HOLY FAMILY MINISTRIES

July 31, 2025

HOLY FAMILY MINISTRIES

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CALLERO
& CALLERO LLP
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Holy Family Ministries
Westchester, Illinois

Opinion

We have audited the accompanying financial statements of Holy Family Ministries (a nonprofit organization), which comprise the statements of financial position as of July 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 Holy Family Ministries as of July 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Holy Family Ministries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Holy Family Ministries '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

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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, 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 Holy Family Ministries' 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 Holy Family Ministries' 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.

Callero and Callero, LLP

Callero & Callero, LLP
Des Plaines, Illinois
March 5, 2026

HOLY FAMILY MINISTRIES
STATEMENTS OF FINANCIAL POSITION
July 31,

ASSETS	2025	2024
Current Assets		
Cash and Cash Equivalents	$ 1,175,828	$ 3,862,307
Restricted Cash	1,838,180	1,733,314
Accounts Receivable	129,247	140,067
Inventory	163,020	198,987
Investments	13,225,504	9,702,053
Prepaid Expenses	47,070	31,907
Interest Rate Swap	7,351	16,153
TOTAL CURRENT ASSETS	16,586,200	15,684,788
Property and Equipment		
Land	380,175	380,175
Building	9,284,648	9,284,648
Equipment	1,057,473	1,057,473
Leasehold Improvements	474,217	303,801
Vehicles	112,822	112,822
	11,309,335	11,138,919
Accumulated Depreciation	(5,234,828)	(4,838,327)
TOTAL PROPERTY AND EQUIPMENT, NET	6,074,507	6,300,592
Other Assets		
Right-of-Use Assets	116,276	149,935
Security Deposits	16,000	16,000
TOTAL OTHER ASSETS	132,276	165,935
TOTAL ASSETS	$22,792,983	$ 22,151,315
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 100,690	$ 39,862
Current Portion of Bonds Payable	150,000	130,000
Current Maturities of Operating Lease Liabilities	39,141	38,169
Accrued Salaries and Related Expenses	129,119	96,592
Accrued Expenses & Other Current Liabilities	81,307	38,761
TOTAL CURRENT LIABILITIES	500,257	343,384
Long-Term Liabilities		
Operating Lease Liabilities	80,353	113,954
Bonds Payable	1,445,000	1,595,000
TOTAL LONG-TERM LIABILITIES	1,525,353	1,708,954
Net Assets		
Without Donor Restrictions	18,396,340	17,899,861
With Donor Restrictions	2,371,033	2,199,116
TOTAL NET ASSETS	20,767,373	20,098,977
TOTAL LIABILITIES AND NET ASSETS	$22,792,983	$ 22,151,315

The accompanying notes are an integral part of these financial statements.

HOLY FAMILY MINISTRIES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended July 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Tuition	$ 718,720	$ 0	$ 718,720
Contribution Income	5,123,922	465,000	5,588,922
Government Grants	824,250	0	824,250
In - Kind Contributions	107,523	0	107,523
Thrift Shop Sales	344,431	0	344,431
Thrift Shop Donated Goods and Services	481,791	0	481,791
Rental Income and Other Income	4,800	0	4,800
Dividend and Interest Income	309,463	73,644	383,107
Realized Gain on Investments	122,401	0	122,401
Unrealized Gain on Investments	978,621	0	978,621
Unrealized Loss on Interest Rate Swap	(8,803)	0	(8,803)
Net Assets Released from Restrictions	366,727	(366,727)	0
TOTAL REVENUE AND OTHER SUPPORT	9,373,846	171,917	9,545,763
Expenses			
Educational Programs	5,865,117	0	5,865,117
Lucille Thrift Shop	856,142	0	856,142
Management and General	996,889	0	996,889
Fundraising	1,159,219	0	1,159,219
TOTAL EXPENSES	8,877,367	0	8,877,367
CHANGE IN NET ASSETS	496,479	171,917	668,396
Net Assets			
Beginning of Year	17,899,861	2,199,116	20,098,977
End of Year	$ 18,396,340	$ 2,371,033	$ 20,767,373

The accompanying notes are an integral part of these financial statements.

HOLY FAMILY MINISTRIES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended July 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Tuition	$ 745,645	$ 0	$ 745,645
Contribution Income	6,054,072	615,000	6,669,072
Government Grants	1,137,283	0	1,137,283
In - Kind Contributions	584,692	0	584,692
Thrift Shop Sales	572,735	0	572,735
Thrift Shop Donated Goods and Services	601,310	0	601,310
Rental Income and Other Income	4,433	0	4,433
Dividend and Interest Income	351,022	14,289	365,311
Realized Gain on Investments	388,009	0	388,009
Unrealized Gain on Investments	432,038	65,211	497,249
Unrealized Loss on Interest Swaps	(12,187)	0	(12,187)
Net Assets Released from Restrictions	391,860	(391,860)	0
TOTAL REVENUE AND OTHER SUPPORT	11,250,912	302,640	11,553,552
Expenses			
Educational Programs	5,317,104	0	5,317,104
Lucille Thrift Shop	961,729	0	961,729
Management and General	823,536	0	823,536
Fundraising	763,687	0	763,687
TOTAL EXPENSES	7,866,056	0	7,866,056
CHANGE IN NET ASSETS	3,384,856	302,640	3,687,496
Net Assets			
Beginning of Year	14,515,005	1,896,476	16,411,481
End of Year	$ 17,899,861	$ 2,199,116	$ 20,098,977

The accompanying notes are an integral part of these financial statements.

HOLY FAMILY MINISTRIES
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended July 31, 2025

	Educational Programs	Lucille Thrift Shop	Management and General	Fundraising	Total
Salaries and Related Expenses					
Salaries	$ 3,514,625	$ 147,131	$ 431,359	$ 630,157	$ 4,723,272
Payroll Taxes	268,869	11,256	32,999	48,207	361,331
Employee Benefits	370,854	0	49,447	74,171	494,472
Total Salaries and Related Expenses	4,154,348	158,387	513,805	752,535	5,579,075
Other Expenses					
Program, Educational and Student Activities	442,388	1,336	124,419	116,349	684,492
Cost of Sales Thrift Shop	0	481,791	0	0	481,791
Advertising and Marketing	3,901	649	0	1,211	5,761
Bank and Processing Fees	0	13,270	27,277	0	40,547
Conference and Seminars	9,551	31	18,602	8,627	36,811
Depreciation	396,501	0	0	0	396,501
Repairs and Maintenance	125,067	2,866	902	1,079	129,914
Insurance	90	-	73,672	0	73,762
Interest Expense	0	0	81,676	0	81,676
License and Permits	149	0	20	0	169
Occupancy	0	169,727	9,199	26,360	205,286
Office Supplies	46,588	3,067	14,006	14,006	77,667
Outside Services	76,293	210	22,886	68,657	168,046
Postage and Delivery	3	-	655	4,268	4,926
Printing and Publications	11,533	187	16,545	9,867	38,132
Professional Fees	417,236	0	20,428	130,098	567,762
Technology	21,293	3,563	71,550	22,897	119,303
Utilities	149,477	17,588	858	2,575	170,498
Transportation	10,699	3,470	389	690	15,248
Total Other Expenses	1,710,769	697,755	483,084	406,684	3,298,292
TOTAL EXPENSES	$ 5,865,117	$ 856,142	$ 996,889	$ 1,159,219	$ 8,877,367

The accompanying notes are an integral part of the financial statements.

HOLY FAMILY MINISTRIES
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended July 31, 2024

	Educational Programs	Lucille Thrift Shop	Management and General	Fundraising	Total
Salaries and Related Expenses					
Salaries	$ 3,196,101	$ 123,875	$ 413,970	$ 327,202	$ 4,061,148
Payroll Taxes	244,502	9,476	31,669	25,031	310,678
Employee Benefits	228,654	0	83,788	3,316	315,758
Total Salaries and Related Expenses	3,669,257	133,351	529,427	355,549	4,687,584
Other Expenses					
Program, Educational and Student Activities	354,061	0	42,512	93,921	490,494
Cost of Sales Thrift Shop	0	601,311	0	0	601,311
Advertising and Marketing	685	804	229	916	2,634
Bank and Processing Fees	0	13,400	18,792	8,834	41,026
Conference and Seminars	5,029	95	16,651	11,102	32,877
Depreciation	384,786	0	0	0	384,786
Repairs and Maintenance	106,850	1,436	5,873	0	114,159
Insurance	68,184	1,827	100	0	70,111
Interest Expense	0	0	91,854	0	91,854
License and Permits	240	500	17	0	757
Occupancy	0	167,916	7,678	28,200	203,794
Office Supplies	13,801	4,330	3,690	2,807	24,628
Outside Services	70,864	500	7,456	27,386	106,206
Postage and Delivery	746	9	274	6,697	7,726
Printing and Publications	19,813	187	0	26,197	46,197
Professional Fees	476,274	11,771	54,235	190,069	732,349
Technology	15,709	3,045	43,954	9,368	72,076
Utilities	127,903	17,345	719	2,641	148,608
Transportation	2,902	3,902	75	0	6,879
Total Other Expenses	1,647,847	828,378	294,109	408,138	3,178,472
TOTAL EXPENSES	$ 5,317,104	$ 961,729	$ 823,536	$ 763,687	$ 7,866,056

The accompanying notes are an integral part of the financial statements

HOLY FAMILY MINISTRIES
STATEMENTS OF CASH FLOWS
For the Years Ended July 31,

Cash Flows From Operating Activities	2025	2024
Change in Net Assets	$ 668,396	$ 3,687,496
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Non-Cash Lease Expense	1,030	2,013
Realized (Gains) Losses on Sale of Investments	(122,401)	(388,009)
Unrealized Gains on Investments	(978,621)	(497,249)
Unrealized Losses on Interest Swaps	8,803	12,187
In - Kind Contributed Fixed Assets	0	(226,924)
Depreciation	396,501	384,786
(Increase) Decrease in Assets:		
Accounts Receivable	10,820	(56,694)
Inventory	35,967	(56,306)
Prepaid Expenses	(15,163)	2,870
Increase (Decrease) in Liabilities:		
Accounts Payable	60,828	(17,013)
Accured Salaries and Related Expenses	32,527	35,678
Accrued Expenses	42,546	13,107
NET CASH PROVIDED BY OPERATING ACTIVITIES	141,233	2,895,942
Cash Flows From Investing Activities		
Purchase of Investments	(4,162,952)	(8,688,362)
Proceeds from the Sale of Investments	1,740,522	7,527,238
Purchase of Fixed Assets	(170,416)	(51,259)
NET CASH USED IN INVESTING ACTIVITIES	(2,592,846)	(1,212,383)
Cash Flows From Financing Activities		
Payments on Long-Term Debt	(130,000)	(130,000)
NET CASH USED IN FINANCING ACTIVITIES	(130,000)	(130,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(2,581,613)	1,553,559
Cash and Cash Equivalents and Restricted Cash		
Beginning of Year	5,595,621	4,042,062
End of Year	$ 3,014,008	$ 5,595,621
Supplemental Cash Flow Information		
Cash Paid for Interest	$ 90,554	$ 63,077

The accompanying notes are an integral part of these financial statements.

(1) Nature of Organization

Holy Family Ministries (the "Organization"), provides opportunities for children and adults from Chicago's under-served neighborhoods to excel academically, grow spiritually, expand life experiences and become effective leaders.

Holy Family School was founded in 1985 by Holy Family Lutheran Church, Chicago, to provide an affordable private school alternative to the struggling neighborhood public schools in the Cabrini-Green area. Since then the school has relocated three times to accommodate its growth and the changing demographics of the Near North and West Sides of Chicago. In addition, Holy Family School merged with St. Gregory Episcopal School in 2010, receiving 50 of its students. The school has grown to 250 students plus 80 pre-K students.

Holy Family graduates may now be found in competitive high schools, in fine private and public colleges and universities, in graduate school programs and professions including engineering, medical research, accounting and finance.

(2) Summary of Significant Accounting Policies

Basis of Presentation:
The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that the donor restrictions were met in the year the contribution was received.

Revenue Recognition:
Grant Awards:

Grant awards are either recorded as contributions or exchange transactions based on the criteria in the grant award.

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with ASC Topic 958-905.

Grant awards that are exchange transactions are typically reimbursed based on a predetermined rate for services performed in accordance with the grant award and ASC Topic 606.

(2) Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued):
State and local governments have awarded grants to support the Organization's program activities that are conditioned on performing certain services or incurring certain reimbursable expenditures. These grants represent exchange transactions and are accounted for accordingly under ASC Topic 606. The grant revenue is measured based on the amount of consideration specified in the contract. Two grants make up the largest portion of these grants and are included under government grants on the Statement of Activities. The Action for Children grant is a formula grant based on enrollment in the program. The grant revenue is recognized when enrollment is certified monthly as performance obligations under the terms of the contract are satisfied and is reported as an increase in net assets without donor restrictions because the restrictions are met in the same fiscal year as the grant is received. The Pre School for All grant is a cost-reimbursement grant. Revenue from this grant is recognized as the Organization incurs allowable and reasonable qualifying expenses towards certain educational services outlined in the grant agreement, thereby meeting the underlying performance obligations. Cost-reimbursement grants are recognized as revenues increasing net assets without donor restrictions because the conditions and restrictions are met in the same period.

Tuition:

Tuition revenue from student contracts is recognized on a straight-line basis over the academic period in which the tuition relates. This method reflects the continuous and consistent provision of educational services throughout the school year. The Organization has determined that this approach appropriately reflects the pattern in which students receive the benefits of the educational services, as the delivery of instruction and access to educational resources occurs evenly over time.

Thrift Shop Sales:

Thrift shop sales revenue is reported at the selling price as that is the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the goods to the customer. Customers pay for goods on a stand-alone selling price basis at the point of sale which occurs at a point in time. Control is transferred immediately to the customer at the point of sale.

Income Tax Status:
The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and, therefore, there is no provision for federal income taxes in the accompanying financial statements. In addition, the Organization is determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:
The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The uninsured bank balance was approximately $438,132 and $243,934 at July 31, 2025 and 2024. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk on cash.

(2) Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued):
Cash equivalents are short-term highly liquid investments with original maturities of three months or less, that are readily converted to known amounts of cash.

Restricted Cash:
Restricted cash represents the amounts held in cash restricted by donors to pay for scholarships, staff compensation, summer curriculum and board-designated reserves for debt retirement.

Receivables:
Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization reviews all outstanding accounts and determines the collectability of its receivables based on past experience with its customers. The Organization believes that all accounts receivable at July 31, 2025 and 2024 will be fully collected. The accounts receivable balance was $73,313 on July 31, 2023.

Inventory:
The Organization receives donated goods throughout the year for re-sale in the Organization's thrift shop. At the end of the year, the Organization estimates the value of donated goods on hand and records the amount as inventory with a corresponding adjustment to donated goods and services. The inventory is valued by applying an average sales value depending on the classification of the item. The average value per classification is calculated by analyzing the sales price for the year for similar items.

Investments:
Investments in debt securities and equity securities with readily determinable market values are recorded at fair value. Unrealized and realized gains and losses on these investments are reported in the statements of activities. Securities are generally held in custodial investment accounts administered by certain financial institutions.

Fair Value:
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Investments are reported at fair value on a recurring basis determined by obtaining quoted prices on nationally recognized securities exchanges which are Level 1. Interest rate swaps are reported at fair value on a recurring basis determined by the cost to terminate the agreement at the reporting date which are Level 2.

Derivative Financial Instruments:
The Organization holds derivative financial instruments for the purpose of hedging certain identifiable and anticipated transactions. In general, the types of risks hedged are those relating to the variability of future earnings and cash flows caused by long term debt. In hedging transactions in the normal course of business, the Organization holds an interest rate swap to hedge its long-term debt. The interest rate swap is reported on the accompanying statement of financial position at fair value. Changes in fair value are recognized currently in revenue and other support.

(2) Summary of Significant Accounting Policies (continued)

Property and Equipment:
Property, equipment, leasehold improvements, and vehicles are recorded at cost or at their estimated fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Amortization of leasehold improvements is provided ratably over the lesser of the term of the lease or life of the improvement. Depreciation and amortization are provided using the straight-line method over the estimated useful lives as follows:

Building	39 years
Building Furnishings	10 years
Equipment	3 - 5 years
Leasehold Improvements	Shorter of asset life or lease life
Vehicles	5 - 10 years

Depreciation and amortization expense amounted to $396,501 and $384,786 for the years ended July 31, 2025 and 2024.

Donations of property and equipment are recorded as support at their estimated fair value at date of donation. Such donations are reported as without 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 support with 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 as instructed by the donor. The Organization reclassifies such donations with restrictions to net assets without restrictions at that time.

Leases:
Beginning August 1, 2022, operating leases are included in right-of-use (ROU) assets, current liabilities, and long-term liabilities on the statements 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 lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As the Organization’s leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. ROU assets are adjusted for any prepaid lease payments and lease incentives. The lease terms may include periods covered by options to extend the lease, when it is reasonably certain that the Organization will exercise that option, or periods covered by options to terminate the lease when it is reasonably certain that the Organization will not exercise that option. The Organization recognizes rent expense under the operating leases on a straight-line basis.

The standard also provides practical expedients for an entity’s ongoing accounting. The Organization elected the short-term lease recognition exemption, and the Organization will not recognize ROU assets or lease liabilities for qualifying leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties). Instead, these leases are expensed on a straight-line basis over the lease term. The Organization also elected the accounting policy to not separate lease and non-lease components for all asset classes.

(2) Summary of Significant Accounting Policies (continued)

Leases (continued):
The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

For additional information about leases see Note 8.

Contributions and Contributed Services:
Individual and corporate contributions are recognized when cash is received or ownership of donor assets is transferred to the Organization. Contributions received are recorded without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. Contributions with donor restrictions expended in the year received are reported as public support without donor restrictions.

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

In – Kind Contributions:
The Organization recognizes in – kind contributions at their fair value at date of donation. In – kind contributions are reported without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Functional Allocation of Expenses:
Operating expenses directly identified with a functional area are charged to that area and, where those expenses affect more than one area, they are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include:

Expense	Method of Allocation
Personnel	Time and Effort
Conferences and Seminars	Time and Effort
Occupancy	Full Time Equivalent
Office Supplies	Full Time Equivalent
Outside Services	Full Time Equivalent
Postage and Delivery	Full Time Equivalent
Printing	Full Time Equivalent
Technology	Full Time Equivalent
Utilities	Full Time Equivalent

(2) Summary of Significant Accounting Policies (continued)

Accounting Standards Recently Adopted:

Accounting Standards Update ("ASU") 2016-13

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the organization that are subject to the guidance in FASB ASC 326 were accounts receivable. The Organization adopted the standard effective August 1, 2023. The impact of the adoption was not material to the financial statements and primarily resulted in new and enhanced disclosures only.

(3) Retirement Plan

The Organization offers the opportunity for all its eligible employees to participate in a 403(b) retirement plan (the Plan). The Plan allows employees to make voluntary contributions within stated limits set by the Plan for which maximum amounts are subject to Internal Revenue Service statutory limits. The Organization provides a matching contribution of employee's contributions up to a maximum of $3,000 per employee. The Organization contributed $63,791 and $25,868 into the Plan for the years ended July 31, 2025 and 2024.

(4) Liquidity and Availability

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2025	2024
Financial assets at year-end:		
Cash and Cash Equivalents	$ 3,014,008	$ 5,595,621
Accounts Receivable	129,247	140,067
Investments	13,225,504	9,702,053
Total financial assets	16,368,759	15,437,741
Less amounts not available to be used within one year:		
Board designated endowment	(7,555,060)	(8,089,795)
Board designated endowment available for scholarships	(228,273)	(215,424)
Donor restricted endowment available for scholarships	(732,853)	(665,802)
Donor restricted endowment available for staff compensation	(1,434,753)	(1,251,010)
Cash restricted for scholarships	(46,184)	(48,427)
Receivables designated for students	(74,443)	(135,836)
Board-designated reserve for repairs and maintenance	(377,653)	(548,069)
Board-designated reserves for debt retirement	(200,000)	(200,000)
Financial assets available to meet general expenditures over the next twelve months	$ 5,719,540	$ 4,283,378

(4) Liquidity and Availability (continued)

As part of the Organization's liquidity management it invests cash in excess of federally insured limits but monitors the institutions where the cash is held for any credit risk. The Organization manages cash through its yearly budgeting process and monitors cash monthly against the budget. As part of the Organization's agreement with First American Bank (Note 9), the Organization is required to comply with certain loan covenants that can affect liquidity, which include the requirement to maintain cash and cash equivalents not restricted of at least $800,000 at December 31 of each year as well as a cash reserve with First American Bank of $200,000.

(5) In – Kind Contributions

For the year ended July 31, 2025 and 2024 contributed goods are as follows:

	2025	2024
Contracted Services	$ 0	$ 95,000
Curriculum	69,877	102,209
Furniture and Equipment	0	229,581
Professional Development	0	75,918
Repairs and Maintenance	8,880	30,209
Technology	4,667	23,607
Supplies	24,099	28,168
Total contributed goods	$ 107,523	$ 584,692

(6) Net Assets

Net Assets as of July 31, 2025 and 2024 consist of:

	2025	2024
Net Assets without donor restrictions		
Undesignated	$ 4,026,511	$ 4,270,981
Board designated endowment	9,084,395	8,089,795
Board designated scholarship endowment	228,273	215,424
Board designated reserve for repairs & maintenance	377,653	548,069
Board designated reserve for debt retirement	200,000	200,000
Net Investment in property and equipment	4,479,508	4,575,592
Total net assets without donor restrictions	$ 18,396,340	$ 17,899,861
Net Assets with donor restrictions		
Subject to expenditure for scholarships	$ 781,280	$ 714,229
Staff compensation	1,434,753	1,344,887
Curriculum / programming	155,000	140,000
Total net assets with donor restrictions	$ 2,371,033	$ 2,199,116

(7) Endowments

The Organization's endowments are composed of a donor restricted and board designated fund for scholarships and a board designated endowment. The board designated endowment was established for the purpose of funding major areas of education and youth development in order to meet its mission. Its endowment includes only funds designated by the board to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor restricted endowments are classified as net assets with donor restrictions and board-designated endowments are classified as net assets without donor restrictions.

The donor restricted endowment funds are subject to the State Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Organization's Board of Directors has interpreted UPMIFA, in accordance with Illinois state law, as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment fund, unless there are explicit donor stipulations to the contrary. Accordingly, the Organization classifies the original value of the gifts made to such endowment as net assets with donor restrictions. The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has adopted a policy to not spend from underwater endowments unless directed by the donor. The donor advised fair value of the original gifts approximates its principal donated by the donor which amounted to $420,500 and $395,500 at July 31, 2025 and 2024.

The Organization's investment policy for the board designated endowment stipulates that the primary investment objective is to generate an acceptable risk adjusted rate of return, in order to supplement the existing philanthropic support, as needed.

Attainment of this objective will enable the Organization to maintain the purchasing power of endowment assets in perpetuity and meet its current spending policy. The primary objective of the Organization's asset allocation policy is to provide a strategic mix of asset classes that produce a high expected investment return within a prudent risk framework. The Organization has a bias toward equity investments because they produce higher long-term returns.

The Board of Directors appropriates for spending of board designated endowment 5% of a 3-year trailing average of the donor unrestricted segment as needed for activities during the year. The unappropriated investment earnings on donor-restricted endowments are classified as net assets with donor restrictions until the funds are released by being used in accordance with their donor-restricted purpose.

(7) Endowments (continued)

The activities in the Organization's endowments for the period ended July 31, 2025 and 2024 are as follows:

	Endowment	Scholarship Endowment	
	Board Designated Endowment Net Assets Without Donor Restrictions	Donor Restricted Scholarship Net Assets With Donor Restrictions	Board Designated Scholarship Net Assets Without Donor Restrictions
Endowment net assets, August 1, 2023	$ 5,696,303	$ 583,273	$ 185,829
Contributions	1,957,173	25,000	12,500
Appropriation	(239,493)	(21,971)	(6,529)
Investment return net	686,842	80,484	23,917
Investment expenses	(11,030)	(984)	(293)
Endowment net assets, July 31, 2024	8,089,795	665,802	215,424
Contributions	906,740	25,000	0
Appropriation	(210,134)	(31,592)	(9,036)
Investment return net	323,231	76,453	0
Investment expenses	(24,787)	(2,810)	23,917
Endowment net assets, July 31, 2025	$ 9,084,395	$ 732,853	$ 230,305

(8) Lease Commitments

The Organization has operating leases for office space and thrift shop. The Organization's leases have remaining lease terms of 1 to 4 years, some of which may include options to extend the leases for up to 5 years.

The components of lease expense are summarized as follows for the year ended July 31,

	2025	2024
Operating lease cost	$ 155,303	$ 147,967
Short-term lease cost	51,013	55,827
Total lease cost	$ 206,316	$ 203,794

(8) Lease Commitments (continued)

Supplemental cash flow information related to leases is summarized as follows for the year ended July, 31

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 38,169	$ 145,954

Lease term and discount rate information is summarized as follows for the year ended July 31,

	2025	2024
Weighted-average remaining lease term (in years)	3.17	4.17
Weighted-average discount rate	4.13%	4.13%

Maturity analysis on an undiscounted basis of the Organization's lease liabilities as of July 31, 2025 is as follows:

2026	$ 39,141
2027	40,114
2028	41,097
2029	6,998
Total minimum lease payments	127,350
Less: Imputed interest	7,856
Present value of future minimum lease payments	$ 119,494

(9) Bonds Payable

The Organization holds tax-exempt bonds payable which were originally issued by the Illinois Finance Authority, the original trustee, which were used for the costs of acquiring, constructing and equipping certain educational facilities. On August 19, 2015, the Organization refinanced $2,565,000 of bonds that were outstanding at the time. The bonds were purchased from the original trustee by First American Bank. The principal of the bonds is payable annually beginning July 1, 2016 and is scheduled to conclude on July 1, 2035. During the initial interest rate period, interest is payable monthly based on one-month LIBOR plus 2.750%, multiplied by 67% (the "Initial Interest Rate"). The interest rate resets August 1, 2020, August 1, 2025 and August 1, 2030. Effective July 1, 2023 the interest rate changed to SOFR plus 2.765%, multiplied by 67%. Commencing on August 1, 2020 and on each interest rate reset date thereafter, the bond will bear one month SOFR plus 2.765%, multiplied by the bank purchase multiplier, as determined by the bank. The interest rate was 5.03% and 5.76% at July 31, 2025 and 2024. The debt is secured by the Organization's school building and related assets with a carrying value of $5,178,380 as of July 31, 2025.

(9) Bonds Payable (continued)

Annual maturities of bonds payable for years ending July 31, are as follows:

2026	$	150,000
2027		150,000
2028		150,000
2029		150,000
2030		150,000
Thereafter		845,000
Total	$	1,595,000

The Organization recognizes changes in fair value of the derivative asset resulting from the interest rate swap as unrealized gains and losses on the statement of activities. The Organization recognized an unrealized loss of $8,803 and an unrealized loss of $12,187 for the years ended July 31, 2025 and 2024.

(10) Subsequent Events

Management has evaluated subsequent events through March 5, 2026, the date the financial statements were available to be issued.