EPWORTH CHILDREN & FAMILY SERVICES, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2022)

Contents

Independent Auditors' Report

Board of Directors
Epworth Children & Family Services, Inc.
St. Louis, Missouri

Opinion

We have audited the accompanying financial statements of Epworth Children & Family Services, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Epworth Children & Family Services, Inc. as of December 31, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Epworth Children & Family Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Epworth Children & Family Services, Inc.'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 Epworth Children & Family Services, Inc.'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 Epworth Children & Family Services, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Anders Minkler Huber & Helm LLP

January 10, 2025

Epworth Children & Family Services, Inc.
Statement of Financial Position
December 31, 2023
(With summarized comparative information for 2022)

Assets

	2023	2022
Current Assets		
Cash and cash equivalents	$ 159,443	$ 1,068,920
Accounts receivable, net of allowance for credit losses of $806,312 and $375,721, respectively	2,695,653	2,737,720
Grants receivable	732,836	630,517
Prepaid and other assets	123,198	179,417
Total Current Assets	3,711,130	4,616,574
Investments, at fair value	5,680,009	5,469,738
Property and Equipment, net	9,802,958	10,413,949
Beneficial Interest in Trusts, at fair value	3,651,706	2,865,558
Investment in Partnership	79,613	260,707
Total Assets	$ 22,925,416	$ 23,626,526

Liabilities and Net Assets

	2023	2022
Current Liabilities		
Current portion of notes payable	$ 90,101	$ 87,624
Line of credit	473,067	-
Accounts payable	374,914	211,087
Accrued expenses and other liabilities	400,671	416,284
Cash overdrafts	53,000	-
Total Current Liabilities	1,391,753	714,995
Notes Payable	1,860,721	1,953,538
Total Liabilities	3,252,474	2,668,533
Net Assets		
Without donor restrictions		
Undesignated	9,685,222	11,928,456
Board designated	2,147,949	2,209,781
Total Without Donor Restrictions	11,833,171	14,138,237
With donor restrictions	7,839,771	6,819,756
Total Net Assets	19,672,942	20,957,993
Total Liabilities and Net Assets	$ 22,925,416	$ 23,626,526

Epworth Children & Family Services, Inc.
Statement of Activities
Year Ended December 31, 2023
(With summarized comparative information for 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals 2023	Totals 2022
Revenues, Gains and Other Support				
Contributions	$ 540,341	$ 10,000	$ 550,341	$ 623,572
Grants	1,597,479	515,145	2,112,624	2,348,598
In-kind contributions	57,778	-	57,778	86,295
Program fees	7,477,762	-	7,477,762	8,242,309
Investment income (loss)	554,880	443,005	997,885	(1,018,363)
Change in value of beneficial interest in trusts, net	-	786,148	786,148	(595,904)
Income on investment in partnership, net	245,679	-	245,679	310,537
Employee retention tax credit	-	-	-	1,873,499
Other	218,059	-	218,059	361,006
	10,691,978	1,754,298	12,446,276	12,231,549
Gross special events revenue	141,291	-	141,291	312,301
Less cost of direct benefits to donors	(94,430)	-	(94,430)	(178,937)
Net special events revenue	46,861	-	46,861	133,364
Net assets released from restrictions:				
Satisfaction of time and usage restrictions	734,283	(734,283)	-	-
Total Revenues, Gains and Other Support	11,473,122	1,020,015	12,493,137	12,364,913
Expenses				
Residential Treatment	3,405,938	-	3,405,938	3,314,733
Supportive Housing	1,691,351	-	1,691,351	1,888,446
Emergency Shelter	717,510	-	717,510	738,455
Foster Care	2,420,752	-	2,420,752	2,562,451
Older Youth Services	1,273,747	-	1,273,747	1,323,102
Family Support Services	671,111	-	671,111	724,089
Psychological Services	314,337	-	314,337	380,810
Total Program Services	10,494,746	-	10,494,746	10,932,086
Supporting Activities				
Management and general	2,781,805	-	2,781,805	2,870,108
Fundraising	501,637	-	501,637	367,954
Total Supporting Activities	3,283,442	-	3,283,442	3,238,062
Total Expenses	13,778,188	-	13,778,188	14,170,148
Change in Net Assets	(2,305,066)	1,020,015	(1,285,051)	(1,805,235)
Net Assets, Beginning of Year	14,138,237	6,819,756	20,957,993	22,763,228
Net Assets, End of Year	$11,833,171	$ 7,839,771	$19,672,942	$20,957,993

Epworth Children & Family Services, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023
(With summarized comparative information for 2022)

	Program Services							
	Residential Treatment	Supportive Housing	Emergency Shelter	Foster Care	Older Youth Services	Family Support Services	Psychological Services	Total Program Services
Salaries	$ 2,008,230	$ 630,058	$ 476,848	$ 714,649	$ 739,343	$ 474,850	$ 179,190	$ 5,223,168
Employee benefits and payroll taxes	335,912	183,604	63,981	83,416	107,744	50,874	36,324	861,855
Total salaries and related expenses	2,344,142	813,662	540,829	798,065	847,087	525,724	215,514	6,085,023
Professional fees	123,534	30,355	1,140	906,248	4,822	7,928	416	1,074,443
Supplies	44,996	41,476	8,348	10,540	19,236	10,350	4,465	139,411
Food services	277,779	39,373	15	2,323	26,620	38	222	346,370
Telephone	59,655	20,515	14,405	21,959	23,230	16,944	5,096	161,804
Utilities	55,254	49,510	15,312	22,663	22,054	10,013	11,027	185,833
Printing and postage	-	-	-	-	-	-	-	-
Repairs and maintenance	142,272	45,976	41,262	56,916	55,388	25,146	27,694	394,654
Training, travel, meetings and memberships	1,216	18,362	2,030	41,469	13,405	2,282	540	79,304
Automobile expenses	10,612	3,946	2,547	3,661	3,794	2,458	890	27,908
Client assistance	31,119	531,508	9,165	430,251	136,326	5,667	2	1,144,038
Insurance	126,224	40,147	29,835	44,732	46,364	30,035	10,884	328,221
Interest	-	27,204	-	-	-	-	-	27,204
Credit loss expense	-	-	-	-	-	-	-	-
Miscellaneous	936	209	468	4,734	304	423	28	7,102
Total Expenses Before Depreciation	3,217,739	1,662,243	665,356	2,343,561	1,198,630	637,008	276,778	10,001,315
Depreciation	188,199	29,108	52,154	77,191	75,117	34,103	37,559	493,431
Total Expenses	$ 3,405,938	$ 1,691,351	$ 717,510	$ 2,420,752	$ 1,273,747	$ 671,111	$ 314,337	$10,494,746
Percent of Total	24.72 %	12.28 %	5.21 %	17.57 %	9.24 %	4.87 %	2.28 %	76.17 %

Epworth Children & Family Services, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023 (continued)
(With summarized comparative information for 2022)

	Supporting Activities				
	Management and General	Fundraising	Total Supporting Activities	Total Expenses	2022
Salaries	$ 814,057	$ 293,779	$ 1,107,836	$ 6,331,004	$ 6,227,096
Employee benefits and payroll taxes	385,122	60,416	445,538	1,307,393	1,603,992
Total salaries and related expenses	1,199,179	354,195	1,553,374	7,638,398	7,831,088
Professional fees	689,521	56,247	745,768	1,820,211	1,957,778
Supplies	23,122	39,348	62,471	201,882	219,054
Food services	8,624	2,037	10,661	357,031	322,870
Telephone	23,647	8,848	32,495	194,299	175,505
Utilities	39,914	1,103	41,017	226,850	225,588
Printing and postage	5,752	7,255	13,007	13,007	5,890
Repairs and maintenance	111,074	3,145	114,219	508,873	355,449
Training, travel, meetings and memberships	16,444	4,369	20,813	100,118	70,885
Automobile expenses	4,098	1,547	5,645	33,553	55,766
Client assistance	2,494	575	3,069	1,147,108	1,622,986
Insurance	50,079	18,898	68,977	397,198	218,762
Interest	40,198	-	40,198	67,402	63,343
Credit loss expense	425,859	-	425,859	425,859	350,915
Miscellaneous	5,852	313	6,165	13,267	16,595
Total Expenses Before Depreciation	2,645,857	497,880	3,143,738	13,145,056	13,492,474
Depreciation	135,948	3,756	139,704	633,135	677,674
Total Expenses	$ 2,781,805	$ 501,637	$ 3,283,442	$ 13,778,188	$ 14,170,148
Percent of Total	20.19 %	3.64 %	23.83 %	100.00 %	

Epworth Children & Family Services, Inc.
Statement of Cash Flows
Year Ended December 31, 2023
(With comparative totals for 2022)

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	$ (1,285,051)	$ (1,805,235)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	633,135	677,674
Change in value of beneficial interest in trusts	(786,148)	595,904
Change in value of investment in partnership	245,679	48,316
Net unrealized (gains) losses on investments	(607,668)	1,534,880
Net realized gains on investments	(74,962)	(268,135)
Changes in operating assets and liabilities:		
Accounts receivable	(388,524)	(1,516,838)
Allowance for credit loss	430,591	(65,697)
Grants receivable	(102,319)	183,363
Prepaid and other assets	56,219	268
Accounts payable	163,827	175,337
Accrued expenses	(15,613)	(22,284)
Net Cash Used in Operating Activities	(1,730,834)	(462,447)
Cash Flows From Investing Activities		
Purchases of investments	(633,256)	(717,988)
Proceeds from sales of investments	1,105,615	1,140,176
Purchases of property and equipment	(22,144)	(117,619)
Distributions from partnership	(64,585)	-
Net Cash Provided by Investing Activities	385,630	304,569
Cash Flows From Financing Activities		
Change in cash overdraft	53,000	-
Borrowings on line of credit	1,075,000	-
Payments on line of credit	(601,933)	-
Payments on notes payable	(90,340)	(82,605)
Net Cash Provided by (Used in) Financing Activities	435,727	(82,605)
Net Decrease in Cash and Equivalents	(909,477)	(240,483)
Cash and Cash Equivalents, Beginning of Year	1,068,920	1,309,403
Cash and Cash Equivalents, End of Year	$ 159,443	$ 1,068,920
Supplemental Disclosures of Cash Flow Information		
Cash paid for		
Interest	$ 67,402	$ 63,343

1. Nature of Operations and Basis of Presentation

Organization

Epworth Children & Family Services, Inc. (the "Organization") is a not-for-profit charitable corporation that provides a wide array of services to children, youth and families in need, strengthening the capacity of each to thrive in society. For more than 150 years, the Organization has provided the community with essential youth development services that have helped thousands of children overcome severe emotional and behavioral challenges. The Organization's innovative, holistic, and comprehensive treatment approach helps youth focus on solutions, build on inherent strengths and communicate more effectively. Youth and families turn to the Organization for foster care, emergency shelter, residential treatment, transitional living services, educational day treatment services, family support services, prevention services and psychological services each year. The Organization's revenue and support are derived primarily from local, state and federal agencies, along with public contributions.

In addition, the Organization is a member of the Children's Permanency Partnership, LLC, a for-profit LLC, which provides foster care case management services to youth in the custody of the State of Missouri.

Description of Program Services

The Organization's programs empower youth who have experienced trauma to realize their unique potential by meeting essential needs, cultivating resiliency, and building community. Programs and activities include:

From the Psychological Services Program to the Family Support Services program to housing foster youth on their Webster Groves campus through their Residential Treatment program, the Organization's mental health services provide care, guidance, and support from initial assessment to diagnosis and treatment from qualified and devoted mental health professionals.

The Organization's Supportive Housing program and Older Youth Services program helps teenagers and young adults in the region find semi-permanent, stable, and safe housing on their path to independence and self-sufficiency. The Organization has more than 75 apartments all over the St. Louis area for youth who have aged out of foster care to participate in the transitional living services.

The Organization's Emergency Shelter program provides St. Louis at-risk youth, teens, and families with access to basic needs and emergency resources.

The Organization's Foster Care program works with children, teens, and those who have aged out of the foster care system to find stable, permanent homes, learn life skills, and transition to self-sufficiency and independence, while maintaining a support system.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified into two categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent net assets without donor restrictions that have been set aside to help ensure the long-term financial stability of the Organization.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained in perpetuity by the Organization. The income earned on any related investments may be subject to donor-imposed restrictions.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Organization follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Investments

The Organization carries investments at fair value with unrealized holding gains and losses included in earnings. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of securities sold. Dividend and interest income is recognized when earned.

Accounts Receivable

Accounts receivable for which the unconditional right to payment exists, are recognized when the right to consideration is unconditional and subject only to the passage of time. Accounts receivable are uncollateralized client obligations due under normal trade terms generally requiring payment within 30 days of the invoice date. Changes in the estimate of uncollectible amounts are recorded as those circumstances become known and recognized as credit loss expense in the statement of activities.

The Organization provides an allowance for credit losses equal to the estimated losses that will be incurred in the collection of accounts receivable, if any. The allowance is based on multiple factors, including historical experience, the credit quality of the customer base, the aging of accounts receivable, current economic conditions, and management's expectations of conditions in the future, as applicable. The allowance and associated accounts receivable are reduced when the receivables are determined to be uncollectible.

The Organization's accounts receivable are disaggregated and pooled by aging categories. Accounts past due 90 days or more are evaluated for loss individually on a customer by customer basis. For all other aging categories, the risk of loss is assessed over the contractual life of the accounts receivable and the historical loss amounts for each pool are adjusted for current and future conditions based on management's qualitative considerations.

Grants Receivable

Grants receivable include amounts due from various funding sources under binding contracts with the Organization for services rendered prior to year-end.

Property and Equipment

Property and equipment in excess of $1,000 is recorded at cost or, if received by gift or bequest, at the fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose or period of time. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The estimated lives for computing depreciation on property and equipment are:

Classification	Years
Buildings and improvements	3-50
Furniture and fixtures	1-30
Computer hardware and software	3-10
Automobile	1-5

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Beneficial Interest in Trusts

The Organization is a beneficiary of trusts in which the donors have established trusts and/or fund perpetual trusts administered by trustees. The Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity. The fair value of the perpetual trusts held by a third party is measured using the fair value of the Organization's proportionate share of the assets contributed to the trust.

Investment in Partnership

The Organization accounts for investment in partnership under the equity method. Under the equity method, any investment is recorded at cost, and the carrying amount of the investment is increased or decreased as the Organization recognizes its proportionate share of income or losses. The Organization's proportionate share of income or losses are included in changes in net assets for the year.

The Organization became a member of the Children's Permanency Partnership, LLC ("CPP") in 2005 which entitles the Organization to a percentage of the overall earnings based on their case load. As of December 31, 2023 and 2022, the Organization was a 35% member of CPP.

Support and Revenue

Contributions are recorded as received, and unconditional promises to give are recorded as the promise is made. All contributions are available for general activities unless specifically restricted by the donor. 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. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions with donor restrictions in which the restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Grants that qualify as contributions are recorded when awarded. Grant awards that qualify as an exchange transaction reimburse a predetermined amount based on services performed without regard to expenses. Contractual program service fees are billed for services performed in the previous month, in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. The Organization recognizes revenue for these arrangements over time as services are performed. The transaction price is set by the agreement for services.

Program fees represent per unit costing with agencies which is recognized when the satisfaction of the contractual performance obligation is met. The performance obligation is met over time as a unit of service is provided to client, as defined by the agency or other funding source. Fees for service received in advance are deferred to the applicable period in which the related services are performed. Fees for service rendered represents the estimated realizable amounts from clients and others for services rendered.

Donated Materials and Services

Donated noncash assets are recorded as contributions at their fair values at the date of donation.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no such services during the years ended December 31, 2023 and 2022. Volunteers provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Expense Allocation

The costs of program services and supporting activities have been summarized on a functional basis in the statement of activities. The statement of activities presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Organization files as a tax exempt organization.

The Organization follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Organization's returns for tax years 2020 and later remain subject to examination by taxing authorities.

Subsequent Events

The Organization has evaluated subsequent events through January 10, 2025, the date the financial statements were available to be issued.

3. Change in Accounting Principle

Effective January 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. FASB ASC 326 replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of future credit losses for the remaining estimated lives of financial assets based on relevant information about historical experience, current conditions, and reasonable and supportable financial forecasts that affect the collectibility of the reported amounts. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost. Such assets are presented at the net amount expected to be collected over their remaining contractual lives using an allowance for credit losses.

The Organization elected to adopt FASB ASC 326 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning January 1, 2023 and after are presented under FASB ASC 326, while prior period amounts continue to be reported in accordance with previously applicable accounting standards. The Organization did not record any transition adjustments for the adoption of FASB ASC 326.

4. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). 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 instruments in active markets.

Level 2 Inputs to the valuation methodology to include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The instruments' 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value:

Level 1 Instruments consist of mutual funds. These securities are traded on national exchanges and are stated at the last reported sales price on the day of valuation.

Level 2 Consists of pooled investments that are valued using evaluated pricing, which incorporates modeling techniques, information from extensive market sources, observed transaction data, credit quality information, perceived market movements, news, and other relevant information.

Level 3 Consists of beneficial interest in trusts that are measured at fair value on a recurring basis using significant third-party trust valuations and management's estimate of the value of the Organization's share of the investment.

The following table presents the fair value measurements of instruments recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized at December 31,:

	2023			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Mutual funds:				
Equity	$ 2,225,765	$ 2,225,765	$ -	$ -
Fixed income	1,335,928	1,335,928	-	-
	3,561,693	3,561,693	-	-
Pooled investment funds	2,118,316	-	2,118,316	-
Total Investments	5,680,009	3,561,693	2,118,316	-
Other Assets:				
Beneficial interest in trusts	3,651,706	-	-	3,651,706
	$ 9,331,715	$ 3,561,693	$ 2,118,316	$ 3,651,706

	2022			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Mutual Funds:				
Equity	$ 2,404,976	$ 2,404,976	$ -	$ -
Fixed Income	1,089,434	1,089,434	-	-
	3,494,410	3,494,410	-	-
Pooled investment funds	1,975,328	-	1,975,328	-
Total Investments	5,469,738	3,494,410	1,975,328	-
Other Assets				
Beneficial interest in trusts	2,865,558	-	-	2,865,558
	$ 8,335,296	$ 3,494,410	$ 1,975,328	$ 2,865,558

Changes in fair value of the Organization's Level 3 instruments held are as follows:

	Beneficial Interest in Trusts
December 31, 2022	$ 2,865,558
Realized gain (loss)	130,586
Unrealized gain (loss)	655,562
December 31, 2023	$ 3,651,706

5. Investments

A summary of the cost and fair value of the Organization's investments as of December 31, is as follows:

	2023			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Mutual funds	$ 2,946,129	$ 615,564	$ -	$ 3,561,693
Pooled investment funds	1,941,702	432,543	(255,929)	2,118,316
	$ 4,887,831	$ 1,048,107	$ (255,929)	$ 5,680,009

	2022			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Mutual funds	$ 3,311,330	$ 183,080	$ -	$ 3,494,410
Pooled investment funds	2,473,735	249,575	(747,982)	1,975,328
	$ 5,785,065	$ 432,655	$ (747,982)	$ 5,469,738

Investment income for the years ended December 31, is summarized as follows:

	2023	2022
Interest and dividend income	$ 315,255	$ 248,383
Net realized and unrealized gains (losses) on investments reported at fair value	682,630	(1,266,746)
Total Investment Income (Loss)	$ 997,885	$ (1,018,363)

6. Accounts Receivable

The following table presents the activity in the allowance for credit losses on accounts receivable for the year ended December 31, 2023:

Balance, beginning of year	$ 375,721
Credit loss expense	425,859
Accounts charged off	4,732
Balance, end of year	$ 806,312

7. Grants Receivable

Grants receivable at December 31, are as follows:

	2023	2022
United Way	$ 515,145	$ 542,183
St. Louis County Library	67,691	-
Heartland Foundation	150,000	-
Berges	-	83,334
Experience Fresh	-	5,000
	$ 732,836	$ 630,517

8. Property and Equipment

Property and equipment at December 31, is as follows:

	2023	2022
Land	$ 1,654,000	$ 1,654,000
Buildings and improvements	16,719,702	16,701,554
Furniture and fixtures	715,387	715,387
Computer hardware and software	83,556	79,560
Automobile	236,301	236,301
	19,408,946	19,386,802
Less accumulated depreciation	9,605,988	8,972,853
	$ 9,802,958	$ 10,413,949

Depreciation expense for the years ended December 31, 2023 and 2022 totaled $633,135 and $677,674, respectively.

9. Line of Credit

The Organization has a line of credit agreement (the "Agreement") of $500,000 scheduled to expire on September 30, 2024. Borrowings are charged interest at the SOFR term rate (5.38 percent at December 31, 2023) plus 2.35 percent. The balance is collateralized by property and receivables. At December 31, 2023, borrowings outstanding under the line of credit totaled $473,067. There were no borrowings outstanding at December 31, 2022.

10. Notes Payable

Long-term debt at December 31, is as follows:

	2023	2022
Note payable to St. Louis Bank due in monthly installments of $11,955 including monthly interest at 2.79% through December 16, 2025, at which time all outstanding principal and accrued interest is due. Note is collateralized by the land and building at 4117-4119 Magnolia Avenue.	$ 1,950,822	$ 2,041,162
Less current maturities	90,101	87,624
	$ 1,860,721	$ 1,953,538

Maturities of long-term debt are as follows:

December 31,	
2024	$ 90,101
2025	1,860,721
	$ 1,950,822

11. Liquidity and Availability of Financial Assets

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

	2023	2022
Cash and cash equivalents	$ 159,443	$ 1,068,920
Accounts receivable, net	2,695,653	2,737,720
Grants receivable	732,836	630,517
Estimated distributions from beneficial interests in assets held by others	135,000	135,000
Board-designated investment spending-rate distributions and appropriations (5%)	107,397	110,489
Endowment spending-rate distributions and appropriations (5%)	70,687	64,231
Contractual or donor-imposed restrictions:		
Donor restrictions	(521,895)	(632,267)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	$ 3,379,121	$ 4,114,610

The Organization's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes. The Organization has adopted a 5 percent spending policy for the endowment based on the prior calendar year's ending investment balance.

The Organization has a board-designated investment fund with an annual spending rate of 5 percent based on the prior calendar year's ending investment balance. Although the Organization does not intend to exceed the spending policy rate, these amounts could be made available if necessary.

12. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of December 31,:

	2023	2022
Purpose restrictions	$ 1,021,313	$ 677,074
Time restrictions	515,145	625,517
Investment in perpetuity	6,303,313	5,517,165
	$ 7,839,771	$ 6,819,756

Assets released from donor restrictions for the years ended December 31, are as follows:

	2023	2022
Released from restrictions of time	$ 625,517	$ 894,249
Released from restrictions of purpose	108,766	723,046
Released from investment in perpetuity (change in value)	-	595,904
	$ 734,283	$ 2,213,199

13. Endowment Funds

The Organization's endowment consists of several individual funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's endowment consists only of donor-designated funds; there were no board designated endowment funds during 2023. The named endowment funds are for general operating purposes except for the Odom funds, the earnings of which are restricted for building maintenance and improvements. The endowment funds as of December 31, are as follows:

	2023	2022
Gambril funds	$ 250,000	$ 250,000
Adams funds	102,288	102,288
Hart funds	232,611	232,611
Odom funds	1,620,565	1,620,565
Beneficial Interest in trusts	3,651,706	2,865,558
Other	446,143	446,143
Total original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	6,303,313	5,517,165
Accumulated investment earnings	1,014,563	670,324
	$ 7,317,876	$ 6,187,489

Changes in endowment net assets for the years ended December 31, are as follows:

	2023	2022
Endowment net assets, beginning of year	$ 6,187,489	$ 7,667,142
Investment gain (loss), net	443,005	(673,427)
Change in value of perpetual trusts	786,148	(595,904)
Amounts released for expenditure	(98,766)	(210,322)
Endowment net assets, end of year	$ 7,317,876	$ 6,187,489

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to the Organization, while also maintaining the purchasing power of those endowment assets over the long-term. Disbursements that would exceed the spending policies require the approval of the Board of Directors.The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Organization
7) The investment policies of the Organization

The State of Missouri enacted the State Prudent Management of Institutional Funds Act ("SPMIFA") effective August 28, 2009. The Organization follows FASB guidance on accounting for the net assets classification of restricted endowment funds for a not-for-profit organization that is subject to the enacted version of the SPMIFA. The Organization has determined that the assets with donor restrictions meet the definition of endowment funds under SPMIFA.

The Organization has interpreted the SPMIFA as requiring the preservation of the original gift amount. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The remaining portion of funds are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies as of December 31, 2023 or 2022.

14. Retirement Plan

The Organization maintains a contributory retirement savings plan under Section 401(k) of the Code covering substantially all employees who meet certain eligibility requirements. Employer contributions to the plan totaled $38,572 and $33,588 for the years ended December 31, 2023 and 2022, respectively.

15. Contributed Nonfinancial Assets

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities and functional expenses included:

	2023	2022
Supplies	$ 55,231	$ 83,455
Food Pantry goods	2,547	2,840
	$ 57,778	$ 86,295

The Organization recognized contributed nonfinancial assets within revenue as in-kind contributions. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The Organization estimated the fair value of the donated goods and supplies by comparing to similar supplies on retailers websites near the time of donation. The contributed nonfinancial assets were used for the Organization's programs during the year.

16. Risks and Uncertainties

Concentrations

Grants from four and three sources were 65 and 69 percent of the Organization's grant revenue for the years ended December 31, 2023 and 2022, respectively. Grants receivable from one source was 70 and 86 percent of the Organization's grants receivable at December 31, 2023 and 2022, respectively. Accounts receivable from three sources were 77 and 91 percent of the Organization's accounts receivable at December 31, 2023 and 2022, respectively.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and investments. The Organization maintains its cash primarily with one financial institution. Deposits at this bank is insured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2023, there were cash balances of $63,708 in excess of FDIC limits at the bank. The Organization performs ongoing credit evaluations of its donors and maintains allowances, as needed, for potential credit losses. Although the Organization is directly affected by the financial stability of its customer and donor base, management does not believe significant credit risk exists at December 31, 2023. The Organization maintains its investments primarily with five institutions. Securities held at these firms are not insured. As of December 31, 2023, there were uninsured investment balances of $9,487,440.