Lutheran Child and Family Services of Illinois

Financial Report
June 30, 2023

Contents

RSM

RSM US LLP

Independent Auditor's Report

Board of Trustees
Lutheran Child and Family Services of Illinois

Opinion
We have audited the consolidated financial statements of Lutheran Child and Family Services of Illinois (the Agency), which comprise the consolidated statement of financial position as of June 30, 2023, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency 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.

Emphasis of Matter
As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2023, the Agency adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* 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 Agency's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 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 GAAS, 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 Agency'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 Agency'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.

Report on Summarized Comparative Information
We have previously audited the Agency's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

Chicago, Illinois
June 28, 2024

Lutheran Child and Family Services of Illinois

Consolidated Statement of Financial Position
June 30, 2023 (With Comparative Totals for 2022)

	2023	2022
Assets		
Cash and cash equivalents	$ 6,049,464	$ 4,048,931
Certificates of deposit	-	232,940
Accounts receivable, net	7,164,212	5,894,452
Contributions receivable, net	738,684	910,035
Prepaid expenses	257,816	267,959
Investments	9,898,527	7,806,343
Operating right-of-use assets	3,028,036	-
Property and equipment, net	5,254,259	5,279,717
Other assets	127,257	101,239
Net pension asset	195,011	-
Cash held for long-term purposes—endowment	150,000	$ -
Beneficial interest in perpetual trusts	4,817,822	4,883,621
	$ 37,681,088	$ 29,425,237
Liabilities and Net Assets		
Accounts payable	$ 1,793,756	$ 1,172,864
Accrued expenses	1,931,942	2,237,185
Operating lease liabilities	3,175,621	-
Long-term debt	2,593,208	2,817,279
Other liabilities	4,608,742	2,188,206
Accrued pension liability	-	797,487
	14,103,269	9,213,021
Net assets:		
Without donor restrictions:		
Other	19,520,589	17,715,694
Net actuarial pension loss	(2,014,231)	(2,872,397)
	17,506,358	14,843,297
With donor restrictions	6,071,461	5,368,919
	23,577,819	20,212,216
	$ 37,681,088	$ 29,425,237

See notes to consolidated financial statements.

Lutheran Child and Family Services of Illinois

Consolidated Statement of Activities
Year Ended June 30, 2023 (With Comparative Totals for 2022)

	2023			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	2022 Total
Revenue:				
Contributions	**$ 939,208**	**$ 229,261**	**$ 1,168,469**	$ 1,026,416
Legacies and bequests	**600,490**	**750,000**	**1,350,490**	1,029,339
Contributions by associated congregations	**56,106**	**-**	**56,106**	55,666
Fees and grants from governmental agencies	**39,357,019**	**-**	**39,357,019**	33,704,401
In-kind contributions	**113,239**	**-**	**113,239**	126,132
Other revenue:				
Program service fees	**2,741,788**	**-**	**2,741,788**	1,772,156
Program grants	**334,979**	**-**	**334,979**	209,223
Income from thrift shops	**412,344**	**-**	**412,344**	392,668
Other income	**845,780**	**-**	**845,780**	20,471
Release of net assets arising from satisfaction of restrictions	**216,228**	**(216,228)**	**-**	-
	45,617,181	**763,033**	**46,380,214**	38,336,472
Expenses:				
Program services	**37,719,743**	**-**	**37,719,743**	31,418,143
Supporting services:				
Management and general expenses	**6,268,976**	**-**	**6,268,976**	4,638,276
Fundraising	**696,508**	**-**	**696,508**	602,496
Investment fund	**91,900**	**-**	**91,900**	97,242
	7,057,384	**-**	**7,057,384**	5,338,014
Operating expenses	**44,777,127**	**-**	**44,777,127**	36,756,157
Increase in net assets before other changes in net assets	**840,054**	**763,033**	**1,603,087**	1,580,315

(Continued)

Lutheran Child and Family Services of Illinois

Consolidated Statement of Activities (Continued)
Year Ended June 30, 2023 (With Comparative Totals for 2022)

	2023			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	2022 Total
Other changes in net assets:				
Investment return, net	**$ 830,647**	**$ 5,308**	**$ 835,955**	$ (1,318,265)
Change in value of perpetual trusts	**-**	**(65,799)**	**(65,799)**	779,063
(Loss) gain on sale of fixed assets	**(138)**	**-**	**(138)**	10,218
Components of net periodic benefit cost	**134,332**	**-**	**134,332**	404,036
Pension-related changes other than net periodic benefit costs	**858,166**	**-**	**858,166**	169,162
Contribution of net assets received from acquisition	**-**	**-**	**-**	3,514,987
	1,823,007	**(60,491)**	**1,762,516**	3,559,201
Increase in net assets	**2,663,061**	**702,542**	**3,365,603**	5,139,516
Net assets:				
Beginning of year	**14,843,297**	**5,368,919**	**20,212,216**	15,072,700
End of year	**$ 17,506,358**	**$ 6,071,461**	**$ 23,577,819**	$ 20,212,216

See notes to consolidated financial statements.

Lutheran Child and Family Services of Illinois

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023 (With Comparative Totals for 2022)

	2023												
	Core Programs												
							360 Youth						
	Adoption	Family Counseling	Home-Based	Foster Care	Residential	Camp Wartburg	Development	Cornerstone	Counseling	Homelessness Prevention	Prevention	Transitional Housing	Total
Functional expenses:													
Salaries	$ 633,333	$ 117,350	$ 510,079	$ 11,299,803	$ 1,418,757	$ 825,302	$ 200,729	$ 632,812	$ 392,494	$ 154,883	$ 345,445	$ 418,365	$ 16,949,352
Taxes and benefits	122,460	22,681	93,510	2,190,708	274,894	8,808	28,513	109,893	49,300	14,592	72,755	69,741	3,057,855
Salaries, taxes and benefits	755,793	140,031	603,589	13,490,511	1,693,651	834,110	229,242	742,705	441,794	169,475	418,200	488,106	20,007,207
Professional fees	21,199	2,312	276,669	488,260	11,314	53,419	13,012	35,106	41,389	20,400	92,385	112,952	1,168,417
Supplies	3,702	512	85	228,385	134,997	188,508	2,136	79,100	3,035	203	4,935	7,580	653,178
Telephone	11,700	18,088	8,146	370,583	10,325	12,594	3,685	9,271	11,535	(35)	5,039	18,025	478,956
Postage and shipping	1,189	50	2	21,200	73	3,320	113	61	60	-	34	87	26,189
Occupancy	73,948	14,695	49,411	699,687	121,527	248,497	13,490	46,104	77,279	3,491	32,922	459,816	1,840,867
Outside printing and artwork	(170)	52	-	28,033	-	18,554	-	-	-	-	-	-	46,469
Local transportation	17,890	6,806	28,259	1,393,677	18,755	29,698	1,211	4,144	570	737	3,470	13,796	1,519,013
Conferences and meetings	963	1,527	-	14,736	2,375	11,549	(132)	(521)	575	621	(408)	2,431	33,716
Specific assistance—foster board	-	-	-	9,784,046	-	-	9	903	-	415,957	-	74,582	10,275,497
Specific assistance—other	37,330	-	59,669	727,127	5,576	-	-	-	-	-	-	-	829,702
Membership dues	809	120	-	1,166	-	4,272	881	115	1,260	48	199	465	9,335
Equipment rental, repairs and maintenance	4,579	2,093	1,987	149,628	2,895	9,843	200	652	510	-	386	554	173,327
Insurance	5,450	1,343	5,996	198,051	16,486	79,356	3,153	12,168	8,431	-	4,917	20,781	356,132
Interest	-	-	-	-	-	6,407	-	-	0	-	-	-	6,407
Depreciation and amortization	-	-	-	29,108	167	207,746	-	-	11,100	-	-	-	248,121
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	2,329	595	-	28,541	300	12,395	353	378	2,319	47,210
Total functional expenses	$ 934,382	$ 187,629	$ 1,033,813	$ 27,626,527	$ 2,018,736	$ 1,707,873	$ 295,541	$ 930,108	$ 609,933	$ 611,250	$ 562,457	$ 1,201,494	$ 37,719,743

See notes to consolidated financial statements.

	2023					
	Supporting					
	Management and General	Fundraising	Total LCFS Operations	Investment Fund	Total	2022 Total
Functional expenses:						
Salaries	$ 3,086,509	$ 339,462	$ 20,375,323	$ 79,810	$ 20,455,133	$ 16,047,507
Taxes and benefits	678,606	69,787	3,806,248	15,413	3,821,661	3,519,197
Salaries, taxes and benefits	3,765,115	409,249	24,181,571	95,223	24,276,794	19,566,704
Professional fees	995,308	70,332	2,234,057	-	2,234,057	2,130,567
Supplies	122,340	147,668	923,186	-	923,186	565,931
Telephone	79,252	-	558,208	-	558,208	613,343
Postage and shipping	6,945	4,281	37,415	280	37,695	41,659
Occupancy	238,050	34,148	2,113,065	4,235	2,117,300	1,506,194
Outside printing and artwork	36,980	2,664	86,113	-	86,113	77,913
Local transportation	90,851	7,535	1,617,399	-	1,617,399	1,505,236
Conferences and meetings	97,146	13,970	144,832	-	144,832	100,278
Specific assistance—foster board	-	-	10,275,497	-	10,275,497	8,981,698
Specific assistance—other	-	-	829,702	-	829,702	-
Membership dues	46,628	2,807	58,770	-	58,770	55,635
Equipment rental, repairs and maintenance	63,752	497	237,576	-	237,576	267,503
Insurance	30,378	3,357	389,867	600	390,467	309,289
Interest	153,051	-	159,458	-	159,458	79,951
Depreciation and amortization	23,304	-	271,425	-	271,425	214,458
Bad debt	-	-	-	-	-	-
Other	519,876	-	567,086	(8,438)	558,648	739,798
Total functional expenses	$ 6,268,976	$ 696,508	$ 44,685,227	$ 91,900	$ 44,777,127	$ 36,756,157

See notes to consolidated financial statements.

Lutheran Child and Family Services of Illinois

Consolidated Statement of Cash Flows
Year Ended June 30, 2023 (With Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities:		
Increase in net assets	$ 3,365,603	$ 5,139,516
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	271,425	214,458
(Gain) loss on sale of fixed assets	138	(10,218)
Allowance for doubtful accounts	169,483	(117,909)
Loss (gain) on investments	(817,515)	1,394,109
Reduction in carrying amount of operating right-of-use assets	1,171,059	-
Cash paid for operating leases	(1,023,474)	-
Change in value of perpetual trusts	65,799	(779,063)
Contribution of net assets received from acquisition	-	(3,514,987)
Components of net periodic benefit cost	(134,332)	(404,036)
Pension-related changes other than net periodic benefit costs	(858,166)	(169,162)
Contributions restricted for endowment	(750,000)	-
Changes in:		
Accounts/contributions receivable	(667,892)	(1,703,261)
Prepaid expenses	10,143	(28,609)
Other assets	(26,018)	77,555
Accounts payable and accrued expenses	315,649	(291,737)
Other liabilities	2,420,536	43,196
Net cash provided by (used in) operating activities	3,512,438	(150,148)
Cash flows from investing activities:		
Proceeds from sale of fixed assets	32,496	10,268
Purchases of property and equipment	(278,601)	(392,169)
Proceeds from sales of investments	288,285	3,411,245
Purchases of investments	(1,330,014)	(3,650,187)
Cash assumed in acquisition	-	352,699
Net cash used in investing activities	(1,287,834)	(268,144)
Cash flows from financing activities:		
Payments of long-term debt	(224,071)	(187,728)
Net paydown of line of credit	-	(9,930)
Proceeds from endowment contributions	150,000	-
Net cash used in financing activities	(74,071)	(197,658)
Increase (decrease) in cash and cash equivalents and in restricted cash and cash equivalents	2,150,533	(615,950)
Cash and cash equivalents and restricted cash and cash equivalents:		
Beginning of year	4,048,931	4,664,881
End of year	$ 6,199,464	$ 4,048,931
Cash and cash equivalents	$ 6,049,464	$ 4,048,931
Cash held for long-term purposes—endowment	150,000	-
	$ 6,199,464	$ 4,048,931
Supplemental disclosure of cash flow information:		
Interest paid	$ 159,458	$ 79,952
Acquisition transaction:		
Assets acquired	$ -	$ 3,674,280
Liabilities assumed	-	159,293
	-	3,514,987
Less cash acquired	-	352,699
Noncash net identifiable assets acquired	$ -	$ 3,162,288

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Lutheran Child and Family Services of Illinois (the Agency or LCFS) is a nonprofit statewide social service agency whose mission is to attract, develop, mobilize, and provide resources to improve the well-being of children, individuals, families, congregations, and communities so that their lives are improved. Its corporate office is in Oakbrook Terrace, Illinois.

The Agency confronts neglect, abuse, isolation and poverty by providing safe homes for children, fostering self-reliance in families, strengthening connectivity in communities and promoting the dignity of all people. The Agency accomplishes its mission through the following services and programs:

- Children Placement Services, including international and domestic adoption, foster care and licensing, and Regenerations—foster care for incarcerated youth.
- Youth Residential Services and Southern Thirty Adolescent Center.
- Clinical Services, including individual, marital and family counseling, preventive workshops and seminars, crisis counseling, and information and referral services.
- Community Services, including disaster response services, food and clothing distribution, Nice Twice Thrift Stores, and youth camp and retreat center at Camp Wartburg.

A summary of significant accounting policies is summarized below:

Basis of presentation: The consolidated financial statements have been prepared in accordance with accounting principles applicable to nonprofit organizations in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Therefore, the Agency classifies its activities as without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions. The consolidated financial statements include the accounts of the following separate entities:

- Lutheran Child and Family Services of Illinois Foundation in Oak Brook, Illinois (Investment Fund)
- 360 Youth Services in Naperville, Illinois

The Agency is the sole member of Lutheran Child and Family Services of Illinois Foundation. Effective April 1, 2022, the Agency has board control of 360 Youth Services.

All significant intercompany accounts and transactions are eliminated in consolidation.

Classification of net assets:

Without donor restrictions: Net assets available for support of the Agency’s operations that are not subject to donor-imposed restrictions. Net assets without donor restrictions include all resources over which the Board of Trustees has control for use in carrying out the Agency’s activities or for such other purposes as the Board of Trustees may direct.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

With donor restrictions: Net assets with donor restrictions include both those that are available for support, with donor-imposed restrictions, that may, or will, be met either by actions of the Agency or the passage of time, as well as those for which the principal must remain intact per donor restriction and the earnings can be used for specified purposes or general operations to the extent of its investment income. Included in this category is the Agency's interest in perpetual trusts. When donor restrictions are met or have expired, net assets with donor restrictions are reclassified to net assets without donor restrictions. These reclassifications are reported in the consolidated statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Accounting policies: The Agency follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, results of activities, and cash flows. References to U.S. GAAP in these footnotes are to the Accounting Standards Codification (ASC).

Revenue recognition: The majority of funding for the Agency's operations is provided by governmental agencies which represent conditional promises to give. Revenue from government grants is recognized as the related conditions and barriers have been substantially met, generally when services are performed or expenses are incurred, and all other grant requirements have been met. At June 30, 2023, the Agency has approximately $824,000 of unexpended grants which have not yet been recognized. The Agency has elected the simultaneous release policy for government grants, which allows the organization to recognize restricted conditional contributions directly in net assets without donor restrictions when the condition is met, which is generally when services are performed or qualifying expenditures have been incurred.

The Agency recognizes program service fee revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers. Revenue from contracts with clients is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing services. Revenue is recognized as performance obligations are satisfied and is billed monthly to clients. Payments for these services are received after services are provided and are recorded as accounts receivable when billed. The beginning and ending balance of contractual accounts receivable for fiscal year 2023 was approximately $108,000 and $56,000, respectively.

The Agency recognizes donors' unconditional promises to give cash and other assets as revenue in the period the promises are made. Contributions receivable have been recorded for amounts expected to be collected in the future. Donors' promises to give cash and other assets that are conditional are not recognized until the conditions on which they depend are substantially met.

Donated materials and services: Donated materials and services are reflected as in-kind contributions at their estimated fair values at date of receipt. In-kind revenue in fiscal year 2023 consisted solely of professional services provided to develop a strategic plan; the related expense is reflected in the fundraising function. The services are reported at fair value estimated by the professional service firm based on the services performed.

A substantial number of volunteers have donated their time to the Agency's program services and fundraising campaigns, but none of these amounts have been recorded as contributions because the services do not meet the criteria for recognition in the consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Agency transactions: The Agency has a contractual relationship with an unrelated organization that performs marketing and advertising services for adoptive families whereby the Agency acts as a fiscal intermediary between this organization and the organization's clients due to a state of Illinois requirement. The Agency considers its relationship with the organization to meet the accounting definition of an agent and, therefore, does not recognize these transactions in the consolidated statement of activities. Funds collected on behalf of the organization and not yet remitted back to the organization are recorded as a liability. At June 30, 2023, the Agency had a balance of $367,600 within accounts receivable on the consolidated statement of financial position as amounts due back from the organization related to overpayments associated with these transactions.

Cash and cash equivalents: The Agency considers all liquid investments with maturities of three months or less at date of acquisition to be cash and cash equivalents, except for certain cash equivalents that are included with investment funds because these amounts are used for investment purposes. The Agency maintains its cash in bank accounts which, at times, may exceed the federally insured limits. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts receivable: Receivables are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Agency's historical collection experience.

Investments: Investments are presented in the consolidated financial statements at fair value. Investment income, realized gains (losses), and change in unrealized gains (losses) are reflected in the consolidated statement of activities net of related investment fees as investment return, net. Investments received as contributions are recorded at fair value at the date of receipt.

The Agency's investment portfolio is subject to various risks, such as interest rate, credit and overall market volatility. Because of these risks, it is possible that changes in the fair value of investments may occur and that such changes could materially affect the Agency's consolidated financial statements.

Property and equipment: Property and equipment is recorded at cost when purchased, or at fair value when contributed. Additions and improvements to existing property over $5,000 during the year are capitalized, while general maintenance and repairs are charged to expense. The cost and accumulated depreciation of items sold or retired are removed from the property and equipment account and any gain or loss upon disposition is recognized at that time.

Provisions for depreciation of buildings and equipment have been computed using the straight-line method over the estimated useful lives of the assets, as follows:

	Years
Description:	
Buildings	15-40
Building improvements	10-15
Furniture and equipment	3-10
Vehicles	5

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Agency reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There were no long-lived assets considered impaired during the year ended June 30, 2023. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Leases: Prior to July 1, 2022, the Agency followed the lease accounting guidance in FASB ASC Topic 840. Effective July 1, 2022, the Agency follows the lease accounting guidance in FASB ASC Topic 842. The Agency determines if an arrangement is a lease at inception of the contract. Under Topic 842, a lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Agency's contracts determined to be or contain a lease include explicitly or implicitly identified assets where the Agency has the right to obtain substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term.

Leases are classified as either operating or finance. The Agency currently has only operating leases. For operating leases, the Agency recognizes a lease liability equal to the present value of the remaining lease payments, and a right-of-use (ROU) asset equal to the lease liability, subject to certain adjustments, such as for prepaid rents and other lease incentives. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise such option. When the rate implicit in the lease is not readily determinable, The Agency has made a policy election to use a risk-free rate, based on the United States Treasury rates, to determine the present value of the lease payments for all classes of assets.

The Agency defines a short-term lease as any lease arrangement with an original lease term of 12 months or less that does not include an option to purchase the underlying asset. The Agency has made a policy election to not recognize ROU assets and lease liabilities for short-term leases. As a result, short-term lease payments are recognized as expense on a straight-line basis over the lease term, and variable lease payments are recognized in the period in which the obligation is incurred.

For lease arrangements with lease and non-lease components, the Agency has made a policy election to account for lease and non-lease components, separately, for all classes of assets.

Other liabilities: Other liabilities at June 30, 2023, include a liability of $4,034,898 for various state of Illinois Agency program surpluses generated in the current and prior fiscal years. The funder may require that the Agency return some or all of these surpluses.

Functional allocation of expenses: The costs of providing programs and other activities have been presented on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Operating expenses directly identified with a functional core program are charged to that program and, where these expenses affect more than one program, they are allocated on the basis of ratios estimated by management. Personnel costs are allocated based on estimates of time and effort. Occupancy costs are allocated based on estimated usage of space. Other administrative costs are allocated according to estimated use of time and resources, which is approximated by total direct costs.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Use of estimates: In preparing consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Agency may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Agency and various positions related to the potential sources of unrelated business taxable income. For the reporting periods presented in these consolidated financial statements, there were no unrecognized tax benefits identified or recorded as liabilities. The Agency files Forms 990 in the U.S. federal jurisdiction and the state of Illinois.

Adopted accounting pronouncement: The FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (*Topic 842*). The guidance in this ASU supersedes the leasing guidance in FASB ASC Topic 840, Leases, which is intended to increase transparency and comparability among organizations related to their leasing arrangements. The new lease standard, including all the related amendments subsequent to its issuance, supersedes the current guidance for lease accounting and requires lessees to recognize a ROU asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term for substantially all leases, as well as disclose key quantitative and qualitative information about leasing arrangements.

The Agency adopted ASU 2016-02 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Agency has applied ASU 2016-02 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the legacy guidance under ASC Topic 840, Leases. The adoption did not result in a cumulative-effect adjustment to the opening balance of net assets.

In addition to policy election choices, FASB ASC Topic 842 includes practical expedient choices. The Agency elected the package of practical expedients available in the standard and as a result, did not reassess the lease classification of existing leases, whether a preexisting contract is deemed to be or to include a lease or the initial direct costs associated with existing leases. The Agency did not elect the hindsight practical expedient, and so did not re-evaluate lease terms for existing leases and will measure the ROU asset and lease liability using the remaining portion of the lease term at adoption on July 1, 2022.

Adoption of the new lease standard resulted in the recording of operating lease ROU assets of approximately $2,125,000 and operating lease liabilities of approximately $1,596,000 as of July 1, 2022.

Subsequent events: The Agency has evaluated subsequent events for potential recognition and/or disclosure through June 28, 2024, the date the consolidated financial statements were available to be issued. In November 2023, the Board of Trustees approved the termination of the pension plan with an effective termination date of February 28, 2024. Subsequent to the termination date, benefits will be distributed to participants in the form of a lump sum payment or the purchase of an irrevocable annuity with a licensed insurance company as applicable.

Note 2. Accounts Receivable

Accounts receivable at June 30, 2023, consisted of:

Due from governmental agencies	$ 7,869,986
Less allowance for doubtful accounts	(1,611,887)
	6,258,099
Other receivables	906,113
	$ 7,164,212

Note 3. Contributions Receivable

Contributions receivable as of June 30, 2023, net of allowance, are $738,684. An allowance for uncollectible contributions has been provided based upon management's analysis of various factors including prior collection history, type of contribution, and nature of fundraising activities. At June 30, 2023, contributions receivable includes multiyear pledges and are included in net assets with donor restrictions as time restricted until the point in time that collections are received from the donor.

Multiyear pledges at June 30, 2023, net of an allowance for doubtful accounts and a discount to present value using rates of up to 5%, consist of the following:

Receivable in less than one year	$ 272,968
Receivable in two to five years	600,941
Subtotal	873,909
Less discount to present value	115,398
Less allowance for doubtful accounts	19,827
	$ 738,684

Note 4. Fair Value Disclosures

Fair value measurements: The Agency follows the accounting guidance on fair value measurements and disclosures, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Topic as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

Note 4. Fair Value Disclosures (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Agency's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. There were no transfers into or out of Level 3 during the year ended June 30, 2023.

The following is a description of the valuation methodologies used for instruments at fair value:

Investment securities: U.S. equity securities and fixed income securities classified as Level 1 in the fair value hierarchy are recorded at fair value based on quoted market prices in an active market. The DuPage Foundation fund is valued at the fair market value of the Agency's shares of net assets of the DuPage Foundation fund as of June 30, 2023, as communicated by the DuPage Foundation. The DuPage Foundation determines fair value based on readily available pricing sources for market transactions involving identical assets for securities and using the net asset value (NAV) as a practical expedient for alternative investments. The investment in the DuPage Foundation is categorized as Level 3 due to the existence of certain unobservable inputs; there were no additions or redemptions in fiscal year 2023. Certain U.S. fixed-income funds are recorded at fair value using the NAV as a practical expedient. Changes in the fair value of securities are recorded as unrealized gains and losses.

Beneficial interest in perpetual trusts: The fair value of beneficial interest in trusts were provided by the respective trustees. The trustees determine fair value based on readily available pricing sources for market transactions involving identical assets for securities and based on an outside appraisal for farmland.

The table below presents the balances of assets measured at fair value on a recurring basis at June 30, 2023:

	Level 1	Level 3	NAV*	Total
Investments at fair value:				
Equity securities:				
U.S. large cap	$ 4,861,984	$ -	$ -	$ 4,861,984
U.S. mid cap	202,804	-	-	202,804
U.S. small cap	299,297	-	-	299,297
EAFE equity	-	-	-	-
Global equity	776,399	-	-	776,399
Fixed-income securities:				
U.S. fixed-income funds	2,423,873	-	116,644	2,540,517
DuPage Foundation fund	-	682,373	-	682,373
	$ 8,564,357	$ 682,373	$ 116,644	9,363,374
Cash equivalents				535,153
Total investments				$ 9,898,527

	Level 1	Level 3	NAV*	Total
Other assets at fair value:				
Beneficial interest in perpetual trusts	$ -	$ 4,817,822	$ -	$ 4,817,822
	$ -	$ 4,817,822	$ -	$ 4,817,822

Note 4. Fair Value Disclosures (Continued)

*In accordance with ASC 820-10, certain investments measured at fair value using the NAV per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented above are to permit reconciliation of the fair value hierarchy to total investments.

Investment measured at NAV using the practical expedient as of June 30, 2023, consisted of the following:

	Fair Value June 30, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Balanced fund (1)	$ 116,644	$ -	Daily	None

(1) Represents a moderately balanced fund portfolio held at the LCMS Foundation that holds both fixed income and equity securities. This portfolio is evenly balanced between fixed income and equity, providing modest income generation and potential for growth.

Note 5. Property and Equipment

Property and equipment at June 30, 2023, consisted of:

Land	$ 2,481,051
Buildings and improvements	4,536,254
Furniture and equipment	500,944
Vehicles	424,245
Construction in progress	-
	7,942,494
Accumulated depreciation	(2,688,235)
	$ 5,254,259

Depreciation and amortization expense in fiscal year 2023 was $271,425.

Note 6. Line of Credit

In March 2021, the Agency obtained a $3,500,000 line of credit with First Midwest Bank, with a maturity date in March 2024. Outstanding borrowings bore interest, payable monthly, at an annual rate equal to the greater of 3% or London Interbank Offered Rate (LIBOR) plus 2%. The line was secured by certain of the Agency's investments. In September 2021, the Agency amended the agreement and transferred the balance of $329,474 to the long-term loan. The Agency had no outstanding borrowings of on the line at June 30, 2023. This line was not renewed at its maturity in March 2024.

Note 7. Long-Term Debt

The Agency has a term loan with First Midwest Bank in the amount of $2,700,000. The loan agreement requires monthly principal payments of $9,987 plus interest at the greater of 2.5% or one-month LIBOR plus 2%. This loan is collateralized by certain of the Agency's properties. The Agency had outstanding borrowings on this loan of $2,593,208 at June 30, 2023. Effective July 1, 2023, the interest rate was converted to Secured Overnight Financing Rate (SOFR) plus 1.85%.

Note 7. Long-Term Debt (Continued)

Future maturities of long-term debt as of June 30, 2023, are as follows for the respective fiscal years:

2024	$ 119,840
2025	119,840
2026	2,353,528
	$ 2,593,208

Note 8. Employee Benefit Plans

The Agency administers the 403(b) Thrift Plan of Lutheran Child and Family Services (the Thrift Plan), a defined contribution plan. All employees become eligible to participate in the Thrift Plan upon achieving service level and age requirements. Employees are fully vested after three years of service. Full vesting also occurs at retirement age 65 or upon death or disability. The Agency's matching contribution is discretionary, for eligible participants employed by the Agency at year-end. The Agency made no contributions to the Thrift Plan in the year ended June 30, 2023.

The Agency also has a defined benefit pension plan (the Plan), which covers all eligible full-time staff hired before September 30, 2004, and provides for monthly pension payments to eligible employees upon retirement. Benefits are based upon earnings and eligible years of service. The Agency's funding policy is to contribute amounts necessary to maintain the long-term stability of the Plan. Effective September 30, 2004, the Agency froze the Plan for future benefit accruals. No further benefits will accrue under the Plan after this date. This action will not affect benefits accrued prior to September 30, 2004, or participants' vesting in benefits accrued prior to that date. Participants will receive benefits based on their final average salary as of September 30, 2004.

The following sets forth the Agency's post-retirement plan's funded status and amounts recognized at June 30, 2023, using a measurement date of June 30, 2023, in the Agency's consolidated financial statements:

Projected benefit obligation	$ 10,706,905
Plan assets at fair value	10,901,916
Funded status surplus	$ (195,011)
Accumulated benefit obligation	$ 10,706,905
Asset recognized in the consolidated statement of financial position	$ 195,011
Unrecognized actuarial loss not yet recognized in net periodic benefit cost, but included as a separate component of unrestricted net assets at June 30, 2023	$ 2,014,231

The projected benefit obligation decreased by approximately $471,735 from June 30, 2022 to June 30, 2023. The decrease was driven primarily by an increase in the discount rate used to measure the liability, from 4.5% to 5%.

Note 8. Employee Benefit Plans (Continued)

Net periodic benefit cost and other amounts recognized in unrestricted net assets for the year ended June 30, 2023, are as follows:

Net periodic benefit cost	$ 134,332
Other amounts recognized in unrestricted net assets:	
Net actuarial loss reclassified from unrestricted net assets to net periodic benefit cost	$ 68,737
Current-year net gain	789,429
Total recognized in unrestricted net assets	$ 858,166

The table below sets forth the weighted-average assumptions used to determine the benefit obligation at June 30, 2023, and the net periodic benefit cost for the year ended June 30, 2023. These rates were selected based upon current market conditions, the Agency's experience, and future expectations.

Discount rate	5.00%	4.50%
Expected rate of return on plan assets	7.25%	7.25%
Rate of increase in future compensation	N/A	N/A

The Agency determines the long-term expected rate of return on plan assets by examining historical capital market returns, correlations between asset classes, and the plan's normal asset allocation. Current and near-term market factors, such as inflation and interest rates, are then evaluated to arrive at the expected return on plan assets.

Plan assets at June 30, 2023, were comprised of:

Cash and cash equivalents	4.35%
Equities—stocks and ETFs	57.80%
Fixed-income and preferred securities ETFs	35.53%
Alternatives ETFs	2.32%
	100.00%

The Agency's overall investment strategy is to maintain a diversified investment allocation containing both equities and fixed income. The established target allocation is 65% equities and 35% fixed income. The Plan investment allocation is intended to provide current income to pay benefits when due while also providing opportunity for long-term growth. During fiscal year 2021, LCFS temporarily shifted its allocation toward fixed income due to anticipation of market volatility.

Equity securities and fixed income funds are classified as Level 1 in the fair value hierarchy and are recorded at fair value based on quoted market prices in an active market.

Note 8. Employee Benefit Plans (Continued)

The following table presents the Plan's assets, classified as Level 1 using the fair value hierarchy, described previously in Note 6, as of June 30, 2023:

Cash and cash equivalents	$ 474,865
Equities—stocks and ETFs	6,301,020
Fixed-income and preferred securities ETFs	3,873,621
Alternatives ETFs	252,410
	$ 10,901,916

Employer contributions for the year ended June 30, 2023	$ -
Benefits paid during the year ended June 30, 2023	$ 618,965

The Agency plans to make no contributions to the Plan in the year ending June 30, 2024.

The benefits expected to be paid for 10 years, assuming that all participants retire at their normal retirement age, are approximately as follows:

2024	$ 756,834
2025	749,987
2026	758,879
2027	745,267
2028	736,509
2029-2033	3,604,251

Note 9. Leases

The Agency enters into contracts to lease real estate and various equipment. Certain leases include renewal or termination options. Under FASB ASC Topic 842, the lease term at the lease commencement date is determined based on the non-cancellable period for which the Agency has the right to use the underlying asset, together with any periods covered by an option to extend the lease if the Agency is reasonably certain to exercise that option, periods covered by an option to terminate the lease if the Agency is reasonably certain not to exercise that option, and periods covered by an option to extend (or not to terminate) the lease in which the exercise of the option is controlled by the lessor. The Agency considered a number of factors when evaluating whether the options in its lease contracts were reasonably certain of exercise, such as length of time before option exercise, expected value of the leased asset at the end of the initial lease term, importance of the lease to overall operations, costs to negotiate a new lease, and any contractual or economic penalties.

FASB ASC Topic 842 includes a number of reassessment and re-measurement requirements for lessees based on certain triggering events or conditions, including whether a contract is or contains a lease, assessment of lease term and purchase options, measurement of lease payments, assessment of lease classification and assessment of the applicable discount rate. The Agency reviewed the reassessment and re-measurement requirements and did not identify any events or conditions during fiscal year 2023, that required a reassessment or re-measurement. In addition, there were no impairment indicators identified during fiscal year 2023 that required an impairment test for the Agency's ROU assets or other long-lived assets in accordance with ASC 360-10.

Note 9. Leases (Continued)

The components of lease expense and supplemental cash flow information related to leases for fiscal year 2023, are as follows:

Operating lease cost	$ 1,026,738
Short-term lease cost	-
Variable lease cost	-
Total lease cost	$ 1,026,738

Lease-related information as of and for the fiscal year ended June 30, 2023, is as follows:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash outflows—payments on operating leases	$ 1,023,474
Right-of-use assets obtained in exchange for new lease obligations:	
Operating leases	$ 1,838,679
Operating leases:	
Operating lease right-of-use assets	$ 3,028,036
Operating lease liabilities	$ 3,175,621
Weighted-average remaining lease term:	
Operating leases	4.14 years
Weighted-average discount rate:	
Operating leases	3.28%

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

Fiscal years ending June 30:	
2024	$ 1,033,253
2025	857,250
2026	611,231
2027	373,521
2028	313,223
Thereafter	223,983
Total lease payments	3,412,461
Less imputed interest	(236,840)
Total present value of lease liabilities	$ 3,175,621

Note 10. Contingencies

Contracts from the state of Illinois is subject to audit and the Agency could become liable for any expenditures disallowed upon any such audit. Management believes; however, any possible disallowance would not be material to the consolidated financial statements.

In the normal course of its activities, the Agency may be named in lawsuits filed by its clients or their representatives. As an employer, the Agency is from time to time subject to allegations of violations of various laws related to employment. The Agency does not believe that any current claims will result in a material impact on the consolidated financial statements.

Note 11. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2023, consisted of the following:

Subject to the passage of time:	
General operations	$ 80,737
Subject to expenditure for a specific purpose:	
Camp Wartburg	11,425
Direct work with children	295,091
	306,516
Subject to appropriation in accordance with endowment spending policy:	
Endowment earnings	35,798
Required to be maintained in perpetuity:	
Donor-restricted endowment	830,588
Beneficial interest in irrevocable trusts	4,817,822
	5,648,410
	$ 6,071,461

Note 12. Endowment Funds

The Agency's endowment consists of beneficial interests in perpetual trusts, certain donor-restricted endowments, as well as funds without donor restrictions that have been designated by the Board of Trustees to function as endowments established for a variety of purposes. The board-designated endowment represents the investment portfolio held by the LCFS Foundation. These funds are intended to be retained and invested for the long-term benefit of the Agency, but can be appropriated through action by the Board of Trustees.

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Agency's management 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 funds absent explicit donor stipulations to the contrary.

Note 12. Endowment Funds (Continued)

As a result of this interpretation, the Agency 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 fund. The remaining portion of the donor-restricted endowment fund that is not required to be maintained in perpetuity is included in net assets with donor restrictions until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

1. The duration and preservation of the fund.

2. The purpose of the Agency 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 Agency; and

7. The investment policies of the Agency.

The Agency's endowment net asset composition by type of fund is as follows for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	$ -	$ 5,684,208	$ 5,684,208
Board-designated	8,681,827	-	8,681,827
	$ 8,681,827	$ 5,684,208	$ 14,366,035

The changes in endowment net assets for the Agency were as follows for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 6,858,661	$ 4,994,699	$ 11,853,360
Additions	-	150,000	150,000
Transfers to board-designated fund	1,057,666	-	1,057,666
Investment return, net	765,500	(60,491)	705,009
Endowment net assets, end of year	8,681,827	5,084,208	13,766,035
Endowment promises to give outstanding	-	600,000	600,000
	$ 8,681,827	$ 5,684,208	$ 14,366,035

Note 12. Endowment Funds (Continued)

Return objectives and risk parameters: The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the long-term return objective is to maintain the endowment fund's purchasing power while covering the annual payout and investment expenses.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Agency 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 Agency 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: The Agency has a policy of appropriating for distribution each year a percentage of its board-designated endowment fund's fair value calculated off of the prior fiscal year-end balance for use in the current year. In establishing distribution rates, the Agency considers the long-term expected return on its endowment. This policy is consistent with the Agency 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. For the year ended June 30, 2023, the Agency did not appropriate a distribution from the board-designated endowment fund. The Agency's spending policy related to the beneficial interest in perpetual trusts is to utilize any income distributed for operating purposes.

Note 13. Beneficial Interest in Perpetual Trusts

The Agency is the income beneficiary of the Arthur D. Day and Armilda A. Day Memorial Trust, which is a perpetual trust. The fair value of the trust assets is included in the Agency's net assets with donor restrictions as a beneficial interest in perpetual trust. The trust's assets consist of $1,498,182 of securities and investable cash, and 224 acres of farmland and buildings with an approximated fair market value of $3,135,000. The income from the trust is to be paid quarterly. During fiscal year 2023, the Agency received $63,936 of income from the trust and this amount is recorded within legacies and bequests without donor restrictions on the consolidated statement of activities, as the use of the income is not restricted.

The Agency is one of the income beneficiaries of two other perpetual trusts with assets of $513,234 and $875,031, respectively, at June 30, 2023, consisting of marketable securities. The Agency's proportionate share of trusts' assets was $68,260 and $116,379, respectively. The income from the trusts is to be paid quarterly. During fiscal year 2023, the Agency received $1,046 and $6,212 of income, respectively, from the trusts and these amounts are included within legacies and bequests without donor restrictions on the consolidated statement of activities, as the use of the income is not restricted.

Note 14. Liquidity and Availability

The Agency regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its ongoing activities of providing services to the children and families of Illinois, as well as the conduct of services undertaken to support those activities, to be general expenditures.

Note 14. Liquidity and Availability (Continued)

The table below represents financial assets and liquidity resources available for general expenditures within one year of June 30, 2023:

Financial assets at year-end:	
Cash and cash equivalents	$ 6,049,464
Cash held for long-term purposes—endowment	150,000
Accounts receivable, net	7,164,212
Contributions receivable, net	738,684
Investments	9,898,527
Beneficial interest in perpetual trusts	4,817,822
	28,818,709
Less amounts not available for spending within one year:	
Contributions receivable, net due in more than one year	581,114
Board-designated investments functioning as an endowment	8,681,827
Donor-restricted endowment funds	866,386
Beneficial interest in perpetual trusts	4,817,822
Net assets restricted for specific purposes	306,516
	15,253,665
Assets available for use within the next year	$ 13,565,044

Investment income without donor restrictions, earnings appropriated from endowments with donor restrictions and board-designated endowments (quasi-endowments), contributions without donor restrictions and contributions with donor restrictions for use in current activities and programs are considered to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and fundraising expenses.

In addition to financial assets available to meet general expenditures over the next 12 months, the Agency operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by public unrestricted donations.

Note 15. Comparative Totals for Prior Year

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Agency's consolidated financial statements for the fiscal year ended June 30, 2022, from which the summarized information was derived.