

**HEART HAVEN OUTREACH**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 and 2023**

(With Independent Auditor's Report)



**Wieland Wallace Inc.**  
Certified Public Accountants

# **HEART HAVEN OUTREACH**

## **FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 and 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Heart Haven Outreach

We have audited the accompanying financial statements of Heart Haven Outreach (an Illinois nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heart Haven Outreach's position as of June 30, 2024 and 2023, and the related statements of activities, cash flows and functional expenses for the years 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Heart Haven Outreach 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Heart Haven Outreach's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Heart Haven Outreach'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 Heart Haven Outreach'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.

*Wieland Wallace Inc.*

Batavia, Illinois  
October 10, 2024



**HEART HAVEN OUTREACH**  
**STATEMENTS OF ACTIVITIES**

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	2024 Totals	Without Donor Restrictions	With Donor Restrictions	2023 Totals
<b><u>SUPPORT AND REVENUES</u></b>						
Individual and business contributions	\$ 33,741	\$ —	\$ 33,741	\$ 50,915	\$ —	\$ 50,915
Corporate and foundation grants	90,718	—	90,718	58,106	—	58,106
Employee retention tax credits	—	—	—	32,179	—	32,179
Indirect public support	4,619	—	4,619	4,729	—	4,729
Program service revenue	233,816	—	233,816	221,530	—	221,530
In-kind contributions and support						
Goods	18,870	—	18,870	11,467	—	11,467
Space	105,376	—	105,376	105,376	—	105,376
Special events, less cost of donor benefits (2024, \$91,350; 2023, \$70,701)	108,153	—	108,153	71,695	—	71,695
Interest income	12,222	—	12,222	2,317	—	2,317
Net assets released from restrictions						
Restrictions satisfied by expenditures	—	—	—	15,000	(15,000)	—
<b><u>TOTAL SUPPORT AND REVENUES</u></b>	<b>607,515</b>	<b>—</b>	<b>607,515</b>	<b>573,314</b>	<b>(15,000)</b>	<b>558,314</b>
<b><u>EXPENSES</u></b>						
Program services	525,479	—	525,479	433,879	—	433,879
Supporting services						
General and administrative	88,670	—	88,670	74,995	—	74,995
Fundraising	22,298	—	22,298	19,007	—	19,007
Total supporting services	110,968	—	110,968	94,002	—	94,002
<b><u>TOTAL EXPENSES</u></b>	<b>636,447</b>	<b>—</b>	<b>636,447</b>	<b>527,881</b>	<b>—</b>	<b>527,881</b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b>(28,932)</b>	<b>—</b>	<b>(28,932)</b>	<b>45,433</b>	<b>(15,000)</b>	<b>30,433</b>
<b><u>NET ASSETS, BEGINNING OF YEAR</u></b>	<b>337,877</b>	<b>—</b>	<b>337,877</b>	<b>292,444</b>	<b>15,000</b>	<b>307,444</b>
<b><u>NET ASSETS, END OF YEAR</u></b>	<b>\$ 308,945</b>	<b>\$ —</b>	<b>\$ 308,945</b>	<b>\$ 337,877</b>	<b>\$ —</b>	<b>\$ 337,877</b>

**HEART HAVEN OUTREACH**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	Year Ended June 30, 2024				Year Ended June 30, 2023			
	Program Services	Management and General	Fundraising	Total 2024	Program Services	Management and General	Fundraising	Total 2023
Employee compensation	\$ 282,247	51,631	10,326	\$ 344,204	\$ 239,605	\$ 43,830	\$ 8,766	\$ 292,201
Payroll taxes	26,451	4,839	967	32,257	22,924	4,193	839	27,956
Employee benefits	35,604	6,513	1,303	43,420	23,194	4,243	848	28,285
Office expenses	2,284	672	3,762	6,718	1,819	535	2,997	5,351
Professional services	7,555	1,382	276	9,213	—	—	—	—
Program expenses	30,351	—	—	30,351	18,840	—	—	18,840
Postage and shipping	—	—	1,449	1,449	—	—	1,342	1,342
In-kind facilities	99,053	2,108	4,215	105,376	99,053	2,108	4,215	105,376
Insurance	2,836	8,982	—	11,818	3,623	11,474	—	15,097
Vehicle expenses	20,542	—	—	20,542	15,213	—	—	15,213
Travel, meetings and conferences	2,035	—	—	2,035	1,476	—	—	1,476
Staff development and appreciation	2,044	—	—	2,044	3,305	—	—	3,305
Auditing and tax preparation	—	7,457	—	7,457	—	6,916	—	6,916
Depreciation	14,477	5,086	—	19,563	4,827	1,696	—	6,523
	<u>\$ 525,479</u>	<u>\$ 88,670</u>	<u>\$ 22,298</u>	<u>\$ 636,447</u>	<u>\$ 433,879</u>	<u>\$ 74,995</u>	<u>\$ 19,007</u>	<u>\$ 527,881</u>

**HEART HAVEN OUTREACH**  
**STATEMENTS OF CASH FLOWS**

	Year Ended June 30,	
	2024	2023
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (28,932)	\$ 30,433
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	19,563	6,523
Decrease (increase) in operating assets		
Other Receivable	32,179	(32,179)
Promises to give	5,547	(36,401)
Increase (decrease) in operating liabilities		
Accounts payable	12,082	441
Accrued expenses	6,975	(3,112)
Deferred revenue	4,063	(2,567)
<u>NET CASH USED BY OPERATING ACTIVITIES</u>	<u>51,477</u>	<u>(36,862)</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(112,821)	(96,764)
Proceeds from maturity of investments	30,306	86,242
Purchases of property and equipment	(9,931)	(40,000)
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u>(92,446)</u>	<u>(50,522)</u>
<u>NET DECREASE IN CASH</u>	<u>(40,969)</u>	<u>(87,384)</u>
<u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u>	<u>88,772</u>	<u>176,156</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u> \$	<u>47,803</u> \$	<u>88,772</u>

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## HEART HAVEN OUTREACH

### NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 and 2023

#### NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Heart Haven Outreach (the Organization) is an Illinois 501(c)(3) nonprofit organization that serves middle and high school teens in the greater Bolingbrook and Romeoville area who are experiencing challenging times. Through a variety of time-tested and research-based programs, the organization pursues its mission of “reaching out to the hearts of youth and facilitating life transformation.”

The organization’s mission is to transform the lives of at-risk struggling teens through caring relationships and programs that support healthy development on an emotional, mental, physical, and spiritual level.

The organization’s programmatic activities include the following:

- “Real Life” support groups
- “Good, Clean Fun” recreational activities
- “Talk It Out” alternative to discipline program
- “Connect for Success” tutoring program
- “You Got Served” service projects
- One on one mentoring
- Summer programs
- Transportation services

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

##### BASIS OF PRESENTATION

The accompanying financial statements report the assets, liabilities, revenues and expenses of the Organization using the accrual basis of accounting. The Organization reports information regarding its financial position, activities, grants and contributions received, if any, according to two classes of net assets: without donor restrictions and with donor restrictions.

##### CASH AND CONCENTRATIONS OF RISK

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains its cash with high quality financial institutions and deposits which occasionally exceed federally insured limits.

##### SHORT-TERM INVESTMENTS

Certificates of deposit with original maturities greater than three months are classified as short-term investments which are carried at cost which approximates market. The organization had short term investments consisting of certificate of deposits and money market accounts amounting to \$270,171 and \$177,349 at June 30, 2024 and 2023 respectively. The organization had a Long-term investment consisting of a \$10,000 3-year fixed annuity contract which was valued at \$10,306 at June 30, 2023.

## **HEART HAVEN OUTREACH**

Notes to the Financial Statements (*Continued*)

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### PROMISES TO GIVE AND REVENUE RECOGNITION

Grants, gifts and 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 in the statement of activities.

Conditional promises to give are recognized as support when the conditions on which they depend are substantially met. Support from grants and other agreements that in substance constitute exchanges for services from the Organization is recognized when earned.

Amounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible promises using the allowance method. However, no allowance was determined to be warranted at June 30, 2024 and 2023 as all promises to give are expected to be realized in the next fiscal year.

Program service revenue performance obligation are based on fulfilment of services under various programs to the students for cash consideration

### CAPITALIZATION AND DEPRECIATION

Purchased property and equipment are recorded and capitalized at cost, while expenditures for maintenance and repairs are charged to expense as incurred. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Depreciation is provided for using the double-declining method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives which vary from three to ten years. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

### CONTRIBUTED SERVICES AND GOODS

Donated services are recognized at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its charitable purpose. No amounts have been recognized for these services in the statements of activities because the criteria for recognition have not been satisfied. Donated goods used in operations are recognized at estimated fair values when received.

In the year 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

## **HEART HAVEN OUTREACH**

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### Notes to the Financial Statements (*Continued*)

#### CONTRIBUTIONS

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

#### INCOME TAXES

The Organization is tax exempt under Internal Revenue Code Section 501 (c) (3), is classified as a public charity and has no unrelated business income. Accordingly, no provision for income taxes is reported.

The financial statement effects of a tax position taken or expected to be taken are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of June 30, 2023, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

#### ESTIMATES

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

#### EXPENSE ALLOCATION

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll, which is allocated on the basis of estimates of time and effort, as well as depreciation and rent, which are allocated on square footage basis. Other costs are allocated based on their identification with a specific functional category.

#### DEFERRED REVENUE

Deferred revenue is a liability as of the balance sheet date related to revenue that has not yet been recognized.

#### MANAGEMENT REVIEW

The Organization has evaluated subsequent events through the date on which the financial statements were available to be issued which is the date of the Independent Auditor's Report.

### NOTE 3 - OCCUPANCY

The Organization is located at 201 Canterbury Lane, Suite C, Bolingbrook, IL in a building that is owned by the Village of Bolingbrook. The Village of Bolingbrook allows the Organization to reside in the property for an annual lease payment of one dollar (\$1.00) per year. The fair market value of such contributed occupancy is reasonably estimated based upon similar sized office spaces in the area. For the years ended June 30, 2024 and 2023, the estimated fair value recorded as in-kind revenue and in-kind expense was \$105,376. The Village of Bolingbrook is responsible for paying all utility and operating costs associated with occupying the building.

### NOTE 4 - RETIREMENT PLAN

The Organization sponsors a SIMPLE plan for substantially all employees. The plan allows monthly contributions by employees and matching contributions by the Organization, subject to certain limits. The Organization's contributions to the plan for the years ended June 30, 2024 and 2023 totaled \$9,617 and \$7,956, respectively.

## HEART HAVEN OUTREACH

Notes to the Financial Statements (Continued)

### NOTE 5- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 36,110	\$ 26,180
Vehicles	<u>116,752</u>	<u>116,752</u>
	<u>152,862</u>	<u>142,932</u>
Accumulated depreciation	<u>(119,378)</u>	<u>(99,815)</u>
Property and equipment, net	<u>\$ 33,484</u>	<u>\$ 43,117</u>

### NOTE 8 – IN-KIND CONTRIBUTIONS

For the year ended December 31, 2023, in-kind contributions recognized within the statements of activities include the following:

Donated goods	
Gift cards and miscellaneous items	\$ 18,870
Special events auction and raffle items	<u>41,276</u>
Total donated goods	<u>\$ 60,146</u>
Donated Office space	<u>\$ 105,376</u>
Total donated office space	<u>\$ 105,376</u>

Donated goods are valued through selling retail prices of the same or comparable products. Donated services are valued based upon normal charges by the providers. Donated office space is based on fair market value of renting a comparable office space.

### NOTE 6 - LIQUIDITY OF ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit. To help manage unanticipated liquidity needs, the Organization maintains financial assets on hand to meet a minimum of two years of normal operating expense.

The Organization has \$348,828 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$47,803, short-term investments of \$270,171 and receivables of \$30,854.

### NOTE 7 – CONCENTRATION OF RISK

The Organization's program service revenue earned from one party totaled approximately 36% and 39% of total support and revenue for each of the years ended June 30, 2024 and 2023. Management believes the program to be ongoing and is not exposed to any significant revenue risk.