



Thrive Counseling Center

Financial Statements

Years Ended June 30, 2024 and 2023

THRIVE COUNSELING CENTER
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Thrive Counseling Center
Oak Park, Illinois

Opinion

We have audited the accompanying financial statements of Thrive Counseling Center (an Illinois nonprofit organization), which comprise the statements of financial position as of June 30, 2024, and 2023, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thrive Counseling Center as of June 30, 2024, and 2023, 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 audit 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* (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 Thrive Counseling Center 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. The financial statements for the year ended June 30, 2023 were not audited in accordance with *Government Auditing Standards*.

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 Thrive Counseling Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 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 Thrive Counseling Center'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 Thrive Counseling Center's ability to continue as a going concern for a reasonable period of time.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2025, on our consideration of Thrive Counseling Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Thrive Counseling Center's 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 Thrive Counseling Center's internal control over financial reporting and compliance.

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.

Oak Brook, Illinois
April 28, 2025

THRIVE COUNSELING CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 864,997	\$ 718,244
Cash and cash equivalents - endowment	173,603	173,603
Investments	-	302
Endowment investments	1,814,947	1,702,484
Accounts receivable, net	362,880	317,956
Grants receivable, net	356,527	88,601
Pledges receivable, net	54,075	24,185
Prepaid expenses	55,108	17,975
Property and equipment, net	571,230	333,603
Construction-in-progress	44,388	-
Right-of-use asset	27,311	34,592
Total Assets	\$ 4,325,066	\$ 3,411,545
LIABILITIES		
Accounts payable	\$ 77,460	\$ 105,577
Accrued expenses	185,252	142,843
Lease liability - financing	39,926	50,429
Total Liabilities	302,638	298,849
NET ASSETS		
Without donor restrictions		
Board designated for:		
Building improvements/long-term debt	137,270	137,270
Endowment	1,988,550	1,876,087
Undesignated	1,850,392	1,075,154
Total without donor restrictions	3,976,212	3,088,511
With donor restrictions	46,216	24,185
Total Net Assets	4,022,428	3,112,696
Total Liabilities and Net Assets	\$ 4,325,066	\$ 3,411,545

The accompanying notes are an integral part
of the financial statements.

THRIVE COUNSELING CENTER
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	Without donor restrictions		With donor restrictions	Total	Without donor restrictions		With donor restrictions	Total
	Endowment	Other			Endowment	Other		
REVENUES AND OTHER SUPPORT								
Contributions	\$ -	\$ 389,741	\$ 41,352	\$ 431,093	\$ -	\$ 401,654	\$ 16,775	\$ 418,429
Fees for services	-	2,768,284	-	2,768,284	-	1,974,828	-	1,974,828
Client fees	-	34,566	-	34,566	-	54,180	-	54,180
Grants	-	1,586,925	-	1,586,925	-	607,332	5,000	612,332
Investment return, net	193,050	17,331	-	210,381	137,599	(20,236)	-	117,363
Contributed nonfinancial assets	-	-	-	-	-	3,750	-	3,750
Special events, net	-	44,050	-	44,050	-	20,228	-	20,228
Other income	-	2,699	-	2,699	-	1,146	-	1,146
Transfer of assets	(80,587)	80,587	-	-	(80,715)	80,715	-	-
Loss on lease termination	-	-	-	-	-	(16,831)	-	(16,831)
Net assets released from donor restrictions	-	19,321	(19,321)	-	-	36,280	(36,280)	-
Total Revenues and Other Support	112,463	4,943,504	22,031	5,077,998	56,884	3,143,046	(14,505)	3,185,425
EXPENSES								
Program	-	3,081,672	-	3,081,672	-	2,024,607	-	2,024,607
Management and general	-	813,929	-	813,929	-	895,895	-	895,895
Fundraising	-	272,665	-	272,665	-	187,260	-	187,260
Total Expenses	-	4,168,266	-	4,168,266	-	3,107,762	-	3,107,762
CHANGE IN NET ASSETS	112,463	775,238	22,031	909,732	56,884	35,284	(14,505)	77,663
NET ASSETS -								
Beginning of year	1,876,087	1,212,424	24,185	3,112,696	1,819,203	1,177,140	38,690	3,035,033
End of year	\$ 1,988,550	\$ 1,987,662	\$ 46,216	\$ 4,022,428	\$ 1,876,087	\$ 1,212,424	\$ 24,185	\$ 3,112,696

The accompanying notes are an integral part
of the financial statements.

THRIVE COUNSELING CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	PROGRAM SERVICES					
	Adult	Youth	Psych	Crisis	Other Program Services	Total Program Services
Salaries	821,263	394,497	462,858	449,841	58,198	\$ 2,186,657
Payroll taxes	65,755	31,560	39,705	36,198	4,676	177,894
Employee benefits	93,428	49,372	31,069	49,145	13,498	236,512
Professional fees	5,189	2,875	1,489	20,664	540	30,757
Insurance	15,851	9,060	4,073	8,210	514	37,708
Utilities	8,941	4,980	2,207	3,988	318	20,434
Supplies	1,411	1,666	347	3,666	1,278	8,368
Maintenance	36,911	20,559	9,111	16,464	1,311	84,356
Leased equipment	5,303	2,954	1,309	2,365	188	12,119
Technology	72,119	41,900	19,194	46,519	3,480	183,212
Consulting	-	-	20,573	-	-	20,573
Public relations and marketing	-	-	4,132	240	4,294	8,666
Special events	-	-	-	-	-	-
Training and professional development	-	-	-	-	-	-
Transportation	9,152	2,884	270	3,996	5,341	21,643
Miscellaneous	-	-	-	-	-	-
Subtotal	6,709	2,223	1,574	8,119	4,599	23,224
	1,142,032	564,530	597,911	649,415	98,235	3,052,123
Depreciation	12,671	7,123	3,162	6,159	434	29,549
Total expenses	\$ 1,154,703	\$ 571,653	\$ 601,073	\$ 655,574	\$ 98,669	\$ 3,081,672

The accompanying notes are integral part of the financial statements

THRIVE COUNSELING CENTER

STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

YEAR ENDED JUNE 30, 2024

SUPPORT SERVICES

	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	511,490	156,371	\$ 667,861	\$ 2,854,518
Payroll taxes	38,744	12,088	50,832	228,726
Employee benefits	21,469	9,979	31,448	267,960
Professional fees	166,899	453	167,352	198,109
Insurance	11,039	1,722	12,761	50,469
Utilities	2,222	933	3,155	23,589
Supplies	239	183	422	8,790
Maintenance	9,168	3,853	13,021	97,377
Leased equipment	1,317	554	1,871	13,990
Technology	16,100	10,352	26,452	209,664
Consulting	5,000	43,965	48,965	69,538
Public relations and marketing	87	14,215	14,302	22,968
Special events		14,620	14,620	14,620
Training and professional development	-	-	-	
Transportation	2,193	235	2,428	24,071
Miscellaneous	3,285	4	3,289	3,289
	21,704	1,935	23,639	46,863
Subtotal	810,956	271,462	1,082,418	4,134,541
Depreciation	2,973	1,203	4,176	33,725
Total expenses	\$ 813,929	\$ 272,665	\$ 1,086,594	\$ 4,168,266

The accompanying notes are an integral part of the financial statements

THRIVE COUNSELING CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES					
	Adult	Youth	Psych	Crisis	Other Program Services	Total Program Services
Salaries	\$ 540,760	\$ 274,212	\$ 161,344	\$ 308,136	\$ 57,001	\$ 1,341,453
Payroll taxes	43,591	22,104	13,006	24,839	4,595	108,135
Employee benefits	56,730	28,429	12,860	28,521	4,828	131,368
Professional fees	-	-	-	6,200	-	6,200
Insurance	2,996	1,519	894	1,707	316	7,432
Utilities	6,162	2,465	1,643	3,697	411	14,378
Supplies	364	681	465	39	299	1,848
Maintenance	17,677	7,071	4,714	10,606	1,178	41,246
Leased equipment	4,492	1,797	1,198	2,695	299	10,481
Donated equipment	-	-	-	-	-	-
Technology	61,784	24,713	16,476	37,070	6,318	146,361
Consulting	-	-	163,324	-	-	163,324
Public relations and marketing	-	-	-	-	2,670	2,670
Special events	-	-	-	-	-	-
Training and professional development	1,646	1,751	888	5,465	3,110	12,860
Transportation	-	-	-	-	-	-
Miscellaneous	50	-	24,168	-	236	24,454
Subtotal	736,252	364,742	400,980	428,975	81,261	2,012,210
Depreciation	5,280	2,112	1,408	3,168	429	12,397
Total expenses	\$ 741,532	\$ 366,854	\$ 402,388	\$ 432,143	\$ 81,690	\$ 2,024,607

The accompanying notes are integral part of the financial statements

THRIVE COUNSELING CENTER

STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

YEAR ENDED JUNE 30, 2023

SUPPORT SERVICES

	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 533,950	\$ 82,235	\$ 616,185	\$ 1,957,638
Payroll taxes	43,043	6,629	49,672	157,807
Employee benefits	47,594	7,383	54,977	186,345
Professional fees	130,542	-	130,542	136,742
Insurance	31,472	456	31,928	39,360
Utilities	4,108	1,232	5,340	19,718
Supplies	2,467	49	2,516	4,364
Maintenance	11,067	3,535	14,602	55,848
Leased equipment	2,996	898	3,894	14,375
Donated equipment	3,750	-	3,750	3,750
Technology	30,196	10,796	40,992	187,353
Consulting	-	54,256	54,256	217,580
Public relations and marketing	3,278	10,593	13,871	16,541
Special events	-	6,787	6,787	6,787
Training and professional development	207	-	207	13,067
Transportation	128	3	131	131
Miscellaneous	24,179	1,582	25,761	50,215
Subtotal	868,977	186,434	1,055,411	3,067,621
Depreciation	26,918	826	27,744	40,141
Total expenses	\$ 895,895	\$ 187,260	\$ 1,083,155	\$ 3,107,762

The accompanying notes are an integral part of the financial statements

THRIVE COUNSELING CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 909,732	\$ 77,663
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	33,725	40,141
Amortization	7,281	1,991
Change in present value pledge discount	2,681	(995)
Change in allowance for credit losses	4,204	-
Loss on lease termination	-	16,831
Realized/unrealized gains on investments	(158,850)	(86,813)
(Increase) decrease in operating assets		
Accounts receivable	(49,128)	(198,729)
Grants receivable	(267,926)	(31,755)
Pledges receivable	(32,571)	10,000
Prepaid expenses	(37,133)	25,934
Increase in liabilities		
Accounts payable and accrued expenses	14,292	23,620
Net Cash Provided by (Used in) Operating Activities	426,307	(122,112)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(271,352)	-
Purchases of construction-in-progress	(44,388)	-
Sales and maturities of investments	46,689	557,159
Net Cash (Used in) Provided by Investing Activities	(269,051)	557,159
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on lease liability - financing lease	(10,503)	(1,195)
Net Cash Used in Financing Activities	(10,503)	(1,195)
NET INCREASE IN CASH AND CASH EQUIVALENTS	146,753	447,898
CASH AND CASH EQUIVALENTS -		
Beginning of year	891,847	443,949
End of year	\$ 1,038,600	\$ 891,847
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 2,260	\$ 727
Income taxes	\$ -	\$ -
NONCASH OPERATING AND FINANCING ACTIVITIES		
Adoption of ASU 842		
Right-of-use asset obtained in exchange for lease liability	\$ -	\$ 35,388

The accompanying notes are an integral part
of the financial statements.

THRIVE COUNSELING CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. NATURE OF ORGANIZATION

Thrive Counseling Center (the "Organization") was organized in 1898 to aid in promoting the mental health of families and individuals. The Organization primarily serves the communities of Oak Park, River Forest, Forest Park, and the Austin neighborhood of Chicago. The current mission of the Organization is to build healthy minds, families, and communities by empowering people to attain mental and emotional well-being. Hope, resilience, and recovery form the heart of their programs and services. The majority of the Organization's revenue is derived from program fees, grants, contributions, and investment income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accounts and financial statements are maintained on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other assets and liabilities.

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization has deposits at a financial institution which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable - Receivables are stated at the amount management expects to collect from outstanding balances. The Organization uses an aging analysis to estimate expected credit losses, with different loss rates applied to various aging buckets. The Organization's allowance for credit losses includes an allowance for self-pay patients, co-payments, and balances from private insurance companies.

Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Management has designated an allowance of \$13,887 and \$9,683 on accounts receivable as of June 30, 2024 and 2023, respectively.

Pledges Receivable - Unconditional promises to give made to the Organization are recorded in the year the pledge is made. Amounts that are expected to be collected after one year are discounted and reflected in the financial statements at their net present value. The discount to present value as of June 30, 2024 and 2023, was \$3,496 and \$815, respectively. An allowance for uncollectible promises to give is determined based on specific identification. There was no allowance considered necessary at June 30, 2024 and 2023.

THRIVE COUNSELING CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Pledges at June 30, 2024 are receivable as follows:

Year ended June 30, 2025	\$ 12,572
2026	15,000
2027	15,000
2028	15,000
Total promises to give	<u>57,572</u>
Less discounts to net present value at 4.35%	<u>(3,497)</u>
Net pledges at June 30, 2024	<u>\$ 54,075</u>

Property and Equipment - Building, furniture, and equipment in excess of \$5,000 are stated at cost or estimated fair value at date of receipt, if donated, and are depreciated over the estimated lives of the related assets using the straight-line method. The estimated useful lives range from 5 to 39 years.

Depreciation expense was \$33,725 and \$40,141 for the years ended June 30, 2024 and 2023, respectively.

Classification of Net Assets – The Organization follows generally accepted accounting principles (U.S. GAAP) specific to not-for-profit accounting. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The net assets of the Organization are reported in the two self-balancing groups as follows:

- Net Assets without Donor Restrictions: Net assets without donor restrictions are for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes which make them unavailable for use at management's discretion.
- Net Assets with Donor Restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition – The Organization records revenue according to the following accounting policies:

THRIVE COUNSELING CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Contributions and Grants: The Organization recognizes contributions and grants when cash, securities or other assets, or an unconditional promise to give (pledge) is received. The Organization considers a contribution conditional if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions received are recorded as without or with donor restrictions depending on the existence and/or nature of the restrictions.

Contributed Nonfinancial Assets - The Organization recognizes contributed services as revenue and related expense for specialized services provided that would typically need to be purchased. Contributions of assets other than cash are reported at their estimated fair value. Contributed income that must be used to acquire long-lived assets are recorded as contributions with donor restrictions and grants until the assets are acquired and placed in service.

Fees for Services and Client Fees: The Organization generally measures exchange revenue based on the amount of consideration the Organization expects to be entitled for the transfer services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance.

Net program service revenue consists of gross charges for mental health counseling services provided to clients less deductions for estimated provisions for contractual adjustments (on services provided to enrollees of Medicaid and other third-party payers, including private insurance), uninsured discounts, bad debts, and other administrative adjustments. Contractual adjustments arising from various reimbursements arrangements with third-party payers are accrued on an estimated basis in the period in which the services are rendered.

The Organization has agreements with third-party payers (principally Medicaid and commercial insurance carriers) that provide for payments to the Organization at amounts different from its established rates. A significant portion of the Organization's operating revenues is derived from these third-party payer programs. Medicaid rates are based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustment. The determination of these rates is partially based on the Organization's clinical assessment of its clients. Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation and change. Payment is

THRIVE COUNSELING CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

due after services are rendered. Billing of third-party payors occurs within one month of the service date and payment is generally collected within a thirty-to-ninety-day period.

Net patient service revenue is recognized as performance obligations are satisfied, at a point in time. The Organization has elected to use the portfolio approach practical expedient in Accounting Standards Codification (ASC) 606 for contracts related to net patient service revenue. The Organization accounts for the contracts within each portfolio as a collective group, rather than recognizing net patient service revenue on an individual contract basis.

Special Event Revenues: Special event revenues consist of both a contribution and exchange transaction. Any payments received in advance of the event are treated as a conditional contribution and unearned revenue and are recorded as deferred revenue when received. Both the contribution and exchange transaction are recognized as revenue when the underlying event occurs. Special event revenues are recorded net of direct expenses.

Special event revenue, net of direct expenses, consists of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Special event revenue	\$ 89,860	\$ 75,118
Special event expenses:		
Food and beverage	(25,020)	(30,469)
Auction item	(3,500)	(8,041)
Entertainment and related	(4,080)	(3,450)
Other	(13,210)	(12,930)
Special event revenue, net	<u>\$ 44,050</u>	<u>\$ 20,228</u>

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods and services for the years ending June 30:

	<u>2024</u>	<u>2023</u>
Revenue recognized at a point in time		
Fees for services	\$2,768,284	\$1,974,828
Client fees	34,566	54,180
Special event revenue	89,860	75,118
Total revenue recognized at a point in time	<u>\$2,892,710</u>	<u>\$2,104,126</u>

THRIVE COUNSELING CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

The beginning and ending contract balances were as follows:

	<u>June 30, 2024</u>	<u>July 1, 2023</u>
Accounts receivable	\$ 362,880	\$ 315,956
	<u>June 30, 2023</u>	<u>July 1, 2022</u>
Accounts receivable	\$ 315,956	\$ 117,227

Investment Income - Investment return, including realized and unrealized gains and (losses), is reflected in the Statements of Activities and changes in net assets as an increase (decrease) in net assets.

Use of Accounting 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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status - The Organization is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3). However, organizations which are exempt may be subject to unrelated business income taxes when an organization generates revenues from activities which are unrelated to the exempt purpose of the organization. Management believes the Organization has no unrelated business income for the years ended June 30, 2024 and 2023. The Organization's Forms 990, Return of Organization Exempt from Income Tax, is subject to examination by the IRS, generally for three years after it is filed.

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, with the exception of accounting, interest, contributed services, special events, and transportation costs, costs have been allocated among the programs and supporting services benefited based on estimates of time and effort.

Adopted Accounting Pronouncements – As of July 1, 2023, the Organization adopted a new accounting standard under U.S. GAAP that replaced the incurred loss model for measuring the allowance for credit losses with a new model that reflects current expected credit losses (CECL) that are expected to occur over the lifetime of the underlying accounts receivable. The CECL methodology is applicable to financial assets that the Organization measures at

THRIVE COUNSELING CENTER
NOTES TO THE FINANCIAL STATEMENTS
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amortized cost, including trade accounts receivable and contract assets. The Organization adopted the changes in accounting for credit losses using a modified retrospective method. There was no cumulative effect of initially applying the new standard, and there was no material impact to the financial statements due to the adoption of the standard.

Leases – The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the Statements of Financial Position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term at the commencement date.

Operating and financing lease ROU assets and operating and financing lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. As most leases do not provide an implicit rate, the Organization uses an incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The operating and financing lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Reclassification – Certain amounts as reported in the prior year financial statements have been reclassified to conform to the current year presentation.

Subsequent Events - The Organization has evaluated subsequent events through April 28, 2025 the date the financial statements were available to be issued.

3. CONTRIBUTED NONFINANCIAL ASSETS

No donated assets were received during the year ended June 30, 2024. During the year ended June 30, 2023, the Organization received donated computers valued at \$3,750. Management estimated the fair value on the basis of estimates of values that would be received for selling similar products in the United States. There are no associated donor restrictions associated with the contribution. These amounts are reflected in the Statements of Activities as nonfinancial contributed assets.

4. CONDITIONAL GRANTS RECEIVABLE

Conditional promises to give or grants are recognized when the conditions on which they depend are substantially met, generally, when expenditures are incurred. The Organization has conditional grants to be recognized during future periods as qualified expenditures of approximately \$754,000.

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5. ENDOWMENTS

The Organization has established an endowment fund with the Oak Park River Forest Community Foundation to ensure the long-term financial stability of the agency and of various other programs that it provides. Its endowment includes funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies: The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4.25%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Organization has a policy of appropriating for distribution each year 4.25% of its endowment fund's average fair value of the prior 12 quarters through the calendar

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year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3% annually, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

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 Board of Trustees of the Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

The amounts distributed were \$80,587 and \$80,715 for the years ended June 30, 2024 and 2023, respectively.

The endowment fund is managed by an external investment manager that provides investment advisory and administrative services to the Oak Park River Forest Community Foundation.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value 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.

6. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Organization considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

Generally accepted accounting principles also establish a fair value hierarchy that requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Topic 820 establishes three levels of inputs that may be used to measure fair value:

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- Level 1 quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or dissimilar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities ; or
- Level 3 unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The tables summarize the classification of these investments by classification and method of valuation in accordance with the requirements of Topic 820 at:

June 30, 2024	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income	\$ 598,933	\$ -	\$ -	\$ 598,933
Real estate	90,747	-	-	90,747
Equity	1,107,118	-	-	1,107,118
	<u>\$1,796,798</u>	<u>\$ -</u>	<u>\$ -</u>	1,796,798
Cash held in long-term investments accounts				<u>18,149</u>
Total investments and endowment investments				<u>\$1,814,947</u>

June 30, 2023	Fair Value Measurements Using Input Type			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income	\$ 474,947	\$ -	\$ -	\$ 474,947
Real estate	78,929	-	-	78,929
Equity	1,117,304	-	-	1,117,304
	<u>\$1,671,180</u>	<u>\$ -</u>	<u>\$ -</u>	1,671,180
Cash held in long-term investments accounts				<u>31,606</u>
Total investments and endowment investments				<u>\$1,702,786</u>

The Organization's valuation methodology used to measure the fair values of mutual funds considered to be level 1 investments were derived from quoted market prices as all of these instruments have active markets.

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Investment return (including interest earned on savings accounts outside of the endowment), net of investment management fees, consists of the following components for the years ended June 30:

	2024	2023
Interest and dividends	\$ 65,655	\$ 45,966
Realized and unrealized gains	158,850	86,813
Investment management fees	(14,125)	(15,417)
	<u>\$ 210,381</u>	<u>\$ 117,363</u>

7. PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows, at June 30:

	2024	2023
Land	\$ 100,000	\$ 100,000
Building and improvements	2,640,487	2,533,693
Software	34,650	34,650
Equipment	180,794	34,334
Office furniture and fixtures	319,033	300,934
Total cost	3,274,964	3,003,611
Less accumulated depreciation	2,703,734	2,670,008
Total	<u>\$ 571,230</u>	<u>\$ 333,603</u>

8. RETIREMENT PLAN

The Organization sponsors a defined contribution plan under Internal Revenue Code Section 401(k). Employees that completed twelve consecutive months of service and worked at least 1,000 hours for the employer are eligible for the plan. The Organization matches 100% of employees' contributions, up to 3% of the employee's salary. Employer contributions totaled \$37,500 and \$22,388 for the years ended June 30, 2024 and 2023.

9. LEASES

The Organization signed a new lease on March 27, 2023 for copier equipment under a five-year lease expiring on February 27, 2028. The lessor paid the Organization \$16,831 as a lease incentive to offset the loss incurred for terminating the preexisting lease.

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The monthly rent is recorded on a straight-line basis over the term of the lease. The financing lease is included in the Statement of Financial Position at the present value of the lease payments at a 5% discount rate. The discount rate was considered to be an estimate of the Organization's incremental borrowing rate. The lease has a renewal option. The renewal option has not been included in the measurement of the lease liability. As of June 30, 2024, the weighted-average remaining lease term for the Organization's financing leases was approximately 4 years.

Future minimum annual lease commitments are as follows, as of June 30:

2025	\$ 11,940
2026	11,940
2027	11,940
2028	7,960
Total undiscounted cash flows	43,780
Less: present value discount	(3,854)
Total lease liabilities	<u>\$ 39,926</u>

Finance lease costs:	<u>2024</u>	<u>2023</u>
Amortization of lease assets included in management and general expenses	\$ 7,281	\$ 1,991
Interest on lease liabilities included in management and general expenses	2,260	859
Total finance lease costs	<u>\$ 9,541</u>	<u>\$ 2,850</u>

On November 1, 2024, the Organization entered into an operating lease for office space. The lease expires October 31, 2027. The monthly lease payments are initially \$6,835 per month with annual rent increases of 4%.

Future minimum annual lease commitments are as follows, as of June 30:

2025	\$ 51,080
2026	78,663
2027	81,810
2028	27,624
	<u>\$ 239,177</u>

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10. CONCENTRATIONS

The accounts receivable balance is made up entirely of third-party payers for the years ended June 30, 2024 and 2023. Approximately 91% of the Organization's grants and pledge receivable balances for the year ended June 30, 2024 consist of amounts due from three funders. Approximately 94% of the Organization's grants and pledge receivable balances for the year ended June 30, 2023 consist of amounts due from four funders.

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following amounts, restricted for the following purpose, as of June 30:

	<u>2024</u>	<u>2023</u>
Teen suicide prevention	\$ 46,216	\$ 24,185
Total	<u>\$ 46,216</u>	<u>\$ 24,185</u>

12. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The organization has various sources of liquidity at its disposal.

For purposes of analyzing resources available to meet general expenditures over the next 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The Organization's financial assets available for general expenditure within one year of the statement of financial position dates are as follows:

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	2024	2023
Cash and cash equivalents	\$ 864,997	\$ 718,244
Cash and cash equivalents - endowment	173,603	173,603
Investments	-	302
Endowment investments	1,814,947	1,702,484
Current pledges	15,000	10,000
Accounts and grants receivable, net	<u>719,407</u>	<u>406,557</u>
 Total financial assets available within one year	 <u>3,587,954</u>	 <u>3,011,190</u>
 Less: Net assets designated by the Board for:		
Building improvements/long-term debt	(137,270)	(137,270)
Endowment	<u>(1,988,550)</u>	<u>(1,876,087)</u>
 Total financial assets available to management for general expenditure within one year	 <u>\$ 1,462,134</u>	 <u>\$ 997,833</u>