restrictions (Note 8)	230,074	(230,074)	—
Miscellaneous income	29,228	—	29,228
Total Operating Revenues	89,622,630	(80,671)	89,541,959
Expenses			
Program services	70,718,323	—	70,718,323
Management and general	10,027,350	—	10,027,350
Special events	209,172	—	209,172
Fund development	924,203	—	924,203
Total Expenses	81,879,048	—	81,879,048
Surplus Of Operating Revenues Over Expenses	7,743,582	(80,671)	7,662,911
Other Changes			
Investment income	3,500,165	235,223	3,735,388
Gain on sale of property and equipment	7,092	—	7,092
Total Other Changes	3,507,257	235,223	3,742,480
Increase In Net Assets	11,250,839	154,552	11,405,391
Net Assets - Beginning Of Year	43,818,768	4,884,947	48,703,715
Net Assets - End Of Year	$ 55,069,607	$ 5,039,499	$ 60,109,106

EASTER SEALS MIDWEST

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Program service revenue (Note 11)	$ 73,019,905	$ —	$ 73,019,905
Provider Relief Fund revenue	627,773	—	627,773
Contributions and grants	537,245	287,525	824,770
Contributed nonfinancial assets (Note 15)	112,055	—	112,055
Special events	728,845	—	728,845
Net assets released from restrictions (Note 8)	287,525	(287,525)	—
Miscellaneous income	109,941	—	109,941
Total Operating Revenues	75,423,289	—	75,423,289
Expenses			
Program services	63,545,979	—	63,545,979
Management and general	8,204,362	—	8,204,362
Special events	208,177	—	208,177
Fund development	631,007	—	631,007
Total Expenses	72,589,525	—	72,589,525
Surplus Of Operating Revenues Over Expenses	2,833,764	—	2,833,764
Other Changes			
Endowment contributions	—	10,000	10,000
Investment loss	(4,273,115)	(289,051)	(4,562,166)
Gain on forgiveness of Paycheck Protection Program loan (Note 1)	10,000,000	—	10,000,000
Gain on sale of property and equipment	23,115	—	23,115
Total Other Changes	5,750,000	(279,051)	5,470,949
Increase (Decrease) In Net Assets	8,583,764	(279,051)	8,304,713
Net Assets - Beginning Of Year	35,235,004	5,163,998	40,399,002
Net Assets - End Of Year	$ 43,818,768	$ 4,884,947	$ 48,703,715

EASTER SEALS MIDWEST

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2023

	Program	Management And General	Fund Development	Total Expenses
Salaries	$ 54,564,288	$ 5,980,290	$ 623,953	$ 61,168,531
Payroll taxes	4,188,347	425,501	45,898	4,659,746
Employee benefits	4,393,164	545,421	37,729	4,976,314
Worker's compensation	553,080	73,492	7,988	634,560
Total Salaries And Related Expenses	63,698,879	7,024,704	715,568	71,439,151
Advertising and printing	2,533	77,184	15,177	94,894
Audit and tax services	—	50,800	—	50,800
Auto expense	932,866	52,447	—	985,313
Bad debt expense	28,628	—	865	29,493
Board and volunteer expense	96	14,497	18,649	33,242
Client assistance	995,384	18,519	1,603	1,015,506
Conferences and dues	23,012	226,055	12,776	261,843
Emergency plan expense	11	—	—	11
Employee costs	33,582	234,729	1,348	269,659
Equipment	56,688	116,023	1,804	174,515
Facility costs	123,570	51,617	9,462	184,649
Insurance	149,618	51,392	5,383	206,393
Interest and bank fees	125,801	198,767	32,475	357,043
Legal	1	222,232	—	222,233
Marketing expense	259	—	—	259
Office supplies	71,931	20,636	1,543	94,110
Outside services	474,655	445,175	10,284	930,114
Postage and shipping	10,058	10,610	4,806	25,474
Program supplies	210,958	53,568	10,179	274,705
Record storage	—	22,733	—	22,733
Rent	1,023,330	—	—	1,023,330
Software	182,027	762,512	28,313	972,852
Special event expense	6,251	1,500	209,172	216,923
Staff mileage	1,154,621	7,341	6,604	1,168,566
Staff training	11,959	2,142	551	14,652
Telephone	605,289	86,962	6,642	698,893
Travel and entertainment	49,007	119,534	16,844	185,385
Utilities	141,544	25,789	6,225	173,558
Total Other Direct Expenses	6,413,679	2,872,764	400,705	9,687,148
Total Functional Expenses Before Depreciation And Amortization	70,112,558	9,897,468	1,116,273	81,126,299
Depreciation And Amortization	605,765	129,882	17,102	752,749
Total Operational Expenses	$ 70,718,323	$ 10,027,350	$ 1,133,375	$ 81,879,048

EASTER SEALS MIDWEST

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2022

	Program	Management And General	Fund Development	Total Expenses
Salaries	$ 48,798,438	$ 4,951,486	$ 409,738	$ 54,159,662
Payroll taxes	3,667,928	343,944	30,242	4,042,114
Employee benefits	3,725,965	429,072	24,242	4,179,279
Worker's compensation	794,338	97,070	7,999	899,407
Total Salaries And Related Expenses	56,986,669	5,821,572	472,221	63,280,462
Advertising and printing	1,539	1,591	7,012	10,142
Audit and tax services	—	57,000	—	57,000
Auto expense	1,003,602	62,695	—	1,066,297
Bad debt expense	579,267	—	4,000	583,267
Board and volunteer expense	427	3,017	14,138	17,582
Client assistance	922,863	—	—	922,863
Conferences and dues	13,893	207,147	3,357	224,397
Emergency plan expense	10,338	4,499	—	14,837
Employee costs	12,653	238,891	1,176	252,720
Equipment	63,848	79,521	2,029	145,398
Facility costs	213,970	55,554	7,425	276,949
Insurance	129,469	43,980	5,178	178,627
Interest and bank fees	115,087	82,248	31,067	228,402
Legal	—	84,520	—	84,520
Marketing expense	355	89,503	—	89,858
Office supplies	54,500	22,929	2,223	79,652
Outside services	322,687	232,908	1,394	556,989
Postage and shipping	11,315	14,277	7,793	33,385
Program supplies	150,067	35,862	6,936	192,865
Record storage	—	22,512	—	22,512
Rent	848,379	3,101	—	851,480
Software	154,306	707,968	23,351	885,625
Special event expense	9,442	2,500	208,177	220,119
Staff mileage	876,028	6,911	2,147	885,086
Staff training	11,666	3,366	1,052	16,084
Telephone	569,089	71,152	4,619	644,860
Travel and entertainment	26,065	83,311	4,928	114,304
Utilities	132,966	38,275	9,818	181,059
Total Other Direct Expenses	6,233,821	2,255,238	347,820	8,836,879
Total Functional Expenses Before Depreciation And Amortization	63,220,490	8,076,810	820,041	72,117,341
Depreciation And Amortization	325,489	127,552	19,143	472,184
Total Operational Expenses	$ 63,545,979	$ 8,204,362	$ 839,184	$ 72,589,525

EASTER SEALS MIDWEST

STATEMENT OF CASH FLOWS

	For The Years Ended June 30, 2023	2022
Cash Flows From Operating Activities		
Increase in net assets	**$ 11,405,391**	$ 8,304,713
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	**506,355**	472,184
Amortization of right to use financing asset	**246,394**	—
Amortization of debt issuance costs	**5,521**	5,521
Unrealized (gain) loss on investments	**(2,276,502)**	6,680,326
Realized gain on investments	**(352,879)**	(1,632,743)
Gain on disposal of property and equipment	**(7,092)**	(23,115)
Loss on uncollectible promises to give	**865**	4,000
Contributions restricted for permanent endowment	**—**	(10,000)
Gain on forgiveness of Paycheck Protection Program loan	**—**	(10,000,000)
Changes in assets and liabilities:		
Accounts receivable	**(3,207,774)**	762,792
Pledges receivable, nonendowment	**(162,887)**	(75,287)
Prepaid expenses	**3,632**	11,607
Security deposits	**(22,314)**	—
Right-of-use assets and lease liabilities	**67,866**	—
Accounts payable	**39,929**	(220,073)
Accrued payroll	**613,982**	977,480
Accrued expenses	**(51,688)**	39,572
Deferred revenue	**(209,740)**	(370,170)
Net Cash Provided By Operating Activities	**6,599,059**	4,926,807
Cash Flows From Investing Activities		
Proceeds from sale of investments	**845,702**	1,200,105
Purchases of investments	**(16,434,456)**	(1,036,894)
Purchases of property, equipment and leasehold improvements	**(1,031,464)**	(596,581)
Proceeds from sale of property, equipment and leasehold improvements	**7,092**	23,566
Net Cash Used In Investing Activities	**(16,613,126)**	(409,804)
Cash Flows From Financing Activities		
Payments on long-term debt	**(581,294)**	(415,739)
Payments of financing lease liability	**(240,810)**	—
Collection of contributions restricted for permanent endowment	**3,710**	17,910
Net Cash Used In Financing Activities	**(818,394)**	(397,829)
Net Increase (Decrease) In Cash And Cash Equivalents	**(10,832,461)**	4,119,174
Cash And Cash Equivalents - Beginning Of Year	**18,437,274**	14,318,100
Cash And Cash Equivalents - End Of Year	**$ 7,604,813**	$ 18,437,274
Supplemental Disclosure Of Cash Flow Information		
Interest paid	**$ 177,963**	$ 230,797

1. Summary Of Significant Accounting Policies

Financial Statement Presentation

Easter Seals Midwest (the Organization) has adopted the provisions of the Financial Accounting Standards Board (FASB) in regard to financial statements of not-for-profit organizations as discussed under ASC 958-210, *Financial Statements of Not-For-Profit Organizations*. This provision requires the reporting of total assets, liabilities and net assets in a statement of financial position and reporting the change in net assets in a statement of activities. This provision also requires that net assets, revenue, expenses, gains and losses be classified according to two classes of net assets according to donor-imposed restrictions and applicable law: net assets without donor restrictions and net assets with donor restrictions. Explanations of the net asset categories are presented below:

Net Assets Without Donor Restrictions

Net assets without donor restrictions include net assets and contributions not subject to donor-imposed restrictions or stipulations. This includes board designated net assets of $5,025,903 and $4,590,386 at June 30, 2023 and 2022, respectively, that may be used to accelerate the payment of the mortgage on the Westline property in St. Louis. The Board of Directors will oversee the investment of and use of this special fund and will vote annually on any modifications to usage of either the investment earnings or corpus.

Net Assets With Donor Restrictions

Net assets with donor restrictions include net assets and contributions subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. In accordance with Missouri state law, absent any specific donor stipulations, earnings on net assets invested in perpetuity are donor restricted until appropriated for use by the Board of Directors. Some donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Basis Of Accounting

The Organization prepares its financial statements on the accrual basis of accounting.

Estimates And Assumptions

The Organization uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Operating And Non-Operating Activity

Operating results in the statement of activities reflect all transactions except those items associated with contributions received outside of the Organization's ongoing fund development activities, endowment contributions, investment income (loss), gains and losses on sale of property and equipment, and gain on forgiveness of Paycheck Protection Program loan.

Cash And Cash Equivalents

The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Organization's cash and cash equivalents are on deposit with primarily one financial institution in the St. Louis metropolitan area. At June 30, 2023, cash, cash equivalents and the certificate of deposit in excess of the Federal Deposit Insurance Corporation insurance limit amounted to approximately $12,488,000.

Investments

Investments are reported at fair value. Gains or losses on sales of investments are determined on a specified cost identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

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 investment securities, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. Investments are managed in accordance with a board-approved investment policy by a registered investment firm.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances at year end. The Organization provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all receivables. The estimated losses are based on historical collection experience and a review of the current status of the existing receivables.

Pledges Receivable

Unconditional promises to give (pledges receivable) are recognized as support in the period the promises are made. Conditional promises to give, that is, those with a measureable performance or other barrier, are not recognized until the conditions on which they depend have been met. The Organization uses the direct write-off method, which, for the Organization, is not considered to be materially different from the allowance method. The Organization records unconditional promises to give at the full promise amount, which is not deemed to be materially different from the net present value for promises to be received in over one year. Unconditional promises to give that are expected to be received in less than one year are classified as current on the statement of financial position. Unconditional promises to give that are expected to be received in over one year are classified as long-term on the statement of financial position. There were no conditional promises to give as of June 30, 2023 or 2022.

Property And Equipment And Leasehold Improvements

All property, equipment and leasehold improvements with the value of $1,000 or more are capitalized. Property, equipment and leasehold improvements are carried at cost, if purchased, or at fair value, if donated, less accumulated depreciation computed using the straight-line method over periods ranging from 3 to 40 years.

Leases

Effective July 1, 2022, the Organization adopted Accounting Standards Codification (ASC) Topic 842, *Leases*, which modifies the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract: the lessee and the lessor. ASC Topic 842 provides new guidelines that change the accounting for leasing arrangements for lessees, whereby their rights and obligations under substantially all leases, existing and new, are capitalized and recorded on the statement of financial position. Results for 2023 are presented under ASC 842 while the prior period financial statements have not been adjusted and continue to be presented under ASC 840, the accounting standard in effect at that time.

ASC Topic 842 includes a number of optional practical expedients that entities may elect to apply. The Organization has elected certain practical expedients, including the use of hindsight in determining the lease term at transition and in assessing impairment of an entity's right-of-use (ROU) assets and the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The Organization has also elected the practical expedient not to assess whether existing leases that were not previously accounted for as leases under ASC Topic 840 are or contain a lease under ASC 842.

As further described in Note 9, the Organization maintains leases of office and programmatic facilities and vehicles used in connection with its programs. Lease right-of-use (ROU) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The ROU assets represent the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received. The Organization's leases have terms ranging from one to ten years. The Organization does not record ROU assets or lease liabilities for leases with an initial expected lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

The lease terms utilized in determining ROU assets and lease liabilities include the noncancellable portion of the underlying leases along with renewal periods, only if it is reasonably certain that the option will be exercised. When determining if a renewal option is reasonably certain of being exercised, the factors considered, include but are not limited to, the cost of moving to another location, the cost of disruption of operations, the purpose or location of the leased asset and the terms associated with extending the lease. Some of the leases have additional renewal options; however, the Organization has not included the renewal periods in the term when determining the ROU asset and lease liability as management is not reasonably certain if such renewals will be exercised. Accordingly, only the initial terms are included in the lease terms when calculating the ROU assets and lease liabilities. The Organization has not included any termination penalties in its lease payments, nor shortened any lease terms related to options to terminate a lease.

Additionally, certain leases contain incentives, such as rent abatements subsequent to taking possession of the leased property. These incentives reduce the ROU asset related to the lease and are amortized as reductions of expense over the lease term. The Organization's leases do not contain any residual value guarantees or material restrictive covenants.

As most leases do not provide an implicit discount rate, the Organization has made an election available to not-for-profit organizations that allows the use of the risk-free rate at the lease commencement date to determine the present value of the lease payments.

The Organization's operating leases may contain fixed rent escalations over the lease term, and the Organization recognizes expense for these leases on a straight-line basis over the lease term of the respective ROU asset. The Organization recognizes the related lease expense on a straight-line basis and records the difference between the recognized lease expense and amounts payable under the lease as part of the ROU asset.

The Organization does not separate non-lease components of a contract from the lease components to which they relate for all classes of lease assets.

Debt Issuance Costs

Debt issuance costs totaling $55,216 consist of fees for obtaining the building loans and are being amortized using the straight-line method over the lives of the loans. Accumulated amortization totaled $23,927 and $18,406 at June 30, 2023 and 2022, respectively. Amortization expense amounted to $5,521 during the years ended June 30, 2023 and 2022, and is included in interest and bank fees in the statement of functional expenses.

Support Without And With Donor Restrictions

Contributions received and unconditional promises to give (pledges receivable) are measured at fair value and are recognized as increases in net assets when received or promised. The Organization reports contributions with donor restrictions if they are received with donor stipulations that limit the use of the donation, or if they are designated as support for future periods.

When a donor restriction expires, i.e., 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. Gifts received with restrictions that are satisfied within the same year are recorded as increases in net assets without donor restrictions. Pledges receivable of $327,093 and $164,521 are unconditional promises to give as of June 30, 2023 and 2022, respectively, and are expected to be received within the next fiscal year. The current pledges receivable include endowment promises to give of $7,579 and $7,029 as of June 30, 2023 and 2022, respectively. Pledges receivable expected to be received in over one year as of June 30, 2023 and 2022 totaled $1,809 and $6,069, respectively. The long term pledges receivable include endowment promises to give of $1,809 and $6,069 as of June 30, 2023 and 2022, respectively.

The Organization reports gifts of land, buildings and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Services

Donated services that meet the criteria for recognition as stated by generally accepted accounting principles (GAAP) are recorded at fair value at the date of donation. A substantial number of volunteers have donated significant amounts of their time to the Organization's programs, special events and fundraising events; however, such donated services have not been recognized as contributions in the financial statements since the aforementioned recognition criteria were not met.

Donated Materials

Various materials are donated to the Organization. Donated materials that meet the criteria for recognition under the provisions of accounting for contributions received and contributions made in regard to financial statements of not-for-profit organizations have been recorded at fair value at the date of donation.

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Community Living Services

Community Living Services provide homes with on-site support where adults with developmental disabilities, including autism, can live independent and productive lives in the community. The program also provides training and support to people with disabilities to help them acquire valuable skills. Individuals are assisted in living in independent, yet supportive environments, learning various home management skills and developing a social support network.

Employment Services

Employment Services develops employment opportunities for individuals in the community, locates paying positions and provides on-the-job support. Jobs are carefully matched to meet each individual's work preferences, skills and support needs.

Autism Services

The Autism Services division works with individuals with autism, as well as with their families, to help them develop communication, social skills and behavior modification. Autism Services customizes its services to meet each individual's and family's need for support.

Home Visiting Program

The Home Visiting Program works with families who have children with and without disabilities 3 years of age and under, to help link them to additional resources in the community, to help build their knowledge and skill base in regards to parenting, and to model appropriate parenting skills. Trained parent educators visit the homes of eligible families and offer a variety of services, which include but are not limited to: group training sessions targeted at various topics dealing with child development, creating healthy families, and networking opportunities for the families; and resources for children in the home, including books, developmentally appropriate toys for their child, and incentives which may include certificates that they may use to purchase items for their children such as toys, books, safety items, safe cribs, etc.

Management And General

Management and general includes the functions necessary to maintain an equitable human resources system; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy, secure proper administrative functioning of the Board of Directors, maintain competent legal services for the program administration and manage the financial and budgetary responsibilities of the Organization.

Fund Development

Fund development provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations. It is an important and necessary component of the Organization's ability to offer quality service.

Revenue Recognition

The Organization's revenue is derived primarily from the above-mentioned program services. The Organization has contractual arrangements with various funders to provide program services at negotiated rates for specific services. As such, the performance obligation is the service provided and revenue is recognized in the month the contracted services are rendered. The Organization does not have multiple performance obligations that would require allocation of the transaction price.

Payment terms for the Organization's services vary by funder, though cash is largely collected after services are performed, and the Organization does not have significant financing components.

The opening and closing balances of receivables from contracts with customers for the year ended June 30, 2023 were $7,209,364 and $10,417,138, respectively. The opening and closing balances of receivables from contracts with customers for the year ended June 30, 2022 were $7,972,156 and $7,209,364, respectively.

Forgivable Note Payable

During 2021, the Organization received a $10,000,000 loan that was part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). The Organization considered the PPP loan to be debt, subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470, *Debt*. The Organization would not impute additional interest at a market rate as transactions where interest rates are prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

In accordance with the requirements of the CARES Act, the Organization used the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs, mortgage interest, rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. The Organization met the conditions necessary in order for the loan to be forgiven and received approval of this forgiveness from the SBA in March 2022. As such, the Organization recognized forgiveness of PPP loan of $10,000,000 on the statement of activities in 2022.

Expense Allocation

The costs of programs and various supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Payroll and payroll related expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. Facility related expenses (such as building operation and maintenance, rent, telephone, and utilities) have been allocated to functional categories based on the use of space in the specific buildings that the programs or supporting activities are housed. Other general expenses (such as depreciation and insurance) are allocated based on a percentage of total payroll of programs and supporting services to the total Organization's expenses. All other direct expenses are based on specific identification and the nature of the expenditures.

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, and is, therefore, exempt from federal income taxes on related, exempt income. Therefore, there are no provisions for income taxes reflected in these financial statements.

The Organization's federal and state returns for the years ending June 30, 2022, 2021 and 2020 are subject to examination by taxing authority.

Inter-Organizational Accounts

The Organization accounts for certain program activities as independent functions in its accounting system. Accordingly, inter-organizational expenses, revenue, assets and liabilities have been eliminated within these program activities.

Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

2. Nature Of The Organization

The Organization is a Missouri not-for-profit organization whose mission is leading the way to 100% equity, inclusion, and access for people with disabilities, families, and communities.

3. Investments

Investments consist of the following as of June 30:

	2023	2022
Cash and cash equivalents	$ 215,308	$ 441,924
Certificate of deposit	5,000,000	—
Exchange-traded and closed-end funds	20,643,567	19,461,136
Mutual funds		
Bonds	7,609,358	6,118,290
Value	1,677,790	1,180,132
U.S. Treasury Notes	5,094,036	—
FHLB Discount Notes	5,179,558	—
	$ 45,419,617	$ 27,201,482

4. Property, Equipment And Leasehold Improvements

Property, equipment, and leasehold improvements consist of:

	2023	2022
Land	**$ 878,000**	$ 878,000
Buildings	**5,240,522**	4,983,482
Leasehold improvements	**943,200**	609,060
Equipment and software	**2,660,733**	2,264,195
Vehicles	**250,518**	250,518
	9,972,973	8,985,255
Less: Accumulated depreciation	**3,129,489**	2,666,880
	$ 6,843,484	$ 6,318,375

Interest amounting to $77,426 has been capitalized at June 30, 2023 and 2022 and is being depreciated over the life of the building.

5. Line Of Credit

The Organization has a $10,000,000 line of credit which bears interest at the Bank's Standard Prime Rate minus 1.25% with a rate of 7.0% as of June 30, 2023. The line of credit is secured by accounts receivable, deposit accounts, equipment and software, fixtures, and investments, excluding board designated net assets that may be used to accelerate the payment of the mortgage on the Westline property as described in Note 1. At June 30, 2023 and 2022, there was no outstanding balance on the line of credit. The line of credit expired on September 5, 2023 and is expected to be renewed in late October 2023.

6. Long-Term Debt

Long-term debt consists of the following:

		2023		2022
Series 2018A building loan - funds advanced to acquire, construct, furnish and equip new office facilities, including the acquisition of land. The maximum principal amount is $4,048,000. Beginning June 9, 2018 and continuing monthly through February 9, 2019, payments of interest only were required. Beginning March 9, 2019, and continuing monthly through February 9, 2029, payments of principal and interest in an amount sufficient to fully amortize the loan over a period of 20 years are required. The balance of principal and accrued interest is payable on February 9, 2029. The interest rate on the loan is 3.72% through February 8, 2026, and 2.25% above the swap rate thereafter. The loan is secured by a First Deed of Trust on the land and facilities acquired.	**$**	**3,222,545**	$	3,552,796
Series 2018B building loan to acquire, construct, furnish and equip new office facilities, including the acquisition of land, was issued to the Organization in May 2018. The maximum principal amount of the 2018B building loan is $1,952,000. Beginning June 9, 2018 and continuing monthly through February 9, 2019, payments of interest only were required. Beginning March 9, 2019, and continuing monthly through February 9, 2026, payments of principal and interest in an amount sufficient to fully amortize the loan over a period of seven years are required. The balance of principal and accrued interest is payable on February 9, 2026. The interest rate on the loan is 3.68%. The loan is secured by a Second Deed of Trust on the land and facilities acquired.		**781,165**		1,032,208
		4,003,710		4,585,004
Less: Current maturities		**443,645**		427,745
Less: Debt issuance costs		**31,289**		36,810
	$	**3,528,776**	$	4,120,449

The scheduled maturities of the long-term debt at June 30, 2023 are as follows:

Year	Amount
2024	$ 443,645
2025	460,951
2026	352,884
2027	179,298
2028	185,912
Thereafter	2,381,020
	$ 4,003,710

7. Endowment Funds

The Organization's endowment consists of five individual funds as well as one fund created by the Organization's endowment campaign. The funds were established for a variety of purposes. The endowment funds include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, 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 donor restricted fund that is perpetual in nature created by the endowment campaign can be utilized to pay for expenses related to the operation of the campaign. There were no such releases made during the years ended June 30, 2023 or 2022.

Interpretation Of Relevant Law

The Board of Directors of the Organization has interpreted the 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 funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted endowment funds invested in perpetuity (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment earnings that are not classified as donor-restricted endowment funds invested in perpetuity are classified as donor-restricted endowment funds - unappropriated investment earnings 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 funds - unappropriated investment earnings:

(1) The duration and preservation of the fund;
(2) The purposes of the Organization and the donor-restricted endowment fund;
(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 investment policies of the Organization.

At June 30, 2023, the Organization had the following endowment funds:

	2023			
	Without Donor Restrictions	**Unappropriated Investment Earnings**	**Investments In Perpetuity**	**Total**
Donor-restricted endowment funds	$ —	$ 555,710	$ 4,048,603	$ 4,604,313
Board-designated quasi-endowment funds	19,710,371	—	—	19,710,371
	$ 19,710,371	$ 555,710	$ 4,048,603	$ 24,314,684

As of June 30, 2022, the Organization had the following endowment funds:

	2022			
	Without Donor Restrictions	**Unappropriated Investment Earnings**	**Investments In Perpetuity**	**Total**
Donor-restricted endowment funds	$ —	$ 320,487	$ 4,044,893	$ 4,365,380
Board-designated quasi-endowment funds	17,399,705	—	—	17,399,705
	$ 17,399,705	$ 320,487	$ 4,044,893	$ 21,765,085

The changes in the endowment funds for the fiscal years ended June 30, 2023 and 2022 are as follows:

	Without Donor Restrictions	Unappropriated Investment Earnings	Investments In Perpetuity	Total
Endowment Assets - June 30, 2021	$ 20,746,243	$ 609,538	$ 4,026,983	$ 25,382,764
Investment Return				
Interest and dividends	305,432	26,809	—	332,241
Net realized and unrealized losses	(3,651,970)	(315,860)	—	(3,967,830)
Total Investment Return	(3,346,538)	(289,051)	—	(3,635,589)
Contributions	—	—	17,910	17,910
Endowment Assets - June 30, 2022	17,399,705	320,487	4,044,893	21,765,085
Investment Return				
Interest and dividends	394,525	40,084	—	434,609
Net realized and unrealized gains	1,916,141	195,139	—	2,111,280
Total Investment Return	2,310,666	235,223	—	2,545,889
Contributions	—	—	3,710	3,710
Endowment Assets - June 30, 2023	$ 19,710,371	$ 555,710	$ 4,048,603	$ 24,314,684

Return Objectives And Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide for growth in principal and income sufficient to support the endowment's liquidity needs, while simultaneously preserving and, if possible, enhancing the purchasing power of the endowment assets over the long term. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested to achieve the long-term rate of return using broad diversification of assets across asset classes, styles, regions and strategies in accordance with the investment policy. The primary benchmark for the endowment's average rate of return is 7% per year. Actual returns in any given year may vary from this amount.

Strategies Employed For Achieving Objectives

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

Spending Policy And How The Investment Objectives Relate To Spending Policy

During 2011, the Organization adopted a policy of appropriating for distribution each year a rate of no more than 5% of the Endowment Fund's average assets of the immediately preceding eight quarters as of July 1st while complying with any donor-imposed restrictions. The Organization's Board did not approve a distribution from the endowment for the years ended June 30, 2023 or 2022. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow on an annual basis. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include amounts designated by the Board of Directors for specific purposes.

In addition, the Organization's Board of Directors has designated net assets of $19,710,371 and $17,399,705 at June 30, 2023 and 2022, respectively, as endowment, which is to be maintained similarly to donor restricted net assets that are perpetual in nature. Interest and dividends on these designated assets are available for the Organization's use in accordance with its spending policy.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions were as follows at June 30, 2023 and 2022:

	2023	2022
With Donor Restrictions For Time And Purpose		
Subject to expenditure for specified purpose:		
Learning center (Hess)	**$ 163,982**	$ 163,982
Community living	—	15,000
Employment	—	67,459
Loan fund - Edith Wolff	**37,266**	37,266
Timing restrictions, including nonendowment pledges receivable	**222,021**	220,233
Charitable reminder trust	**2,529**	2,529
Donor-restricted endowment funds - unappropriated investment earnings (Note 7)	**555,710**	320,487
	981,508	826,956
Endowment		
Donor-restricted endowment pledges receivable (Note 1)	**9,388**	13,098
Donor-restricted endowment funds - investments in perpetuity (Note 7)	**4,048,603**	4,044,893
	4,057,991	4,057,991
	$ 5,039,499	$ 4,884,947

Net assets were released from net assets with donor restrictions as follows:

	2023	2022
Program restrictions	**$ 82,459**	$ 114,001
Timing restrictions	**147,615**	173,524
	$ 230,074	$ 287,525

9. Leases

The Organization leases office space, as well as vehicles, under various noncancellable leases expiring at various dates through April 2032.

The components of lease expense include the following for the year ended June 30, 2023:

Operating Lease Costs	
Operating lease costs - rent expense	$ 784,742
Operating lease costs - other short term leases	$ 238,588
Finance Lease Costs	
Amortization of right-of-use asset - included in depreciation and amortization expense	$ 246,394
Interest	$ 18,408

Supplemental cash flow and other information related to leases for the year ended June 30, 2023 are as follows:

Cash Flow Information:	
Cash paid for operating lease included in operating activities	$ 955,464
Cash paid for financing lease included in financing activities	$ 240,810
Other Information:	
Weighted-average remaining term - operating lease	3.51 years
Weighted-average remaining term - financing lease	2.62 years
Weighted-average discount rate - operating lease	3.19%
Weighted-average discount rate - financing lease	3.07%

At June 30, 2023, the reconciliation of the undiscounted cash flows for each of the next five years and thereafter of the lease liabilities recorded on the statement of financial position is as follows:

Year	**Operating Lease**	**Financing Lease**
2024	$ 842,773	$ 260,672
2025	781,739	197,243
2026	759,346	187,903
2027	708,147	182,869
2028	400,380	85,163
Thereafter	1,546,503	—
Total minimum lease payments	5,038,888	913,850
Less: amounts representing interest	649,352	69,060
Present value of future minimum lease	4,389,536	844,790
Less: current portion	687,043	228,740
Long-term lease liabilities	$ 3,702,493	$ 616,050

Total rent expense for the year ended June 30, 2022 was $851,480.

Future minimum lease payments are as follows at June 30, 2022:

Year	Amount
2023	$ 453,836
2024	426,810
2025	412,126
2026	389,957
2027	247,007
Thereafter	10,457
	$ 1,940,193

10. Fair Value Measurements

The Organization accounts for investments at fair value as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market approach* - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities.

- *Cost approach* - Based on the amount that currently would be required to replace the service capacity of an asset.

- *Income approach* - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

The following are the major categories of assets measured at fair value on a recurring basis during the year ended June 30, 2023 and 2022, using quoted prices in active markets (Level 1); significant observable inputs for similar assets (Level 2); and significant unobservable inputs (Level 3):

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 215,308	$ —	$ —	$ 215,308
Exchange-traded and closed-end funds	20,643,567	—	—	20,643,567
Mutual Funds				
Bond	7,609,358	—	—	7,609,358
Value	1,677,790	—	—	1,677,790
Fixed Income				
U.S. Treasury Notes	—	5,094,036	—	5,094,036
FHLB Discount Notes	—	5,179,558	—	5,179,558
Certificate of deposit	—	5,000,000	—	5,000,000
Total	$ 30,146,023	$ 15,273,594	$ —	$ 45,419,617

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 441,924	$ —	$ —	$ 441,924
Exchange-traded and closed-end funds	19,461,136	—	—	19,461,136
Mutual Funds				
Bond	6,118,290	—	—	6,118,290
Value	1,180,132	—	—	1,180,132
Total	$ 27,201,482	$ —	$ —	$ 27,201,482

At June 30, 2023, the Level 2 assets utilize the following valuation techniques and inputs:

Fixed income securities - The fair values of investments in fixed income securities are primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes in active and inactive markets, issuer spreads, and security specific characteristics, such as early redemption options.

During 2023 and 2022, there were no changes in the methods or assumptions utilized to derive the fair value of the Organization's assets.

11. Concentrations

Approximately 88% and 86% of the Organization's total operating revenues were received from the Missouri Department of Mental Health for the years ended June 30, 2023 and 2022, respectively.

The majority of the Organization's program revenue is through contractual arrangements with state and local agencies as follows at June 30:

	2023	2022
Missouri Department of Mental Health	**$ 78,355,160**	$ 64,664,248
Productive Living Board for St. Louis County Citizens with Developmental Disabilities	**2,339,848**	2,124,367
DESE/DSS	**1,065,509**	773,976
Missouri Vocational Rehabilitation	**679,730**	768,869
Developmental Disabilities Resource Board of St. Charles County	**608,732**	552,265

12. Grant Contingencies

The Organization has received grants from the St. Louis Office of Developmental Disability Resources (DDR) which were used to purchase equipment and renovate buildings. According to the terms of the grants, if the Organization disposes of, sells, trades or in any other way alters the ownership of the property, the Organization must reimburse the grantor according to a schedule of declining percentages. The Organization did not dispose of applicable assets in 2023 or 2022 and was not required to pay anything to DDR in 2023 or 2022.

13. Employee Deferral Compensation Plan

The Organization has a 403(b) plan that covers eligible employees with one-year tenure and 1,000 hours or more worked. The plan allows the participants to make contributions to the plan through salary deferrals. The plan also requires the Organization to match 50% of each employee's contributions up to 6% of the employee's annual base compensation, thereby resulting in a maximum matching contribution of 3%. The Organization's contributions to the plan totaled $320,119 and $281,001 for the years ended June 30, 2023 and 2022, respectively.

14. Health Insurance

The Organization has a self-funded health insurance plan and maintains stop-loss insurance. The stop-loss insurance mitigates excessive claim risk and reimburses the Organization for claims that exceed a predetermined amount. The Organization utilizes an escrow account to pay approved medical claims. Daily balance notices are received via email and transfers to the escrow account are made weekly to reimburse the escrow account for claims paid during the week to get the account back to its required balance.

Estimated insurance costs payable, including estimated employer shared responsibility payments, as of June 30, 2023 and 2022, were $1,114,522 and $1,238,754, respectively, and are included in accrued salaries and related expenses in the statement of financial position.

15. Contributed Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets for the years ending June 30:

	2023	2022
Auction items	**$ 163,943**	$ 112,055

The Organization receives items to be sold at its annual special events. Contributed auction items are valued at the gross selling prices received. The proceeds from the sale of auction items are used for general purposes of the Organization's operations.

16. Liquidity And Availability Of Resources

Financial assets available for general expenditure over the next 12 months, that is, without donor or other restrictions limiting their use, comprise the following at June 30:

	2023	2022
Cash and cash equivalents	**$ 7,604,813**	$ 18,437,274
Accounts receivable	**10,417,138**	7,209,364
Pledges receivable	**319,514**	157,492
Investments	**41,371,014**	23,156,589
	$ 59,712,479	$ 48,960,719

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize investment returns. The Organization has various sources of liquidity available, including cash and cash equivalents, lines of credit, and board designated spending plan from investment returns.

The board designated endowment is subject to an annual spending policy of no more than 6% of the Endowment Fund's average assets of the immediately preceding eight quarters as of July 1st while complying with any donor-imposed restrictions, as stated in Note 7.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing social service programs to individuals with intellectual and developmental disabilities, to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

17. Contingencies

The Organization is subject to legal claims arising out of the normal course of conducting its operations. Management does not expect that these matters will have a material adverse effect on the financial statements of the Organization.