FAMILY RESOURCE CENTER
d/b/a ADOPTION CENTER OF ILLINOIS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Family Resource Center
d/b/a Adoption Center of Illinois
Chicago, Illinois

We have audited the accompanying financial statements of FAMILY RESOURCE CENTER d/b/a ADOPTION CENTER OF ILLINOIS (an Illinois nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Emphasis of Matter

As discussed in Note 1 to the financial statements, effective October 1, 2020 FAMILY RESOURCE CENTER d/b/a ADOPTION CENTER OF ILLINOIS adopted the new accounting guidance in Accounting Standards Update (ASU) No. 2014-09 (Topic 606): *Revenue from Contracts with Customers* as required by accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FAMILY RESOURCE CENTER d/b/a ADOPTION CENTER OF ILLINOIS as of September 30, 2021 and 2020, 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.

Warady & Davis LLP

January 28, 2022

STATEMENTS OF FINANCIAL POSITION

As of September 30	**2021**	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 1,454,316**	$ 1,062,791
Accounts Receivable	**10,933**	2,900
Prepaid Expenses	**39,440**	44,654
Total Current Assets	**1,504,689**	1,110,345
PROPERTY AND EQUIPMENT, NET	**476,186**	448,630
INTANGIBLE ASSETS, NET	**28,212**	36,272
	$ 2,009,087	$ 1,595,247
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Obligation Under Capital Lease	**$ 349**	$ 4,113
Accounts Payable	**23,484**	9,826
Accrued Payroll and Benefits	**60,548**	35,569
Accrued Vacation	**14,582**	19,178
Accrued Pension Expense	**16,096**	17,213
Other Accrued Expenses	**27,524**	15,099
Deferred Revenue	**143,458**	110,225
Payroll Protection Program Loan	**130,000**	128,087
Total Current Liabilities	**416,041**	339,310
LONG-TERM LIABILITIES		
Obligation Under Capital Lease, net of Current Portion	—	349
Total Liabilities	**416,041**	339,659
NET ASSETS		
Without Donor Restriction	**1,591,515**	1,254,057
With Donor Restriction - Time and Purpose	**1,531**	1,531
Total Net Assets	**1,593,046**	1,255,588
	$ 2,009,087	$ 1,595,247

See accompanying notes.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended September 30	**2021**			2020		
	Without Donor Restriction	**With Donor Restriction - Time and Purpose**	**Total**	Without Donor Restriction	With Donor Restriction - Time and Purpose	Total
REVENUES						
Public Support						
Contributions and Grants						
Adoptive Parents and Others	**$ 93,965**	**$**	**$ 93,965**	$ 98,479	$	$ 98,479
Donated Goods and Services	**4,125**		**4,125**	2,450		2,450
Special Event						
Fund Raising Events	**179,417**		**179,417**	257,315		257,315
Less: Event Expenses	**(14,348)**		**(14,348)**	(68,825)		(68,825)
Net Fund Raising	**165,069**		**165,069**	188,490		188,490
Total Public Support	**263,159**		**263,159**	289,419		289,419
Program Revenue						
Adoption Fees	**1,194,755**		**1,194,755**	950,306		950,306
Other Revenues, net						
Interest and Dividends	**138**		**138**	3,678		3,678
Loss on Disposition of Property and Equipment	**(984)**		**(984)**	(458)		(458)
Miscellaneous Income	**115**		**115**	50		50
Payroll Protection Program Loan Forgiveness		**128,087**	**128,087**			—
Rental Income						
Revenue	**50,400**		**50,400**	51,420		51,420
Less: Rental Expenses	**(44,462)**		**(44,462)**	(52,476)		(52,476)
Net Rental Income (Loss)	**5,938**		**5,938**	(1,056)		(1,056)
Total Other Revenues, net	**5,207**	**128,087**	**133,294**	2,214		2,214
Net Assets Released from Restriction	**128,087**	**(128,087)**	**—**	271	(271)	—
Total Revenue and Other Support	**1,591,208**	**—**	**1,591,208**	1,242,210	(271)	1,241,939
EXPENSES						
Program Services						
Adoption Services	**751,612**		**751,612**	702,397		702,397
Supporting Services						
Management and General	**404,534**		**404,534**	328,516		328,516
Fundraising	**97,604**		**97,604**	125,853		125,853
Total Supporting Services	**502,138**		**502,138**	454,369		454,369
Total Expenses	**1,253,750**		**1,253,750**	1,156,766		1,156,766
CHANGE IN NET ASSETS	**337,458**		**337,458**	85,444	(271)	85,173
Net Assets, Beginning	**1,254,057**	**1,531**	**1,255,588**	1,168,613	1,802	1,170,415
NET ASSETS, ENDING	**$ 1,591,515**	**$ 1,531**	**$ 1,593,046**	$ 1,254,057	$ 1,531	$ 1,255,588

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended September 30	2021						2020					
	Adoption Services	**Management and General**	**Fundraising**	**Special Event Expenses**	**Rental Activities**	**Total**	Adoption Services	Management and General	Fundraising	Special Event Expenses	Rental Activities	Total
Payroll	**$ 401,525**	**$ 272,823**	**$ 50,519**	**$ —**	**$ 7,798**	**$ 732,665**	$ 401,555	$ 203,207	$ 71,195	$ —	$ 6,198	$ 682,155
Fringe Benefits and Payroll Taxes	**86,352**	**58,673**	**10,865**	—	—	**155,890**	93,225	47,177	16,529	—	—	156,931
Medical, Prenatal and Other Living Expenses	**22,569**	—	—	—	—	**22,569**	10,747	—	55	—	—	10,802
Occupancy	**10,710**	**2,299**	**2,037**	—	—	**15,046**	23,540	5,053	4,478	—	—	33,071
Insurance	**13,537**	**5,927**	**2,575**	—	**2,240**	**24,279**	13,854	5,979	2,635	—	2,240	24,708
Telephone	**6,023**	**1,045**	**926**	—	—	**7,994**	7,158	1,002	888	—	—	9,048
Supplies	**3,448**	**279**	**248**	**250**	—	**4,225**	4,423	739	655	6,914	—	12,731
Distribution	**1,385**	**173**	**153**	—	—	**1,711**	1,599	113	100	—	—	1,812
Travel and Housing	**9,602**	—	**10**	—	—	**9,612**	13,880	132	117	—	—	14,129
Equipment Rental, Repairs and Maintenance	**416**	**89**	**79**	—	**3,047**	**3,631**	314	67	60	—	14,775	15,216
Professional Service Fees	**50,859**	**45,216**	**11,625**	—	—	**107,700**	38,896	46,792	11,690	—	—	97,378
Event Entertainment	—	—	—	**2,452**	—	**2,452**	—	—	—	3,485	—	3,485
Education and Research	**1,163**	**221**	**196**	—	—	**1,580**	4,620	872	773	—	—	6,265
Humanitarian Aid and Special Assistance	**12,000**	—	—	—	—	**12,000**	—	—	—	—	—	—
Meeting Expense	**7,677**	**118**	**104**	—	—	**7,899**	6,733	274	—	—	—	7,007
Communications	**84,873**	**5,930**	**11,256**	**5,262**	—	**107,321**	51,049	3,731	9,966	—	—	64,746
Real Estate Taxes	—	—	—	—	**14,686**	**14,686**	—	—	—	—	13,245	13,245
Contractual Services	**7,385**	—	**946**	—	—	**8,331**	6,230	—	—	—	—	6,230
Depreciation and Amortization	**24,814**	**5,325**	**4,721**	—	**10,602**	**45,462**	20,677	4,438	3,933	—	9,612	38,660
Credit Card and Banking Fees	—	**5,947**	**931**	—	—	**6,878**	—	8,538	1,337	—	—	9,875
Interest	**81**	**17**	**15**	—	—	**113**	159	34	30	—	—	223
Utilities	—	—	—	—	**6,089**	**6,089**	—	—	—	—	6,406	6,406
Venue and Catering	—	—	—	**4,111**	—	**4,111**	—	—	—	55,172	—	55,172
Miscellaneous	**7,193**	**452**	**398**	**2,273**	—	**10,316**	3,738	368	1,412	3,254	—	8,772
Less Expenses Netted with Revenues on Statement of Activities	—	—	—	**(14,348)**	**(44,462)**	**(58,810)**	—	—	—	(68,825)	(52,476)	(121,301)
TOTALS	**$ 751,612**	**$ 404,534**	**$ 97,604**	**$ —**	**$ —**	**$1,253,750**	$ 702,397	$ 328,516	$ 125,853	$ —	$ —	$ 1,156,766

STATEMENTS OF CASH FLOWS

For the Years Ended September 30	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	**$ 337,458**	$ 85,173
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	**37,402**	34,630
Amortization of Intangible Assets	**8,060**	4,030
Loss on Disposition of Property and Equipment	**984**	458
Donated Stock	**(8,107)**	(3,959)
Proceeds from Sale of Donated Stock	**8,107**	3,959
Forgiveness of Payroll Protection Program Loan	**(128,087)**	—
(Increase) Decrease in Receivables	**(8,033)**	6,314
Decrease in Prepaid Expenses	**5,214**	5,612
Increase (Decrease) in Accounts Payable	**13,658**	(34,981)
Increase (Decrease) in Accrued Expenses	**31,691**	(6,626)
Increase in Deferred Revenue	**33,233**	57,400
Total Adjustments	**(5,878)**	66,837
Net Cash Provided by Operating Activities	**331,580**	152,010
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	**(65,942)**	(43,040)
Website Design and Rebranding Costs	**—**	(40,302)
Net Cash Used by Investing Activities	**(65,942)**	(83,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Obligation Under Capital Lease	**(4,113)**	(3,977)
Proceeds from Payroll Protection Program Loan	**130,000**	128,087
Net Cash Provided by Financing Activities	**125,887**	124,110
NET INCREASE IN CASH AND CASH EQUIVALENTS	**391,525**	192,778
Cash and Cash Equivalents, Beginning	**1,062,791**	870,013
CASH AND CASH EQUIVALENTS, ENDING	**$ 1,454,316**	$ 1,062,791
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	**$ —**	$ 223
Noncash Activities		
Donated Goods and Services	**$ 4,125**	$ 2,450
Donated Services Included in Special Event	**$ —**	$ 595

See accompanying notes.

ORGANIZATION ACTIVITIES

Family Resource Center ("FRC") d/b/a Adoption Center of Illinois ("ACI") was founded in 1987 as a not-for-profit organization. FRC is a licensed child welfare agency in Illinois committed to facilitating and improving the adoptive and foster care process by providing traditional adoption and foster care services. FRC is a Hague accredited Adoption Service Provider by the Council on Accreditation. As a Hague Outgoing case provider, FRC is approved to place children with Non-U.S. resident adoptive families. In addition, FRC was approved by the China Center of Child Welfare and Adoption to place Chinese orphans with qualified individuals and couples. The program was discontinued in December 2019. During the year ended September 30, 2020, one donor contributed 19.02% of total revenue and other support. There was no such concentration during the year ended September 30, 2021.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements of FRC. The financial statements and notes are representations of management which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

FINANCIAL STATEMENT PRESENTATION

In preparation of the financial statements, FRC has followed the provisions of the Financial Accounting Standards Board (FASB) Codification topic related to financial statements of not-for-profit organizations. Under the standards, FRC is required to report information regarding its financial position and activities into two classes of net assets: without donor restriction and with donor restriction.

Without donor restriction – Net assets that are not restricted by donors, or for which donor-imposed restrictions have expired. Net assets without donor restriction may be designated for specific purposes by action of the Board of Directors.

With donor restriction – Net assets are subject to donor-imposed stipulations that may or will be met either by actions of the organization (purpose restrictions) and/or the passage of time (time restrictions). As the restrictions are satisfied, net assets with donor restriction are reclassified to net assets without donor restriction and are reported in the accompanying financial statements as net assets released from restriction.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECEIVABLES

Receivables consist primarily of adoption fees and are reported at net realizable value, which is the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history of individuals having outstanding balances and taking into consideration the age of past due accounts, an assessment of the ability to pay, as well as current relationships, management considers receivables to be fully collectible at September 30, 2021 and 2020. Accordingly, no allowances for doubtful accounts are required. Individual accounts are written off when collection appears doubtful.

PROPERTY AND EQUIPMENT

Property and equipment purchases of $1,000 or more are recorded at cost and depreciated over their estimated useful lives on a straight-line basis. The Organization increased the threshold from $500 in the prior year. Major renewals and betterments, which extend the useful life of an asset, are capitalized while routine maintenance and repairs are expensed as incurred. The estimated useful lives for determining depreciation of the various classes of assets are as follows:

Asset	Useful Life
Building and Building Improvements	10 – 30 years
Equipment	5 – 12 years
Furniture and Fixtures	5 – 7 years

INTANGIBLE ASSETS

Intangible assets with a finite life are amortized. The useful life of an intangible asset to the Organization is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Organization. The Organization’s intangible assets have an estimated useful life of two to three years and are amortized using the straight-line method of amortization.

DONATED GOODS AND SERVICES

Donated goods are recorded as public support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. There were no donated goods in 2021 or 2020.

Donations of services are recorded if they create or enhance a non-financial asset or they require specialized skills which would be purchased if they were not donated. During 2021 and 2020, the Organization received donated professional services valued at $4,125 and $2,450, respectively. These amounts were included in donated goods and services revenue and in professional services expense in the statements of functional expenses. Donated services reported as special event revenue and expense in the statements of activities totaled $-0- for 2021 and $595 for 2020.

Additionally, a substantial number of unpaid volunteers and members of the Board of Directors and Committees of FRC have made significant contributions of their time. The value of these services is not reflected in these financial statements since they do not meet the criteria for recognition under the FASB Codification topic related to contributions made and received.

PUBLIC SUPPORT

Public support consists primarily of amounts received from donors.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses are charged directly to programs or supporting service categories based upon specific identification where possible. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management. These allocation methods include allocation of personnel and any other costs deemed to be related to time and efforts expended by employees on the different functional categories and allocation of occupancy and related costs using space utilization percentages occupied by the various functions. These costs include, among others, salaries and related taxes and fringe benefits, insurance, occupancy costs, telephone, supplies and professional fees.

ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 *(Topic 606)*: *Revenue from Contracts with Customers,* which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance was to be effective for FRC's year ending September 30, 2020 but was delayed as a result of the COVID-19 pandemic. FRC's management adopted the ASU effective October 1, 2020 using the modified retrospective application method.

The Organization applied the new guidance using the following practical expedients which are provided in Topic 606: completed contracts that began and ended in the same year were not restated; the actual, rather than estimated, consideration was used to determine the transaction price; and the amount of the transaction price allocated to the remaining performance obligations and details of when FRC expects to recognize that amount as revenue for the year ended September 30, 2022 was not disclosed. The effects of applying these expedients were not significant to the financial statements, therefore FRC determined that there was no material cumulative effect of applying the new standard to the opening balance of net assets without donor restrictions.

FRC offers adoption services for a fee in several distinct programs - traditional adoption, domestic home study, international home study, primary provider and agency assisted programs. FRC recognizes the revenue from each of these programs in phases based on its performance obligations under each phase. FRC bills separately for each phase in the adoption process and payments from the adoptive parents are not due until their case advances to the next phase in their respective adoption program.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTING PRONOUNCEMENTS (Continued)

The Phase I revenue in the traditional adoption, domestic home study, international home study and agency assisted programs is allocated based on the stand-alone prices of the performance obligations. The portion of the Phase I contract price allocated to the initial application interview, training and orientation is recognized at a point in time when the performance obligations are satisfied, which typically occurs within two weeks after receipt of payment. The remaining portion of the Phase I contract price is allocated to the performance of a home study and that revenue is deferred until the point in time when the study is completed. The timing of completion of that performance obligation and its revenue recognition varies by contract and is dependent upon the potential adoptive family's schedule.

Phase I in the primary provider program has one performance obligation – the assessment of the viability of a possible adoptive placement. Completion of this obligation requires review of drafts of home studies performed by other agencies, review of documentation related to a potential adoption or finalized adoption, communication with other adoption service providers and ultimately, determination of the viability of a possible adoptive placement. In this program, the payment is made upon completion of that determination, and therefore the revenue is also recognized at that point in time.

The performance obligation in Phase II of the traditional adoption and the agency assisted program' is to facilitate the creation of adoptive family profiles and upload them to FRC's website. FRC recognizes the revenue at the time the profiles are posted.

The performance obligation in Phase II of the primary provider program relates primarily to assistance with completion of certain immigration forms. The revenue is recognized at the point in time FRC has substantially completed its performance obligation and delivered drafts of the forms to the adoptive parents, which is typically done within three weeks after payment is received.

The Phase III contract price in the traditional adoption and the agency assisted program is allocated based on relative effort in fulfilling the two performance obligations. Payment for a contract in this phase is due within a week after placement of a child in adoption. Eighty percent of the contract price is allocated to the actual placement at which point the related revenue is recognized. The remaining twenty percent of the Phase III revenue is allocated to the performance obligation of post-placement visits and continuous support until the adoption is finalized, which takes approximately six months. The revenue from the contract price allocated to the post-placement performance obligation is recognized ratably over the period between placement and final adoption.

With the exception of Phase III contracts, once FRC has completed its performance obligations under a contract, refunds are not typically issued. In Phase III contracts however, in the rare event that the adoptive placement of a child is reversed prior to the finalization of the adoption due to a successful legal challenge brought by a biological parent, a full refund of the Phase III placement fee is issued and any previously recognized revenue is reversed at that time.

For the year ended September 30, 2021, program service adoption fees recognized at a point in time was $1,157,888 and revenue recognized over time was $36,867.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTING PRONOUNCEMENTS (Continued)

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases,* which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending September 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The lease standard is expected to increase assets and lease liabilities upon adoption and there is not expected to be a significant impact on expenses or cash flows.

NOTE 2—LIQUIDITY AND AVAILABILITY OF RESOURCES

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, are comprised of the following at September 30:

	2021	2020
Cash and Cash Equivalents	**$ 1,454,316**	$ 1,062,791
Receivables	**10,933**	2,900
Less: Donor Restricted Net Assets	**(1,531)**	(1,531)
	$ 1,463,718	$ 1,064,160

As part of its liquidity management plan, the Organization maintains sufficient cash to meet current operating needs. As indicated in the above chart, the Organization has sufficient liquid assets to meet at least one year of expenses. Additionally, the Organization maintains a $400,000 line of credit that can be drawn upon should the need arise.

NOTE 3—CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at local financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization periodically has deposits in excess of federally insured limits. The Organization has not experienced any losses and management believes it is not exposed to any significant credit risk on cash.

Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because a significant portion of the outstanding amounts are due from program participants supportive of FRC's mission.

NOTE 4—PROPERTY AND EQUIPMENT

	2021	2020
Land	$ 125,000	$ 125,000
Building and Building Improvements	816,983	757,858
Equipment	84,747	81,205
Furniture and Fixtures	74,196	74,196
	1,100,926	1,038,259
Less Accumulated Depreciation and Amortization	624,740	589,629
	$ 476,186	$ 448,630
Depreciation and Amortization Expense	$ 37,402	$ 34,630
Depreciation Expense allocated to Rental Expenses (included above)	$ 10,602	$ 9,612

Property and Equipment under Capitalized Lease (included in the above):

	2021	2020
Cost	$ 19,008	$ 19,008
Less Accumulated Amortization	17,107	13,306
	$ 1,901	$ 5,702
Amortization Expense	$ 3,801	$ 3,802

NOTE 5—INTANGIBLE ASSETS

	2021	2020
Website Design	$ 40,302	$ 40,302
Less Accumulated Amortization	12,090	4,030
	$ 28,212	$ 36,272
Amortization Expense	$ 8,060	$ 4,030

Amortization expense over the next three years will be $8,060 for the years ending September 30, 2022 through 2024 and $4,032 for the year ending September 30, 2025.

NOTE 6—LINE OF CREDIT

The Organization obtained a $400,000 bank line of credit, secured by the assets of the Organization, on March 12, 2020. The line of credit bears interest at 1.00% over prime (3.25% at September 30, 2021). As of September 30, 2021 and 2020, $-0- was outstanding under the line of credit. There were no borrowings on the line in 2021 or 2020. The line matures on March 12, 2025 and any outstanding balance converts to a term loan at that time.

NOTE 7—PAYROLL PROTECTION PROGRAM LOAN

On April 7, 2020, FRC applied for and was awarded a Payroll Protection Program (PPP) loan from the U.S. Small Business Administration (SBA) of $128,087. The loan accrues interest at a fixed rate of 0.98% per annum. All payments of principal and interest are deferred for ten months after the end of the borrower's loan forgiveness covered period. The loan matures on April 7, 2022. FRC is eligible for loan forgiveness up to 100% of the loan, upon meeting certain requirements to the extent of applicable payroll and other covered costs. The amount of loan forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the PPP, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan is uncollateralized and is fully guaranteed by the Federal government. FRC applied for and was granted full forgiveness of the entire loan amount plus accrued interest on April 6, 2021.

On February 23, 2021, FRC applied for and was approved for a second installment of a Payroll Protection Program (PPP) loan from the U.S. Small Business Administration (SBA) of an additional $130,000. The loan has similar terms as the first installment and interest will accrue at 1%. FRC could become eligible for up to 100% forgiveness of the loan amount plus accrued interest and any amount of principal and interest not forgiven by the SBA would mature on February 23, 2026. FRC applied for forgiveness subsequent to year-end and the loan was forgiven on November 22, 2021

NOTE 8—CAPITAL LEASE

The assets under capital lease were recorded at the present value of the minimum lease payments at the inception of the lease.

The following is a schedule as of September 30, 2021 of the future minimum lease payments under the capital lease, by years, and the present value of those payments:

Total Lease Payments	$ 350
Less Amounts Representing Interest	1
Present Value of Net Minimum Lease Payments	349
Current Maturities	349
Long-Term Obligation	$ -

NOTE 8—CAPITAL LEASE (Continued)

Future minimum lease payments due under the leases are:

Year Ending September 30		
2022	$	350
Amount Representing Interest		(1)
Present Value of Net Minimum Lease Payments	$	349

Interest expense on the capital lease obligation was $113 and $223 for the years ended September 30, 2021 and 2020, respectively.

When the lease expires the Organization intends to purchase the asset.

NOTE 9—RETIREMENT PLANS

FRC has adopted a qualified defined contribution retirement plan covering substantially all employees who meet certain eligibility requirements. Effective July 1, 2003, FRC amended the retirement plan and established a salary deferral plan under Section 401(k) of the Internal Revenue Code. FRC, at its option, may elect to match a portion of the employees' contributions. The plan year was changed to a calendar year commencing January, 2008.

For 2021 and 2020, FRC elected to make a fully-vested safe harbor matching contribution equal to 100% of employee's 401(k) contributions that does not exceed 3% of wages and 50% of contributions between 3% and 5% of wages. The maximum employer contribution for any employee is 4% of wages. The match totaled $18,341 for 2021 and $22,142 for 2020. The plan also provides a profit-sharing component where FRC can make a discretionary contribution to the plan, which is allocated based on the compensation of eligible employees. FRC did not make a discretionary contribution to the plan in 2021 or 2020.

NOTE 10—RENTAL INCOME

During the years ended September 30, 2021 and 2020, FRC leased four apartments to individuals. All four agreements are month-to-month and can be terminated at any time. The agreements require monthly lease payments ranging from $840 to $1,500. Rental income was $50,400 for the year ended September 30, 2021 and $51,420 for the year ended September 30, 2020.

NOTE 11—NET ASSETS WITH DONOR RESTRICTIONS

During 2021, $128,087 of PPP loan funds received in 2020 were recorded as revenue with donor restrictions and were released from restriction as the conditions were satisfied.

During 2020, $-0- of funds with donor restrictions for specific purposes were received and $271 of funds were expended and released from restriction.

NOTE 11—NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions at September 30 are as follows:

	2021	2020
China Program	$ **100**	$ 100
Donor Event	**1,431**	1,431
	$ **1,531**	$ 1,531

NOTE 12—TAX-EXEMPT STATUS

The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is similarly classified by the State of Illinois. Certain activities not directly related to the Organization's tax-exempt purpose could be subject to taxation as unrelated business income, however, a provision for unrelated business income tax was not required.

The Organization follows the guidance in the FASB Codification topic related to uncertainty in income taxes which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Organization has taken or expects to take in its tax returns. Under the guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. The Organization believes that it has appropriate support for the positions taken on its returns.

NOTE 13—RELATED PARTIES

During the years ended September 30, 2021 and 2020, board members and members of their families contributed $61,156 and $45,768 respectively.

NOTE 14—SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 28, 2022, the date through which the financial statements were available for issue. Except for the forgiveness of the second draw PPP loan, there were no other subsequent events which would require disclosure.