



THE BABY FOLD

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**For the Year Ended June 30, 2025
(With Summarized Financial Information for 2024)**



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THE BABY FOLD
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3051 Hollis Dr., 3rd Floor
Springfield, IL 62704
217.793.3363

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Baby Fold
Normal, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Baby Fold, 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 The Baby Fold 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. 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 the Organization 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 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 the Organization'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 are considered material if there is a substantial likelihood that, individually or in 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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited The Baby Fold's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2025. As discussed in Note 18 to the financial statements, The Baby Fold has restated its 2024 financial statements to correct misstatements. 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, with the exception of the restatement noted.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sikich CPA LLC

Springfield, Illinois
January 30, 2026

FINANCIAL STATEMENTS

THE BABY FOLD

STATEMENT OF FINANCIAL POSITION

June 30, 2025

(With Summarized Financial Information for June 30, 2024)

	2025	2024 (Restated)
ASSETS		
Cash and cash equivalents	\$ 933,322	\$ 999,229
Investments	5,705,904	4,713,084
Accounts receivable, net of an allowance for expected credit losses of \$175,000 for the years ended June 30, 2025 and 2024	1,928,660	2,019,470
Grants receivable	1,115,587	223,065
Food inventory	14,331	13,110
Facilities inventory	-	572
Grain inventories	34,690	39,691
Technology inventories	11,325	-
Prepaid expenses	213,414	199,875
Investments in real estate	2,313,115	426,715
Cash value of life insurance	-	4,960
Land, buildings, and equipment, net	7,491,256	7,899,056
Right-of-use asset, operating	1,170,775	1,160,364
Investment, restricted	5,472,682	5,195,452
Investment held in trust by others	5,672,199	5,560,228
	\$ 32,077,260	\$ 28,454,871
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 424,411	\$ 605,405
Line of credit	1,573,654	252,938
Loan payable under Paycheck Protection Program	-	361,586
Notes payable	851,358	1,000,385
Accrued expenses	1,083,787	1,037,291
Lease liability, operating	1,175,563	1,159,213
Deferred revenue, annuity contracts	27,939	32,626
Deferred revenue, other	67,407	128,369
	5,204,119	4,577,813
NET ASSETS		
Without donor restriction	15,583,760	13,006,878
With donor restriction	11,289,381	10,870,180
	26,873,141	23,877,058
	\$ 32,077,260	\$ 28,454,871

See accompanying notes to financial statements.

THE BABY FOLD

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

(With Summarized Financial Information for the Year Ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2025	2024 (Restated)
REVENUE, GAINS AND OTHER SUPPORT				
Contributions	\$ 3,045,329	\$ 64,950	\$ 3,110,279	\$ 1,090,744
Fees from governmental agencies	15,098,068	-	15,098,068	14,919,217
Grants from governmental agencies	4,927,127	-	4,927,127	4,016,262
Net investment income	1,146,096	298,393	1,444,489	877,712
In-kind contributions	145,124	-	145,124	163,385
Fundraising events, net of costs of direct benefit to donors of \$125,017 and \$107,880 for the years ended June 30, 2025 and 2024, respectively	300,085	-	300,085	419,333
Earnings and distributions from estates in trust	161,417	111,971	273,388	897,150
Other	128,894	-	128,894	323,530
Net assets released from restrictions	56,113	(56,113)	-	-
Total revenue, gains and other support	25,008,253	419,201	25,427,454	22,707,333
EXPENSES				
Program services				
Hammitt school	2,725,241	-	2,725,241	-
Hammitt challenges	3,894,604	-	3,894,604	6,472,978
Hammitt high school	2,586,864	-	2,586,864	2,828,993
Performance foster care and special needs adoption	3,063,739	-	3,063,739	2,779,617
Specialized foster care	534,947	-	534,947	527,191
Adoption preservation	2,774,383	-	2,774,383	2,435,258
Healthy start	236,442	-	236,442	294,619
Intact family services	511,507	-	511,507	619,940
System of care	41,151	-	41,151	-
Adoption preservation respite	210,988	-	210,988	168,442
Act now - Fairview and Cedar Ridge	63,504	-	63,504	-
Community schools	273,572	-	273,572	171,420
Choices	4,319	-	4,319	-
Healthy families Illinois	406,513	-	406,513	453,011
Prevention initiative	354,478	-	354,478	343,232
Care Connection	587,655	-	587,655	455,266
Doula	322,895	-	322,895	270,242
Total program services	18,592,802	-	18,592,802	17,820,209

(This statement is continued on the following page.)

THE BABY FOLD

STATEMENT OF ACTIVITIES (Continued)

For the Year Ended June 30, 2025
(With Summarized Financial Information for the Year Ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2025	2024 (Restated)
EXPENSES (Continued)				
Support services				
Management and general	\$ 2,746,874	\$ -	\$ 2,746,874	\$ 3,339,595
Public relations	1,091,695	-	1,091,695	1,121,081
Total support services	3,838,569	-	3,838,569	4,460,676
Total expenses	22,431,371	-	22,431,371	22,280,885
CHANGE IN NET ASSETS	2,576,882	419,201	2,996,083	426,448
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	-	-	-	(98,235)
TOTAL CHANGES IN NET ASSETS	2,576,882	419,201	2,996,083	328,213
NET ASSETS, BEGINNING OF YEAR	13,006,878	10,870,180	23,877,058	22,818,421
Restatement, see note 18	-	-	-	730,424
NET ASSETS, BEGINNING OF YEAR, RESTATED	13,006,878	10,870,180	23,877,058	23,548,845
NET ASSETS, END OF YEAR	\$ 15,583,760	\$ 11,289,381	\$ 26,873,141	\$ 23,877,058

See accompanying notes to financial statements.

THE BABY FOLD

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025
(With Summarized Financial Information for the Year Ended June 30, 2024)

	Program Services									
	Hammitt School	Hammitt Challenges	Hammitt High School	Performance Foster Care and Special Needs Adoption	Specialized Foster Care	Adoption Preservation	Healthy Start	Intact Family Services	System of Care	Adoption Preservation Respite
EXPENSES										
Administrative consultants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Auditing and legal fees	-	-	-	4,710	-	110	-	-	-	-
Auto insurance	7,958	11,392	6,612	5,247	922	7,443	474	1,159	-	88
Bad debt expenses	-	-	-	-	-	-	-	-	-	-
Board of trustees expense	-	-	-	-	-	-	-	-	-	-
Bstudent stipend	-	-	-	-	-	-	-	-	-	-
Case management services	-	-	-	-	-	5,294	-	-	-	-
Conference and convention expense	3,558	4,216	18,698	5,073	261	27,072	1,520	-	464	199
Depreciation expense	231,863	151,255	163,504	1,363	389	9,799	60	738	-	188
Dues	3,882	7,273	2,199	700	105	998	1,079	156	-	216
Employee medical	9,566	9,424	5,621	3,770	341	6,423	683	1,268	645	1,315
Equipment rental	2,665	7,893	2,829	2,077	756	3,421	152	1,254	-	31
Equipment repairs	744	1,221	669	430	70	-	-	96	-	-
Festival expenses	-	-	-	-	-	-	-	-	-	-
Food	44,276	58,427	46,793	-	-	-	-	-	-	-
Foster home care	-	-	-	812,964	250,382	-	-	-	-	11,326
Group insurance	156,642	305,781	183,944	160,642	16,640	248,701	25,554	29,762	1,574	8,749
In-kind supplies, services and capital	-	-	-	-	-	-	-	-	81	-
Intact flex fund	-	-	-	-	-	-	-	24,615	-	-
Interest expense	7,279	7,465	5,075	4,229	692	5,967	474	943	-	153
Kitchen service supplies	3,875	5,869	4,512	-	-	-	-	-	-	-
Lease interest expense	23,826	26,107	17,191	24,795	4,056	28,940	2,788	5,532	-	895
Medical supplies	432	491	272	-	-	-	-	-	-	-
Miscellaneous	193	588	5,469	(2)	-	13,299	(4,878)	-	-	277
Office supplies and expenses	4,479	10,438	3,693	3,617	825	1,758	124	393	-	128
Postage	1,718	3,314	1,691	2,490	407	1,760	111	950	-	330
Printing	-	-	-	-	-	-	-	-	-	-
Professional consultants	21,817	21,647	12,003	54,159	774	8,612	3,043	15,387	-	-
Professional liability insurance	9,967	15,211	8,620	6,881	1,115	10,106	576	1,948	-	124
Program supplies	13,398	21,151	5,652	1,659	389	17,691	3,998	54	-	27,973
Property insurance	29,053	38,125	22,796	18,416	3,269	25,839	1,667	3,863	-	220
Rent	-	-	-	126,285	20,572	82,202	21,421	27,978	-	-
Repairs and maintenance	43,432	72,000	34,592	5,022	1,098	25,718	1,289	1,308	-	1,027
Retirement plan expenses	29,695	54,965	38,792	19,169	3,561	26,172	3,320	4,282	169	2,133
Salaries and wages	1,732,604	2,611,043	1,701,178	1,522,917	193,870	1,862,405	146,186	330,082	36,353	130,254
Social security and Medicare tax	124,721	198,528	127,685	114,991	14,323	134,757	10,429	24,640	1,865	9,301
Specific assistance	-	-	-	20,421	1,097	1,144	50	5,345	-	-
Subscriptions	3,006	1,267	1,124	24	-	-	348	-	-	-
Supplies	58,597	62,067	42,858	12,456	2,068	37,945	3,604	2,910	-	1,260
Technology supplies and services	55,277	66,664	42,188	29,463	4,897	45,553	4,032	6,455	-	7,876
Telephone	6,198	9,899	8,798	14,818	3,952	26,037	2,258	5,339	-	1,523
Travel	7,862	11,653	5,956	73,411	6,275	33,652	3,143	12,059	-	301
Unemployment compensation taxes	-	189	-	-	-	-	-	-	-	-
Utilities	69,800	74,484	50,927	466	76	59,330	1,732	104	-	1,935
Workers' compensation insurance	16,858	24,557	14,923	11,076	1,765	16,235	1,205	2,887	-	3,166
Total expenses before cost of sales	2,725,241	3,894,604	2,586,864	3,063,739	534,947	2,774,383	236,442	511,507	41,151	210,988
COST OF SALES										
Cost of direct benefit to donors, supplies	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$ 2,725,241	\$ 3,894,604	\$ 2,586,864	\$ 3,063,739	\$ 534,947	\$ 2,774,383	\$ 236,442	\$ 511,507	\$ 41,151	\$ 210,988

(This statement continued on the following page.)

THE BABY FOLD

STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2025
(With Summarized Financial Information for the Year Ended June 30, 2024)

								Support Services			2025 Total	2024 Total	
	Act Now Fairview and Cedar Ridge	Community Schools	Choices	Healthy Families Illinois	Prevention Initiative	Care Connection	Doula	Total Program Services	Management and General	Public Relations			Cost of Sales
EXPENSES													
Administrative consultants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,688	\$ -	\$ -	\$ 259,688	\$ 108,778
Auditing and legal fees	-	-	-	-	-	-	-	4,820	118,266	-	-	123,086	126,785
Auto insurance	-	-	-	891	947	1,504	534	45,171	3,455	1,593	-	50,219	65,986
Bad debt expenses	-	-	-	-	-	-	-	-	-	-	-	-	175,000
Board of trustees expense	-	-	-	-	-	-	-	-	568	-	-	568	371
Bstudent stipend	-	-	-	-	-	-	-	-	-	-	-	-	155
Case management services	-	-	-	-	-	-	-	5,294	-	-	-	5,294	-
Conference and convention expense	827	3,396	(1,000)	5,703	1,927	2,371	6,895	81,180	12,308	16,802	-	110,290	103,867
Depreciation expense	-	42	-	156	102	116	102	559,677	26,140	8,809	-	594,626	600,514
Dues	-	53	-	1,149	1,124	190	1,082	20,206	27,797	284	-	48,287	42,127
Employee medical	-	912	-	827	761	998	472	43,026	36,283	1,049	-	80,358	39,384
Equipment rental	-	29	-	391	158	338	710	22,704	3,149	1,313	-	27,166	29,473
Equipment repairs	-	-	-	-	-	-	-	3,230	2,988	87	-	6,305	22,058
Festival expense	-	-	-	-	-	-	-	-	-	-	-	-	61,484
Food	-	-	-	-	-	-	-	149,496	(89)	-	-	149,407	121,057
Foster home care	-	-	-	-	-	-	-	1,074,672	-	-	-	1,074,672	1,090,779
Group insurance	1,598	13,102	-	19,560	35,153	50,498	13,006	1,270,906	80,445	28,918	-	1,380,269	1,370,664
In-kind supplies, services and capital	-	-	40	-	-	-	-	121	-	212,554	-	212,675	249,262
Intact flex fund	-	-	-	-	-	-	-	24,615	-	-	-	24,615	24,553
Interest expense	-	78	-	900	748	1,150	493	35,646	100,829	1,052	-	137,527	178,891
Kitchen service supplies	-	-	-	-	-	-	-	14,256	-	-	-	14,256	19,008
Lease interest expense	-	447	-	3,370	4,384	2,072	2,893	147,296	1,804	-	-	149,100	86,745
Medical supplies	-	-	-	-	-	-	-	1,195	-	-	-	1,195	1,385
Miscellaneous	-	4,620	-	399	1,895	-	(22)	21,838	36,397	128,489	-	186,724	158,891
Office supplies and expenses	-	295	-	263	292	120	158	26,583	84,119	5,982	-	116,684	196,709
Postage	-	99	-	297	176	270	116	13,729	3,116	6,186	-	23,031	14,070
Printing	-	-	250	-	-	-	-	250	2,897	26,095	-	29,242	43,548
Professional consultants	-	2	-	6,319	4,302	4	5,915	153,984	40,970	-	-	194,954	115,671
Professional liability insurance	-	104	-	1,721	1,273	1,844	660	60,150	18,524	-	-	78,674	75,535
Program supplies	-	2,606	-	2,727	1,613	315	4,288	103,514	-	-	-	103,514	155,615
Property insurance	-	185	-	3,460	3,058	5,206	1,817	156,974	25,344	5,428	-	187,746	162,157
Rent	-	2,476	4,200	15,453	24,034	10,519	15,759	350,899	29,104	28,100	-	408,103	419,835
Repairs and maintenance	-	222	322	811	1,945	1,251	1,241	191,278	91,893	6,882	-	290,053	436,966
Retirement plan expenses	1,070	1,300	-	4,960	4,313	5,013	5,348	204,262	50,017	7,911	-	262,190	601,218
Salaries and wages	50,843	219,363	-	289,176	226,039	428,356	220,820	11,701,489	1,339,911	466,529	-	13,507,929	12,916,947
Social security and Medicare tax	2,230	17,432	-	22,287	16,640	31,332	16,609	867,770	96,422	34,843	-	999,035	948,132
Specific assistance	6,933	713	-	404	34	-	433	36,574	-	-	-	36,574	54,753
Subscriptions	-	24	-	324	324	-	324	6,765	22,230	754	-	29,749	21,309
Supplies	-	568	66	4,707	5,607	2,112	3,710	240,535	32,326	11,742	-	284,603	88,328
Technology supplies and services	-	1,946	441	6,395	5,438	12,016	7,156	295,797	82,828	45,431	-	424,056	510,726
Telephone	-	2,091	-	5,322	3,316	5,085	2,180	96,816	49,414	1,241	-	147,471	160,657
Travel	3	248	-	5,241	4,076	20,228	6,244	190,352	4,965	402	-	195,719	229,997
Unemployment compensation taxes	-	-	-	-	-	-	-	189	19,084	16,641	-	35,914	16,546
Utilities	-	314	-	889	2,645	1,564	2,567	266,833	35,982	23,411	-	326,226	254,289
Workers' compensation insurance	-	905	-	2,411	2,154	3,183	1,385	102,710	7,700	3,167	-	113,577	180,660
Total expenses before cost of sales	63,504	273,572	4,319	406,513	354,478	587,655	322,895	18,592,802	2,746,874	1,091,695	-	22,431,371	22,280,885
COST OF SALES													
Cost of direct benefit to donors, supplies	-	-	-	-	-	-	-	-	-	-	125,017	125,017	107,880
TOTAL EXPENSES	\$ 63,504	\$ 273,572	\$ 4,319	\$ 406,513	\$ 354,478	\$ 587,655	\$ 322,895	\$ 18,592,802	\$ 2,746,874	\$ 1,091,695	\$ 125,017	\$ 22,556,388	\$ 22,388,765

See accompanying notes to financial statements.

THE BABY FOLD

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2025

(With Summarized Financial Information for the Year Ended June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,996,083	\$ 328,213
Adjustments to reconcile change in net assets to net cash flows used by operating activities:		
Depreciation	594,626	600,514
Credit loss expense	-	175,000
Net (gain) on investments, realized and unrealized	(1,227,392)	(481,332)
Net unrealized (gain) on trust held by others	(111,971)	(681,401)
Cash in excess of operating lease expense	-	(11,410)
Noncash lease expense	5,939	-
Noncash donation of real estate	(1,886,400)	-
Pension-related changes other than net periodic pension cost	-	98,235
Contributions, restricted for long term purpose	(44,950)	(12,384)
(Increase) decrease in assets		
Accounts receivable	90,810	(122,644)
Grants receivable	(892,522)	(223,065)
Inventories, food , facilities, grain, and technology	(6,973)	20,930
Prepaid expenses	(13,539)	69,176
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(134,498)	455,088
Pension payable	-	(1,060,462)
Deferred revenue, annuity contracts	(4,687)	(2,905)
Deferred revenue, program	(60,962)	(65,289)
Net cash flows used by operating activities	(696,436)	(913,736)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(64,046)	(3,081,493)
Proceeds from sale of investment securities	21,388	5,478,843
Purchase of property and equipment	(186,826)	(153,029)
Proceeds from life insurance policy	4,960	-
Net cash flows from (used by) investing activities	(224,524)	2,244,321

(This statement is continued on the following page.)

THE BABY FOLD

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended June 30, 2025

(With Summarized Financial Information for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions, restricted for long term purpose	\$ 44,950	\$ 12,384
Borrowings on line of credit	3,580,716	2,266,436
Repayments on line of credit	(2,260,000)	(4,513,498)
Proceeds on notes payable	-	1,250,000
Payments on notes payable	(510,613)	(611,316)
	<hr/>	<hr/>
Net cash flows from (used by) financing activities	855,053	(1,595,994)
	<hr/>	<hr/>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(65,907)	(265,409)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	999,229	1,264,638
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 933,322</u>	<u>\$ 999,229</u>
	<hr/>	<hr/>
Cash paid for interest	<u>\$ 137,527</u>	<u>\$ 178,891</u>

See accompanying notes to financial statements.

THE BABY FOLD

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Baby Fold (the Organization) is a nonprofit organization whose mission embodies Christian principles to help families and children develop the hope, courage, and love they need to become whole and healthy. Their vision is to transform children's lives by being the premier provider of mental health, education, and family services.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Without donor restrictions represent net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With donor restrictions represent net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported in the statement of activities as net assets released from restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition - Fees from Governmental Agencies

The Organization recognizes revenues in the period in which the performance obligations are satisfied. The Organization has agreements with third-party payors that provide for payments in amounts different from established rates. Generally, the Organization bills the clients and third-party after the services are performed. Fee revenue is reported at the estimated net realizable amount from patients, third-party payors, and others for services rendered and includes estimated retroactive adjustments due to future audits, reviews, and investigations.

Any payments received in advance of the services being performed are recorded as deferred revenue, other, on the statement of financial position and recognized as revenue in the period the performance obligations are satisfied.

The Organization's performance obligations are satisfied over time for the delivery of various services. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients receiving services for a variety of assessment and treatment services. The Organization measures the performance obligation from the commencement of a service to the point when it is no longer required to provide services to that client, which is generally the completion of the services for that day.

Any revenue for performance obligations completed, but not received before year-end, are recognized as accounts receivables on the statement of financial position.

The Organization's initial estimate of the transaction price is determined by reducing the total standard charges related to the client services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions and other reductions to the Organization's standard charges.

The Organization determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party and government payors. The Organization determines its estimates of explicit price concessions based on contractual agreements, its discount policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of clients served.

Government Payors

Services rendered to government payors are reimbursed at the agreed upon amounts in grant and contract documents as well as fee schedules.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition - Fees from Governmental Agencies (Continued)

Significant Judgements

There are no significant judgments in the earning of revenues based on the point in time method of revenue recognition.

Disaggregation of Revenue

The following table provides disaggregation of revenue from contracts with customers based on the timing of the revenue recognition for the year ended June 30, 2025:

Revenue from contracts with customers

Recognized over time:

Fees from governmental agencies \$ 15,098,068

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the demand for services, availability of contract funding, prompt payment from government and private sources as well as general economic conditions.

Contract Balances

The beginning and ending contract balances were as follows as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Accounts receivable	\$ 2,103,660	\$ 2,194,470
Deferred revenue	67,407	128,369

Grant and Contribution Revenue

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when barriers are overcome. Contributions received with donor-imposed restrictions and the related gains and investment income that are met in the same year as received are reported as revenues without donor restrictions. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues with donor restrictions; the restrictions are considered to be released at the time the asset is placed in service. Contributions of assets other than cash are recorded at their estimated fair value in the period received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant and Contribution Revenue (Continued)

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A significant portion of the Organization's revenue is derived from cost-reimbursable state grants. These grants are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Advance payments on grants are recorded as refundable advances until funds have been expended. As of June 30, 2025, the Organization had no refundable grant advances related to cost reimbursable grants that were unearned. In addition, the Organization had conditional grant awards of \$4,348,533 that had not been received nor earned as the qualifying expenditures had not been incurred as of June 30, 2025. These awards are conditional upon incurring allowable expenditures under the grants.

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and as a result of such, audit adjustments could be required. The Organization is not aware of any material additional liabilities that governmental agencies have requested to be returned.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases. Salaries and wages, group insurance, pensions, social security and Medicare tax, unemployment compensation, worker's compensation insurance, and employee medical insurance are allocated on the basis of time and effort. Professional liability insurance, technology supplies and services, office supplies and expenses, office equipment rental, buildings and group supplies, maintenance of buildings and grounds, equipment repairs, property insurance, interest expense, lease interest expense, depreciation expense, and miscellaneous expense are allocated based on estimated usage by program.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are defined as all highly liquid instruments with an original maturity of three months or less.

Accounts Receivable

Accounts receivable represent amounts due from state and federal agencies for services provided under various grant contracts and amounts due from local governmental entities for tuition. Accounts receivable are stated at the invoice amount reduced by an estimate made for credit losses based on a review of all outstanding amounts. The Organization separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the balance sheet date, the Organization develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. There were no provision for credit losses charged to expense or write-offs for the year ended June 30, 2025.

Payments of accounts receivable are applied to the specific invoices or amounts billed to awarding agencies.

Allowance for Credit Losses on Accounts Receivable

After all attempts to collect have failed, the receivable is written off against the allowance. If recoveries are made from accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. As of June 30, 2025, the Organization determined that an allowance for credit losses of \$175,000 was adequate. However, actual write-offs in excess of the allowance for credit losses may occur.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses on Accounts Receivable (Continued)

Changes in the allowance for credit losses for the year ended June 30, 2025 are as follows:

BEGINNING BALANCE	\$ 175,000
Provision for credit losses	-
Write-offs (recoveries)	-
	<hr/>
ENDING BALANCE	<u>\$ 175,000</u>

Investment Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at fair value in the statement of financial position and realized and unrealized gains and losses are reflected in the statement of activities. Investment gain is reported net of external and direct internal expenses. If a restriction is fulfilled in the same time period in which the investment income is received, the investment income is reported as net assets without donor restrictions.

Grain Inventories

Grain inventories, considered to be investment assets of the Organization, are stated at fair value.

Investment in Real Estate

Investment in real estate is carried at cost or estimated fair value at the date of receipt.

Land, Buildings, and Equipment

Physical assets acquired with a unit cost in excess of \$5,000 are capitalized as fixed assets. Items with a unit cost below this threshold are expensed in the year purchased. Buildings and equipment are stated at cost or at its estimated fair value at date of donation, if received as a gift, less accumulated depreciation. Depreciation is provided over the following estimated useful lives of the respective assets on a straight-line basis:

	<u>Years</u>
Land improvements	3-25
Buildings and improvements	10-35
Office furniture and equipment	5-10
Audit visual and miscellaneous tools and equipment	3-10
Transportation equipment	3-5

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization is a nonprofit organization and is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation. The Organization is no longer subject to U.S. Federal or State examinations by tax authorities for tax years prior to 2021.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. 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.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

Individual lease contracts may not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term. The discount rate is used for computing the present value of the lease liability, when applicable.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management evaluated subsequent events through January 30, 2026, the date the financial statements were available to be issued and determined that there were no significant non-recognized events through that date.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure and other commitments, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 933,322
Investment securities	11,178,586
Accounts receivable, net	1,928,660
Grants receivable	<u>1,115,587</u>
 Total financial assets available, at year end	 15,156,155
 Less: Those unavailable for general expenditures	
Assets collateralized for line of credit	(1,573,654)
Net assets with donor restriction, excluding investments held in trust by others and restricted investment in real estate	<u>(5,502,682)</u>
 TOTAL FINANCIAL ASSETS AFTER IMPOSED RESTRICTIONS	 <u><u>\$ 8,079,819</u></u>

The net assets with donor restrictions are not included above as they are not considered available for general expenditure. The Organization's operating investments of \$5,705,904 at June 30, 2025 are included in Note 3. Although the Organization does not intend to spend from the investment portfolio, these amounts could be made available if necessary. Additionally, as part of the liquidity management plan, as the need arises, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

3. INVESTMENT SECURITIES

	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 216,089	\$ 216,089
Equities	4,716,825	5,793,326
Fixed income - corporate bonds	2,042,889	2,075,569
Mutual funds	1,751,098	1,894,592
Exchange traded funds	671,949	1,019,937
Real estate investment trusts	103,486	107,084
Alternative investments	57,963	71,989
	<u>\$ 9,560,299</u>	<u>\$ 11,178,586</u>
TOTAL, END OF YEAR	<u>\$ 9,560,299</u>	<u>\$ 11,178,586</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2025:

	<u>Fair Value</u>
Interest	\$ 77,188
Dividends	169,256
Net realized/unrealized gain in investments	<u>1,058,136</u>
Investment gain from securities	1,304,580
Net farm rental income	234,742
Interest fees	<u>(94,833)</u>
NET INVESTMENT GAIN	<u>\$ 1,444,489</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Accordingly, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could be material in amount in relation to the carrying value of investments.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

4. INVESTMENTS IN REAL ESTATE

The Organization has acquired real estate as beneficiary under various wills and trusts established by individuals. The following reflects the real estate holdings:

	Fair Value at Date of Gift	Estimated Fair Value at June 30, 2025 (Unaudited)
Mary J. Cornell - 160 acres	\$ 56,000	\$ 1,840,000
Alta Johnston - 229 acres	114,500	2,999,900
Rosetta Fox Courtney - 112 acres	55,730	769,074
Irene Blum - 80 acres	200,485	1,248,000
Robert Prussner - 157 acres	1,886,400	1,886,400
	<hr/>	<hr/>
TOTAL	<u>\$ 2,313,115</u>	<u>\$ 8,743,374</u>

5. INVESTMENTS HELD IN TRUST BY OTHERS

The Organization receives cash distributions from the trusts listed below. In accordance with the trust agreements, the principal is generally retained by the trust in perpetuity with the income being distributed periodically.

The following values for each trust represent the Organization's share of the fair value of the trust at June 30, 2025 as provided by the outside fiscal agent:

James B. Kennedy Trust	\$ 1,204,979
O. V. Douglass Trust	189,358
Charles Ockerman Trust	407,401
Bessie Row Trust	57,213
Nina Bozarth Trust	423,587
Maude Scranton Trust	435,617
Genevieve Moyer Trust	950,495
Thomas Campbell Trust	1,273,125
Ogarita J Rhodes Trust	678,083
Elsie Eberhardt Trust	52,341
	<hr/>
TOTAL INVESTMENTS HELD IN TRUST BY OTHERS	<u>\$ 5,672,199</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

5. INVESTMENTS HELD IN TRUST BY OTHERS (Continued)

The income from these trusts for the year has been included as other revenue in the statement of activities as both revenue without donor restrictions in the Investment Fund and revenue with donor restrictions in the Endowment Fund as follows:

Cash distributions (without donor restrictions)	\$ 161,417
Increase in fair value (with donor restrictions)	<u>111,971</u>
TOTAL	<u><u>\$ 273,388</u></u>

6. FAIR VALUE MEASUREMENTS

U.S. GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. U.S. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quotes prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

6. FAIR VALUE MEASUREMENTS (Continued)

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the year ended June 30, 2025.

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

Equity securities: Valued at the closing quoted price in an active market.

Fixed income - corporate bonds: The investment grade corporate bonds held by the Organization generally do not trade in active markets on the measurement date. Therefore, corporate bonds are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

Exchange traded funds: Valued at the closing quoted price in an active market.

Mutual funds: Valued at the NAV of shares on the last trading day of the fiscal year.

Money market funds: Valued at the closing quoted price in an active market.

Real estate investment trusts: Valued at the closing quoted price in an active market.

Grain inventories: Valued by an investment manager based on an active elevator grain price.

Investments Held in Trust by Others: Valued using the fair value of the assets held in the trust reported by the trustee as of June 30, 2025. The Organization considers the measurement of its investments held in trust by others to be a Level 3 measurement within the hierarchy because even through that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

6. FAIR VALUE MEASUREMENTS (Continued)

Recurring Measurements

Assets measured at fair value on a recurring basis as of June 30, 2025 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS				
Equity securities	\$ 5,793,326	\$ -	\$ -	\$ 5,793,326
Fixed income - corporate bonds	-	2,075,569	-	2,075,569
Exchange traded funds	1,019,937	-	-	1,019,937
Mutual funds	1,894,592	-	-	1,894,592
Real estate investment trusts	107,084	-	-	107,084
Grain inventories	-	34,690	-	34,690
Investments held in trust by others	-	-	5,672,199	5,672,199
<hr/>				
TOTAL ASSETS AT FAIR VALUE	<u>\$ 8,814,939</u>	<u>\$ 2,110,259</u>	<u>\$ 5,672,199</u>	16,597,397
Cash and cash equivalents*				216,089
Alternative investments (NAV)				<u>71,989</u>
TOTAL ASSETS				<u>\$ 16,885,475</u>

*Cash and cash equivalents are recorded at cost and are not based on Level 1, 2, or 3 inputs

The following table sets forth a summary of changes in fair value of the Organization's Level 3 assets for the year ended June 30, 2025:

	<u>Investments Held in Trust by Others</u>
BALANCE, BEGINNING OF YEAR	\$ 5,560,228
Investments held in trust by others distribution	(161,417)
Contributions	-
Realized and unrealized gain	<u>273,388</u>
BALANCE, END OF YEAR	<u>\$ 5,672,199</u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

6. FAIR VALUE MEASUREMENTS (Continued)

Recurring Measurements (Continued)

The following table sets forth additional disclosure of the Organization’s investments whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of June 30, 2025.

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Carlyle Private Equity	\$ 71,989	\$ 30,474	None	N/A

7. LAND, BUILDINGS, AND EQUIPMENT

The following is a summary of land, buildings, and equipment at June 30, 2025:

	Cost	Accumulated Depreciation	Book Value	Current Year Depreciation
Land and improvements	\$ 803,946	\$ 234,790	\$ 569,156	\$ 1,549
Buildings and improvements	18,581,656	11,790,472	6,791,184	514,418
Equipment				
Office furniture, data processing and other equipment	1,322,037	1,191,121	130,916	78,371
Audio visual and miscellaneous tools and equipment	58,692	58,692	-	288
Transportation equipment	108,184	108,184	-	-
TOTAL	\$ 20,874,515	\$ 13,383,259	\$ 7,491,256	\$ 594,626

8. LINE OF CREDIT

In August 2022, the Organization established a margin loan relationship with the Charles Schwab & Co. Inc. (“Schwab”) to borrow up to 50% of the market value of the current Schwab long-term investment accounts to meet immediate obligations as needed, with the investment accounts used as collateral. As of June 30, 2025, the 50% market value of the accounts equates to approximately \$1.6 million. Interest is a variable rate based on an offset from Schwab’s base rate, and was 5.25%, as of June 30, 2025. The balance on the loan was \$1,573,654 as of June 30, 2025.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

9. LOAN PAYABLE UNDER PAYROLL PROTECTION PROGRAM

In April 2020, the Organization received a loan from a bank in the amount of \$1,974,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5, 2020) and was due over 24 weeks deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in May 2021 principal and interest payments will be required through the maturity date in May 2022.

On September 24, 2021, Organization received partial forgiveness of the PPP Loan in the amount of \$527,755. The term loan bears an annual interest rate of 1%, is unsecured and guaranteed by the U.S. and requires monthly principal and interest payments of \$33,693. The loan matured and was fully paid off on May 6, 2025.

10. NOTES PAYABLE

In September 2023, the Organization entered into a loan for \$1,250,000, secured by mortgages on real estate. The loan carries interest at 6.65%, with annual principal and interest payments of \$97,215. The loan is due October 2053. Maturities on the notes payable are as follows:

2026	\$	53,446
2027		42,251
2028		45,148
2029		48,244
2030		51,551
Thereafter		<u>610,718</u>
	\$	<u><u>851,358</u></u>

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2025 are as follows:

	Held in Perpetuity	Purpose or Time Restrictions
Robert Thomas	\$ 14,425	\$ -
Alta W. Johnston	114,500	-
Catharine Bell	260,163	-
Friends of the Fold	5,256	-
Charles Prussner	20,000	-
Luella E. Schultze	2,000	-
Dora Myers	11,484	-
Jean and William Hammitt	5,000	20,000
Robert W. Braun, Sr. Bright Futures Endowed Fund	42,261	16,138
Christian Life Fund	168,262	-
Investments held in trust by others (Note 5)	4,994,116	678,083
Supporting Early Intervention for Family Stability	398,838	367,248
Hammitt Willow	-	10,000
Hammitt Ogelsby	-	10,000
Folkerts Endowment Fund	30,000	-
Ed Scharf Endowment Fund	3,625,468	496,139
	<hr/>	<hr/>
TOTAL RESTRICTED NET ASSETS	<u>\$ 9,691,773</u>	<u>\$ 1,597,608</u>

12. RETIREMENT PLANS

The Organization has a 403(b) plan to which employees may contribute. The board of directors determines annually if any matching contributions will be made by the Organization. During 2025, the Organization matched 50% of the amount contributed by the participant up to a total match of 2% of eligible employee wages. Additionally, the Organization contributed, on a quarterly basis, 1% of wages for employees with 10 or more years of service and 2% of wages for employees with 15 or more years of service. The Organization made contributions to the plan of \$262,189 during the year ended June 30, 2025.

13. ENDOWMENTS

The Baby Fold's endowments consist of funds established to support a variety of programs at the Organization. Its endowments consist of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of The Baby Fold has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity:

- The original value of the initial gift amounts donated to the endowment,
- The original value of subsequent gift amounts donated to the endowment, and
- Any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible impact of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment policies for endowment assets that attempt to provide conservative earnings potential while reducing risk.

13. ENDOWMENTS (Continued)

Spending Policy

The Organization spends endowment earnings in accordance with the directives of the donor. If no directive exists, the board of directors, implements the spending policy through such actions as budget review and approval, review and approval of monthly financial statements, and review and assessment of investment performance.

It is the goal of the Organization to grow the investment accounts at an average annual return in excess of corresponding benchmarks, over a market cycle, keeping the level of risk consistent with a nonprofit organization having a long-term investment philosophy. The Organization targets a diversified asset allocation to achieve its long-term objectives within prudent risk constraints, with the exception of any specific endowment funds whose agreements include different guidelines.

Strategies Employed for Achieving Objectives

The Organization invests funds in a manner expected to maintain appropriate diversification among investment styles within the equity and fixed income allocations according to the investment policy.

Endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ 9,691,773	\$ 9,691,773
Accumulated gains	899,525	899,525
TOTAL ENDOWMENT FUNDS	\$ 10,591,298	\$ 10,591,298

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

13. ENDOWMENTS (Continued)

Strategies Employed for Achieving Objectives (Continued)

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 10,135,984	\$ 10,135,984
Investment return	410,364	410,364
Contributions	44,950	44,950
	<hr/>	<hr/>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 10,591,298</u>	<u>\$ 10,591,298</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2025, there were no underwater funds.

14. COMMITMENTS AND CONTINGENCIES

The Organization is the beneficiary under various wills and trust agreements. The total amount receivable will be recorded when clear title is established, and the proceeds are measurable.

THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

15. LEASES - ASC 842

The Organization entered into several long-term lease agreements for buildings, equipment and vehicles. The leases have terms expiring through the year ending June 30, 2029. The following table provides quantitative information concerning the Organization's leases for the year ended June 30, 2025:

Operating lease costs	\$ 472,248
Short-term lease costs	89,050
Variable lease costs	27,268
Other information	
Cash paid for amounts included in the measurement of lease liabilities	\$ 466,841
Operating cash flows from operating leases	
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 430,576
Weighted -average remaining lease term - operating leases	2.7
Weighted-average discount rate - operating leases	4.55%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025, is as follows:

Year Ending June 30,	
2025	\$ 499,343
2026	474,120
2027	219,311
2028	53,247
2029	6,104
	<hr/>
Undiscounted cash flows	1,252,125
Less imputed interest	(76,562)
	<hr/>
TOTAL PRESENT VALUE	\$ 1,175,563
	<hr/>
Short-term lease liability	\$ 456,929
Long-term lease liability	718,634
	<hr/>
TOTAL	\$ 1,175,563
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THE BABY FOLD
NOTES TO FINANCIAL STATEMENTS (Continued)

16. CONCENTRATIONS

The Organization receives a substantial amount of its support from state government. If a significant reduction in the level of this support were to occur, it would have an adverse effect on the Organization's programs and activities.

The Organization maintains its cash and investment accounts with several banks. At June 30, 2025, cash balances were insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor per bank. At times, balances in these accounts may exceed federal limits. As of June 30, 2025, the Organization's cash balances exceeded FDIC limits by \$577,500. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

17. RELATED PARTY

Contributions include amounts received from the board of directors of approximately \$76,000 during the year ended June 30, 2025.

18. RESTATEMENT

During the year ended June 30, 2025, a prior period adjustment to the 2024 financial activity was made to record two investments held in trust. The Organization did not record these trusts as required by U.S. GAAP within the proper period, therefore understating investments held in trust by others and net assets with donor restrictions. As a result, the Organization recorded a prior period adjustment which increased investments held in trust and beginning net assets for 2024. The following is the restatement impact on the June 30, 2024 financial statements:

	As Previously Reported	As Restated
Statement of Financial Position		
Investment held in trust by others	\$ 4,829,804	\$ 5,560,228
Net assets with donor restrictions	10,139,756	10,870,180
Statement of Activities		
Net assets, beginning of year	22,818,421	23,548,845
Net assets, end of year	23,146,634	23,877,058

SUPPLEMENTARY INFORMATION

THE BABY FOLD

SCHEDULE OF SUPPORT AND REVENUE

For the Year Ended June 30, 2025
 (With Summarized Financial Information for the Year Ended June 30, 2024)
 (See Independent Auditor's Report)

	Without Donor Restriction	With Donor Restriction	Total	
			2025	2024
PUBLIC SUPPORT AND REVENUE				
Public Support (Contributions)				
Contributions:				
Churches	\$ 83,087	\$ -	\$ 83,087	\$ 60,339
Nonchurch organizations	20,114	-	20,114	25,180
Corporate	139,687	-	139,687	91,607
Individuals	772,177	34,950	807,127	709,958
Foundations	138,047	-	138,047	186,071
Bequests	1,892,217	30,000	1,922,217	17,589
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Total public support and revenue	3,045,329	64,950	3,110,279	1,090,744
	<hr/>	<hr/>	<hr/>	<hr/>
FEES AND GRANTS FROM GOVERNMENTAL AGENCIES				
School Tuition	9,887,835	-	9,887,835	9,879,206
State and Federal Meals Reimb	93,683	-	93,683	70,783
STEP Grant	10,618	-	10,618	18,137
System of Care Grant	34,907	-	34,907	-
Act Now Grant	148,005	-	148,005	-
City of Bloomington Gift	-	-	-	10,000
Doula Services-ISBE GRANT	299,692	-	299,692	209,208
Adoption Preservation	3,056,098	-	3,056,098	2,613,701
Foster Care	3,804,134	-	3,804,134	3,713,531
Healthy Start-DHS	190,349	-	190,349	150,878
Healthy Start-ISBE	362,479	-	362,479	344,874
Adoption Preservation Respite	236,542	-	236,542	167,342
Community Schools	253,530	-	253,530	184,565
Intact Family Services	590,150	-	590,150	624,832
Healthy Families	419,906	-	419,906	395,473
Care Connection	637,267	-	637,267	552,949
	<hr/>	<hr/>	<hr/>	<hr/>
Total fees and government agency	20,025,195	-	20,025,195	18,935,479
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER REVENUE				
Fundraising events, net	300,085	-	300,085	419,333
Net investment income	1,146,096	298,393	1,444,489	877,712
Earnings and distributions from Estates held in trust	161,417	111,971	273,388	897,150
In-kind contributions	145,124	-	145,124	163,385
Other	128,894	-	128,894	323,530
	<hr/>	<hr/>	<hr/>	<hr/>
Total other revenue	1,881,616	410,364	2,291,980	2,681,110
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	\$ 24,952,140	\$ 475,314	\$ 25,427,454	\$ 22,707,333
	<hr/>	<hr/>	<hr/>	<hr/>

THE BABY FOLD

SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE

For the Year Ended June 30, 2025
(Operating Fund)
(See Independent Auditor's Report)

	Traditional High School	Hammitt Challenges	Performance Foster Care and Special Needs Adoption	Specialized Foster Care	Adoption Preservation	Healthy Start	Intact Family Services	System of Care
FEES AND GRANTS FROM GOVERNMENTAL AGENCIES								
School Tuition	\$ 6,150,006	\$ 3,721,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1:1 Billings	590	12,358	-	-	-	-	-	-
Hammitt Training and Consult Fees (1:1 Billings)	-	3,063	-	-	-	-	-	-
State and Federal Meals Reimb	64,426	29,257	-	-	-	-	-	-
STEP Grant	7,072	3,546	-	-	-	-	-	-
System of Care Grant	-	-	-	-	-	-	-	34,907
Act Now Grant	-	-	-	-	-	-	-	-
Doula Services-ISBE	-	-	-	-	-	-	-	-
Adoption Preservation	-	-	-	-	3,056,098	-	-	-
Foster Care	-	-	3,103,177	700,957	-	-	-	-
Healthy Start-DHS	-	-	-	-	-	190,349	-	-
Healthy Start-ISBE	-	-	-	-	-	-	-	-
Adoption Preservation Respite	-	-	-	-	-	-	-	-
Community Schools	-	-	-	-	-	-	-	-
Intact Family Services	-	-	-	-	-	-	590,150	-
Healthy Families	-	-	-	-	-	-	-	-
Care Connection	-	-	-	-	-	-	-	-
Total fees and grants from governmental agencies	6,222,094	3,770,042	3,103,177	700,957	3,056,098	190,349	590,150	34,907
OTHER REVENUE								
Miscellaneous	65	-	209	-	188	-	-	-
Total other revenue	65	-	209	-	188	-	-	-
TOTAL REVENUE	\$ 6,222,159	\$ 3,770,042	\$ 3,103,386	\$ 700,957	\$ 3,056,286	\$ 190,349	\$ 590,150	\$ 34,907

(This schedule is continued on the following page.)

THE BABY FOLD

SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE (Continued)

For the Year Ended June 30, 2025
(Operating Fund)
(See Independent Auditor's Report)

	Adoption Preservation Respite	Act Now Fairview and Cedar Ridge	Community Schools	Choices	Healthy Families Illinois	Prevention Initiative	Care Connection	Doula	Total
FEES AND GRANTS FROM GOVERNMENTAL AGENCIES									
School Tuition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,871,824
1:1 Billings	-	-	-	-	-	-	-	-	12,948
Hammitt Training and Consult Fees (1:1 Billings)	-	-	-	-	-	-	-	-	3,063
State and Federal Meals Reimb	-	-	-	-	-	-	-	-	93,683
STEP Grant	-	-	-	-	-	-	-	-	10,618
System of Care Grant	-	-	-	-	-	-	-	-	34,907
Act Now Grant	-	148,005	-	-	-	-	-	-	148,005
Doula Services-ISBE	-	-	-	-	-	-	-	299,692	299,692
Adoption Preservation	-	-	-	-	-	-	-	-	3,056,098
Foster Care	-	-	-	-	-	-	-	-	3,804,134
Healthy Start-DHS	-	-	-	-	-	-	-	-	190,349
Healthy Start-ISBE	-	-	-	-	-	362,479	-	-	362,479
Adoption Preservation Respite	236,542	-	-	-	-	-	-	-	236,542
Community Schools	-	-	253,530	-	-	-	-	-	253,530
Intact Family Services	-	-	-	-	-	-	-	-	590,150
Healthy Families	-	-	-	-	419,906	-	-	-	419,906
Care Connection	-	-	-	-	-	-	637,267	-	637,267
Total fees and grants from governmental agencies	236,542	148,005	253,530	-	419,906	362,479	637,267	299,692	20,025,195
OTHER REVENUE									
Miscellaneous	-	-	-	-	-	-	-	-	462
Total other revenue	-	-	-	-	-	-	-	-	462
TOTAL REVENUE	\$ 236,542	\$ 148,005	\$ 253,530	\$ -	\$ 419,906	\$ 362,479	\$ 637,267	\$ 299,692	\$ 20,025,657

THE BABY FOLD

**SCHEDULE OF EARNINGS ON INVESTED ASSETS -
INVESTMENT FUND**

Year Ended June 30, 2025
(See Independent Auditors' Report)

INVESTMENT INCOME FROM REAL ESTATE

Income from farms and rental property	\$	307,296
Less:		
Farm and rental expenses		(56,582)
Farm management fees		<u>(15,972)</u>
Net investment income from real estate	\$	234,742

INVESTMENT INCOME FROM SECURITIES

Interest - corporate bonds		77,188
Dividends - corporate stock		<u>169,256</u>
Total interest and dividends		246,444
Net realized and unrealized gain		1,058,136
Less: Investment fees		<u>(94,833)</u>
Net investment income from securities		<u>1,209,747</u>

NET INVESTMENT GAIN \$ 1,444,489

THE BABY FOLD

RESIDENTIAL TREATMENT CENTER, FOSTER FAMILY CARE,
AND ADOPTION PROGRAM STATISTICS (UNAUDITED)

Year Ended June 30, 2025
(See Independent Auditor's Report)

	<u>Days of Care</u>
FOSTER FAMILY CARE PROGRAM	
Children placed by Department of Children and Family Services on a long-term basis	<u><u>44,132</u></u>