

Giant Steps Illinois, Inc.
Financial Statements and
Supplementary Information
August 31, 2022

Giant Steps Illinois, Inc.

August 31, 2022

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MRJENOVICH & BERTUCCI, LTD.

Certified Public Accountants

7055 Veterans Blvd., Suite D
Burr Ridge, Illinois 60527
Phone (630) 789-0200
Fax (630) 789-0565

Independent Auditors' Report

To the Board of Directors of
Giant Steps Illinois, Inc.

Opinion

We have audited the accompanying financial statements of Giant Steps Illinois, Inc. (a not-for-profit organization) which comprise the comparative statement of financial position as of August 31, 2022, 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 referred to above present fairly, in all material respects, the financial position of Giant Steps Illinois, Inc. as of August 31, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Giant Steps Illinois, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Giant Steps Illinois, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and 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 Giant Steps Illinois, Inc.'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 Giant Steps Illinois, Inc.'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 Giant Steps Illinois, Inc.'s August 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Expenses on page 18 is not a required part of the financial statements. The accompanying schedule of expenses for the fiscal year end August 31, 2022, is presented for additional analysis 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. The 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 Schedule of Expenses is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



Mrjenovich & Bertucci, Ltd.
Certified Public Accountants

Burr Ridge, Illinois
December 9, 2022

Giant Steps Illinois, Inc.
Comparative Statement of Financial Position
August 31, 2022 and 2021

	<u>Assets</u>	
	2022	2021
Current Assets:		
Cash and Cash Equivalents	\$ 3,024,350	\$ 2,996,948
Tuition Receivable	892,868	971,642
Ancillary Recievable, Net of Allowance for Bad Debts of \$0 for 2022 and 2021	2,550	10,570
Prepaid Expenses	202,351	103,885
Total Current Assets	\$ 4,122,119	\$ 4,083,045
Property and Equipment:		
Property and Equipment	\$ 11,791,626	\$ 11,557,213
Less: Accumulated Depreciation	(4,129,447)	(3,791,852)
Net Book Value	\$ 7,662,179	\$ 7,765,361
Total Assets	\$ 11,784,298	\$ 11,848,406
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable	\$ 60,650	\$ 70,237
Accrued Payroll and Payroll Taxes	590,236	558,404
Accrued Expenses	6,084	690
Deferred Revenue	51,360	54,736
Notes Payable - Current Portion	374,618	337,423
Total Current Liabilities	\$ 1,082,948	\$ 1,021,490
Long-Term Liabilities:		
Notes Payable	\$ 4,240,837	\$ 4,608,971
Less: Current Portion of Notes Payable	(374,618)	(337,423)
Total Long-Term Liabilities	\$ 3,866,219	\$ 4,271,548
Net Assets:		
Without Donor Restrictions	\$ 5,766,254	\$ 5,913,615
With Donor Restrictions	1,068,877	641,753
Total Net Assets	\$ 6,835,131	\$ 6,555,368
Total Liabilities and Net Assets	\$ 11,784,298	\$ 11,848,406

See Independent Auditors' Report and Notes to the Financial Statements.

Giant Steps Illinois, Inc.
Comparative Statement of Activities
For the Years Ended August 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Tuition Revenues	\$ 10,931,858	\$ -0-	\$ 10,931,858	\$ 11,534,112	\$ -0-	\$ 11,534,112
Adult Program and Other Services	518,294	-0-	518,294	251,763	-0-	251,763
Lunch Program Revenues	30,999	-0-	30,999	-0-	-0-	-0-
Other Contributions	41,650	428,483	470,133	282,497	76,357	358,854
Fundraising Events and Promotions	480,856	136,051	616,907	293,704	-0-	293,704
In-Kind Contributions	102,000	51,623	153,623	102,000	-0-	102,000
Investment Income	1,378	-0-	1,378	1,503	-0-	1,503
Miscellaneous Income	5,110	-0-	5,110	6,889	-0-	6,889
Net Assets Released from Restrictions	189,033	(189,033)	-0-	111,341	(111,341)	-0-
Total Support and Revenues	\$ 12,301,178	\$ 427,124	\$ 12,728,302	\$ 12,583,809	\$ (34,984)	\$ 12,548,825
Expenses:						
Program Expenses	\$ 9,797,621	\$ -0-	\$ 9,797,621	\$ 9,562,723	\$ -0-	\$ 9,562,723
Management and General						
Occupancy Expenses	1,242,346	-0-	1,242,346	1,173,298	-0-	1,173,298
Administrative Expenses	1,055,103	-0-	1,055,103	979,511	-0-	979,511
Fundraising	352,448	-0-	352,448	178,903	-0-	178,903
Total Expenses	\$ 12,447,518	\$ -0-	\$ 12,447,518	\$ 11,894,435	\$ -0-	\$ 11,894,435
Income (Loss) From Operations	\$ (146,340)	\$ 427,124	\$ 280,784	\$ 689,374	\$ (34,984)	\$ 654,390
Other Income:						
Gain on Paycheck Protection Program	\$ -0-	\$ -0-	\$ -0-	\$ 1,904,199	\$ -0-	\$ 1,904,199
Gain (Loss) on Sale of Assets	(1,021)	-0-	(1,021)	-0-	-0-	-0-
Total Other Income	\$ (1,021)	\$ -0-	\$ (1,021)	\$ 1,904,199	\$ -0-	\$ 1,904,199
Increase (Decrease) in Net Assets	\$ (147,361)	\$ 427,124	\$ 279,763	\$ 2,593,573	\$ (34,984)	\$ 2,558,589
Net Assets at Beginning of Year	5,913,615	641,753	6,555,368	3,320,042	676,737	3,996,779
Net Assets at End of Year	\$ 5,766,254	\$ 1,068,877	\$ 6,835,131	\$ 5,913,615	\$ 641,753	\$ 6,555,368

See Independent Auditors' Report and Notes to the Financial Statements.

Giant Steps Illinois, Inc.
Comparative Statement of Functional Expenses
For the Year Ended August 31, 2022
(With Summarized Information for the Year Ended August 31, 2021)

	Program Services				Support Services			2022 Total	2021 Total
	Day School	Adult Program	Rec Center	Total Program Services	Occupancy	Management and General	Fundraising		
Expenses:									
Salaries and Wages	\$ 7,419,621	\$ 412,925	\$ 1,606	\$ 7,834,152	\$ 87,417	\$ 730,040	\$ 138,526	\$ 8,790,135	\$ 8,916,467
Payroll Taxes	592,789	30,469	121	623,379	6,206	56,788	10,736	697,109	657,807
Employee Benefits	748,161	43,004	151	791,316	5,113	78,673	15,064	890,166	659,536
Program Consultants	74,942	-0-	-0-	74,942	-0-	-0-	-0-	74,942	16,856
Bank Fees	-0-	-0-	-0-	-0-	-0-	8,945	9,873	18,818	7,195
Building Repairs and Supplies	-0-	-0-	-0-	-0-	392,008	-0-	-0-	392,008	333,196
Depreciation and Amortization	-0-	-0-	-0-	-0-	349,917	-0-	-0-	349,917	339,013
Dues and Subscriptions	-0-	-0-	-0-	-0-	-0-	8,579	-0-	8,579	8,900
Employee Recruiting	-0-	-0-	-0-	-0-	-0-	6,274	-0-	6,274	5,136
Field Trips and Transportation Costs	5,716	260	-0-	5,976	-0-	-0-	-0-	5,976	-0-
Insurance - General	-0-	-0-	-0-	-0-	55,968	9,075	-0-	65,043	77,398
Interest Expense	-0-	-0-	-0-	-0-	145,423	-0-	-0-	145,423	136,351
Marketing and Advertising	-0-	-0-	-0-	-0-	-0-	-0-	4,137	4,137	2,747
Miscellaneous Expense	5,845	750	460	7,055	-0-	1,964	17,145	26,164	22,335
Postage	2,939	-0-	-0-	2,939	-0-	277	-0-	3,216	6,154
Printing and Reproduction	23,882	510	-0-	24,392	-0-	2,852	1,825	29,069	17,121
Professional Development	22,573	951	-0-	23,524	-0-	4,243	431	28,198	12,164
Professional Fees	-0-	-0-	-0-	-0-	-0-	77,573	60,698	138,271	64,771
Rent	-0-	-0-	-0-	-0-	102,000	-0-	-0-	102,000	102,000
Staff Appreciation and Incentives	-0-	-0-	-0-	-0-	-0-	25,251	-0-	25,251	7,605
Staff Transportation	618	-0-	-0-	618	-0-	-0-	-0-	618	3,301
Student Lunches	29,975	-0-	-0-	29,975	-0-	-0-	-0-	29,975	10,591
Supplies	260,247	40,061	-0-	300,308	-0-	37,722	93,393	431,423	351,703
Telephone and Internet	14,669	480	-0-	15,149	-0-	6,847	620	22,616	18,326
Utilities	-0-	-0-	-0-	-0-	98,294	-0-	-0-	98,294	105,340
Vehicle and Student Transportation	51,570	12,193	133	63,896	-0-	-0-	-0-	63,896	12,422
Total Expenses	\$ 9,253,547	\$ 541,603	\$ 2,471	\$ 9,797,621	\$ 1,242,346	\$ 1,055,103	\$ 352,448	\$ 12,447,518	\$ 11,894,435

See Independent Auditors' Report and Notes to the Financial Statements.

Giant Steps Illinois, Inc.
Comparative Statement of Cash Flows
For the Years Ended August 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities:		
Increase (Decrease) in Net Assets	\$ <u>279,763</u>	\$ <u>2,558,589</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	\$ 349,917	\$ 339,013
Gain on Paycheck Protection Program	-0-	(1,904,199)
Loss on Sale of Fixed Assets	1,300	-0-
(Increase) Decrease in Operating Assets:		
Tuition Receivable	78,774	(173,693)
Ancillary Receivable	8,020	(10,060)
Prepaid Expenses	(98,466)	9,550
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(9,587)	54,262
Accrued Payroll and Payroll Taxes	31,832	378,144
Accrued Expenses	5,394	(41,849)
Deferred Revenue	<u>(3,376)</u>	<u>36,661</u>
Total Adjustments	\$ <u>363,808</u>	\$ <u>(1,312,171)</u>
Net Cash Provided by Operating Activities	\$ 643,571	\$ 1,246,418
Cash Flows From Investing Activities:		
Purchases of Property and Equipment	(248,035)	(191,468)
Cash Flows From Financing Activities:		
Payments on Notes Payable	<u>(368,134)</u>	<u>(480,244)</u>
Net Increase in Cash and Cash Equivalents	\$ 27,402	\$ 574,706
Cash and Cash Equivalents at Beginning of Year	<u>2,996,948</u>	<u>2,422,242</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>3,024,350</u></u>	\$ <u><u>2,996,948</u></u>
Supplemental Disclosures:		
Cash Paid During the Period for Interest	\$ <u><u>145,423</u></u>	\$ <u><u>175,074</u></u>
Cash Paid During the Period for Income Taxes	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

See Independent Auditors' Report and Notes to the Financial Statements.

Giant Steps Illinois, Inc.
Notes to the Financial Statements
August 31, 2022

Note A – Nature of Operations

Founded in 1997, Giant Steps Illinois, Inc. (the “School”) is a not-for-profit corporation functioning as a non- public day school providing crucial educational and therapeutic services specifically designed for children ages 5 to 22 with autism spectrum disorders (ASD). As of August 31, 2022, there were approximately 155 students served by the School from approximately 60 school districts in northern Illinois. The School opened in 1998 as part of an international network of Giant Steps schools founded in 1981 in Montreal, Canada. Currently the School operates as an independent entity with facilities in Lisle, Illinois. The School offers distinctive curriculum and programs to enhance academic, language, sensory, motor and social skills of its students with the goal of enabling them to maximize their individual potential and lead productive independent lives.

Giant Steps Illinois, Inc. also serves as a place of learning for future educators and therapists. The School hosts students for clinical placements for music, speech and occupational therapies and special education. Additionally, local colleges and universities send students for observation experiences and Giant Steps’ staff members regularly make presentations at local colleges and universities.

In the spring of 2012, Giant Steps opened Canopy, a program for adults with autism. Canopy is designed to be a self-supporting, private pay program.

Note B – Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist in understanding the School’s financial statements. The financial statements and notes are representations of the School’s management, which is responsible for their integrity and objectivity.

Basis of Financial Statement Presentation

The financial statements of the School have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

The financial statements include certain prior year summarized comparative information in total but not by functional allocation. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School’s financial statements for the year ended August 31, 2021 from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive estimate is the School’s estimate of capital asset useful lives.

Contributed Services

A substantial number of volunteers have donated services to the School’s program services and fundraising campaigns. During the current period, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded except as discussed in Note G.

Giant Steps Illinois, Inc.
Notes to the Financial Statements
August 31, 2022

Note B – Summary of Significant Accounting Policies - (continued)

Revenue Recognition

The School adopted ASU 2014-09 *Revenues from Contracts with Customers* (collectively, “ASC 606”). The School’s services that fall within the scope ASC 606 are recognized as revenue as the School satisfies its obligations to the school districts and students it serves. Services within the scope of ASC 606 include tuition and fees (See Note B, Tuition and Fees).

The School recognizes contributions when cash, securities, other assets, or an unconditional promise to give is received. The School adopted ASU 2018-08 *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met.

All contributions are considered to be available for use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets are reclassified to contributions without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions.

The School uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Tuition and Fees

Tuition and fees revenue are based on the number of students served, charged at a daily rate established by the Illinois State Board of Education. Deferred tuition and fees consist of billings to school districts in advance for tuition and is recognized as revenue in the period that the program services are provided. Tuition is earned for providing education services, materials, and supplies during the academic school year. As of August 31, 2022, all education services have been completed, and thus, there are no remaining performance obligations outstanding.

Adult program tuition and fees revenue are based on the number of students served, charged at a daily rate established by the School. Deferred tuition and fees consist of billings to school districts in advance for tuition and is recognized as revenue in the period that the program services are provided. Tuition is earned for providing adult education services, materials, and supplies during the program school year. As of August 31, 2022, all education services have been completed, and thus, there are no remaining performance obligations outstanding.

Contracts with Customers

Receivables from contracts with customers represent amounts billed to school districts for educational and transportation services provided to the School’s pupils for which the School has an unconditional right to receive payment due to the absence of a right of refund. As of August 31, 2022, the School has determined that there were no open contracts and, therefore, no contract assets or contract liabilities were reported.

Note B – Summary of Significant Accounting Policies - (continued)

Significant Judgments

Significant judgement is required in determining the appropriate approach to applying the revenue recognition criteria. While Topic 606 is generally applied to an individual contract with a customer, as a practical expedient, the School applies this guidance to a portfolio of contracts (or performance obligations) with similar characteristics. The School reasonably expects that the effects of applying this guidance to the portfolio would not differ materially from applying the guidance to the individual contracts (or performance obligations) within the portfolio.

Tuition, Ancillary Receivables and Bad Debt

Receivables are carried at cost and due upon receipt. No interest is charged on past due balances. The allowance for doubtful accounts is estimated based on managements' analysis of the School's historical bad debt experience and the aging of the receivables. Accounts deemed to be uncollectible are charged to the allowance for bad debts. The School incurred \$0 of bad debt, and no receivables were deemed uncollectible, for the year ended August 31, 2022.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net Assets

In accordance with FASB ASC 958-205, "Not-for-Profit Entities Presentation of Financial Statements," the School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets with Donor Restrictions* – 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. 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.

Giant Steps Illinois, Inc.
Notes to the Financial Statements
August 31, 2022

Note B – Summary of Significant Accounting Policies - (continued)

Expense Recognition and Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the School.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The School generally does not conduct its fundraising activities in conjunction with its other activities.

Investments

Investments are presented in the financial statements at fair value in accordance with accounting principles generally accepted in the United States of America. Investment and dividend income and realized and unrealized gains (losses) are reflected in the statement of activities. The School's investment portfolio is subject to various risks, such as interest rate, credit, and overall market volatility. Because of these risks, it is possible that changes in the fair value of investments may occur and that such changes could materially affect the School's financial statements.

Note C – Income Tax Status

The School is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified by the Internal Revenue Service as other than a private foundation. The School is also exempt from Illinois state income taxes. Accordingly, no provision for income taxes has been established.

The School files Form 990, Return of Organization Exempt from Income Tax, in the U.S. federal jurisdiction. The School does not expect a material net change in unrecognized tax benefits in the next twelve months.

The School has applied the provisions of the FASB's ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state and local income tax. As of August 31, 2022, the School had no substantial uncertain income tax positions.

Note D – Pledges Receivable

There were no pledges receivable as of August 31, 2022. Therefore, no pledges receivables were estimated to be collected.

Giant Steps Illinois, Inc.
Notes to the Financial Statements
August 31, 2022

Note E – Notes Payable

Mortgage note payable due to Village of Lisle, Illinois Revenue Bond, Series 2012 of Two Corporate Lakes Limited Partnership for the purpose of refinancing a mortgage loan originally made for purpose of financing the School's acquisition of its educational facility, in monthly installments of \$38,281, including interest at 3.02% maturing on April 1, 2033.

	<u>August 31, 2022</u>
Total Notes Payable	\$ 4,240,837
Less Current Portion	<u>(374,618)</u>
Long-Term Portion	\$ <u>3,866,219</u>

The total debt maturing in years subsequent to August 31, 2022 is as follows:

2023	\$ 374,618
2024	386,090
2025	381,933
2026	370,918
2027	382,276
2028 and thereafter	<u>2,345,002</u>
Total	\$ <u>4,240,837</u>

Note F – Retirement Plan

The School has a qualified defined contribution 401(k) profit sharing plan (the "Plan") that is available to substantially all employees. The Plan provides for both matching and discretionary contributions by the School. For the plan year 2022, the School matched employee contributions up to a maximum of 2% of compensation which totaled \$61,316 for the year ended August 31, 2022.

Note G – In-Kind Contributions

The School receives certain in-kind support which are recorded as contributions at their estimated fair market value at the date of donation. In addition, the school receives goods and services provided for free or at a reduced cost. The principal sources of in-kind support are program materials, professional fees, donated property and equipment, rent, and marketable securities. The estimated value of these contributions which have been reflected in the financial statements totaled \$153,623 for the year ended August 31, 2022.

Giant Steps Illinois, Inc.
Notes to the Financial Statements
August 31, 2022

Note H – Line of Credit

The School has a \$1,250,000 line of credit with a maturity date of March 15, 2023. The agreement requires monthly payments of interest only, bearing interest at the lending bank's prime rate (prime rate was 6.25% at August 31, 2022). The line of credit is collateralized by substantially all assets of the school. The balance was \$0 at August 31, 2022.

Note I – Recent Accounting Pronouncements

Leases

ASU 2016-02, *Leases (Topic 842)* becomes effective on January 1, 2022, for calendar-year non-public entities, but early adoption is permitted at any time. The standard requires lessees to recognize lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous GAAP. Generally, all leases will be captured on the balance sheet for lessees at transition, as there is no grandfathering of existing operating leases. The School is currently evaluating the impact this standard will have on the financial statements when adopted.

Note J – Concentration of Credit Risk

The School maintains its cash balances at Naperville Bank and Trust, Old Second Bank, NA, Town Bank NA, Libertyville Bank and Trust, NA, Barrington Bank and Trust, NA, Hinsdale Bank and Trust, NA, Schaumburg Bank and Trust, NA, Wintrust Bank, NA, Beverly Bank and Trust, NA, St. Charles Bank and Trust Co., NA, Crystal Lake Bank and Trust Co., NA, Village Bank and Trust, NA, State Bank of the Lakes, NA, Northbrook Bank and Trust Co., NA, Lake Forest Bank and Trust Co., NA, and Old Plank Trail Community Bank, NA. Accounts at these financial institutions, as of August 31, 2022, are insured by the Federal Deposit Insurance Corporation up to the prescribed limits. The School's cash balances may from time to time exceed the insured limits. At August 31, 2022, the amount of uninsured deposits was \$648,401.

Note K – Cash and Cash Equivalents

The School considers all cash held in checking and money market accounts as well as all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Cash and cash equivalents at August 31, 2022 consist of the following:

Checking Accounts:	
Wheaton Bank and Trust	\$ 1,228,728
Old Second	35,136
Savings Accounts:	
MaxSafe – Money Market	<u>1,760,486</u>
Total cash and cash equivalents	<u>\$ 3,024,350</u>

Giant Steps Illinois, Inc.
Notes to the Financial Statements
August 31, 2022

Note L – Liquidity and Availability of Financial Assets

The School considers all expenditures related to its ongoing program activities, as well as the services undertaken to support those activities to be general expenditures. The School regularly monitors liquidity required to meet its operation needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to the financial assets available to meet general expenditures over the next year, the School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources. The School maintains a \$1,250,000 line of credit, as discussed in more detail in Note H. As of August 31, 2022, \$1,250,000 remained available on the line of credit.

The following table show the total financial assets held by the School and the amounts of which could readily be made available within one year of August 31, 2022 to meet general expenditures:

		2022
Cash and Cash Equivalents	\$	3,024,350
Tuition Receivable		892,868
Ancillary Receivable		2,550
Financial assets at year-end	\$	3,919,768
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to Canopy Program	\$	(1,033,567)
Donor-restricted to Day School		(35,310)
Financial assets available to meet cash needs for general expenditures within one year	\$	2,850,891

Note M – Special Events and Fundraising

Revenues and expenses from fundraising events and promotions consisted of the following at August 31, 2022:

		Gross Revenue		Less: Direct Benefit to Donors		Less: Direct Costs		Net Revenue
Annual Appeal	\$	85,654	\$	-0-	\$	4,331	\$	81,323
5K Walk		187,558		-0-		3,742		183,816
Go Cart Challenge		122,487		2,000		19,596		100,891
Canopy Campaign Golf Outing		130,615		11,200		37,057		82,358
Painters Union Golf Outing		79,772		-0-		18,829		60,943
Other Events		10,821		-0-		4,519		6,302
Total	\$	616,907	\$	13,200	\$	88,074	\$	515,633

See Independent Auditors' Report

Giant Steps Illinois, Inc.
Notes to the Financial Statements
August 31, 2022

Note N - Fixed Assets

The School capitalizes purchased property and equipment at cost, while maintenance and repairs and educational books are expensed as incurred. Acquisitions of property in excess of \$2,500 with an estimated useful life of greater than one year are capitalized. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to forty years. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Major classifications of property and equipment and their respective lives are summarized below:

	<u>Lives in Years</u>	<u>2022</u>
Land		\$ 1,350,000
Building	40	7,650,000
Acquisition Costs	15	83,322
Leasehold Improvements	10-40	1,883,374
Furniture, Equipment and Computers	5-10	170,985
Program Equipment	5-10	328,127
Vehicles	5	205,818
Videos and Website	3-5	<u>120,000</u>
Total Property and Equipment at Cost		\$ 11,791,626
Accumulated Depreciation and Amortization		<u>(4,129,447)</u>
Net Property and Equipment		<u>\$ 7,662,179</u>

Depreciation and Amortization expense was \$349,917 for the year ended August 31, 2022.

Note O – COVID-19 Impact

On March 11, 2020, the World Health School recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. During the COVID-19 pandemic, the School's services have generally been considered essential in nature and although the teaching was changed from in-person to a remote learning model, the functions of the School were not materially interrupted. The School has resumed in-person learning. As the situation continues to evolve, the School is closely monitoring the impact of the COVID-19 pandemic on all aspects of the School's operations, including how it impacts the School's, students, employees, funders, suppliers, and vendors, in addition to how the COVID-19 pandemic impacts the School's ability to provide educational services to students. The School believes that the ultimate impact of the COVID-19 pandemic on its operating results, cash flows, and financial condition is likely to be determined by factors which are uncertain, unpredictable, and outside of the School's control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could adversely impact the School.

Giant Steps Illinois, Inc.
Notes to the Financial Statements
August 31, 2022

Note P – Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions which increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the School reports the support as without donor restrictions.

Net assets with donor restrictions are available for the following:

	<u>2022</u>
Canopy Expansion	\$ 992,019
Canopy Program	1,715
Canopy Scholarships	-0-
Day School	35,310
Equine Therapy - Canopy	<u>39,833</u>
Total	<u>\$ 1,068,877</u>

Net assets released from restriction were as follows:

	<u>2022</u>
Canopy Expansion	\$ 95,392
Canopy Program	44,607
Canopy Scholarships	15,778
Day School	33,256
Equine Therapy - Canopy	<u>-0-</u>
Total	<u>\$ 189,033</u>

Note Q - Fair Value of Financial Instruments

The School follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. This guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2, and 3.

Level 1 inputs consist of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

Giant Steps Illinois, Inc.
Notes to the Financial Statements
August 31, 2022

Note R – Fair Value Measurement

The carrying amounts reflected in the balance sheets for cash, cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate the respective fair values due to the short maturities of those instruments.

The School holds donated assets from time to time for the purposes of current operating activities of the School's programs, subject to donor restrictions. Donated investments are generally publicly traded securities. The assets are monetized and utilized immediately for the School's programs. Therefore, the School classifies all of its investment assets as available for sale. The School received 3,730 shares of Deutsche Bank AG stock valued at \$51,623 on January 6, 2022, and restricted for use within the Canopy Program. The stock was immediately sold for a realized gain of \$279. The funds received as a result of the sale was \$51,902 for the year ended August 31, 2022.

The School holds all of its available for sale investment assets within Level One of the fair value hierarchy on a recurring basis. The fair value measurements of the available for sale investment assets were \$0 at August 31, 2022.

Note S – Management's Review and Subsequent Events

In preparing the financial statements, the School has evaluated events and transactions for potential recognition or disclosure through December 9, 2022, the date that the financial statements were available to be issued.

As of December 9, 2022, there have been no other subsequent events requiring recording or disclosure in the financial statements for the year ended August 31, 2022.

Supplemental Information

Giant Steps Illinois, Inc.
Schedule of Expenses
For the Year Ended August 31, 2022

	Day School			Adult Program	Rec Center	Total
	Regular	Intensive				
Program Expenses:						
Salaries and Wages	\$ 7,348,127	\$ 71,494		\$ 412,925	\$ 1,606	\$ 7,834,152
Payroll Taxes	584,454	8,335		30,469	121	623,379
Employee Benefits	748,161	-0-		43,004	151	791,316
Field Trips and Transportation Costs	5,716	-0-		260	-0-	5,976
Program Consultants	74,942	-0-		-0-	-0-	74,942
Miscellaneous Expense	5,845	-0-		750	460	7,055
Postage	2,939	-0-		-0-	-0-	2,939
Printing and Reproduction	23,882	-0-		510	-0-	24,392
Professional Development	22,573	-0-		951	-0-	23,524
Staff Transportation	618	-0-		-0-	-0-	618
Supplies	260,247	-0-		40,061	-0-	300,308
Telephone and Internet	14,669	-0-		480	-0-	15,149
Vehicle and Student Transportation	51,570	-0-		12,193	133	63,896
Total Program Expenses	\$ 9,143,743	\$ 79,829		\$ 541,603	\$ 2,471	\$ 9,767,646
Program Support Expense:						
Salaries and Wages	\$ -0-	\$ -0-		\$ -0-	\$ -0-	\$ -0-
Payroll Taxes	-0-	-0-		-0-	-0-	-0-
Student Lunches	29,975	-0-		-0-	-0-	29,975
Total Program Support Expenses	\$ 29,975	\$ -0-		\$ -0-	\$ -0-	\$ 29,975
Occupancy Expenses:						
Salaries and Wages	\$ 87,417	\$ -0-		\$ -0-	\$ -0-	\$ 87,417
Payroll Taxes	6,206	-0-		-0-	-0-	6,206
Employee Benefits	5,113	-0-		-0-	-0-	5,113
Building Repairs and Supplies	372,374	-0-		19,634	-0-	392,008
Depreciation and Amortization	324,929	-0-		-0-	-0-	324,929
Insurance - General	54,968	-0-		1,000	-0-	55,968
Interest Expense	145,423	-0-		-0-	-0-	145,423
Rent	-0-	-0-		102,000	-0-	102,000
Utilities	98,294	-0-		-0-	-0-	98,294
Vehicle Depreciation	4,079	-0-		20,909	-0-	24,988
Total Occupancy Expenses	\$ 1,098,803	\$ -0-		\$ 143,543	\$ -0-	\$ 1,242,346
Administrative Expenses:						
Salaries and Wages	\$ 716,169	\$ -0-		\$ 13,871	\$ -0-	\$ 730,040
Payroll Taxes	55,709	-0-		1,079	-0-	56,788
Employee Benefits	77,178	-0-		1,495	-0-	78,673
Bank Fees	5,521	-0-		3,424	-0-	8,945
Dues and Subscriptions	5,500	-0-		3,079	-0-	8,579
Employee Recruiting	6,155	-0-		119	-0-	6,274
Insurance - General	8,903	-0-		172	-0-	9,075
Miscellaneous Expense	1,927	-0-		37	-0-	1,964
Postage	272	-0-		5	-0-	277
Printing and Reproduction	2,798	-0-		54	-0-	2,852
Professional Development	4,162	-0-		81	-0-	4,243
Professional Fees	76,099	-0-		1,474	-0-	77,573
Staff Appreciation and Incentives	24,771	-0-		480	-0-	25,251
Supplies	37,005	-0-		717	-0-	37,722
Telephone and Internet	6,716	-0-		131	-0-	6,847
Fundraising	158,514	-0-		193,934	-0-	352,448
Total Administrative Expenses	\$ 1,187,399	\$ -0-		\$ 220,152	\$ -0-	\$ 1,407,551
Total Expenses	\$ 11,459,920	\$ 79,829		\$ 905,298	\$ 2,471	\$ 12,447,518

See Independent Auditors' Report and Notes to the Financial Statements.