PRIMO CENTER FOR WOMEN AND CHILDREN

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Primo Center for Women and Children
6212 S Sangamon Street
Chicago, IL 60621

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Primo Center for Women and Children, which comprise the statements of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Primo Center for Women and Children as of June 30, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Primo Center for Women and Children and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Primo Center for Women and Children's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Primo Center for Women and Children's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Primo Center for Women and Children'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024 on our consideration of the Primo Center for Women and Children's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Primo Center for Women and Children's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Primo Center for Women and Children's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

Primo Center for Women and Children's 2023 financial statements were previously audited by Dugan & Lopatka, whose report dated May 10, 2024, expressed an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects except as identified in Note I, with the audited financial statements from which it has been derived.

PORTE BROWN LLC
Certified Public Accountants

Porte Brown LLC

Elk Grove Village, Illinois
December 30, 2024

PRIMO CENTER FOR WOMEN AND CHILDREN

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024
(with comparative totals for the year ended June 30, 2023)

	2024	as restated 2023
ASSETS		
CURRENT ASSETS		
Cash	$ 496,586	$ 226,007
Accounts receivable	90,734	210,161
Grants receivable, net	1,761,658	427,448
Unconditional promise to give	325,000	405,000
Prepaid expenses	37,475	15,799
	2,711,453	1,284,415
FIXED ASSETS		
Property and equipment	2,913,952	2,840,701
Less: Accumulated depreciation	(1,610,210)	(1,424,087)
	1,303,742	1,416,614
OTHER ASSETS		
Deposits	30,000	30,000
Unconditional promise to give	100,000	425,000
Operating lease right-of-use-assets	5,597,637	5,374,856
	5,727,637	5,829,856
TOTAL ASSETS	$ 9,742,832	$ 8,530,885
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 396,138	$ 559,985
Accrued expenses	470,550	406,638
Bank loan payable	312,819	515,000
Refundable advance	86,560	-
Security deposits	5,296	3,792
Current portion of operating lease liabilities	492,384	595,735
	1,763,747	2,081,150
LONG-TERM OBLIGATIONS		
Forgivable notes	783,922	928,069
Loan payable	-	69,441
Operating lease liabilities, net of current portion	5,465,262	5,108,538
	6,249,184	6,106,048
NET ASSETS		
Without donor restrictions	937,731	(559,382)
With donor restrictions	792,170	903,069
	1,729,901	343,687
TOTAL LIABILITIES AND NET ASSETS	$ 9,742,832	$ 8,530,885

PRIMO CENTER FOR WOMEN AND CHILDREN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024
(with summarized comparative totals for the year ended June 30, 2023)

	2024			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**as restated 2023 Total**
REVENUES AND SUPPORT				
Government funding	$ 6,778,362	$ -	$ 6,778,362	$ 4,038,492
Contributions	713,254	372,500	1,085,754	617,919
Special events, net of direct costs	-	-	-	37,023
Medicaid	1,324,229	-	1,324,229	1,344,580
Debt forgiveness	144,147	-	144,147	144,147
Rental income	58,992	-	58,992	53,876
Interest income	3,496	-	3,496	87
Miscellaneous income	74,932	-	74,932	41,482
Net assets released from restriction	483,399	(483,399)	-	-
	9,580,811	(110,899)	9,469,912	6,277,606
EXPENSES				
Program services	6,680,746	-	6,680,746	5,910,331
Management and general	1,259,905	-	1,259,905	1,343,581
Fundraising	143,047	-	143,047	185,617
	8,083,698	-	8,083,698	7,439,529
CHANGE IN NET ASSETS	1,497,113	(110,899)	1,386,214	(1,161,923)
NET ASSETS, BEGINNING OF YEAR	(559,382)	903,069	343,687	1,505,610
NET ASSETS, END OF YEAR	$ 937,731	$ 792,170	$ 1,729,901	$ 343,687

PRIMO CENTER FOR WOMEN AND CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024
(with summarized comparative totals for the year ended June 30, 2023)

	Total Programs	Management and General	Fundraising Services	2024 Total	2023 Total
EXPENSES					
Salaries	$ 3,893,441	$ 641,906	$ 80,538	$ 4,615,885	4,037,618
Payroll taxes and benefits	663,729	119,203	12,719	795,651	740,805
Consultants	279,771	132,101	49,082	460,954	313,622
Bad debt (recovery)/expense	-	(25,000)	-	(25,000)	53,501
Depreciation	186,124	-	-	186,124	179,869
Dues and subscriptions	5,786	5,294	-	11,080	18,041
Education	-	6,432	-	6,432	39,354
Insurance	15,900	71,649	-	87,549	77,594
Interest	-	37,050	-	37,050	63,112
Meals	50,036	13,257	-	63,293	24,353
Miscellaneous	6,311	2,023	454	8,788	44,206
Office	149,638	54,664	254	204,556	244,368
Professional	8,374	128,446	-	136,820	136,995
Rent	653,005	-	-	653,005	913,549
Repairs and maintenance	172,906	799	-	173,705	147,345
Special events	273	2,951	-	3,224	16,336
Supplies and activities	339,126	6,323	-	345,449	85,143
Telephone	28,976	39,580	-	68,556	49,401
Travel	22,361	13,858	-	36,219	49,301
Utilities	204,989	9,369	-	214,358	205,016
TOTAL FUNCTIONAL EXPENSES	$ 6,680,746	$ 1,259,905	$ 143,047	$ 8,083,698	$ 7,439,529

The accompanying notes are an integral part of these financial statements

PRIMO CENTER FOR WOMEN AND CHILDREN

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024
(with comparative totals for the year ended June 30, 2023)

	2024	as restated 2023
OPERATING ACTIVITIES		
Change in net assets:	$ 1,386,214	$ (1,161,923)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	186,124	179,869
Forgiveness of debt	(144,147)	(144,147)
Allowance for bad debt	(25,000)	50,000
Reduction of lease right-of-use-assets	496,119	888,712
Changes in:		
Accounts receivable	119,427	(138,094)
Grants receivable, net	(1,309,210)	555,011
Unconditional promises to give	405,000	295,000
Prepaid expenses	(21,676)	37,748
Accounts payable	(163,847)	292,617
Accrued expenses	63,912	20,599
Refundable advance	86,560	-
Security deposits payable	1,504	-
Operating lease liabilities	(465,527)	(559,295)
Net cash provided by operating activities	615,453	316,097
INVESTING ACTIVITIES		
Purchase of fixed assets	(73,252)	(46,150)
Net cash used by investing activities	(73,252)	(46,150)
FINANCING ACTIVITIES		
Repayments of bank loan payable, net	(202,181)	(235,000)
Repayment of long-term debt	(69,441)	-
Net cash used by financing activities	(271,622)	(235,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	270,579	34,947
BEGINNING CASH AND CASH EQUIVALENTS	226,007	191,060
ENDING CASH AND CASH EQUIVALENTS	$ 496,586	$ 226,007
SUPPLEMENTAL INFORMATION TO CASH FLOWS		
Cash paid during the year for:		
Income taxes	$ -	$ -
Interest	37,050	63,112
Noncash investing activities:		
Operating lease assets obtained in exchange for lease liabilities	$ 747,730	$ 5,890,066

NOTE A – NATURE OF OPERATIONS

The Primo Center for Women and Children (the "Organization") is a not-for-profit corporation organized in 1977. The Primo Center is a mission-based organization that seeks to empower families to become productive, responsible, and independent member of their community. This mission is served through provision of homeless shelter services to families, supportive services to families who leave shelter and become independently housed, as well as a range of mental health, developmental, assessment, and life skills services to aid families in achieving and maintaining their independence. The Organization provides services with financial support from public agencies, foundations, corporations, and individual donors. As previously mentioned, changes in elected officials and changing priorities can have an impact on allocation of funds from public and foundation/corporate sources, resulting in flat funding from year to year, decreases, or even opening opportunities for new areas of focus. The Primo Center aims to diversify funding sources to reduce reliance on continued levels of government funding.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The 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 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 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved in making estimates, 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.

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION (Continued)

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional allocation and do not contain full disclosures. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023 from which the summarized information was derived.

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. 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.

Promises to Give
Conditional promises to give, that is, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. Federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. At June 30, 2024 and 2023, $2,516,317 and $1,372,331, respectively, of contributions had not been recognized in the accompanying financial statements because the conditions have not been met. Refundable advance consists of advances totaling $86,560 and $- at June 30, 2024 and 2023, respectively. The Organization receives unconditional promises to give from various other organizations and private foundations. All unconditional promises to give are expected to be insignificant.

Revenue from Contracts with Customers
The Organization derives a portion of its revenue from sources that involve contracts with customers. Those sources include Medicaid, debt forgiveness, and ticket sales from special events. Revenue from services provided under the Organization's care are recognized at the point in time the services are provided for. These services are paid by Medicaid. The price is determined based on preapproved rates and goes through an approval process with Medicaid. In estimating the transaction price, the Organization uses historical data to calculate a discount percentage by payer. Revenue from debt forgiveness is recognized over time in accordance with the terms of the original agreement signed. Revenues from rental income is recognized over time and include amounts paid by tenants in exchange for the access to the unit for a specified period of time. The price is determined based on a sliding fee schedule based on family size and income and are short term in nature. Revenues from special events is recognized as the cost of direct benefits to donors, and contribution revenue is recognized for the difference.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (continued)

Revenues are recognized when control of these services is transferred to its customers in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. The Organization does not have any significant financing components as all payments are received within the year of services being performed. Revenue from these revenue streams can be impacted by the needs of the local community.

The Organization has elected to use the portfolio approach practical expedient. The Organization's contracts with customers contain similar terms and as a result, the Institute has elected to apply its revenue recognition policies to a portfolio of contracts with similar characteristics. The Organization does not expect the results of doing so to differ materially from applying the guidance to individual contracts.

The following table disaggregates the Organization's support and revenue from contracts with customers as well as revenue based on the timing or satisfaction of performance obligations for the years ended June 30, 2024 and 2023:

	2024	2023
Contracts with customers		
Performance obligations satisfied over time	$ 203,139	$ 198,023
Performance obligations satisfied at a point in time	1,324,229	1,344,580
Noncontractual revenues	7,942,544	5,007,009
	$ 9,469,912	$ 6,549,612

The balances of contract assets resulting from contracts with customers are shown as accounts receivable on the statement of financial position. There were no accounts receivable as of July 01, 2022. All receivables at year end were received within the next annual reporting period. As of the years ended June 30, 2024 and 2023 there were no contract liabilities.

NET ASSETS WITHOUT DONOR IMPOSED 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.

DONOR IMPOSED RESTRICTIONS

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DONOR IMPOSED RESTRICTIONS (continued)

Net assets with donor restrictions are available for the following:

	2024	2023
Purpose restrictions, available for spending:		
Kids Connected - IHF	$ 377,170	$ 743,069
Kids Connected - Crown	150,000	-
Home Visiting - HFC	12,500	-
Early Learning - VNA	60,000	-
	599,670	743,069
Time restrictions, some of which may also be subject to purpose restrictions:		
Restricted for use in FY24	-	80,000
Restricted for use in FY25	155,000	80,000
Restricted for use in FY26	37,500	-
	192,500	160,000
	$ 792,170	$ 903,069

Net assets released from restriction due the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Expiration of time restrictions	$ 117,500	$ 180,000
Restriction satisfied by expenditures	365,899	381,931
	$ 483,399	$ 561,931

IN-KIND CONTRIBUTIONS

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

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. 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 and development costs are expenses as incurred, even though they may result in contributions received in future years.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. It is of the opinion of management that the solvency of the referenced financial institutions is not of a particular concern at this time.

ACCOUNTS RECEIVABLE

Trade accounts receivable are measured at amortized cost. The Organization records an allowance for lifetime credit losses that are expected to be incurred as of the date that a receivable is originated. The allowance reduces the carrying amount of the receivables to the net amount expected to be collected over the assets' contractual term. The determination of the allowance requires management to collectively evaluate receivables by classifying them into pools that share similar risk characteristics such as risk rating, type of receivable, size of the receivable, contractual term, date of origination (vintage), etc. while individually evaluating such assets, if any, that do not possess risk characteristics similar to those in the identified pools. The Organization has designed and implemented credit-granting policies and standards intended to mitigate credit risk. Credit risk is assessed on an ongoing basis using both quantitative and qualitative analysis. The normal trade terms for the Organization's sales to customers are 30 days from invoice date. The Organization considers a receivable to be past due when the normal trade terms have been exceeded. When payments are received on past due accounts receivable, the payments are applied to the invoices designated by the customer or, in the absence of customer designation, to the outstanding invoices with the earliest invoice dates. Receivables are written off after all reasonable collection efforts have been exhausted. Write offs are recognized as a deduction from the allowance for credit losses. Amounts previously written off that are now expected to be recovered are included in the determination of the allowance for credit losses.

Estimate of the required allowance for credit losses is based on available and relevant internal and/or external information about historical loss experience with similar assets, current conditions, and, if applicable, reasonable and supportable forecasts that affect the expected collectability of the reported amount of financial assets that have an extended contractual term. The risks attributable to portfolio of trade accounts receivable relate to the liquidity and financial viability of customers. The credit risk relative to the customer environment is largely due to factors such as general economic conditions, inflation rates and interest rates. The Organization determines the allowance for credit losses by using an accounts receivable aging schedule and utilizing historical loss percentages adjusted for the effects of current conditions. The factors that influenced judgments in the current periods were as follows: interest rates and the rate of inflation. Due to the short-term nature of accounts receivable, it was not necessary for the Organization, in making computations, to adjust the estimate of the rate of expected lifetime credit losses for reasonable and supportable forecasts or revert to historical data for periods subsequent to a reasonable and supportable forecast period. The amount estimated for an allowance for credit losses is immaterial to the financial statements and as such no such allowance has been recorded.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GRANTS RECEIVABLE

Grants receivable represent amounts due from government funding agencies and other foundations/organizations and for which program costs have been incurred and appropriate cost reimbursement reports submitted by the Organization. Revenue is recognized at the point of submission of cost reimbursement reports to funding agencies. Full collection of grants and pledges receivables is expected within the next year. Final approval of expenditures for reimbursement is at the discretion of the funding agency. The Organization has provided for an allowance of doubtful accounts of $25,000 and $50,000 for the years ended June 30, 2024 and 2023. The allowance is based on experience, third-party contracts, and other circumstances which may affect the ability of grantors to meet their obligations. Receivables are considered impaired if full payments are not received in accordance with contractual or grant terms. If amounts become uncollectable, they will be written off against the allowance when that determination is made.

UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consists of promises made by foundations and others for which there are no conditional provisions. These include multiyear pledges which are recognized at present value at the time of the promise. For the years ended June 30, 2024 and 2023 the amount of unamortized discounts on multiyear pledges was immaterial to the financial statements. All long-term promises are due within five years.

PREPAID EXPENSES

Prepaid expenses consist of prepaid rents and deposits on transitional housing arrangements, insurance, and other miscellaneous costs.

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 $5,000 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	2024	2023
Land		$ 228,720	$ 228,720
Leasehold improvements	20 - 40	272,447	272,447
Buildings	30	2,176,412	2,122,731
Office equipment	3 - 7	174,902	155,332
Computer	3 - 7	19,300	19,300
Vehicles	5	42,171	42,171
		$ 2,913,952	$ 2,840,701

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIXED ASSETS (continued)

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.

CARRYING VALUE OF LONG LIVED ASSETS

In the event that facts and circumstances indicate that the Organization's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The Organization considers that no circumstances currently exist that would require such an evaluation.

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 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.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 30, 2024, 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.

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following table show the total financial assets held by the Organization and the amounts of which could readily be made available to meet general expenditures within one year of June 30, 2024 and 2023 is as follows:

	2024	2023
Cash and cash equivalents	$ 496,586	$ 226,007
Accounts receivable	90,734	210,161
Grants receivable, net	1,761,658	699,454
Unconditional promise to give	425,000	830,000
Total financial assets	2,773,978	1,965,622
Less those unavailable for general expenditures within one year due to:		
Contractual or donor imposed restrictions	759,680	903,069
Financial assets available to meet general expenditures within one year	$ 2,014,298	$ 1,062,553

Additionally, the Organization maintains a line of credit, as discussed in more detail in Note D.

NOTE D – BANK LOAN PAYABLE

Bank loan payable represents the balance due on an open line of credit with Bank of America due December 31, 2024. Interest is payable at prime plus 1.75% with a floor of 3.25%, 10.25% as of June 30, 2024. The loan is collateralized by all business assets. All principal and interest payments are made by the Organization. The maximum credit limit is $312,819. Additionally, certain conditions stipulated in the borrowing agreement relating to the maintenance of a minimum unrestricted, unencumbered liquid assets of not less than $750,000. As of June 30, 2024 the Organization was not in compliance with this requirement.

NOTE E – FORGIVABLE NOTES

In December 2014, the Organization obtained a property subject to the Neighborhood Stabilization Program, through a transfer from the City of Chicago. Pursuant to the agreement, the value of the property transferred was $2,287,203 and is subject to certain conditions for use. As a part of the agreement the Organization obtained a subordinated interest-free mortgage from the City of Chicago in the amount of $2,162,203. The terms of this mortgage provide for the debt to be forgiven ratably over a 15-year period.

NOTE F – RETIREMENT PLAN

The Organization maintains a qualified 401(k) plan combination that covers all eligible employees. Eligible employees make deferrals under the terms of the plan. The Organization determines its employer matching contributions to the plan based on calendar year wages and deferrals. During the years ended June 30, 2024 and 2023, the Organization did not make any contributions to the plan.

NOTE G – LEASE COMMITMENTS

The Organization has entered into various lease commitments various real estate used for its activities. The current terms of the leases provide for annual rents of $614,600 payable monthly, increasing throughout the life of the leases. The Organization may also be responsible for operating expenses and real estate taxes, which exceed the base year defined in the lease. Each lease contains an option to renew with renewal terms that can extend each lease term. The exercise of the lease renewal option is at the Organization's sole discretion. Lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024 and 2023, respectively.

	2024	2023
Operating leases		
Weighted Average Remaining Lease Term	13.28 Years	13.76 Years
Weighted Average Discount Rate	2.36%	2.04%

The maturities of lease liabilities as of June 30, 2024 are as follows:

Year-ending December 31,	Operating
2025	$ 614,607
2026	633,044
2027	652,039
2028	527,188
2029	398,589
2030 and subsequent years	3,906,922
Total lease payments	6,732,389
Less: Interest	774,743
Present value of lease liabilities	$ 5,957,646

NOTE H – CONCENTRATIONS

The Organization's operations are subject to the administrative directives, rules, and regulations of regulatory agencies including, but not limited to, the City of Chicago, the State of Illinois and the United States Department of Housing and Urban Development. Concentrations of revenue and receivables for the years ended June 30, 2024 and 2023 consist of the following:

	2024		2023	
	Revenues	Receivables	Revenues	Receivables
City of Chicago	33%	26%	47%	23%
State of Illinois	28%	43%	9%	6%

NOTE I – PRIOR PERIOD ADJUSTMENT

The Organization's financial statements for June 30, 2023 have been restated to correct the amount of conditional grants receivable as of June 30, 2023. Conditional grants were recognized in full prior to their full obligation being satisfied. The effect of the restatement was to decrease ending grants receivable and related revenues by $272,006.

NOTE J – ACCOUNTING CHANGE

As of January 1, 2023, the Organization adopted ASU 2016-13, Financial Instruments- Credit Losses (Topic 326) that replaced the incurred loss model for measuring the allowance for credit losses with a new model that reflects current expected credit losses (CECL) that are expected to occur over the lifetime of the underlying accounts and notes receivable. The CECL methodology is applicable to financial assets that are measured at amortized cost, including account receivables. This estimate must be based on all relevant information, such as historical information, current conditions, and reasonable and supportable forecasts that could impact the collectability of the amounts. The Organization adopted the changes in accounting for credit losses using a modified retrospective method. Under the modified retrospective approach, the Organization had no change to the opening balances that included the date of initial application.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Primo Center for Women and Children
6212 S Sangamon Street
Chicago, IL 60621

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Primo Center for Women and Children, which comprise the statements of financial position as of June 30, 2024, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2024 .

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Primo Center for Women and Children's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Primo Center for Women and Children's internal control. Accordingly, we do not express an opinion on the effectiveness of the Primo Center for Women and Children's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Primo Center for Women and Children's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purposes of this Report

This report of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PORTE BROWN LLC
Certified Public Accountants

Porte Brown LLC

Elk Grove Village, Illinois
December 30, 2024