

**EVANGELICAL CHILD AND FAMILY AGENCY  
AND ECFA FOUNDATION, INC.**

**COMBINED FINANCIAL STATEMENTS  
AS OF JUNE 30, 2023 AND 2022**

**TOGETHER WITH AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Evangelical Child and Family Agency:

### *Opinion*

We have audited the accompanying combined financial statements of Evangelical Child and Family Agency and ECFA Foundation, Inc. (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2023 and 2022, and the related combined statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Evangelical Child and Family Agency and ECFA Foundation, Inc. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Evangelical Child and Family Agency and ECFA Foundation, Inc. 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.

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

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Evangelical Child and Family Agency's and ECFA Foundation's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the combined 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 consolidated 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 Evangelical Child and Family Agency's and ECFA Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Evangelical Child and Family Agency's and ECFA Foundation's ability to continue as a going concern for a reasonable period of time.

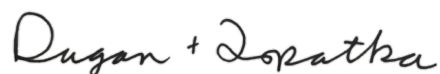
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023, on our consideration of Evangelical Child and Family Agency and ECFA Foundation, Inc.'s report on internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of report on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on report on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Evangelical Child and Family Agency and ECFA Foundation, Inc.'s report on internal control over financial reporting and compliance.



DUGAN & LOPATKA

Warrenville, Illinois  
September 29, 2023

INDEPENDENT AUDITOR'S REPORT  
ON REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON REPORT ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Evangelical Child and Family Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Evangelical Child and Family Agency and ECFA Foundation, Inc. which comprise the combined statement of financial position as of June 30, 2023, and the related combined statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the combined financial statements and have issued our report thereon dated September 29, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the combined financial statements, we considered Evangelical Child and Family Agency and ECFA Foundation, Inc.'s report on internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Evangelical Child and Family Agency and ECFA Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Evangelical Child and Family Agency and ECFA Foundation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's combined financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

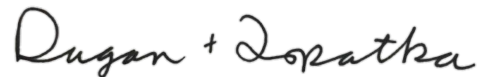
Independent Auditor's Report on  
Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an  
Audit of Financial Statements  
Performed in Accordance with  
*Government Auditing Standards*  
To the Board of Directors of  
Evangelical Child and Family Agency  
Page two

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Evangelical Child and Family Agency and ECFA Foundation, Inc.'s combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Evangelical Child and Family Agency and ECFA Foundation Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Evangelical Child and Family Agency and ECFA Foundation, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DUGAN & LOPATKA

Warrenville, Illinois  
September 29, 2023

EVANGELICAL CHILD AND FAMILY AGENCY  
AND ECFA FOUNDATION, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>A S S E T S</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 537,375	\$ 674,121
Receivables - program fees	846,609	510,560
Other current assets	<u>6,772</u>	<u>37,936</u>
Total current assets	<u>1,390,756</u>	<u>1,222,617</u>
PROPERTY AND EQUIPMENT:		
Land	83,000	83,000
Building and improvements	1,661,131	1,661,131
Furniture and equipment	26,925	46,942
Automobiles	<u>161,970</u>	<u>151,811</u>
	1,933,026	1,942,884
Less - Accumulated depreciation	<u>411,339</u>	<u>375,195</u>
Net property and equipment	<u>1,521,687</u>	<u>1,567,689</u>
OTHER ASSETS:		
Prepaid deposits	11,582	4,057
Investments	2,359,635	2,098,132
Certificate of deposit	<u>8,083</u>	<u>8,007</u>
Total other assets	<u>2,379,300</u>	<u>2,110,196</u>
	<u>\$ 5,291,743</u>	<u>\$ 4,900,502</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 32,806	\$ 25,451
Other liabilities and accrued expenses	<u>274,656</u>	<u>268,342</u>
Total current liabilities	<u>307,462</u>	<u>293,793</u>
COMMITMENTS		
NET ASSETS:		
Without donor restrictions - undesignated	4,950,184	4,565,112
Without donor restrictions - board designation	34,097	34,097
With donor restrictions	<u>-</u>	<u>7,500</u>
Total net assets	<u>4,984,281</u>	<u>4,606,709</u>
	<u>\$ 5,291,743</u>	<u>\$ 4,900,502</u>

The accompanying notes are an integral part of this statement.

EVANGELICAL CHILD AND FAMILY AGENCY  
AND ECFA FOUNDATION, INC.  
COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 801,825	\$ -	\$ 801,825	\$ 890,119	\$ 7,500	\$ 897,619
Adoption fees	217,312	-	217,312	122,384	-	122,384
Counseling fees	5,093	-	5,093	5,350	-	5,350
Government payment for services	1,578,986	-	1,578,986	1,452,779	-	1,452,779
Special projects and events (net of direct expenses of \$110,919 in 2023 and \$117,179 in 2022)	151,659	-	151,659	160,887	-	160,887
Dividends and interest	98,029	-	98,029	155,792	-	155,792
Gain (loss) on disposal of fixed asset	3,500	-	3,500	(2,331)	-	(2,331)
Net unrealized and realized gains (losses) on investments	164,775	-	164,775	(363,683)	-	(363,683)
Total support and revenue	<u>3,021,179</u>	<u>-</u>	<u>3,021,179</u>	<u>2,421,297</u>	<u>7,500</u>	<u>2,428,797</u>
RECLASSIFICATIONS:						
Net assets released upon satisfaction of purpose restrictions	<u>7,500</u>	<u>(7,500)</u>	<u>-</u>	<u>12,500</u>	<u>(12,500)</u>	<u>-</u>

The accompanying notes are an integral part of this statement.



EVANGELICAL CHILD AND FAMILY AGENCY  
AND ECFA FOUNDATION, INC.  
COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
FUNCTIONAL EXPENSES:						
Program -						
Adoption services	\$ 279,879	\$ -	\$ 279,879	\$ 295,300	\$ -	\$ 295,300
Pregnancy support services	319,515	-	319,515	281,688	-	281,688
Family and individual counseling	88,666	-	88,666	57,926	-	57,926
Intact family services	1,380,574	-	1,380,574	1,265,091	-	1,265,091
Total program expense	2,068,634	-	2,068,634	1,900,005	-	1,900,005
Management and general	366,820	-	366,820	320,977	-	320,977
Fundraising	208,153	-	208,153	199,667	-	199,667
Total functional expenses	2,643,607	-	2,643,607	2,420,649	-	2,420,649
CHANGE IN NET ASSETS	385,072	(7,500)	377,572	13,148	(5,000)	8,148
NET ASSETS, Beginning of year	4,599,209	7,500	4,606,709	4,586,061	12,500	4,598,561
NET ASSETS, End of year	\$ 4,984,281	\$ -	\$ 4,984,281	\$ 4,599,209	\$ 7,500	\$ 4,606,709

The accompanying notes are an integral part of this statement.

EVANGELICAL CHILD AND FAMILY AGENCY  
AND ECFA FOUNDATION, INC.  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 377,572	\$ 8,148
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	70,062	67,149
Unrealized and realized (gain) loss on investments	(164,775)	363,683
(Gain) loss on disposal of asset	(3,500)	2,331
(Increase) in receivables	(336,049)	(303,323)
(Increase) decrease in other current assets	31,164	(6,603)
(Increase) decrease in prepaid deposits	(7,525)	8,134
(Increase) in certificate of deposit	(76)	-
Increase (decrease) in accounts payable	7,355	(8,905)
Increase in other liabilities and accrued expenses	6,314	122,051
	<u>(19,458)</u>	<u>252,665</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(96,728)	(225,027)
Proceeds from sale of property and equipment	3,500	-
Purchase of property and equipment	(24,060)	(69,296)
	<u>(117,288)</u>	<u>(294,323)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(136,746)	(41,658)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>674,121</u>	<u>715,779</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 537,375</u>	<u>\$ 674,121</u>

The accompanying notes are an integral part of this statement.

EVANGELICAL CHILD AND FAMILY AGENCY  
AND ECFA FOUNDATION, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

	Adoption Services	Pregnancy Support Services	Family and Individual Counseling	Intact Family Services	Total Program Expense	Management and General	Fundraising	Total
Salaries	\$ 181,680	\$ 179,427	\$ 55,734	\$ 908,205	\$ 1,325,046	\$ 256,835	\$ 112,686	\$ 1,694,567
Employee benefits	35,187	36,401	10,603	167,206	249,397	34,890	20,340	304,627
Payroll taxes	13,600	13,301	4,027	65,664	96,592	18,506	8,096	123,194
Professional fees	5,986	19,605	2,508	26,073	54,172	(2,758)	4,222	55,636
Supplies	2,289	1,838	422	6,278	10,827	2,929	2,765	16,521
Telephone	3,951	4,822	214	9,074	18,061	695	963	19,719
Postage	720	1,201	84	1,833	3,838	604	5,753	10,195
Occupancy	7,929	11,882	2,847	7,117	29,775	5,731	2,861	38,367
Printing	-	430	176	-	606	779	31,324	32,709
Subscriptions	-	54	-	-	54	-	-	54
Local transportation	4,318	9,942	100	18,836	33,196	6,971	1,355	41,522
Conferences	1,129	3,852	(241)	16,525	21,265	5,969	3,771	31,005
Specific assistance	-	5,568	39	100,827	106,434	-	-	106,434
Membership dues	1,002	490	72	1,562	3,126	-	3,039	6,165
Insurance	4,568	6,185	3,376	8,439	22,568	10,272	2,416	35,256
Equipment rental and maintenance	7,061	7,883	2,578	21,096	38,618	10,390	2,909	51,917
Miscellaneous	100	-	-	54	154	5,296	207	5,657
Depreciation	10,359	16,634	6,127	21,785	54,905	9,711	5,446	70,062
<b>Total functional expenses</b>	<b>\$ 279,879</b>	<b>\$ 319,515</b>	<b>\$ 88,666</b>	<b>\$ 1,380,574</b>	<b>\$ 2,068,634</b>	<b>\$ 366,820</b>	<b>\$ 208,153</b>	<b>\$ 2,643,607</b>

The accompanying notes are an integral part of this statement.

EVANGELICAL CHILD AND FAMILY AGENCY  
AND ECFA FOUNDATION, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Adoption Services</u>	<u>Pregnancy Support Services</u>	<u>Family and Individual Counseling</u>	<u>Intact Family Services</u>	<u>Total Program Expense</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 193,434	\$ 156,430	\$ 35,277	\$ 822,530	\$ 1,207,671	\$ 211,439	\$ 113,100	\$ 1,532,210
Employee benefits	34,998	37,271	5,587	155,810	233,666	29,162	17,783	280,611
Payroll taxes	12,645	11,887	2,355	53,141	80,028	13,361	7,641	101,030
Professional fees	13,442	15,096	756	9,120	38,414	4,018	3,907	46,339
Supplies	2,818	2,970	247	6,882	12,917	1,500	2,827	17,244
Telephone	3,799	4,712	183	9,274	17,968	597	825	19,390
Postage	759	1,358	138	1,606	3,861	637	5,141	9,639
Occupancy	5,626	7,174	3,120	7,800	23,720	6,031	2,835	32,586
Printing	110	150	128	615	1,003	496	28,311	29,810
Subscriptions	275	51	215	164	705	147	-	852
Local transportation	3,312	7,682	54	12,340	23,388	5,125	1,214	29,727
Conferences	2,181	1,285	98	9,561	13,125	5,092	139	18,356
Specific assistance	95	6,413	235	124,311	131,054	-	-	131,054
Membership dues	367	129	56	3,422	3,974	825	3,084	7,883
Insurance	4,105	5,071	2,812	7,030	19,018	10,542	2,245	31,805
Equipment rental and maintenance	7,226	8,625	710	19,033	35,594	7,184	4,924	47,702
Miscellaneous	482	441	6	1,282	2,211	14,774	277	17,262
Depreciation	9,626	14,943	5,949	21,170	51,688	10,047	5,414	67,149
<b>Total functional expenses</b>	<b>\$ 295,300</b>	<b>\$ 281,688</b>	<b>\$ 57,926</b>	<b>\$ 1,265,091</b>	<b>\$ 1,900,005</b>	<b>\$ 320,977</b>	<b>\$ 199,667</b>	<b>\$ 2,420,649</b>

The accompanying notes are an integral part of this statement.

EVANGELICAL CHILD AND FAMILY AGENCY  
AND ECFA FOUNDATION, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Evangelical Child and Family Agency (the Agency) was incorporated on June 24, 1959, under the Illinois General Not-For-Profit Act. The Agency was formed to provide programs of adoption, foster family care, pregnancy support services, and family counseling under the evangelical protestant Christian auspices.

The ECFA Foundation, Inc. (the Foundation) was formed in 1996 for the purpose of promoting and financially supporting the purposes of the Evangelical Child and Family Agency.

The Agency and Foundation statements are combined due to the fact that the main purpose of the Foundation is to promote and support the Agency through contributions and borrowing abilities.

The financial statements were available to be issued on September 29, 2023, with subsequent events being evaluated through this date.

The following is a brief summary of the accounting policies adopted by the Agency and the Foundation:

Accounting Method -

The accounting records of the Agency and Foundation are maintained on the accrual basis which recognizes revenue as it is earned and expenses as they are incurred.

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Not-for-Profit Organizations*. Under the ASC, the Agency is required to report information regarding two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations. As of June 30, 2023 and 2022, the Agency has designated \$34,097 for capital improvements.

*With donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Agency and/or passage of time. As of June 30, 2022, the net assets, with donor restrictions is for pregnancy support services of \$7,500.

Principle of Combined Statements

The Foundation is combined with the Agency for financial reporting. All significant intercompany account balances and transactions have been eliminated in the combined financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Agency and Foundation consider all highly liquid instruments with an original maturity of less than three months to be cash equivalents.

Credit Risk -

Financial instruments which potentially subject the Agency and Foundation to concentrations of credit risk consist principally of cash. The Agency and Foundation place their cash and deposits with high credit, quality financial institutions; however, deposits may exceed the federally insured limits during the year.

Receivables -

Receivables consist mostly of amounts due from governmental agencies and are considered fully collectible. Therefore, no allowance for doubtful accounts was required.

Investments -

Investments are recorded at fair market value. Realized and unrealized gains and losses are reflected in the statement of activities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of market risk associated with certain investment securities, it is possible that changes in the 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.

Property and Equipment -

Property and equipment are stated at cost, except for donations of equipment, which are stated at fair market value as of the date of donation. The Agency follows the practice of capitalizing all expenditures for fixed assets in excess of \$5,000. Depreciation is computed using the straight-line method to amortize the cost of fixed assets over their estimated useful lives, ranging from 3 to 40 years. Equipment replacements or improvements are capitalized. Expenditures for repairs or maintenance are expensed when incurred. When assets are disposed of or considered no longer useful, the cost and related depreciation are removed from the books.

Depreciation for the fiscal years ended June 30, 2023 and 2022, amounted to \$70,062 and \$67,149, respectively.

In-Kind Contributions -

Contributed nonfinancial assets include donated property, marketable securities and other non-cash donations which are recorded at the respective fair values of the goods received. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration and fundraising development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of the donation.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributions -

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Program Service Revenue -

The Agency's program service fees consist primarily of adoption fees and counseling fees. For adoption fees, revenue is considered a single performance obligation that is recognized when the adoption step has occurred. For counseling fees, revenue is considered a single performance that is recognized at the time of service.

Governmental Contract Fees -

The Agency's governmental contracts fees consist primarily from contracting with governmental agencies and providing their INTACT program services. INTACT program services are based on a negotiable rate when the service has been rendered. Revenues are recognized at the time of service.

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, and other expenses which are allocated on the basis estimated of time and effort.

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes -

The Agency and Foundation have been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) as described under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Agency and Foundation file income tax returns in the U.S. federal jurisdiction. With few exceptions, the Agency and Foundation are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2020. The Agency and Foundation do not expect a material net change in unrecognized tax benefits in the next twelve months.

(2) INVESTMENTS:

Investments are carried at fair market value. Investments consist of the following:

<u>Summary of Investments</u>	<u>2023</u>		<u>2022</u>	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
Evangelical Child and Family Agency -				
Mutual funds	\$ -	\$ -	\$ 728	\$ 82
Stocks	<u>22,353</u>	<u>14,076</u>	<u>17,033</u>	<u>13,315</u>
	22,353	14,076	17,761	13,397
ECFA Foundation -				
Mutual funds	<u>2,337,282</u>	<u>1,514,463</u>	<u>2,080,371</u>	<u>1,421,233</u>
Total investments	<u>\$ 2,359,635</u>	<u>\$ 1,528,539</u>	<u>\$ 2,098,132</u>	<u>\$ 1,434,630</u>

(3) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurement established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.



(3) FAIR VALUE MEASUREMENTS: (Continued)

Level 2:

Inputs to the valuation methodology include:

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

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

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the closing price reported on the active market on which the individual funds are traded.

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

(3) FAIR VALUE MEASUREMENTS: (Continued)

Fair values of assets measured on a recurring basis at June 30, 2023 and 2022 are as follow:

<u>Description</u>	<u>Assets at Fair Value as of June 30, 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments -				
Stocks	\$ 22,353	\$ -	\$ -	\$ 22,353
Mutual funds	<u>2,337,282</u>	<u>-</u>	<u>-</u>	<u>2,337,282</u>
Total investments	<u>\$ 2,359,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,359,635</u>

<u>Description</u>	<u>Assets at Fair Value as of June 30, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments -				
Stocks	\$ 17,033	\$ -	\$ -	\$ 17,033
Mutual funds	<u>2,081,099</u>	<u>-</u>	<u>-</u>	<u>2,081,099</u>
Total investments	<u>\$ 2,098,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,098,132</u>

(4) LINE OF CREDIT:

The Agency and Foundation have a loan agreement with an investment broker in which they can borrow up to 50% of qualified investments held with this broker. The interest rate is a variable rate based on an amount greater than prime. As of June 30, 2023 and 2022, there was no outstanding balance on these loans.

(5) RELATED PARTY TRANSACTIONS:

The Agency has a line-of-credit arrangement that provides for a maximum borrowing of \$300,000 with the Foundation. The line of credit from the Foundation is secured by a mortgage and security agreement with respect to real estate located in Wheaton, Illinois, and New Berlin, Wisconsin. The interest rate on the line of credit from the Foundation to Illinois is set on the first day of each month and is equal to the prime rate of interest in effect prior to the first day of each month. As of June 30, 2023 and 2022, the line of credit had a \$-0- balance. The line-of-credit note comes due on June 30, 2023. The Agency and Foundation is in the process of renewing the line of credit.

(5) RELATED PARTY TRANSACTIONS: (Continued)

The loans outstanding between the Foundation and the Agency are offset when the Foundation and the Agency in Illinois and Wisconsin are combined into one entity for financial reporting purposes.

The Foundation contributed \$87,787 and \$58,370 to the Agency for the years ended June 30, 2023 and 2022, respectively. The Agency contributed \$107,091 to the Foundation for the year ended June 30, 2022. These amounts are offset on the combined financial statements. No DCFS funds were transferred out of the Agency to the Foundation.

(6) RETIREMENT PLAN:

A 401(k) Plan was started on January 1, 2005 and is available to all employees. The Agency contributes a percentage of the employee's annual salary to the plan based on years of service, up to a maximum of 5% for the years ended June 30, 2023 and 2022. There were employer contributions of \$79,797 and \$58,514 for the years ended June 30, 2023 and 2022, respectively.

(7) MAJOR SUPPORT AND REVENUE:

The Agency has a contract which must be renewed every year with the Illinois Department of Children and Family Services (DCFS) for Intact Family Services. The funding received under these agreements is 52% and 58% of the total unrestricted revenue and support received by the Agency for the years ended June 30, 2023 and 2022, respectively. The Agency also is required to be licensed as a Child Welfare Agency by DCFS.

(8) FEDERAL AND STATE GRANTS:

The Agency receives significant financial assistance from a state agency in the form of a grant. Program revenue in excess of program expenses is typically subject to recapture under various provisions. Additionally, the disbursement of funds received under this program generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the Agency.

(9) LETTER OF CREDIT:

The Agency has a letter of credit with a bank for Wisconsin unemployment in the amount of \$8,083 expiring on December 31, 2025. The letter of credit is collateralized by a certificate of deposit.

(10) LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 537,375	\$ 674,121
Investments	2,359,635	2,098,132
Receivables - program fees	<u>846,609</u>	<u>510,560</u>
 Total financial assets	 3,743,619	 3,282,813
 Less: Investments with liquidity horizon greater than one year	 <u>2,359,635</u>	 <u>2,098,132</u>
 Financial assets available to meet cash needs for general expenditures that are without donor or other restrictions limiting their use within one year	 <u>\$ 1,383,984</u>	 <u>\$ 1,184,681</u>

The Agency manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability.
- incurring unbudgeted costs only when such costs are funded.
- maintaining adequate liquid costs to fund near-term operating needs.

Additionally, the Agency and the Foundation maintain a line of credit with an investment broker in which they can borrow up to 50% of qualified investments.

EVANGELICAL CHILD AND FAMILY AGENCY  
AND ECFA FOUNDATION, INC.  
SCHEDULE OF FINANCIAL POSITION BY AREA  
JUNE 30, 2023

<u>A S S E T S</u>	<u>Illinois</u>	<u>Wisconsin</u>	<u>Foundation</u>	<u>Elimination</u>	<u>Total</u>
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 92,451	\$ 311,856	\$ 133,068	\$ -	\$ 537,375
Receivables - program fees	846,609	-	-	-	846,609
Other current assets	4,883	1,889	-	-	6,772
<b>Total current assets</b>	<b>943,943</b>	<b>313,745</b>	<b>133,068</b>	<b>-</b>	<b>1,390,756</b>
<b>PROPERTY AND EQUIPMENT:</b>					
Land	60,000	23,000	-	-	83,000
Building and improvements	1,452,777	208,354	-	-	1,661,131
Furniture and equipment	21,482	5,443	-	-	26,925
Automobiles	122,790	39,180	-	-	161,970
	1,657,049	275,977	-	-	1,933,026
Less - Accumulated depreciation	248,483	162,856	-	-	411,339
<b>Net property and equipment</b>	<b>1,408,566</b>	<b>113,121</b>	<b>-</b>	<b>-</b>	<b>1,521,687</b>
<b>OTHER ASSETS:</b>					
Certificate of deposit	-	8,083	-	-	8,083
Investments	11,015	11,338	2,337,282	-	2,359,635
Prepaid deposits	6,007	5,575	-	-	11,582
<b>Total other assets</b>	<b>17,022</b>	<b>24,996</b>	<b>2,337,282</b>	<b>-</b>	<b>2,379,300</b>
	<b>\$ 2,369,531</b>	<b>\$ 451,862</b>	<b>\$ 2,470,350</b>	<b>\$ -</b>	<b>\$ 5,291,743</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable	\$ 29,105	\$ 3,701	\$ -	\$ -	\$ 32,806
Other liabilities and accrued expenses	268,655	6,001	-	-	274,656
<b>Total current liabilities</b>	<b>297,760</b>	<b>9,702</b>	<b>-</b>	<b>-</b>	<b>307,462</b>
<b>COMMITMENTS</b>					
<b>NET ASSETS</b>					
Without donor restrictions	2,071,771	442,160	2,470,350	-	4,984,281
With donor restrictions	-	-	-	-	-
<b>Total net assets</b>	<b>2,071,771</b>	<b>442,160</b>	<b>2,470,350</b>	<b>-</b>	<b>4,984,281</b>
	<b>\$ 2,369,531</b>	<b>\$ 451,862</b>	<b>\$ 2,470,350</b>	<b>\$ -</b>	<b>\$ 5,291,743</b>

EVANGELICAL CHILD AND FAMILY AGENCY  
AND ECFA FOUNDATION, INC.  
SCHEDULE OF ACTIVITIES BY AREA  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Illinois</u>	<u>Wisconsin</u>	<u>Foundation</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 452,155	\$ 224,770	\$ 124,900	\$ 801,825
Adoption fees	86,916	130,396	-	217,312
Counseling fees	5,093	-	-	5,093
Government payment for services	1,578,986	-	-	1,578,986
Special projects and events (net of direct expenses of \$110,919)	104,516	47,143	-	151,659
Income on investments	3,586	6,556	87,887	98,029
Net unrealized and realized gain on investments	-	-	164,775	164,775
Gain on disposal of fixed asset	3,500	-	-	3,500
	<u>2,234,752</u>	<u>408,865</u>	<u>377,562</u>	<u>3,021,179</u>
<b>FUNCTIONAL EXPENSES:</b>				
Adoption services	161,238	118,641	-	279,879
Pregnancy support services	165,386	154,129	-	319,515
Family and individual counseling	88,666	-	-	88,666
Intact family services	1,380,574	-	-	1,380,574
Management and general	318,759	48,061	-	366,820
Fundraising	153,301	54,852	-	208,153
	<u>2,267,924</u>	<u>375,683</u>	<u>-</u>	<u>2,643,607</u>
CHANGE IN NET ASSETS	(33,172)	33,182	377,562	377,572
NET ASSETS, Beginning of year	2,045,656	380,478	2,180,575	4,606,709
TRANSFERS BETWEEN FUNDS	59,287	28,500	(87,787)	-
NET ASSETS, End of year	<u>\$ 2,071,771</u>	<u>\$ 442,160</u>	<u>\$ 2,470,350</u>	<u>\$ 4,984,281</u>