

PRIMO CENTER FOR WOMEN AND CHILDREN

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2025

PRIMO CENTER FOR WOMEN AND CHILDREN

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TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1-3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION.....	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8-17
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 <i>GOVERNMENT AUDITING STANDARDS</i>	18-19



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 statement of financial position as of June 30, 2025, 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 present fairly, in all material respects, the financial position of Primo Center for Women and Children as of June 30, 2025, 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 opinions.

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 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 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 19, 2025 on our consideration of 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 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 Primo Center for Women and Children's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Primo Center for Women and Children's 2024 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PORTE BROWN LLC
Certified Public Accountants

A handwritten signature in cursive script that reads "Porte Brown LLC".

Elk Grove Village, Illinois
December 19, 2025

PRIMO CENTER FOR WOMEN AND CHILDREN

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(with comparative totals for June 30, 2024)

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,723,594	\$ 496,586
Accounts receivable	38,333	90,734
Grants receivable, net	1,544,977	1,761,658
Unconditional promise to give	148,000	325,000
Prepaid expenses	14,848	37,475
	<u>3,469,752</u>	<u>2,711,453</u>
FIXED ASSETS		
Property and equipment	2,984,556	2,913,952
Less: Accumulated depreciation	(1,793,317)	(1,610,210)
	<u>1,191,239</u>	<u>1,303,742</u>
OTHER ASSETS		
Deposits	30,000	30,000
Unconditional promise to give, net of current portion	-	100,000
Operating lease right-of-use-assets	5,051,320	5,597,637
	<u>5,081,320</u>	<u>5,727,637</u>
TOTAL ASSETS	<u><u>\$ 9,742,311</u></u>	<u><u>\$ 9,742,832</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 256,837	\$ 396,138
Accrued expenses	488,148	470,550
Bank loan payable	144,688	312,819
Refundable advance	50,000	86,560
Security deposits	5,350	5,296
Current portion of operating lease liabilities	523,034	492,384
	<u>1,468,057</u>	<u>1,763,747</u>
LONG-TERM OBLIGATIONS		
Forgivable notes	639,775	783,922
Operating lease liabilities, net of current portion	4,942,228	5,465,262
	<u>5,582,003</u>	<u>6,249,184</u>
NET ASSETS		
Without donor restrictions	2,583,060	937,731
With donor restrictions	109,191	792,170
	<u>2,692,251</u>	<u>1,729,901</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 9,742,311</u></u>	<u><u>\$ 9,742,832</u></u>

The accompanying notes are an integral part of these financial statements

PRIMO CENTER FOR WOMEN AND CHILDREN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

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

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES AND SUPPORT				
Government funding	\$ 7,256,260	\$ -	\$ 7,256,260	\$ 6,778,362
Contributions	675,614	-	675,614	1,085,754
Medicaid reimbursed services	1,665,792	-	1,665,792	1,324,229
Debt forgiveness	144,147	-	144,147	144,147
Rental income	57,759	-	57,759	58,992
Interest income	94,021	-	94,021	3,496
Employee retention credit income	461,851	-	461,851	-
Miscellaneous income	2,478	-	2,478	74,932
Net assets released from restriction	682,979	(682,979)	-	-
	11,040,901	(682,979)	10,357,922	9,469,912
EXPENSES				
Program services	8,550,419	-	8,550,419	6,680,746
Management and general	685,759	-	685,759	1,259,905
Fundraising	159,394	-	159,394	143,047
	9,395,572	-	9,395,572	8,083,698
CHANGE IN NET ASSETS	1,645,329	(682,979)	962,350	1,386,214
NET ASSETS, BEGINNING OF YEAR	937,731	792,170	1,729,901	343,687
NET ASSETS, END OF YEAR	\$ 2,583,060	\$ 109,191	\$ 2,692,251	\$ 1,729,901

The accompanying notes are an integral part of these financial statements

PRIMO CENTER FOR WOMEN AND CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2025

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

	<u>Total Programs</u>	<u>Management and General</u>	<u>Fundraising Services</u>	<u>2025 Total</u>	<u>2024 Total</u>
EXPENSES					
Salaries	\$ 5,200,013	\$ 59,056	\$ 62,042	\$ 5,321,111	4,615,885
Payroll taxes and benefits	855,306	10,423	10,572	876,301	795,651
Consultants	79,320	72,259	84,015	235,594	460,954
Bad debt (recovery)/expense	-	1,117	-	1,117	(25,000)
Depreciation	183,106	-	-	183,106	186,124
Dues and subscriptions	6,299	10,282	-	16,581	11,080
Education	9,274	5,587	-	14,861	6,432
Insurance	20,745	142,003	-	162,748	87,549
Interest	-	26,869	-	26,869	37,050
Meals	476,969	9,402	-	486,371	63,293
Miscellaneous	232,530	84,276	651	317,457	8,788
Office	97,033	96,716	275	194,024	204,556
Professional	82,284	115,789	-	198,073	136,820
Rent	680,530	-	-	680,530	653,005
Repairs and maintenance	210,385	6,331	-	216,716	173,705
Special events	-	-	-	-	3,224
Supplies and activities	141,738	3,675	-	145,413	345,449
Telephone	35,360	18,262	-	53,622	68,556
Travel	23,164	528	-	23,692	36,219
Utilities	216,363	23,184	1,839	241,386	214,358
TOTAL FUNCTIONAL EXPENSES	<u>\$ 8,550,419</u>	<u>\$ 685,759</u>	<u>\$ 159,394</u>	<u>\$ 9,395,572</u>	<u>\$ 8,083,698</u>

The accompanying notes are an integral part of these financial statements

PRIMO CENTER FOR WOMEN AND CHILDREN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2025

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

	2025	2024
OPERATING ACTIVITIES		
Change in net assets:	\$ 962,350	\$ 1,386,214
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	183,106	186,124
Forgiveness of debt	(144,147)	(144,147)
Allowance for doubtful accounts	-	(25,000)
Reduction of lease right-of-use-assets	546,317	496,119
Changes in:		
Accounts receivable	52,401	119,427
Grants receivable, net	216,681	(1,309,210)
Unconditional promises to give	277,000	405,000
Prepaid expenses	22,627	(21,676)
Accounts payable	(139,301)	(163,847)
Accrued expenses	17,598	63,912
Refundable advance	(36,560)	86,560
Security deposits payable	54	1,504
Operating lease liabilities	(492,384)	(465,527)
Net cash provided by operating activities	1,465,742	615,453
INVESTING ACTIVITIES		
Purchase of fixed assets	(70,603)	(73,252)
Net cash used by investing activities	(70,603)	(73,252)
FINANCING ACTIVITIES		
Repayments of bank loan payable	(168,131)	(202,181)
Repayment of long-term debt	-	(69,441)
Net cash used by financing activities	(168,131)	(271,622)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,227,008	270,579
BEGINNING CASH AND CASH EQUIVALENTS	496,586	226,007
ENDING CASH AND CASH EQUIVALENTS	\$ 1,723,594	\$ 496,586
SUPPLEMENTAL INFORMATION TO CASH FLOWS		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	26,869	37,050
Noncash investing activities:		
Operating lease assets obtained in exchange for lease liabilities	\$ 858,435	\$ 747,730

The accompanying notes are an integral part of these financial statements

PRIMO CENTER FOR WOMEN AND CHILDREN

NOTES TO FINANCIAL STATEMENTS

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.

PRIMO CENTER FOR WOMEN AND CHILDREN

NOTES TO FINANCIAL STATEMENTS

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, 2024 from which the summarized information was derived.

REVENUE RECOGNITION

Promises to Give

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.

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, 2025 and 2024, \$2,433,409 and \$2,516,317, 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 \$50,000 and \$86,560 at June 30, 2025 and 2024, respectively. Revenue from special events is recognized as the cost of direct benefits to donors, and contribution revenue is recognized for the difference.

Revenue from Contracts with Customers

The Organization derives a portion of its revenue from sources that involve contracts with customers. Those sources include Medicaid reimbursed services, such as sheltering, counseling and supportive services. 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. 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 Organization 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.

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.

PRIMO CENTER FOR WOMEN AND CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (continued)

Rental Revenue

Revenue from rental income is recognized in exchange for the access to the unit by tenants 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.

Debt Forgiveness Revenue

Revenue from debt forgiveness income is recognized ratably over a 15-year period as the mortgage is forgiven as outlined in Note E.

Employee Retention Credit Revenue

The Organization qualified for the Employee Retention Credit (ERC) under provisions of the CARES Act and subsequent legislation. The ERC is a refundable payroll tax credit and is accounted for as government assistance. Due to the uncertainty surrounding receipt of the ERC, the Organization did not recognize the revenue until payment from the credit was received.

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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Contracts with customers		
Performance obligations satisfied at a point in time	\$ 1,665,792	\$ 1,324,229
Noncontractual revenues	<u>8,692,130</u>	<u>8,145,683</u>
	<u>\$ 10,357,922</u>	<u>\$ 9,469,912</u>

The balances of contract assets resulting from contracts with customers are shown as accounts receivable on the statement of financial position. All receivables at year end are expected to be received within the next annual reporting period. As of the years ended June 30, 2025 and 2024 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.

PRIMO CENTER FOR WOMEN AND CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

DONOR IMPOSED RESTRICTIONS (continued)

Net assets with donor restrictions are available for the following:

	2025	2024
Purpose restrictions, available for spending:		
Kids Connected - IHF	\$ 109,191	\$ 377,170
Kids Connected - Crown	-	150,000
Home Visiting - HFC	-	12,500
Early Learning - VNA	-	60,000
	109,191	599,670
Time restrictions, some of which may also be subject to purpose restrictions:		
Restricted for use in FY25	-	155,000
Restricted for use in FY26	-	37,500
	-	192,500
	\$ 109,191	\$ 792,170

Net assets released from restriction due the years ended June 30, 2025 and 2024 were as follows:

	2025	2024
Expiration of time restrictions	\$ 192,500	\$ 117,500
Restriction satisfied by expenditures	490,479	365,899
	\$ 682,979	\$ 483,399

EXPENSE RECOGNITION AND ALLOCATION

The Organization allocates its expenses on a functional basis among its various program 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 expensed as incurred, even though they may result in contributions received in future years.

PRIMO CENTER FOR WOMEN AND CHILDREN

NOTES TO FINANCIAL STATEMENTS

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. No allowance for credit losses was determined to be necessary based on the analysis performed.

PRIMO CENTER FOR WOMEN AND CHILDREN

NOTES TO FINANCIAL STATEMENTS

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 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 for doubtful accounts of \$25,000 and \$25,000 for the years ended June 30, 2025 and 2024. 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, 2025 and 2024 the no discount was recognized on multiyear pledges. 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 useful 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:

	<u>Lives in Years</u>	<u>2025</u>	<u>2024</u>
Land		\$ 228,720	\$ 228,720
Leasehold improvements	3 - 12	272,447	272,447
Buildings	30	2,214,147	2,176,412
Office equipment	3 - 7	195,625	174,902
Computer	3 - 7	31,446	19,300
Vehicles	5	42,171	42,171
		<u>\$ 2,984,556</u>	<u>\$ 2,913,952</u>

PRIMO CENTER FOR WOMEN AND CHILDREN

NOTES TO FINANCIAL STATEMENTS

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 19, 2025, 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.

PRIMO CENTER FOR WOMEN AND CHILDREN

NOTES TO FINANCIAL STATEMENTS

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

The following table shows the total financial assets held by the Organization and the amounts that could readily be made available to meet general expenditures within one year of June 30, 2025 and 2024 is as follows:

	2025	2024
Cash and cash equivalents	\$ 1,723,594	\$ 496,586
Accounts receivable	38,333	90,734
Grants receivable, net	1,544,977	1,761,658
Unconditional promise to give	148,000	425,000
Total financial assets	3,454,904	2,773,978
Less those unavailable for general expenditures within one year due to:		
Contractual or donor imposed restrictions	109,191	759,680
Financial assets available to meet general expenditures within one year	\$ 3,345,713	\$ 2,014,298

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, 2025. Interest is payable at prime plus 1.75% with a floor of 3.25%, 9.25% as of June 30, 2025. The loan is collateralized by all business assets. All principal and interest payments are made by the Organization. The maximum credit limit is \$144,688. Additionally, certain conditions stipulated in the borrowing agreement requires the maintenance of a minimum unrestricted, unencumbered liquid assets of not less than \$750,000.

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, 2025 and 2024, the Organization did not make any contributions to the plan.

PRIMO CENTER FOR WOMEN AND CHILDREN

NOTES TO FINANCIAL STATEMENTS

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 Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on standalone prices. The operating lease assets and liabilities were calculated using the risk-free discount rate according to the Organization’s elected policy for all lease agreements.

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2025 and 2024, respectively.

	2025	2024
Operating leases		
Weighted Average Remaining Lease Term	11.32 Years	13.28 Years
Weighted Average Discount Rate	2.25%	2.36%
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 633,044	\$ 614,607

The maturities of lease liabilities as of June 30, 2025 are as follows:

Year-ending June 30,	Operating
2026	\$ 633,044
2027	652,039
2028	527,188
2029	398,589
2030	410,547
2031 and subsequent years	3,496,376
Total lease payments	6,117,783
Less: Interest	652,521
Present value of lease liabilities	\$ 5,465,262

PRIMO CENTER FOR WOMEN AND CHILDREN

NOTES TO FINANCIAL STATEMENTS

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, 2025 and 2024 consist of the following:

	2025		2024	
	<u>Revenues</u>	<u>Receivables</u>	<u>Revenues</u>	<u>Receivables</u>
City of Chicago	36%	44%	33%	26%
State of Illinois	26%	39%	28%	43%

NOTE I – RECLASSIFICATIONS

Reclassifications occurred to certain prior year amounts in order to conform with the current year classifications. The reclassifications have no effect on reported net income.



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 statement of financial position as of June 30, 2025, and the related statements 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 19, 2025.

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*.

Purpose of This Report

The purpose 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

A handwritten signature in black ink that reads "Porte Brown LLC". The signature is written in a cursive, flowing style.

Elk Grove Village, Illinois
December 19, 2025