

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

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

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, 2025 and 2024, and the related statements of activities and change in net assets, 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 FAMILY RESOURCE CENTER d/b/a ADOPTION CENTER OF ILLINOIS as of September 30, 2025 and 2024, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 FAMILY RESOURCE CENTER d/b/a ADOPTION CENTER OF ILLINOIS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the 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 FAMILY RESOURCE CENTER d/b/a ADOPTION CENTER OF ILLINOIS' 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, including omissions, 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 FAMILY RESOURCE CENTER d/b/a ADOPTION CENTER OF ILLINOIS' 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 FAMILY RESOURCE CENTER d/b/a ADOPTION CENTER OF ILLINOIS' 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Warady & Davis LLP

March 5, 2026

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

STATEMENTS OF FINANCIAL POSITION

| As of September 30                              | 2025         | 2024         |
|---|--------------|--------------|
| <b>ASSETS</b>                                   |              |              |
| <b>CURRENT ASSETS</b>                           |              |              |
| Cash and Cash Equivalents                       | \$ 848,194   | \$ 846,247   |
| Investments                                     | 474,373      | 440,811      |
| Inventory                                       | 1,049        | —            |
| Accounts Receivable, net of Allowances of \$-0- | 6,510        | 30,583       |
| Prepaid Expenses                                | 131,821      | 127,199      |
| Total Current Assets                            | 1,461,947    | 1,444,840    |
| PROPERTY AND EQUIPMENT, NET                     | 429,580      | 470,142      |
| RENTAL PROPERTY RESERVES                        | 2,000        | 2,000        |
| INTANGIBLE ASSETS, NET                          | 3,601        | 6,001        |
|   | \$ 1,897,128 | \$ 1,922,983 |
| <b>LIABILITIES AND NET ASSETS</b>               |              |              |
| <b>CURRENT LIABILITIES</b>                      |              |              |
| Accounts Payable                                | \$ 12,986    | \$ 22,977    |
| Accrued Payroll and Benefits                    | 27,924       | 32,248       |
| Other Accrued Expenses                          | 49,401       | 34,061       |
| Deferred Revenue                                | 107,637      | 109,852      |
| Total Current Liabilities                       | 197,948      | 199,138      |
| <b>NET ASSETS</b>                               |              |              |
| Without Donor Restriction                       | 1,688,703    | 1,710,043    |
| With Donor Restriction - Time and Purpose       | 10,477       | 13,802       |
| Total Net Assets                                | 1,699,180    | 1,723,845    |
|   | \$ 1,897,128 | \$ 1,922,983 |

## STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

For the Years Ended September 30

2025

2024

|   | Without Donor<br>Restriction | With Donor<br>Restriction -<br>Time and Purpose | Total               | Without Donor<br>Restriction | With Donor<br>Restriction -<br>Time and Purpose | Total               |
|---|------------------------------|---|---------------------|------------------------------|---|---------------------|
| <b>REVENUES</b>                               |                              |   |                     |                              |   |                     |
| Public Support                                |                              |   |                     |                              |   |                     |
| Contributions and Grants                      |                              |   |                     |                              |   |                     |
| Adoptive Parents and Others                   | \$ 143,306                   | \$ 40,000                                       | \$ 183,306          | \$ 183,712                   | \$ 30,000                                       | \$ 213,712          |
| Donated Goods and Services                    | 45,246                       |   | 45,246              | 54,855                       |   | 54,855              |
| Special Events                                |                              |   |                     |                              |   |                     |
| Fund Raising Events                           | 242,241                      |   | 242,241             | 211,184                      |   | 211,184             |
| Less: Event Expenses                          | (93,910)                     |   | (93,910)            | (76,074)                     |   | (76,074)            |
| Net Fund Raising                              | 148,331                      |   | 148,331             | 135,110                      |   | 135,110             |
| Total Public Support                          | 336,883                      | 40,000  | 376,883             | 373,677                      | 30,000  | 403,677             |
| Program Revenue                               |                              |   |                     |                              |   |                     |
| Adoption Fees and Therapeutic Service Revenue | 956,882                      |   | 956,882             | 650,946                      |   | 650,946             |
| Other Revenues                                |                              |   |                     |                              |   |                     |
| Realized and Unrealized                       |                              |   |                     |                              |   |                     |
| Gains on Investments                          | 33,389                       |   | 33,389              | 71,622                       |   | 71,622              |
| Dividend and Interest Income, net             | 48,315                       |   | 48,315              | 57,123                       |   | 57,123              |
| Miscellaneous Income                          | 2,190                        |   | 2,190               | 5,194                        |   | 5,194               |
| Rental Income                                 |                              |   |                     |                              |   |                     |
| Revenue                                       | 74,451                       |   | 74,451              | 74,122                       |   | 74,122              |
| Less: Rental Expenses                         | (51,791)                     |   | (51,791)            | (40,185)                     |   | (40,185)            |
| Net Rental Income                             | 22,660                       |   | 22,660              | 33,937                       |   | 33,937              |
| Total Other Revenues, net                     | 106,554                      |   | 106,554             | 167,876                      |   | 167,876             |
| Net Assets Released from Restriction          | 43,325                       | (43,325)  | —                   | 17,665                       | (17,665)  | —                   |
| Total Revenue and Other Support               | 1,443,644                    | (3,325)   | 1,440,319           | 1,210,164                    | 12,335  | 1,222,499           |
| <b>EXPENSES</b>                               |                              |   |                     |                              |   |                     |
| Program Services                              |                              |   |                     |                              |   |                     |
| Adoption Services                             | 966,138                      |   | 966,138             | 924,756                      |   | 924,756             |
| Supporting Services                           |                              |   |                     |                              |   |                     |
| Management and General                        | 285,087                      |   | 285,087             | 355,202                      |   | 355,202             |
| Fundraising                                   | 213,759                      |   | 213,759             | 130,337                      |   | 130,337             |
| Total Supporting Services                     | 498,846                      |   | 498,846             | 485,539                      |   | 485,539             |
| Total Expenses                                | 1,464,984                    |   | 1,464,984           | 1,410,295                    |   | 1,410,295           |
| CHANGE IN NET ASSETS                          | (21,340)                     | (3,325)   | (24,665)            | (200,131)                    | 12,335  | (187,796)           |
| Net Assets, Beginning of Year                 | 1,710,043                    | 13,802  | 1,723,845           | 1,910,174                    | 1,467   | 1,911,641           |
| <b>NET ASSETS, ENDING</b>                     | <b>\$ 1,688,703</b>          | <b>\$ 10,477</b>                                | <b>\$ 1,699,180</b> | <b>\$ 1,710,043</b>          | <b>\$ 13,802</b>                                | <b>\$ 1,723,845</b> |

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended September 30

2025

2024

|   | 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   | \$ 599,195        | \$ 97,670              | \$ 146,505        | \$ —                   | \$ 6,061          | \$ 849,431          | \$ 564,370        | \$ 148,931             | \$ 70,546         | \$ —                   | \$ 4,707          | \$ 788,554          |
| Payroll Taxes   | 45,337            | 7,772                  | 11,658            | —                      | 464               | 65,231              | 42,169            | 11,128                 | 5,271             | —                      | —                 | 58,568              |
| Fringe Benefits   | 85,670            | 14,686                 | 22,029            | —                      | —                 | 122,385             | 68,763            | 19,173                 | 8,595             | —                      | —                 | 96,531              |
| Medical, Prenatal and Other Living Expenses   | 6,807             | —                      | —                 | —                      | —                 | 6,807               | 14,161            | —                      | —                 | —                      | —                 | 14,161              |
| Occupancy   | 1,930             | 15,042                 | 496               | —                      | 9,526             | 26,994              | 1,810             | 8,015                  | 223               | —                      | 5,055             | 15,103              |
| Insurance   | 13,855            | 2,571                  | 3,563             | —                      | 3,179             | 23,168              | 14,248            | 3,760                  | 1,781             | —                      | 1,998             | 21,787              |
| Office Expenses and Supplies  | 8,704             | 948                    | 4,462             | 8,688                  | —                 | 22,802              | 7,710             | 2,035                  | 5,991             | 7,437                  | —                 | 23,173              |
| Travel and Conferences  | 12,904            | —                      | —                 | —                      | —                 | 12,904              | 17,700            | 4,671                  | 2,212             | —                      | —                 | 24,583              |
| Equipment Rental, Repairs and Maintenance   | 5,766             | 1,150                  | 1,395             | —                      | 4,622             | 12,933              | 4,055             | 1,051                  | 500               | —                      | 3,066             | 8,672               |
| Professional Service Fees   | 56,614            | 128,148                | 3,263             | —                      | —                 | 188,025             | 62,688            | 129,388                | 7,335             | —                      | —                 | 199,411             |
| Event Entertainment   | —                 | —                      | —                 | 7,925                  | —                 | 7,925               | —                 | —                      | 3,525             | 1,965                  | —                 | 5,490               |
| Education and Research  | 7,326             | 1,555                  | 1,555             | —                      | —                 | 10,436              | 7,362             | 6,917                  | 901               | —                      | —                 | 15,180              |
| Humanitarian Aid and Special Assistance   | —                 | —                      | —                 | —                      | —                 | —                   | 1,307             | —                      | —                 | —                      | —                 | 1,307               |
| Meeting Expense   | 6,798             | 238                    | 479               | —                      | —                 | 7,515               | 1,814             | 320                    | 502               | —                      | —                 | 2,636               |
| Communications  | 76,582            | 8,608                  | 421               | —                      | —                 | 85,611              | 69,815            | 8,277                  | 425               | —                      | —                 | 78,517              |
| Contractual Services  | —                 | —                      | —                 | —                      | 7,200             | 7,200               | —                 | —                      | —                 | —                      | 7,519             | 7,519               |
| Depreciation and Amortization   | 22,008            | 3,773                  | 5,659             | —                      | 11,521            | 42,961              | 29,500            | 7,785                  | 3,688             | —                      | 10,362            | 51,335              |
| Credit Card and Banking Fees  | —                 | 856                    | 9,318             | —                      | —                 | 10,174              | —                 | 1,231                  | 13,572            | —                      | —                 | 14,803              |
| Utilities   | 10,816            | 1,854                  | 2,781             | —                      | 9,218             | 24,669              | 9,070             | 2,347                  | 1,117             | —                      | 7,478             | 20,012              |
| Venue and Catering  | —                 | —                      | —                 | 76,171                 | —                 | 76,171              | —                 | —                      | 2,971             | 58,627                 | —                 | 61,598              |
| Miscellaneous   | 5,826             | 216                    | 175               | 1,126                  | —                 | 7,343               | 8,214             | 173                    | 1,182             | 8,045                  | —                 | 17,614              |
| Less Expenses netted with Revenues on Statements of Activities and Change in Net Assets | —                 | —                      | —                 | (93,910)               | (51,791)          | (145,701)           | —                 | —                      | —                 | (76,074)               | (40,185)          | (116,259)           |
| <b>TOTALS</b>   | <b>\$ 966,138</b> | <b>\$ 285,087</b>      | <b>\$ 213,759</b> | <b>\$ —</b>            | <b>\$ —</b>       | <b>\$ 1,464,984</b> | <b>\$ 924,756</b> | <b>\$ 355,202</b>      | <b>\$ 130,337</b> | <b>\$ —</b>            | <b>\$ —</b>       | <b>\$ 1,410,295</b> |

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

STATEMENTS OF CASH FLOWS

| For the Years Ended September 30   | 2025                     | 2024                     |
|--|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                          |                          |
| Change in Net Assets   | <u>\$ (24,665)</u>       | <u>\$ (187,796)</u>      |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash Provided (Used) by Operating Activities |                          |                          |
| Depreciation   | 40,562                   | 40,875                   |
| Amortization of Intangible Assets  | 2,400                    | 10,460                   |
| Stock Donations  | (541)                    | (10,551)                 |
| Proceeds from Sale of Donated Stock  | 514                      | 10,434                   |
| Loss on Sale of Donated Stock  | 27                       | 117                      |
| Realized and Unrealized Gain on Investments  | (33,389)                 | (71,739)                 |
| Donated Inventory  | (1,049)                  | —                        |
| Increase (Decrease) in Allowance for Credit Losses   | —                        | (2,106)                  |
| (Increase) Decrease in Accounts Receivable   | 24,073                   | (10,410)                 |
| Increase in Prepaid Expenses   | (4,622)                  | (35,940)                 |
| Increase in Rental Property Reserves   | —                        | (2,000)                  |
| Decrease in Accounts Payable   | (9,991)                  | (8,189)                  |
| Increase (Decrease) in Accrued Expenses  | 11,016                   | (28,095)                 |
| Increase (Decrease) in Deferred Revenue  | (2,215)                  | 30,677                   |
| Total Adjustments  | <u>26,785</u>            | <u>(76,467)</u>          |
| Net Cash Provided (Used) by Operating Activities   | <u>2,120</u>             | <u>(264,263)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                          |                          |
| Purchases of Property and Equipment  | —                        | (10,600)                 |
| Purchases of Investments   | (29,973)                 | (20,101)                 |
| Proceeds from Sales of Investments   | 29,800                   | —                        |
| Net Cash Used by Investing Activities  | <u>(173)</u>             | <u>(30,701)</u>          |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | <b>1,947</b>             | <b>(294,964)</b>         |
| Cash and Cash Equivalents, Beginning   | 846,247                  | 1,141,211                |
| <b>CASH AND CASH EQUIVALENTS, ENDING</b>   | <u><b>\$ 848,194</b></u> | <u><b>\$ 846,247</b></u> |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>   |                          |                          |
| Noncash Activities   |                          |                          |
| Donated Services   | <u><b>\$ 10,200</b></u>  | <u><b>\$ 9,650</b></u>   |
| Donated Auction Items  | <u><b>\$ 35,046</b></u>  | <u><b>\$ 45,205</b></u>  |

NOTES TO FINANCIAL STATEMENTS

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**ORGANIZATION ACTIVITIES**

Family Resource Center (the "Organization" and "FRC") d/b/a Adoption Center of Illinois ("ACI") was founded in 1987 as an Illinois not-for-profit corporation. 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.

**NOTE 1—SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist in understanding the financial statements of FRC, which have been prepared on the accrual basis of accounting. 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 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. Additionally, there may be funds subject to donor-imposed stipulations that the resources be maintained permanently by FRC. There were no such net assets restricted in perpetuity as of September 30, 2025 or 2024.

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. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law.

NOTES TO FINANCIAL STATEMENTS

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**NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**INVESTMENTS**

Investments in marketable securities are stated at their fair values, when such values are readily determinable. Realized gains and losses are the differences between the proceeds received and the cost of investments sold. Unrealized gains and losses are the differences between the fair value and the cost of investments and are included in change in net assets. Investment income, gains and losses are recorded as net assets without donor restriction unless restricted by the donor or by law.

**RECEIVABLES**

Accounts receivable consist primarily of adoption fees. Receivables are reported at net realizable value, which is the amount management expects to collect from balances outstanding at year-end. An allowance for credit losses is estimated based on management's assessment of the credit history of individuals and donors having outstanding balances and taking into consideration the age of past due accounts, an assessment of the ability to pay, current relationships and economic conditions, and supportable forecasts of future collections. FRC also made the accounting policy election to consider collection activity after the statement of financial position date when estimating expected credit losses. Amounts deemed uncollectible are recorded as credit loss expense. FRC has historically experienced insignificant credit losses.

Changes in the allowance for credit losses during the years ended September 30, are as follows:

|                                 | 2025 | 2024     |
|---------------------------------|------|----------|
| Balance, Beginning of Year..... | \$ — | \$ 2,106 |
| Credit Loss Expense.....        | —    | —        |
| Write-Offs.....                 | —    | (2,106)  |
| Balance, End of Year.....       | \$ — | \$ —     |

**PROPERTY AND EQUIPMENT**

Property and equipment additions of \$1,000 or more are recorded at cost when purchased, or if donated, at fair value on the date of donation. Property and equipment are depreciated over their estimated useful lives on a straight-line basis. 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 |
| Land Improvements .....                 | 5 years       |
| Equipment.....                          | 3 – 12 years  |
| Furniture and Fixtures .....            | 5 – 10 years  |

NOTES TO FINANCIAL STATEMENTS

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**NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**RENTAL PROPERTY RESERVES**

The Organization entered into a 24-month agreement with a rental property management company for its residential rental activities. The agreement calls for FRC to maintain at least \$1,000 of repairs and maintenance reserve in the management company's trust account. Total deposits made and ending rental property reserve balances as of and for the years ended September 30, 2025 and 2024 were \$2,000.

**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 five 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 or time period of use. FRC received donated auction items, which were sold during the Organization's special events in the years ended September 30, 2025 and 2024 for \$33,997 and \$45,205, respectively. In addition, during the year ended September 30, 2025, the Organization received donated auction items with estimated fair value of \$1,049, which the Organization is holding for future special events and that amount is reported as inventory on the statements of financial position as of September 30, 2025.

Donations of services are recorded if they create or enhance a non-financial asset, or they require specialized skills which would have to be purchased if they were not donated. During 2025 and 2024, the Organization received donated professional services valued at \$10,200 and \$9,650, respectively, which consisted of accounting services and were utilized by FRC's supporting services. They were recorded at the estimated fair value based on rates for similar accounting services in the Chicagoland area. These amounts are included in donated goods and services revenue and in professional service fees in the statements of functional expenses.

There were no donor-imposed restrictions associated with the donated professional services.

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.

NOTES TO FINANCIAL STATEMENTS

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**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 and change in net assets. 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 allocation methods determined by management. These 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 allocated costs include, among others, payroll and related taxes and fringe benefits, insurance, occupancy costs, and professional fees.

**REVENUE RECOGNITION**

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.

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 prospective 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 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, which typically takes place within three weeks from receipt of payment.

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.

## NOTES TO FINANCIAL STATEMENTS

**NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)**

## REVENUE RECOGNITION (Continued)

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 and involves significant judgements and estimation. Payment for a contract in this phase is due within a week after placement of a child in adoption. Based on management's estimates, 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 up to 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.

FRC also offers an adoption competent therapeutic services program (TSP). The program offers individual therapy, group therapy and clinically focused workshops/events.

Individual and group therapy patient service revenue is recognized over time as FRC satisfies performance obligations under its contracts with patients and is reported at the estimated transaction price or amount that reflects the consideration to which FRC expects to be entitled in exchange for providing patient services. Management determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors (insurance companies) through contracted agreements and discounts provided to uninsured patients in accordance with FRC's policies. Management determines FRC's estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies and historical experience with payor groups. Management determines FRC's estimate of implicit price concessions based on its historical collection experience by classes of patients. FRC bills for its services as they are being provided in the amount that corresponds directly with the value to the patient for which FRC has the right to invoice. FRC does not prebill for multiple sessions ahead of providing these services. Payment is due upon receipt of the invoice. Any amount not paid for by a third party-party payor is charged to the patient's credit card on file.

The TSP clinically focused workshops and events are typically held over a period of 1 to 5 days and the revenue is recognized ratably over the period the workshop or event is held in the amount that reflects the consideration to which FRC expects to be entitled. Payment is due before the start of each event.

For the year ended September 30, 2025, program service adoption fees and TSP revenue recognized at a point in time was \$910,874 and recognized over time was \$46,008.

For the year ended September 30, 2024, program service adoption fees and TSP revenue recognized at a point in time was \$646,179 and recognized over time was \$4,767.

NOTES TO FINANCIAL STATEMENTS

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**NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)**

REVENUE RECOGNITION (Continued)

Rental revenue consists of fixed base rent payments and is recognized as rentals become due. Rental payments received in advance are deferred until earned and are reported in deferred revenue on the statements of financial position. All leases between FRC and its tenants are operating leases that are typically one year in length and contain no significant finance component.

The beginning and ending contract balances are as follows at September 30:

|                           | <b>2025</b>     | 2024      | 2023      |
|---------------------------|-----------------|-----------|-----------|
| Accounts Receivable ..... | \$ <b>6,510</b> | \$ 30,583 | \$ 20,173 |
| Deferred Revenue .....    | <b>107,637</b>  | 109,852   | 79,175    |

Revenue recognized for the years ended September 30, 2025 and 2024 that was included in the deferred revenue balance at the beginning of each of these years was \$109,852 and \$79,175, respectively.

**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:

|   | <b>2025</b>         | 2024                |
|---|---------------------|---------------------|
| Cash and Cash Equivalents .....         | \$ <b>848,194</b>   | \$ 846,247          |
| Investments .....                       | <b>474,373</b>      | 440,811             |
| Accounts Receivable .....               | <b>6,510</b>        | 30,583              |
| Less: Donor Restricted Net Assets ..... | <b>(10,477)</b>     | (13,802)            |
|   | <b>\$ 1,318,600</b> | <b>\$ 1,303,839</b> |

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 (FDIC) up to \$250,000. The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. FRC's cash equivalents are held at an investment company and consist of a money market fund, which meets the criteria for classification as a cash equivalent at September 30, 2025 and 2024. The money market fund balance, valued at net asset value, was \$775,930 and \$739,679 at September 30, 2025 and 2024, respectively. The amounts are not FDIC insured but instead, they are partially insured by the Securities Investor Protection Corp (SIPC). The SIPC provides \$500,000 of combined coverage on the Organization's investments and money market fund cash equivalents.

NOTES TO FINANCIAL STATEMENTS

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**NOTE 3—CONCENTRATION OF CREDIT RISK (Continued)**

The Organization periodically has cash and cash equivalents in excess of FDIC and SIPC insured limits. The Organization has not experienced any losses and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

FRC's investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the fair value of investments will occur in the near term and materially affect the amounts reported in the financial statements.

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 programs and mission.

**NOTE 4—INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The FASB Codification provides a framework for measuring fair value using a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that FRC has the ability to access. The fair values of FRC's equity and fixed income exchange traded funds are based on quoted market prices in active markets for identical assets, when available.

Level 2 Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. FRC has no Level 2 fair value measurements.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. FRC has no Level 3 fair value measurements.

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

NOTES TO FINANCIAL STATEMENTS

**NOTE 4—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the years ended September 30, 2025 and 2024.

Fair values of investments measured on a recurring basis at September 30, 2025 are as follows:

|   | Cost       | Fair Value | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) |
|---|------------|------------|---|
| Equity Exchange Traded Funds:                     |            |            |   |
| Global Broad Infrastructure Index Fund.....       | \$ 13,974  | \$ 15,919  | \$ 15,919   |
| Global Quality Real Estate Index Fund.....        | 16,179     | 15,667     | 15,667  |
| Global Upstream Natural Resources Index Fund..... | 14,373     | 15,892     | 15,892  |
| Stock Market Index Fund .....                     | 86,607     | 124,376    | 124,376   |
| Foreign Large Blend Equity Fund .....             | 94,085     | 115,191    | 115,191   |
| Total Equity Exchange Traded Funds.....           | 225,218    | 287,045    | 287,045   |
| Fixed Income Exchange Traded Funds:               |            |            |   |
| U.S. Corporate Bonds Fund.....                    | 201,665    | 187,328    | 187,328   |
| Total Investments, at Fair Value .....            | \$ 426,883 | \$ 474,373 | \$ 474,373  |

Fair values of investments measured on a recurring basis at September 30, 2024 are as follows:

|   | Cost       | Fair Value | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) |
|---|------------|------------|---|
| Equity Exchange Traded Funds:                     |            |            |   |
| Global Broad Infrastructure Index Fund.....       | \$ 13,974  | \$ 15,033  | \$ 15,033   |
| Global Quality Real Estate Index Fund.....        | 16,179     | 16,004     | 16,004  |
| Global Upstream Natural Resources Index Fund..... | 13,388     | 13,984     | 13,984  |
| Stock Market Index Fund .....                     | 103,483    | 127,988    | 127,988   |
| Foreign Large Blend Equity Fund .....             | 100,266    | 108,171    | 108,171   |
| Total Equity Exchange Traded Funds.....           | 247,290    | 281,180    | 281,180   |
| Fixed Income Exchange Traded Funds:               |            |            |   |
| U.S. Corporate Bonds Fund.....                    | 172,677    | 159,631    | 159,631   |
| Total Investments, at Fair Value .....            | \$ 419,967 | \$ 440,811 | \$ 440,811  |

At September 31, 2025 and 2024, FRC also held money market funds which are included in cash and cash equivalents on the statements of financial position.

NOTES TO FINANCIAL STATEMENTS

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**NOTE 5—PROPERTY AND EQUIPMENT**

|   | <b>2025</b>       | 2024              |
|---|-------------------|-------------------|
| Land.....   | \$ 125,000        | \$ 125,000        |
| Building and Building Improvements.....                               | 893,490           | 893,490           |
| Land Improvements .....   | 11,100            | 11,100            |
| Equipment.....  | 91,815            | 91,815            |
| Furniture and Fixtures .....  | <u>74,196</u>     | <u>74,196</u>     |
|   | <b>1,195,601</b>  | 1,195,601         |
| Less Accumulated Depreciation and Amortization .....                  | <u>766,021</u>    | <u>725,459</u>    |
|   | <b>\$ 429,580</b> | <b>\$ 470,142</b> |
| Depreciation and Amortization Expense .....                           | <u>\$ 40,562</u>  | <u>\$ 40,875</u>  |
| Depreciation Expense allocated to Rental Expenses (included above) .. | <u>\$ 11,521</u>  | <u>\$ 10,362</u>  |

**NOTE 6—INTANGIBLE ASSETS**

|                                    | <b>2025</b>     | 2024             |
|------------------------------------|-----------------|------------------|
| Website Design .....               | \$ 52,302       | \$ 52,302        |
| Less Accumulated Amortization..... | <u>48,701</u>   | <u>46,301</u>    |
|                                    | <b>\$ 3,601</b> | <b>\$ 6,001</b>  |
| Amortization Expense .....         | <u>\$ 2,400</u> | <u>\$ 10,460</u> |

Amortization expense will be \$2,400 and \$1,201 for the years ending September 30, 2026 and 2027.

**NOTE 7—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 the U.S. prime rate. As of September 30, 2025 and 2024, \$-0- was outstanding under the line of credit. There were no borrowings on the line of credit in 2025 or 2024. The line of credit matured on March 12, 2025. FRC extended the line of credit with the same maximum borrowing cap of \$400,000 through May 13, 2030. The new line of credit bears interest at 2.13% over the U.S. prime rate (7.25% at September 30, 2025) and any outstanding balance as of May 13, 2030 converts to a term loan at that time.

NOTES TO FINANCIAL STATEMENTS

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**NOTE 8—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 2025 and 2024, FRC elected to make a fully-vested safe harbor matching contribution equal to 100% of an employee's 401(k) contributions that do 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 \$29,055 for 2025 and \$14,499 for 2024. 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 2025 or 2024.

**NOTE 9—RENTAL INCOME**

During the years ended September 30, 2025 and 2024, FRC leased four apartments and a parking garage to individuals. As of September 30, 2024, the garage was leased on a month-to-month basis. The apartments are leased under one-year lease agreements which expire on various dates through July 31, 2026.

FRC's lease agreements required monthly lease payments ranging from \$1,075 to \$2,300 for the apartments and \$183 for the garage. Rental income was \$74,451 for the year ended September 30, 2025 and \$74,122 for the year ended September 30, 2024.

Future minimum rentals to be received under the above leases are:

Year Ending September 30:

|            |           |
|------------|-----------|
| 2026 ..... | \$ 62,933 |
|------------|-----------|

**NOTE 10—NET ASSETS WITH DONOR RESTRICTION**

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

|  | 2025      | 2024      |
|--|-----------|-----------|
| Therapeutic Service Program .....          | \$ 10,477 | \$ 13,069 |
| Security Improvements and Monitoring ..... | —         | 733       |
|  | \$ 10,477 | \$ 13,802 |

Amounts released from restriction during the year ended September 30, 2025 were \$43,325 comprised of \$42,592 for the therapeutic service program and \$733 for security monitoring.

Amounts released from restriction during the year ended September 30, 2024 were \$17,665, comprised of \$16,931 for the therapeutic service program and \$734 for security monitoring.

NOTES TO FINANCIAL STATEMENTS

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**NOTE 11—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 12—RELATED PARTIES**

During the years ended September 30, 2025 and 2024, board members and members of their families contributed \$41,663 and \$53,522, respectively.

**NOTE 13—RECLASSIFICATIONS**

Certain prior period amounts have been reclassified to conform to current year presentation.

**NOTE 14—SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 5, 2026, the date through which the financial statements were available for issue. There were no subsequent events which require disclosure.