MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED AND THE ASSOCIATION OF THE JEWISH BLIND OF CHICAGO

COMBINED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2023

MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED AND THE ASSOCIATION OF THE JEWISH BLIND OF CHICAGO

COMBINED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2023

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PorteBrown®
ACCOUNTANTS &
ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Maplewood Housing for the Visually Impaired and the Association of the Jewish Blind of Chicago
5527 N Maplewood Ave
Chicago, IL 60625

Opinion

We have audited the accompanying combined financial statements of Maplewood Housing for the Visually Impaired and the Association of the Jewish Blind of Chicago, which comprise the combined statement of financial position as of June 30, 2023, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Maplewood Housing for the Visually Impaired and the Association of the Jewish Blind of Chicago as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Maplewood Housing for the Visually Impaired and the Association of the Jewish Blind of Chicago and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Maplewood Housing for the Visually Impaired and the Association of the Jewish Blind of Chicago's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined 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 Maplewood Housing for the Visually Impaired and the Association of the Jewish Blind of Chicago'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 combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Maplewood Housing for the Visually Impaired and the Association of the Jewish Blind of Chicago's ability to continue as a going concern for a reasonable period of time.

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

PORTE BROWN LLC
Certified Public Accountants

Porte Brown LLC

Elk Grove Village, Illinois
December 14, 2023

MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED AND
THE ASSOCIATION OF THE JEWISH BLIND OF CHICAGO

COMBINED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

	MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED	THE ASSOCIATION OF THE JEWISH BLIND OF CHICAGO	COMBINING ELIMINATIONS	COMBINED TOTAL
CURRENT ASSETS				
Cash and cash equivalents	$ 435,014	$ -	$ -	$ 435,014
Due from affiliate	-	62,910	(62,910)	-
Grants receivable	20,000	-	-	20,000
Accounts receivable	425,022	-	-	425,022
	880,036	62,910	(62,910)	880,036
FIXED ASSETS				
Property and equipment	9,116,970	-	-	9,116,970
Less: Accumulated depreciation	(4,616,007)	-	-	(4,616,007)
	4,500,963	-	-	4,500,963
OTHER ASSETS				
Resident deposits	28,739	-	-	28,739
Notes receivable	-	850,000	(850,000)	-
Investments	1,983,658	14,537,991	-	16,521,649
	2,012,397	15,387,991	(850,000)	16,550,388
TOTAL ASSETS	$ 7,393,396	$ 15,450,901	$ (912,910)	$ 21,931,387

LIABILITIES AND NET ASSETS

	MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED	THE ASSOCIATION OF THE JEWISH BLIND OF CHICAGO	COMBINING ELIMINATIONS	COMBINED TOTAL
CURRENT LIABILITIES				
Accounts payable	$ 145,055	$ -	$ (62,910)	$ 82,145
Accrued expenses	30,000	-	-	30,000
Accrued payroll	166,960	-	-	166,960
Due to residents	28,740	-	-	28,740
	370,755	-	(62,910)	307,845
LONG-TERM DEBT				
Obligation to affiliated organization	850,000	-	(850,000)	-
NET ASSETS				
Without donor restrictions	6,172,641	-	-	6,172,641
With donor restrictions	-	15,450,901	-	15,450,901
	6,172,641	15,450,901	-	21,623,542
TOTAL LIABILITIES AND NET ASSETS	$ 7,393,396	$ 15,450,901	$ (912,910)	$ 21,931,387

The accompanying notes are an integral part of these financial statements

MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED AND
THE ASSOCIATION OF THE JEWISH BLIND OF CHICAGO

COMBINED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED			THE ASSOCIATION OF THE JEWISH BLIND OF CHICAGO			COMBINING ELIMINATIONS			COMBINED TOTAL		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT												
Resident fee for service	$ 918,212	$ -	$ 918,212	$ -	$ -	$ -	$ -	$ -	$ -	$ 918,212	$ -	$ 918,212
Managed care organization revenue	3,758,199	-	3,758,199	-	-	-	-	-	-	3,758,199	-	3,758,199
Contributions	987,264	-	987,264	-	-	-	-	-	-	987,264	-	987,264
Other income	27,468	-	27,468	-	-	-	-	-	-	27,468	-	27,468
Investment income	350,166	-	350,166	-	2,047,000	2,047,000	-	(64,458)	(64,458)	350,166	1,982,542	2,332,708
	6,041,309	-	6,041,309	-	2,047,000	2,047,000	-	(64,458)	(64,458)	6,041,309	1,982,542	8,023,851
EXPENSES												
Program services	4,244,448	-	4,244,448	-	-	-	(50,277)	-	(50,277)	4,194,171	-	4,194,171
Management and general	679,627	-	679,627	-	40,983	40,983	(9,669)	-	(9,669)	669,958	40,983	710,941
Fundraising	325,050	-	325,050	-	-	-	(4,512)	-	(4,512)	320,538	-	320,538
	5,249,125	-	5,249,125	-	40,983	40,983	(64,458)	-	(64,458)	5,184,667	40,983	5,225,650
CHANGE IN NET ASSETS	792,184	-	792,184	-	2,006,017	2,006,017	64,458	(64,458)	-	856,642	1,941,559	2,798,201
NET ASSETS, BEGINNING OF YEAR	5,380,457	-	5,380,457	-	13,444,884	13,444,884	-	-	-	5,499,457	13,325,884	18,825,341
NET ASSETS, END OF YEAR	$ 6,172,641	$ -	$ 6,172,641	$ -	$ 15,450,901	$ 15,450,901	$ 64,458	$ (64,458)	$ -	$ 6,356,099	$ 15,267,443	$ 21,623,542

MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED AND THE ASSOCIATION OF THE JEWISH BLIND OF CHICAGO

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED						
	Program	Management and General	Fundraising Services	Total	THE ASSOCIATION OF THE JEWISH BLIND OF CHICAGO	COMBINING ELIMINATIONS	COMBINED TOTAL
EXPENSES							
Salaries	$ 1,965,364	$ 377,955	$ 176,379	$ 2,519,698	$ -	$ -	$ 2,519,698
Payroll taxes	142,199	27,346	12,761	182,306	-	-	182,306
Benefits	577,764	111,108	51,851	740,723	-	-	740,723
	2,685,327	516,409	240,991	3,442,727	-	-	3,442,727
Building operations and maintenance	513,132	33,105	5,518	551,755	-	-	551,755
Food services	472,312	-	-	472,312	-	-	472,312
Resident services	148,823	-	-	148,823	-	-	148,823
Insurance	9,644	25,426	8,768	43,838	-	-	43,838
Wellness services	43,323	-	-	43,323	-	-	43,323
Professional fees	4,519	11,914	4,108	20,541	-	-	20,541
Office expenses	8,157	21,504	7,416	37,077	-	-	37,077
Telephone	4,409	11,624	4,008	20,041	-	-	20,041
Computer equipment and supplies	8,406	22,162	7,642	38,210	-	-	38,210
Development	-	-	35,860	35,860	-	-	35,860
Bad debt expense	3,137	8,270	2,852	14,259	-	-	14,259
Bank fees	249	658	227	1,134	40,983	-	42,117
TOTAL EXPENSES BEFORE DEPRECIATION AND INTEREST	3,901,438	651,072	317,390	4,869,900	40,983	-	4,910,883
Interest on loan from affiliated organization	50,277	9,669	4,512	64,458	-	(64,458)	-
Depreciation	292,733	18,886	3,148	314,767	-	-	314,767
	343,010	28,555	7,660	379,225	-	(64,458)	314,767
TOTAL FUNCTIONAL EXPENSES	$ 4,244,448	$ 679,627	$ 325,050	$ 5,249,125	$ 40,983	$ (64,458)	$ 5,225,650

The accompanying notes are an integral part of these financial statements

MAPLEWOOD HOUSING FOR THE VISUALLY IMPAIRED AND THE ASSOCIATION OF THE JEWISH BLIND OF CHICAGO

COMBINED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

OPERATING ACTIVITIES		
Change in net assets:	$ 2,798,201	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	314,767	
Realized and unrealized gain on investments	(2,188,797)	
Changes in:		
Grants receivable	(20,000)	
Accounts receivable	412,340	
Resident deposits	1,578	
Accounts payable	40,073	
Accrued expenses	17,933	
Accrued payroll	14,995	
Due to residents	(3,167)	
Net cash provided by operating activities		$ 1,387,923
INVESTING ACTIVITIES		
Purchase of fixed assets	(332,033)	
Proceeds from investments	1,929,808	
Purchase of investments	(3,134,285)	
Net cash used by investing actitvities		(1,536,510)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(148,587)
BEGINNING CASH AND CASH EQUIVALENTS		583,601
ENDING CASH AND CASH EQUIVALENTS		$ 435,014
SUPPLEMENTAL INFORMATION TO CASH FLOWS		
Cash paid during the year for:		
Income taxes		$ -
Interest		-
Noncash investing activities:		
Increase in fair value of investments		$ 2,384,058

The accompanying notes are an integral part of these financial statements

NOTE A – NATURE OF OPERATIONS

Maplewood Housing for the Visually Impaired (d/b/a Friedman Place) ("Friedman"), is an Illinois not-for-profit corporation formed to provide an assisted living environment for people who are blind or have diminished sight.

The Organization receives significant financial support from a not-for-profit entity, The Association of the Jewish Blind of Chicago (d/b/a Kagan Home for the Blind) ("Kagan"), in the form of long-term loans and grants. Kagan's mission is to provide financial assistance to a supported living program for the blind and visually handicapped. Kagan's funds have been used to support only Friedman.

The combined financial statements include the accounts of Friedman and Kagan (referred to collectively as "Organization"). All material intercompany accounts of the combined Organizations have been eliminated.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies is presented to assist in understanding the Organization's combined financial statements. The combined financial statements and notes are representations of the Organization's 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 combined financial statements.

BASIS OF ACCOUNTING

The Organization maintains records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred.

USE OF ESTIMATES

The preparation of combined financial statements in conformity with generally accepted accounting principles 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FINANCIAL STATEMENT PRESENTATION

In accordance with FASB ASC 958-205, "Not-for-Profit Entities Presentation of Financial Statements," the Organization reports 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.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions and providing services less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION (Continued)

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of donated assets, either temporarily or permanently, until the donor restriction expires, the net assets are restricted.

REVENUE RECOGNITION

The Organization derives its revenue primarily from contributions. In accordance with FASB ASC 958-605-25 "Not-for-Profit Entities Revenue Recognition" contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair market values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met. In addition, FASB ASC 958-605 requires not-for-profit organizations to distinguish between contributions received that increase net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire.

The Organization earns revenue from resident housing fees and resident services. Revenue from housing fees is billed and recognized monthly. Revenue from resident services is recognized as services are provided to residents.

The following table disaggregates the Organization's revenue from contracts with customers and noncontractual revenue for the year ended June 30, 2023:

Contracts with customers	$ 4,703,879
Noncontractual revenues with customers	3,319,972
	$ 8,023,851

The following table disaggregates the Organization's contract revenue based on the timing or satisfaction of performance obligations for the year ended June 30, 2023:

Performance obligations satisfied over time	$ 4,702,136
Performance obligations satisfied at a point in time	1,743
	$ 4,703,879

Revenue from performance obligations satisfied at a point in time consists of weaving sales. Revenue from performance obligations satisfied over time consists of resident housing fees, resident services, and rental income from the cell tower.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (Continued)

As of June 30, 2023 balances of contract receivables, assets, and liabilities from contracts with customers are as follows:

	June 30, 2023	July 1, 2022
Accounts receivable	$ 425,022	$ 692,363
Contract assets - resident deposits	28,739	30,317
Contract liabilities - due to residents	28,740	31,907

No impairment losses were incurred in the year ended June 30, 2023 with respect to contract assets arising from contracts with customers.

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are those funds presently available for use by or on behalf of the Organization, including amounts available for general and administrative expenses. These net assets without donor restrictions may also include board-designated amounts.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions which increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

IN-KIND CONTRIBUTIONS

During the current period, the value of contributed services meeting the requirements for recognition in the combined financial statements was not material and has not been recorded.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EXPENSE RECOGNITION AND ALLOCATION

The Organization allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, building operations and maintenance, insurance, professional fees, training and education, and various other operating expenses. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK

The Organization has cash and cash equivalents in excess of federally insured limits of $250,000 at one banking institution. These amounts potentially subject the Organization to credit risk if the banking institution fails.

GRANTS RECEIVABLE

Grants receivable consist of payments due from various Corporations and Foundations. The Organization considers grants receivable to be fully collectible. Grants receivable are valued at management's estimate of the amount that will ultimately be collected.

ACCOUNTS RECEIVABLE

Accounts receivable is recorded at the billed amount. Management believes these receivables are fully collectible. The receivables are valued at management's estimate of the amount that will ultimately be collected.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTS RECEIVABLE (Continued)

Accounts receivable aging is summarized below:

Current	$ -
1 - 30 days	270,187
31 - 60 days	152,649
61 - 90 days	1,177
91 - 120 days	1,009
	$ 425,022

FIXED ASSETS

Fixed assets are stated at cost. Depreciation is calculated on a straight-line basis over the estimated lives of the related assets. The Organization has adopted a policy to capitalize assets using a $1,000 threshold. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Major classifications of property and equipment and their respective lives are summarized below:

	Lives in Years	Amount
Land	-	$ 1,028,500
Buildings and improvements	27.5	7,698,583
Vehicles	5	60,280
Furniture and fixtures	3 - 7	145,422
Michinery and equipment	3 - 7	184,185
		$ 9,116,970

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in income.

INVESTMENTS

Investment securities are stated at fair value based on quoted market prices or market prices for similar securities. Unrealized gains and losses are recognized based on the change in fair value and are reported as a component of investment income. Realized gains and losses are recognized using the average cost method and are reported as a component of investment income. In addition, external and direct internal expenses relating to investment activities have been netted against investment income.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS (Continued)

Investments as of June 30, 2023 of Friedman are as follows:

	Fair Value	Cost	Unrealized Gain
Cash and cash equivalents	$ 161,242	$ 161,242	$ -
Equities	1,588,963	1,337,824	251,139
Fixed income	197,903	195,651	2,252
Other assets	35,550	28,467	7,083
	$ 1,983,658	$ 1,723,184	$ 260,474

Investments as of June 30, 2023 of Kagan are as follows:

	Fair Value	Cost	Unrealized Gain/(Loss)
Cash and cash equivalents	$ 491,653	$ 491,653	$ -
Equities	11,169,105	8,225,709	2,943,396
Fixed income	2,735,033	2,779,300	(44,267)
Other assets	142,200	134,861	7,339
	$ 14,537,991	$ 11,631,523	$ 2,906,468

Investment income as of June 30, 2023 includes the following:

	Friedman	Kagan	Total
Interest and dividends	$ 8,960	$ 199,410	$ 208,370
Realized gain/(loss) on sale of investments	42,770	(162,747)	(119,977)
Unrealized gain on investments	298,436	2,010,337	2,308,773
	$ 350,166	$ 2,047,000	$ 2,397,166

INCOME TAXES

The Organization is generally exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state statutes. Accordingly, no provision for income tax expense is included in the accompanying combined financial statements. The Organization has adopted the provision of ASC Topic 740, Income Taxes, relating to the accounting for uncertainty in income taxes. The Organization files information returns in the U.S. federal jurisdiction, and the State of Illinois. Management is not aware of any uncertain tax positions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 14, 2023, the date which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization considers all expenditures related to its ongoing program activities, as well as the services undertaken to support those activities to be general expenditures. The Organization regularly monitors liquidity required to meet its operation needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to the financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The following table show the total financial assets held by the Organization and the amounts of which could readily be made available within one year of June 30, 2023 to meet general expenditures:

Cash and cash equivalents	$ 435,014
Accounts receivable	425,022
Grants receivable	20,000
Investments	16,521,649
Financial assets available to meet general expenditures within one year	$ 17,401,685

NOTE D – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

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.

NOTE D – FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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

Fixed income: Valued at the closing price reported in the active market in which the individual securities are traded.

Equities: Valued at the net asset value (NAV) of shares held by the Organization as of the end of the year.

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

Cash and cash equivalents are included in investments on the statement of financial position but are not subject to fair value under FASB ASC Topic 820.

Assets at fair value as of June 30, 2023 of Friedman consist of:

	Level 1	Level 2	Level 3	Total
Fixed income funds	$ 197,903	$ -	$ -	$ 197,903
Equities	1,588,963	-	-	1,588,963
Other assets	35,550	-	-	35,550
	$ 1,822,416	$ -	$ -	$ 1,822,416
Cash and cash equivalents				161,242
				$ 1,983,658

NOTE D – FAIR VALUE MEASUREMENTS (Continued)

Assets at fair value as of June 30, 2023 of Kagan consist of:

	Level 1	Level 2	Level 3	Total
Fixed income funds	$ 2,735,033	$ -	$ -	$ 2,735,033
Equities	11,169,105	-	-	11,169,105
Other assets	142,200	-	-	142,200
	$ 14,046,338	$ -	$ -	$ 14,046,338
Cash and cash equivalents				491,653
				$ 14,537,991

Assets at fair value as of June 30, 2023 of Friedman and Kagan consist of:

	Level 1	Level 2	Level 3	Total
Fixed income funds	$ 2,932,936	$ -	$ -	$ 2,932,936
Equities	12,758,068	-	-	12,758,068
Other assets	177,750	-	-	177,750
	$ 15,868,754	$ -	$ -	$ 15,868,754
Cash and cash equivalents				652,895
				$ 16,521,649

NOTE E – LONG-TERM DEBT

Long-term debt consists of the following:

	Total Debt	Current Portion
Interest-bearing loan payable to Kagan dated March 3, 2005 in the original amount of $1,700,000, with scheduled monthly installments of $11,305 including interest at 7%, maturing March 1, 2035. In prior years, Kagan has deferred all payments of principal and forgiven payments of interest; the cumulative total of such interest forgiveness at June 30, 2023 approximates $1,400,000. During the year ended June 30, 2023, the Organization made principal payments of $850,000 and interest payments of $64,458. Because of the history of principal deferral, no portions are considered currently payable in the combined statement of financial position. The intercompany loan transactions have been eliminated in the combined financial statements as of June 30, 2023.	$ 850,000	$ -
	850,000	$ -
Less current portion	-	
Long-term portion	$ 850,000	

NOTE F – RETIREMENT PLAN

The Organization maintains a qualified 401(k) and profit-sharing plan combination that covers all eligible employees. Eligible employees make deferrals under the terms of the plan. The Organization determines contributions to the profit-sharing plan. Total retirement plan expense relating to the Organization's profit sharing for the current period amounted to $80,135.

NOTE G – CONCENTRATION IN SUPPORT RECEIVED

For the year ended June 30, 2023, approximately 77% of the Organization's room and board revenue was generated from participation in the Illinois Department of Healthcare and Family Services Supportive Living Facilities program.

NOTE H – CONTINGENCIES

The Organization is one of eight designated beneficiaries of a charitable trust and is entitled to annual distributions of 12.5% of its income. In addition, the trustees are authorized to distribute each year a percentage of principal (which percentage may change at their discretion). The Organization is unable to determine the amounts or timing of any potential distributions of income and/or principal. During the fiscal year ended June 30, 2023 the Organization received $8,811 from this charitable trust.

NOTE I – RESIDENT DEPOSITS

The Organization maintains custodial accounts for certain residents. These funds are combined in a segregated cash account and are used solely for the purpose of and at the discretion of the specific residents to whom the funds belong. At June 30, 2023, the amount of restricted cash was $28,740.

NOTE J – RECENT ACCOUNTING PRONOUNCEMENTS

MEASUREMENT OF CREDIT LOSSES ON FINANCIAL INSTRUMENTS

ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments becomes effective for fiscal years beginning after December 15, 2022, including interim periods with those fiscal years, for non-public entities, but early adoption is permitted at any time. The standard requires entities to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The new guidance affects loans, debt securities, trade receivables, net investments in leases, off-balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The Organization is currently evaluating the impact this standard will have on the combined financial statements when adopted.