

**HCS FAMILY SERVICES**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED JUNE 30, 2023 AND 2022**



**Wieland Wallace Inc.**  
Certified Public Accountants

**HCS FAMILY SERVICES**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

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## **Independent Auditor's Report**

To the Board of Directors  
HCS Family Services

### ***Opinion***

We have audited the accompanying financial statements of HCS Family Services (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HCS Family Services as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HCS Family Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 HCS Family Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HCS Family Services' 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 HCS Family Services' 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.

*Wieland Wallace Inc.*

Batavia, Illinois  
January 12, 2024

**HCS FAMILY SERVICES**  
**STATEMENTS OF FINANCIAL POSITION**

ASSETS

June 30,

2023      2022

CURRENT ASSETS

Cash	\$	576,498	\$	1,442,265
Short-term investments		924,381		-
Unconditional promises to give				
Without donor restrictions		12,050		3,779
With donor restrictions		841,914		38,396
Food inventory		51,800		57,800
Prepaid expenses		2,500		2,500

TOTAL CURRENT ASSETS      **2,409,143**      1,544,740

FIXED ASSETS

Furniture and equipment		146,521		129,292
Vehicles		55,778		55,778
Leasehold improvements		26,337		13,041

Total		228,636		198,111
Less accumulated depreciation and amortization		157,202		140,374

NET FIXED ASSETS      **71,434**      57,737

TOTAL ASSETS \$ **2,480,577** \$ 1,602,477

LIABILITIES AND NET ASSETS

LIABILITIES

None	\$	-	\$	-
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NET ASSETS

Without donor restrictions		1,513,663		1,564,081
With donor restrictions		966,914		38,396

TOTAL NET ASSETS      **2,480,577**      1,602,477

TOTAL LIABILITIES AND NET ASSETS \$ **2,480,577** \$ 1,602,477

**HCS FAMILY SERVICES**  
**STATEMENTS OF ACTIVITIES**

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	2023 Totals	Without Donor Restrictions	With Donor Restrictions	2022 Totals
<b><u>SUPPORT AND REVENUES</u></b>						
In-kind donations	\$ 982,616	\$ 816,914	\$ 1,799,530	\$ 1,085,658	\$ 13,396	\$ 1,099,054
Grants	30,000	150,000	180,000	71,395	25,000	96,395
Contributions	264,357	-	264,357	863,352	-	863,352
Interest	27,237	-	27,237	3,713	-	3,713
Miscellaneous	592	-	592	-	-	-
Net assets released from restrictions	38,396	(38,396)	-	38,396	(38,396)	-
<b><u>TOTAL SUPPORT AND REVENUES</u></b>	<b>1,343,198</b>	<b>928,518</b>	<b>2,271,716</b>	2,062,514	-	2,062,514
<b><u>EXPENSES</u></b>						
Program services	1,292,093	-	1,292,093	1,402,065	-	1,402,065
Management and general	39,242	-	39,242	36,947	-	36,947
Fundraising	62,281	-	62,281	63,320	-	63,320
<b><u>TOTAL EXPENSES</u></b>	<b>1,393,616</b>	<b>-</b>	<b>1,393,616</b>	1,502,332	-	1,502,332
<b><u>INCREASE IN NET ASSETS</u></b>	<b>(50,418)</b>	<b>928,518</b>	<b>878,100</b>	560,182	-	560,182
<b><u>NET ASSETS, BEGINNING OF YEAR</u></b>	<b>1,564,081</b>	<b>38,396</b>	<b>1,602,477</b>	1,003,899	38,396	1,042,295
<b><u>NET ASSETS, END OF YEAR</u></b>	<b>\$ 1,513,663</b>	<b>\$ 966,914</b>	<b>\$ 2,480,577</b>	<b>\$ 1,564,081</b>	<b>\$ 38,396</b>	<b>\$ 1,602,477</b>

**HCS FAMILY SERVICES**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	Year Ended June 30, 2023				Year Ended June 30, 2022			
	Program Services	Management and General	Fundraising	2023 Total	Program Services	Management and General	Fundraising	2022 Total
Accounting and auditing	\$ 13,583	\$ 1,199	\$ 1,198	\$ 15,980	\$ 13,583	\$ 1,199	\$ 1,198	\$ 15,980
Advertising	-	1,348	4,177	5,525	-	361	1,081	1,442
Direct client assistance	956,627	-	-	956,627	1,062,500	-	-	1,062,500
Bank fees	-	-	1,077	1,077	-	-	1,640	1,640
Contract services	1,945	389	259	2,593	2,709	542	361	3,612
Depreciation	14,556	1,136	1,136	16,828	14,163	1,105	1,105	16,373
Donations	1,717	-	-	1,717	-	-	-	-
Facilities and occupancy	89,392	3,887	3,887	97,166	88,850	3,863	3,863	96,576
Equipment repair and maintenance	5,588	621	-	6,209	4,723	524	-	5,247
Insurance	18,024	4,506	-	22,530	12,151	3,038	-	15,189
Memberships and subscriptions	725	81	-	806	206	23	-	229
Miscellaneous	5,151	5,150	-	10,301	4,274	4,273	-	8,547
Personnel								
Salaries and wages	149,750	16,639	41,597	207,986	152,564	16,952	42,378	211,894
Payroll fees	3,869	430	1,074	5,373	2,588	288	719	3,595
Taxes and benefits	13,270	1,474	3,687	18,431	21,123	2,347	5,868	29,338
Postage	-	645	1,309	1,954	-	78	156	234
Printing and copying	28	3	8	39	7,418	824	2,061	10,303
Supplies	11,030	974	973	12,977	7,044	622	621	8,287
Telephone and internet	6,838	760	1,899	9,497	8,169	908	2,269	11,346
<b>TOTAL EXPENSES</b>	<b>\$ 1,292,093</b>	<b>\$ 39,242</b>	<b>\$ 62,281</b>	<b>\$ 1,393,616</b>	<b>\$ 1,402,065</b>	<b>\$ 36,947</b>	<b>\$ 63,320</b>	<b>\$ 1,502,332</b>

**HCS FAMILY SERVICES**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Increase in net assets	\$ 878,100	\$ 560,182
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	16,828	16,373
Changes in operating assets and liabilities:		
Unconditional promises to give	(811,789)	9,741
Food inventory	6,000	900
Prepaid expenses	-	2,099
	<b>89,139</b>	<b>589,295</b>
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>		
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of short-term investments	(924,381)	-
Payments for the purchase of fixed assets	(30,525)	(12,908)
	<b>(954,906)</b>	<b>(12,908)</b>
<b><u>NET CASH USED BY INVESTING ACTIVITIES</u></b>		
<b><u>NET INCREASE (DECREASE) IN CASH</u></b>		
	<b>(865,767)</b>	<b>576,387</b>
<b><u>CASH AT BEGINNING OF YEAR</u></b>		
	<b>1,442,265</b>	<b>865,878</b>
<b><u>CASH AT END OF YEAR</u></b>		
	<b>\$ 576,498</b>	<b>\$ 1,442,265</b>
<b><u>NONCASH OPERATING ACTIVITIES</u></b>		
Donated goods	\$ 899,737	\$ 1,002,778
Donated facilities	900,293	96,276
	<b>1,800,030</b>	<b>1,099,054</b>
<b><u>TOTAL NONCASH OPERATING ACTIVITIES</u></b>		



## **HCS FAMILY SERVICES**

Notes to Financial Statements (Continued)

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### **HCS FAMILY SERVICES**

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#### **NOTES TO FINANCIAL STATEMENTS**

#### **YEARS ENDED JUNE 30, 2023 AND 2022**

#### **NOTE 1 - NATURE OF ACTIVITIES**

HCS Family Services (the Organization) is an Illinois nonprofit organization providing emergency or interim assistance to individuals and families. It serves residents of Hinsdale, Clarendon Hills, Oak Brook, Willowbrook, Burr Ridge, Darien, Westmont and surrounding unincorporated areas in Illinois. The Organization's primary program is operating a Food Pantry that provides nutritious foods and household items based on individual preferences and needs.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **BASIS OF PRESENTATION**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables and other liabilities. The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

##### **SHORT-TERM INVESTMENTS**

Certificates of deposit with original maturities greater than three months are classified as short-term investments. These are carried at cost which approximates market value.

##### **PROMISES TO GIVE AND REVENUE RECOGNITION**

Grants, gifts and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises to give are recognized as support when the conditions on which they depend are substantially met. Support from grants and other agreements that in substance constitute exchanges for services from the Organization is recognized at a point in time when earned.

Amounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible promises using the allowance method. However, no allowance was determined to be warranted at June 30, 2023 and 2022 as all promises to give are expected to be realized.

##### **IN-KIND CONTRIBUTIONS OF GOODS AND SERVICES**

Contributions of food and other noncash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

##### **USE OF ESTIMATES**

The preparation of financial statements in conformity with auditing standards generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# HCS FAMILY SERVICES

Notes to Financial Statements (Continued)

## MANAGEMENT REVIEW

Management has evaluated subsequent events to the date on which the financial statements were available to be issued, which is the date of the Independent Auditor's Report.

## CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. At June 30, 2023 and 2022, there were no cash equivalents. The Organization maintains its cash and cash equivalents in two financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and cash equivalents.

## FOOD INVENTORY

Food inventory on hand is valued at cost or its estimated fair value at the time of donation.

## PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Purchased property and equipment are recorded at acquisition cost. Depreciation and amortization is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	3-10
Vehicle	5
Leasehold improvements	Shorter of useful life or lease term

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$16,828 and \$16,373.

## COST ALLOCATION

The costs of providing the Organization's programs and supporting services are summarized on a functional basis in the statements of activities and functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on an estimated space usage basis. Other costs are allocated on best estimates of usage.

## INCOME TAXES

The Organization applied for and has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. Accordingly, income taxes are not provided for in the financial statements.

The financial statement effects of a tax position taken or expected to be taken are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of June 30, 2023, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

## HCS FAMILY SERVICES

Notes to Financial Statements (Continued)

### NOTE 3 - IN-KIND DONATIONS

#### Food

During the years ended June 30, 2023 and 2022, respectively, the Organization collected and distributed nearly 600,000 and 522,000 pounds of food to individuals and families it serves. For financial reporting purposes, food donations were valued at an estimated fair value per pound of \$1.93 and \$1.92 during the years ended June 30, 2023 and 2022, respectively, in accordance with data provided by Northern Illinois Food Bank. The total donations reported were \$899,737 and \$1,002,778 during the years ended June 30, 2023 and 2022, respectively.

#### Facilities

The Organization operates in two facilities. The Village of Hinsdale provided a 2,500 square foot facility at no charge for the first 3 months of the fiscal year, which is valued at \$17,370. For the remaining portion of the year, the Village of Hinsdale provided a 4,500 square foot facility at no charge, valued at \$64,687 for financial reporting purposes for the current year, plus an \$803,518 in-kind rent receivable as the lease term is for 10 years. The in-kind rent receivable for the Village of Hinsdale is broken down as follows:

Year Ending June 30:	
2024	\$ 86,358
2025	86,481
2026	86,604
2027	86,728
2028-2033	<u>457,347</u>

**\$ 803,518**

Anne M. Jeans Elementary School provides 1,000 square feet of space valued at \$27,793 annually for which the Organization is charged \$1,000 (see Note 6). The total value of donated facilities for the years ended June 30, 2023 and 2022 is \$899,794 and \$96,276, respectively. This amount is recorded as an in-kind contribution and corresponding occupancy expense.

#### Volunteers

The Organization is able to operate through the countless hours provided by numerous unpaid volunteers. No amounts have been recognized in the financial statements for the value of such volunteer efforts because the criteria for recognition under accounting principles generally accepted in the United States of America have not been met.

### NOTE 4 - PROMISES TO GIVE

Unconditional promises to give consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Promises without donor restrictions	\$ 12,050	\$ 3,779
Time restriction – in-kind facilities		
Anne M. Jeans Elementary School Pantry	13,396	13,396
Village of Hinsdale Pantry	803,518	-
Anne M. Jeans Elementary School Pantry - Strategic Outreach Initiative Program	-	25,000
DuPage County American Rescue Plan	<u>25,000</u>	<u>-</u>
	<b><u>\$ 853,964</u></b>	<b><u>\$ 42,175</u></b>

## HCS FAMILY SERVICES

Notes to Financial Statements (Continued)

### NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose as of June 30:

	<u>2023</u>	<u>2022</u>
Time restriction – in-kind facilities		
Anne M. Jeans Elementary School Pantry	\$ 13,396	\$ 13,396
Village of Hinsdale Pantry	803,518	-
Anne M. Jeans Elementary School Pantry – Strategic Outreach Initiative Program	-	25,000
DuPage County American Rescue Plan Grant	50,000	-
Community Memorial Foundation Grants	100,000	-
	<u>\$ 966,914</u>	<u>\$ 38,396</u>

### NOTE 6 - COMMITMENTS

The Organization leases a pantry under a 20-year operating lease that commenced in February 2018. Yearly rent under this lease is \$1,000. The lease can be terminated by either party with six months' prior written notice. Future minimum rental payments under the lease are as follows at June 30, 2023:

Year Ending June 30:	
2024	\$ 1,000
2025-2029	5,000
2030-2034	5,000
2035-2038	3,000
Total	<u>\$ 14,000</u>

### NOTE 7 - LINE OF CREDIT

The Organization presently has a line of credit with Hinsdale Bank which permits maximum borrowings of \$350,000. The Organizations had no outstanding line of credit balances at June 30, 2023 and 2022.

### NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization keeps six months of monthly operating available at all times.

Financial assets at year-end available to meet cash needs for general expenditure within one year are comprised of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 576,498	\$ 1,442,265
Unconditional promises to give	854,464	42,175
Total financial assets	1,430,962	1,484,440
Less those unavailable for general expenditures within in one year, due to:		
Donor time restrictions for use of facilities	(817,414)	(13,396)
Donor restricted for program or asset purchase expenditures	(25,000)	(25,000)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 588,548</u>	<u>\$ 1,446,044</u>