

**INFANT CRISIS SERVICES, INC.**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEARS ENDED**  
**MARCH 31, 2023 AND 2022**

**TOGETHER WITH**  
**INDEPENDENT AUDITOR'S REPORT**



**INFANT CRISIS SERVICES, INC.**  
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**March 31, 2023 and 2022**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Infant Crisis Services, Inc.  
Oklahoma City, Oklahoma

### **Opinion**

We have audited the accompanying financial statements of Infant Crisis Services, Inc., (a nonprofit organization) ("Organization"), which comprise the statements of financial position as of March 31, 2023, and 2022, and the related statements of activities, 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 Infant Crisis Services, Inc., as of March 31, 2023 and 2022, 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 Infant Crisis Services, Inc. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 Responsibility 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

HSPG & ASSOCIATES, PC

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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.

*HSPG & Associates, P.C.*

July 27, 2023

**INFANT CRISIS SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,503,034	\$ 2,521,388
Investments	2,440,032	2,585,147
Contributions receivable, net	349,243	323,549
Beneficial interest in assets held by others	98,836	110,681
Inventory	471,141	445,863
Prepaid expenses	31,646	61,155
Artwork	201,321	201,321
Property and equipment, net	<u>5,955,767</u>	<u>6,146,872</u>
 TOTAL ASSETS	 <u>\$ 12,051,020</u>	 <u>\$ 12,395,976</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 144,915	\$ 100,686
Accrued compensation	77,717	57,728
Other liabilities	<u>14,497</u>	<u>22,782</u>
 TOTAL LIABILITIES	 <u>237,129</u>	 <u>181,196</u>
 <b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	4,314,239	4,520,452
Designated by the Board for maintenance reserve	787,338	785,541
Designated by the Board for program reserve	254,754	253,875
Invested in property and equipment, net	5,941,270	6,124,090
With donor restrictions	<u>516,290</u>	<u>530,822</u>
 TOTAL NET ASSETS	 <u>11,813,891</u>	 <u>12,214,780</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 12,051,020</u>	 <u>\$ 12,395,976</u>

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

**INFANT CRISIS SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2023 (with comparative totals for 2022)**

	<b>2023</b>			<b>2022</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Comparative Total</b>
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 1,235,150	\$ 34,636	\$ 1,269,786	\$ 1,292,386
In-kind donations	814,274	-	814,274	723,228
Grants and sponsorships	578,643	-	578,643	705,813
Investment income, net	(142,384)	-	(142,384)	108,372
Special event revenues	1,048,507	-	1,048,507	850,467
Other income	-	-	-	139
Release from restrictions	49,168	(49,168)	-	-
Total revenue and support	<u>3,583,358</u>	<u>(14,532)</u>	<u>3,568,826</u>	<u>3,680,405</u>
<b>EXPENSES</b>				
Program services	3,130,344	-	3,130,344	2,568,540
Management and general	176,514	-	176,514	139,492
Cost of direct benefit to donors	267,147	-	267,147	187,158
Fundraising	395,710	-	395,710	332,412
Total expenses	<u>3,969,715</u>	<u>-</u>	<u>3,969,715</u>	<u>3,227,602</u>
Change in net assets	(386,357)	(14,532)	(400,889)	452,803
<b>NET ASSETS, BEGINNING OF YEAR</b>	11,683,958	530,822	12,214,780	11,761,977
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 11,297,601</u>	<u>\$ 516,290</u>	<u>\$11,813,891</u>	<u>\$ 12,214,780</u>

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

**INFANT CRISIS SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 1,262,964	\$ 29,422	\$ 1,292,386
In-kind donations	723,228	-	723,228
Grants and sponsorships	705,813	-	705,813
Investment income, net	108,372	-	108,372
Special event revenues	850,467	-	850,467
Other income	139	-	139
Release from restrictions	265,165	(265,165)	-
	<u>3,916,148</u>	<u>(235,743)</u>	<u>3,680,405</u>
<b>EXPENSES</b>			
Program services	2,568,540	-	2,568,540
Management and general	139,492	-	139,492
Cost of direct benefit to donors	187,158	-	187,158
Fundraising	332,412	-	332,412
	<u>3,227,602</u>	<u>-</u>	<u>3,227,602</u>
Change in net assets	688,546	(235,743)	452,803
<b>NET ASSETS, BEGINNING OF YEAR</b>	10,995,412	766,565	11,761,977
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 11,683,958</u>	<u>\$ 530,822</u>	<u>\$12,214,780</u>

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

**INFANT CRISIS SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	<b>Program Services</b>	<b>Management and General</b>	<b>Cost of Direct Benefit to Donors</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 1,081,606	\$ 103,737	\$ -	\$ 236,965	\$ 1,422,308
Benefits	106,969	10,707	-	24,172	141,848
Payroll taxes	89,920	8,647	-	19,752	118,319
	<u>1,278,495</u>	<u>123,091</u>	<u>-</u>	<u>280,889</u>	<u>1,682,475</u>
Essential program items	1,229,853	-	-	-	1,229,853
Professional fees	23,762	26,777	-	5,474	56,013
Supplies, printing and postage	30,633	5,579	-	46,848	83,060
Occupancy	109,853	2,255	-	2,255	114,363
Advertising, community awareness	51,476	-	-	31,058	82,534
Travel and local transportation	33,310	475	-	991	34,776
Insurance	55,181	1,469	-	2,306	58,956
Appreciation, gifts and awards	8,297	199	-	1,539	10,035
Conferences and meetings	2,196	7,639	-	451	10,286
Bad debts	-	-	-	15,337	15,337
Information technology	49,715	3,664	-	3,196	56,575
Special events	-	-	267,147	-	267,147
	<u>1,594,276</u>	<u>48,057</u>	<u>267,147</u>	<u>109,455</u>	<u>2,018,935</u>
Total expenses before depreciation	2,872,771	171,148	267,147	390,344	3,701,410
Depreciation	257,573	5,366	-	5,366	268,305
Total expenses	<u>\$ 3,130,344</u>	<u>\$ 176,514</u>	<u>\$ 267,147</u>	<u>\$ 395,710</u>	<u>\$ 3,969,715</u>

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



**INFANT CRISIS SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Cost of Direct Benefit to Donors</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 906,401	\$ 82,400	\$ -	\$ 188,343	\$ 1,177,144
Benefits	87,575	7,956	-	18,186	113,717
Payroll taxes	75,777	6,889	-	15,746	98,412
	<u>1,069,753</u>	<u>97,245</u>	<u>-</u>	<u>222,275</u>	<u>1,389,273</u>
Essential program items	976,507	-	-	-	976,507
Professional fees	19,298	25,403	-	3,975	48,676
Supplies, printing and postage	23,281	2,919	-	46,033	72,233
Occupancy	61,487	1,269	-	1,270	64,026
Advertising, community awareness	40,392	594	-	37,592	78,578
Travel and local transportation	15,451	356	-	474	16,281
Insurance	46,845	1,168	-	1,765	49,778
Appreciation, gifts and awards	2,907	158	-	487	3,552
Conferences and meetings	3,173	2,339	-	455	5,967
Bad debts	-	-	-	7,184	7,184
Information technology	39,347	2,427	-	5,288	47,062
Special events	-	-	187,158	-	187,158
Other Expenses	641	-	-	-	641
	<u>1,229,329</u>	<u>36,633</u>	<u>187,158</u>	<u>104,523</u>	<u>1,557,643</u>
Total expenses before depreciation	2,299,082	133,878	187,158	326,798	2,946,916
Depreciation	269,458	5,614	-	5,614	280,686
Total expenses	<u>\$ 2,568,540</u>	<u>\$ 139,492</u>	<u>\$ 187,158</u>	<u>\$ 332,412</u>	<u>\$ 3,227,602</u>

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

**INFANT CRISIS SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (400,889)	\$ 452,803
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	268,305	280,686
Investment loss / (income), net	152,345	(103,865)
Bad debt expense	15,337	7,184
Forgiveness of Paycheck Protection Program loan	-	(283,700)
Change in operating assets and liabilities:		
Inventory	(25,278)	(10,355)
Contributions receivable	(41,031)	96,537
Prepaid expenses	29,509	(2,631)
Accounts payable	44,229	(61,464)
Accrued compensation	19,989	(2,342)
Net cash provided by operating activities	<u>62,516</u>	<u>372,853</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(77,200)	(14,620)
Proceeds from beneficial interest in assets held by others	4,615	4,812
Net cash used in investing activities	<u>(72,585)</u>	<u>(9,808)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments made on other liabilities	(8,285)	(8,284)
Net cash used in financing activities	<u>(8,285)</u>	<u>(8,284)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(18,354)	354,761
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	2,521,388	2,166,627
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 2,503,034</u>	<u>\$ 2,521,388</u>

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

**INFANT CRISIS SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

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**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

*Nature of activities* – Infant Crisis Services, Inc. (“ICS”) operates as a voluntary not-for-profit organization providing food, formula, diapers and clothing for infants and toddlers in need throughout central Oklahoma. Services are provided at its main location in Oklahoma City and also through the BabyMobile, a mobile food and diaper pantry currently serving Oklahoma county and more than 20 surrounding counties. ICS was founded in 1984 and operated as a branch organization of the Westminster Presbyterian Church, Inc. until January 4, 1991, when it was incorporated as a separate and independent organization. ICS funding sources are from the private sector and include individuals, corporations, foundations, religious, and other organizations.

*Basis of accounting* – The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

*Basis of presentation* – Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets with and without donor restrictions are defined as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-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. 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.

*Cash equivalents* – ICS considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents except those cash equivalents included in ICS’ investment accounts.

*In-kind donations* – Donated marketable securities and other non-cash donations with readily determinable fair values are recorded as contributions at their estimated fair values at the date of the donation.

Individuals, businesses, and other organizations contribute substantial amounts of goods and services (consisting primarily of formula, food, clothing, and similar items for infants) toward the fulfillment of projects initiated by ICS. To the extent that contributions of goods and services are made under the control of ICS, are objectively measurable, and represent program or support expenditures which would otherwise be incurred by ICS, they are reflected in contributions, program expense, and inventory in the accompanying financial statements. These goods and services have been valued at their estimated fair market value at the date of receipt. The fair market value was determined based on prices for similar goods listed in local retail markets as of the date the donation was received. Donated assets are distributed by ICS to clients in need in the course of normal program operations.

For the years ended March 31, 2023, and 2022, ICS has reported the following contributed nonfinancial assets as contributions in the accompanying statements of activities.

	2023	2022
Formula	\$ 37,397	\$ 37,481
Diapers	140,198	132,495
Food	69,327	67,741
Clothing	314,690	313,024
Wipes / wash	42,939	40,425
Bottles	4,789	12,633
Toys	46,843	14,944
Misc. baby / household items	152,637	104,485
Car seats / safe sleep items	5,454	-
	<u>\$ 814,274</u>	<u>\$ 723,228</u>

**Revenue Recognition** – Contributions are recognized when the donor makes a promise to unconditionally give to ICS. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recorded when the conditions on which they depend are substantially met. Unconditional promises to give that are receivable within the next 12 months are recorded at their net realizable value. Unconditional promises to give that are receivable in subsequent years are reported at their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. ICS uses the allowance method to estimate the amount of unconditional promises receivable for which collection is not probable. The allowance is based upon prior years' experience and management's analysis of specific promises made. At March 31, 2023 and 2022, ICS recorded an allowance for uncollectible promises to give of \$25,740 and \$23,456, respectively.

Revenue is recognized when earned. Special event revenues and payments under cost-reimbursable grants received in advance are deferred to the applicable period in which the related event occurs, or expenditures are incurred, respectively.

**Investments** – Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the statement of financial position. Fair values are based on quoted market prices or otherwise determined as provided by a financial institution or fund manager. Investment income and gains and losses are reported as unrestricted unless a specific restriction applies. Net investment income (loss) is reported in the statement of activities and consists of the following:

	2023	2022
Interest and dividends	\$ 67,537	\$ 52,175
Unrealized and realized gains (losses)	(200,755)	63,819
Investment management fees	(9,166)	(7,622)
	<u>\$ (142,384)</u>	<u>\$ 108,372</u>

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying financial statements.

***Beneficial interest in assets held by others*** – ICS follows the Accounting Standards Codification (“ASC”) guidance which requires a not-for-profit organization that transfers assets to a community foundation and specifies itself as the beneficiary to recognize its beneficial interest in the assets transferred (see Note 4). ICS carries its beneficial interest in the assets held by the Oklahoma City Community Foundation, Inc. (“OCCF”) and Communities Foundation of Oklahoma (“CFO”) at fair value.

***Inventory*** – Inventory is comprised of formula, food, diapers, clothing, and similar items. Donated inventories are recorded at estimated fair market value at the date of the gift.

***Artwork*** – ICS received a restricted contribution of artwork requiring ICS to hold the artwork in perpetuity or return it to the donor.

***Property and equipment*** – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. ICS’s capitalization threshold is \$1,000 for assets acquired with an economic useful life greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are five to seven years for equipment and automobiles and twenty to forty years for buildings and improvements.

ICS reports gifts of property and equipment as net assets without donor restriction unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restriction. Absent explicit donor restrictions addressing the length of time those long-lived assets must be maintained, ICS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

***Concentration of credit risk*** – ICS maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. As of March 31, 2023, and 2022, ICS’ balances with financial institutions subject to FDIC coverage exceeded such coverage by \$949,716 and \$1,611,731, respectively. ICS has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash or cash equivalents.

***Income tax status*** – ICS is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Code as other than a private foundation. ICS is subject to routine audits by taxing jurisdictions. None of ICS’ federal or state income tax returns are currently under examination by the Internal Revenue Service or the Oklahoma tax commission. Management believes it is no longer subject to income tax examinations for years prior to 2020.

***Functional allocation of expenses*** – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between programs, fundraising, cost of direct benefit to donors, and management and general based on evaluations of the related activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support

and direction of ICS. ICS policy is to allocate the administrative expenses of the program services based on the various direct costs related to each program. The joint costs of informational materials and activities that include a fundraising appeal are allocated between the program expenses, management and general, and fundraising expenses based upon the programs and supporting services benefitted.

The principal programs of ICS are comprised of:

Main location services – This program serves clients through its main Oklahoma City office. Services offered include food, formula, diapers and clothing. Additional services provided include referrals to other community resources and car seat distribution events.

BabyMobile services – This mobile unit program provides food, formula and diapers to targeted neighborhoods across Oklahoma County and surrounding counties. Emergency disaster relief is also provided through the BabyMobile when needed.

The funds spent on these programs are accounted for as essential program items in the statement of functional expenses.

***Fair value measurements*** – ICS reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that ICS can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Inputs that are unobservable and significant to the overall fair value measurement. In these situations, ICS develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Assets subject to fair value measurement disclosure requirements include investments and beneficial interest in assets held by others (see Note 6). ICS has no liabilities carried at fair value on a recurring basis and no assets or liabilities carried at fair value on a non-recurring basis at March 31, 2023 or 2022.

**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, and those differences could be material.

**Advertising** – Advertising costs are expensed as incurred and totaled \$82,534 and \$78,578 for the years ended March 31, 2023 and 2022, respectively.

**Subsequent events** – ICS has evaluated subsequent events through July 27, 2023, the date the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the 2023 financial statements.

**Change in accounting guidance** – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02 *Leases* (Topic 842). The purpose of the guidance is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position as well as providing additional disclosure requirements related to leasing arrangements. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of April 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): Targeted Improvements. The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of April 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. The Organization did not have any leases qualifying for a change in presentation.

## 2. LIQUIDITY AND AVAILABILITY

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

	2023	2022
Cash and cash equivalents	\$2,503,034	\$2,521,388
Investments	2,440,032	2,585,147
Contributions receivable - current	208,041	142,002
Distributions from beneficial interests in assets held by others	4,121	4,820
	<u>5,155,228</u>	<u>5,253,357</u>
Less:		
Board designated assets - maintenance reserve	(787,338)	(785,541)
Board designated assets - program reserve	<u>(254,754)</u>	<u>(253,875)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$4,113,136</u>	<u>\$4,213,941</u>

In addition to financial assets available for general expenditures, ICS' board designated reserves are also available subject to approval by the board of directors for building maintenance or program expenditures.

ICS receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. ICS manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

### 3. PROMISES TO GIVE

Promises to give are expected to be realized as follows as of March 31:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 208,041	\$ 142,002
Due in one to five years	181,726	204,232
Due in more than five years	<u>50</u>	<u>2,657</u>
	389,817	348,891
Less: Allowance	(25,740)	(23,456)
Less: Discount to present value at a rate of 5% and 1% as of March 31, 2023 and 2022, respectively	<u>(14,834)</u>	<u>(1,886)</u>
	<u><u>\$ 349,243</u></u>	<u><u>\$ 323,549</u></u>

### 4. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

ICS is the designated beneficiary of donor advised funds at OCCF and CFO (collectively referred to as the "Community Foundations"). These funds were contributed to the Community Foundations by ICS and other third-party contributors. The Community Foundations have variance power over all contributions. ICS follows the standard, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others" to account for these funds. Assets transferred by ICS remain on the statement of financial position as beneficial interests in assets held by others. Contributions from third parties are disclosed below, but not recognized as assets of ICS. ICS receives a distribution from funds held at OCCF and CFO each year based on a percentage of the average fair market value of the funds over the previous eight quarters. The balance of the funds at March 31, 2023 and 2022 was as follows:

	<u>2023</u>		<u>2022</u>	
	Beneficial Interest in Assets Held by Others	Donated by third parties (disclosure only)	Beneficial Interest in Assets Held by Others	Donated by third parties (disclosure only)
OCCF	\$ 88,104	\$ 214,517	\$ 99,647	\$ 235,805
CFO	<u>10,732</u>	<u>6,854</u>	<u>11,034</u>	<u>7,350</u>
	<u><u>\$ 98,836</u></u>	<u><u>\$ 221,371</u></u>	<u><u>\$ 110,681</u></u>	<u><u>\$ 243,155</u></u>



## 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of March 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 458,809	\$ 458,809
Building and improvements	7,508,002	7,508,002
Office furniture and equipment	1,562,181	1,484,981
Automobiles	<u>223,046</u>	<u>223,046</u>
	9,752,038	9,674,838
Less: accumulated depreciation	<u>(3,796,271)</u>	<u>(3,527,966)</u>
	<u>\$ 5,955,767</u>	<u>\$ 6,146,872</u>

Depreciation expense charged to operations was \$268,305 and \$280,686 for the years ended March 31, 2023 and 2022, respectively.

## 6. FAIR VALUE MEASUREMENTS

Assets measured at fair value consist of the following:

	As of March 31, 2023				
	Carrying Amount	Total Fair Value	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
<b>ASSETS</b>					
Investments:					
Cash equivalents	\$ 266,014	\$ 266,014	\$ 266,014	\$ -	\$ -
Fixed income securities:					
Mutual funds	539,507	539,507	539,507	-	-
Equity securities:					
Mutual funds	<u>1,634,511</u>	<u>1,634,511</u>	<u>1,634,511</u>	<u>-</u>	<u>-</u>
Total investments	2,440,032	2,440,032	2,440,032	-	-
Beneficial interest in assets held by others	<u>98,836</u>	<u>98,836</u>	<u>-</u>	<u>-</u>	<u>98,836</u>
	<u>\$ 2,538,868</u>	<u>\$ 2,538,868</u>	<u>\$ 2,440,032</u>	<u>\$ -</u>	<u>\$ 98,836</u>

	As of March 31, 2022				
	Carrying Amount	Total Fair Value	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
<b>ASSETS</b>					
Investments:					
Cash equivalents	\$ 253,702	\$ 253,702	\$ 253,702	\$ -	\$ -
Fixed income securities:					
Mutual funds	564,118	564,118	564,118	-	-
Equity securities:					
Mutual funds	1,767,327	1,767,327	1,767,327	-	-
Total investments	2,585,147	2,585,147	2,585,147	-	-
Beneficial interest in assets held by others					
	110,681	110,681	-	-	110,681
	<u>\$ 2,695,828</u>	<u>\$ 2,695,828</u>	<u>\$ 2,585,147</u>	<u>\$ -</u>	<u>\$ 110,681</u>

Following is a description of methodologies used for instruments measured at fair value.

**Fixed income and equity securities** – When quoted prices are available in an active market, securities are classified within Level 1 of the hierarchy. Investments classified as Level 1 include mutual funds. Other investments, such as corporate bonds are classified within Level 2 of the hierarchy due to their proprietary nature and are independently valued by the fund manager or quoted market prices in nonactive markets.

**Beneficial interest in assets held by others** – The fair value of ICS’ beneficial interest in assets held by others is based on the fair value of fund investments as reported by the Community Foundations. These are considered to be level 3 investments.

## 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Subject to expenditure for specified purposes:		
Car Seat operations	\$ 53,313	\$ 53,423
Warehouse equipment	31,062	31,062
Fresh food	28,369	-
Safe Sleep operations	15,287	15,287
BabyMobile	6,167	-
Specialty formula	5,656	30,619
Other	8,677	8,577
	<u>148,531</u>	<u>138,968</u>
Subject to passage of time	166,438	190,533
Not subject to spending policy or appropriation:		
Artwork	<u>201,321</u>	<u>201,321</u>
Total net assets with donor restrictions	<u>\$ 516,290</u>	<u>\$ 530,822</u>

**8. RETIREMENT PLAN**

ICS maintains a Simple IRA salary deferral retirement plan for eligible employees. ICS has elected to contribute up to 3% of compensation for participating employees. Employer contributions for 2023 and 2022 totaled \$37,609 and \$33,068, respectively.

**9. FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, building insurance, maintenance, and depreciation, which are allocated on a square footage basis; salaries, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort; and office expenses, and information technology, which are allocated on a blended rate of square footage and time and effort.

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