



**Guardian Angel
Community Services**

Financial Statements
June 30, 2022

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

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To The Board of Directors
Guardian Angel Community Services
Joliet, Illinois

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of Guardian Angel Community Services (the "Organization"), which comprise the statement of financial position as of June 30, 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 the Organization as of June 30, 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 and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Guardian Angel Community Services' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

Sassetti LLC

March 24, 2023
Oak Brook, Illinois

GUARDIAN ANGEL COMMUNITY SERVICES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 1,330,094	\$ 705,729
Investments, at fair value	3,039,680	3,587,199
Beneficial interests	35,644	40,515
Accounts receivable	934,312	1,174,834
Promises to give	-	1,050
Prepaid expenses	285	4,485
Property and equipment, net	134,707	313,375
	\$ 5,474,722	\$ 5,827,187
LIABILITIES		
Accounts payable	\$ 128,919	\$ 113,796
Accrued payroll liabilities	482,707	413,715
Deferred revenue	12,326	7,094
Other liabilities	44,531	50,818
	668,483	585,423
NET ASSETS		
Without donor restriction	4,761,029	5,195,232
With donor restriction	45,210	46,532
	4,806,239	5,241,764
	\$ 5,474,722	\$ 5,827,187

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

GUARDIAN ANGEL COMMUNITY SERVICES

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

	Without Donor Restriction	With Donor Restriction	Totals	
			2022	2021
REVENUES AND OTHER SUPPORT				
Program service fees	\$ 1,795,275	\$ -	\$ 1,795,275	\$ 1,752,213
Governmental grants	4,092,631	-	4,092,631	4,177,765
Contributions	493,405	13,930	507,335	303,522
Special event revenue	145,796	-	145,796	25,527
Contributed nonfinancial goods and services	207,486	-	207,486	232,956
Investment return, net	(336,615)	-	(336,615)	780,654
Gain on sale of property	54,800	-	54,800	-
Other income	14,371	-	14,371	4,424
Net assets released from restrictions	15,252	(15,252)	-	-
Total Revenues and Other Support	6,482,401	(1,322)	6,481,079	7,277,061
EXPENSES				
Program services	5,999,767	-	5,999,767	5,689,714
Administrative and general	712,602	-	712,602	671,482
Fundraising	204,235	-	204,235	202,103
Total Expenses	6,916,604	-	6,916,604	6,563,299
CHANGE IN NET ASSETS	(434,203)	(1,322)	(435,525)	713,762
NET ASSETS				
Beginning of year	5,195,232	46,532	5,241,764	4,528,002
End of year	\$ 4,761,029	\$ 45,210	\$ 4,806,239	\$ 5,241,764

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

GUARDIAN ANGEL COMMUNITY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

	Program Services										Support Services				Totals
	Sexual Assault Service Center	Groundwork	Foster Care	Adult Protective Services	Suzy's Caring Place	PAIP	Exchange	Other	Total Program Services	General and Administrative	Fundraising	2022	2021		
Salaries And Benefits:															
Salaries and wages	\$ 579,914	\$ 828,409	\$ 556,466	\$ 318,822	\$ 237,266	\$ 93,351	\$ 95,707	\$ 193,093	\$ 2,903,028	\$ 543,080	\$ 37,836	\$ 3,483,944	\$ 3,144,676		
Payroll taxes	47,922	69,561	45,613	25,428	21,188	8,860	7,467	5,522	231,561	19,902	3,142	254,605	226,226		
Employee benefits	71,666	66,455	69,860	28,175	23,599	4,436	10,316	-	274,507	27,337	5,975	307,819	308,141		
Workers compensation insurance	9,164	11,564	7,251	4,372	3,478	1,293	1,395	(8,020)	30,497	-	583	31,080	62,870		
Total Salaries and Benefits:	708,666	975,989	679,190	376,797	285,531	107,940	114,885	190,595	3,439,593	590,319	47,536	4,077,448	3,741,913		
Supplies Expense:															
Food	1,695	22,360	206	2,008	87	51	-	25,549	51,966	-	176	52,132	5,240		
Office supplies and expenses	26,885	10,217	11,547	5,132	5,598	1,735	1,894	9,359	72,367	3,447	547	76,361	67,788		
Contributed goods	2,950	6,800	9,691	900	-	-	1,167	-	21,508	-	85,856	107,364	70,920		
Program support supplies	40,720	8,789	1,379	1,539	273	541	580	6,690	60,511	-	101	60,612	29,411		
Total Supplies Expense	72,250	48,166	22,823	9,579	5,958	2,327	3,641	41,598	206,342	3,447	86,680	296,469	173,359		
Occupancy Expense:															
Contracted services	6,594	15,803	3,473	1,897	1,262	942	16	-	29,987	2,523	772	33,282	28,601		
Utilities	4,380	15,780	3,402	1,867	3,402	933	-	-	27,597	2,327	774	30,698	26,182		
Property and casualty insurance	7,797	10,321	7,913	4,664	3,240	1,679	1,128	-	36,742	3,055	543	40,340	40,688		
Building rent	42,185	159,732	32,892	17,990	12,175	15,397	19	-	280,390	22,424	7,443	310,257	314,316		
Equipment and building repairs	19,629	10,519	701	366	296	128	128	46,704	78,471	1,162	48	79,681	14,844		
Total Occupancy Expense:	80,585	212,155	48,381	26,784	18,208	19,079	1,291	46,704	453,187	31,491	9,580	494,258	424,631		
Transportation Expense	12,428	1,943	44,173	15,846	1,775	91	432	111	76,799	163	31	76,993	64,859		
Vehicle and Equipment Leases	4,255	4,382	3,274	2,139	493	236	175	-	14,954	457	1,146	16,557	16,240		
Specific Assistance to Individuals:															
Foster family payments	-	-	356,609	-	-	-	-	-	356,609	-	-	356,609	356,512		
Utilities	17,862	-	1,641	-	1,543	-	-	2,020	23,066	-	-	23,066	6,628		
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	3,603		
Client rent expense	42,961	-	-	-	570,563	-	-	21,805	635,329	-	-	635,329	930,543		
Contributed gift certificates	-	1,990	-	-	-	-	10	-	2,000	-	17,121	19,121	42,708		
Total Specific Assistance to Individuals	60,823	1,990	358,250	-	572,106	-	10	23,825	1,017,004	-	17,121	1,034,125	1,339,994		
Miscellaneous Expense															
Professional fees	7,869	4,224	8,267	11,673	4,435	9,194	124	44,293	90,079	74,650	4,929	169,658	102,665		
Telephone	6,620	8,673	5,905	4,006	2,649	2,019	425	-	30,297	1,098	715	32,110	19,629		
Conference and education	11,306	7,687	1,573	956	1,080	1,714	123	300	24,739	344	55	25,138	11,532		
Recruiting costs	1,270	1,284	899	428	35	56	16	-	3,988	-	7	3,995	154		
Memberships	2,156	3,915	2,047	291	226	113	77	-	8,825	210	187	9,222	7,891		
Liability insurance	1,520	2,133	1,393	601	639	316	264	-	6,866	571	92	7,529	18		
Postage	960	1,189	908	552	387	146	338	-	4,480	378	137	4,995	4,587		
Contributed services	13,417	50,192	5,125	1,363	-	7,649	3,255	-	81,001	-	-	81,001	119,328		
COVID related housing costs	-	61,979	-	-	-	-	-	424,799	486,778	-	-	486,778	396,486		
Miscellaneous	9,885	7,065	4,113	2,551	1,594	848	807	-	26,863	7,145	35,593	69,601	102,836		
Total Miscellaneous Expense	55,003	148,341	30,230	22,421	11,045	22,055	5,429	469,392	763,916	84,396	41,715	890,027	765,126		
Total Expenses Before Depreciation	994,010	1,392,966	1,186,321	453,566	895,116	151,728	125,863	772,225	5,971,795	710,273	203,809	6,885,877	6,526,122		
Depreciation and amortization	6,563	8,766	1,838	3,365	5,312	1,099	1,029	-	27,972	2,329	426	30,727	37,177		
Total expenses	\$ 1,000,573	\$ 1,401,732	\$ 1,188,159	\$ 456,931	\$ 900,428	\$ 152,827	\$ 126,892	\$ 772,225	\$ 5,999,767	\$ 712,602	\$ 204,235	\$ 6,916,604	\$ 6,563,299		

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

GUARDIAN ANGEL COMMUNITY SERVICES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (435,525)	\$ 713,762
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	30,727	37,177
Net realized and unrealized losses (gains) on investments	386,012	(729,398)
Gain on sale of property	(54,800)	-
(Increase) decrease in operating assets:		
Accounts receivable	240,522	(394,197)
Promises to give	1,050	9,199
Prepaid expenses	4,200	24,929
Increase (decrease) in operating liabilities:		
Accounts payable	15,123	45,615
Accrued payroll liabilities	68,992	78,695
Deferred revenue	5,232	2,357
Other liabilities	(6,287)	(6,287)
Net Cash Provided by (Used in) Operating Activities	255,246	(218,148)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of property	234,998	-
Purchases of property and equipment	(32,257)	(27,190)
Purchases and reinvested dividends of investments	(278,207)	(51,256)
Sales of investments	444,585	56,759
Net Cash Provided by (Used in) Investing Activities	369,119	(21,687)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	624,365	(239,835)
CASH AND CASH EQUIVALENTS:		
Beginning of year	705,729	945,564
End of year	\$ 1,330,094	\$ 705,729
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies

Nature of Organization - Guardian Angel Community Services (GACS) is an Illinois nonprofit organization whose mission is to help empower people to improve the quality of their lives. The Organization mainly operates within Will and Grundy counties and has several programs through which it fulfills its mission: Foster Care; the Sexual Assault Service Center; Groundwork, which includes an emergency shelter for victims and families of domestic abuse, counseling and legal advocacy; Suzy's Caring Place, a transitional housing program for victims of domestic violence; Adult Protective Services, which provides counseling and legal advocacy services for elderly and disabled adults who have been victims of abuse; as well as other training and counseling programs. The Organization is funded by federal, state, and local government contracts, program service fees, private corporations, foundations, and individual donors.

Basis of Presentation - These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

Classification of Net Assets - Under generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. The net assets of the Organization are reported in the two self-balancing groups as follows:

Net Assets without Donor Restriction: Net assets without donor restriction are for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes which make them unavailable for use at management's discretion.

Net Assets with Donor Restriction: Net assets with donor restriction consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

Adopted Accounting Pronouncements – During the year ended June 30, 2022, the Organization adopted Financial Accounting Standards Board's Accounting Standard Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which clarified the current standard and requires a not-for-profit to present contributed nonfinancial assets (in-kind contributions) as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities, disaggregated by category that depicts the type of nonfinancial assets. Based on the above, contributed nonfinancial assets have been presented separately on the statement of activities for both fiscal years ended 2022 and 2021 and related disclosures have been updated. The guidance did not materially impact the Organization's results of operations.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, the Organization considers all short-term investments with maturities of three months or less when purchased to be cash equivalents.

Investments - Investments are stated at fair market value in the accompanying financial statements. The market value of investments is generally determined based on quoted market price or estimated fair value. Realized and unrealized investment gains, losses, and income, net of expenses are reported in the statement of activities as investment return.

Accounts Receivable - Accounts receivable consist of government and state grants or program services fees that are carried at original invoice or voucher amount. Management monitors the collection of grant receivables on a monthly basis and amounts are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management does not believe that an allowance for doubtful accounts is necessary as of June 30, 2022.

Promises to Give - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in public support revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Fair Value Measurements – The Organization measures fair value in accordance with generally accepted accounting principles, which establish a definition of fair value and a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable value inputs. Significant financial instruments include cash, accounts

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

receivable and debt. For these financial instruments, carrying values approximate fair value.

Property and Equipment - Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Amortization of the cost of leasehold improvements is computed on a straight-line basis over the term of the estimated extended lease or services life, whichever is shorter.

Property and equipment purchases and leasehold improvements in excess of \$5,000 per item are capitalized. Assets are depreciated over their useful lives of 3 to 15 years. The building is depreciated over a life of 27.5 years. Costs of maintenance and repairs are charged to expense when incurred.

Functional Expenses - Indirect functional expenses have been allocated between applicable program services based on an analysis of personnel time or square footage of space utilized for the related activities, or ratio of program direct salaries to total direct salaries. Expenses directly attributable to a specific program or functional area are reported as expenses of those functional areas. Expenses allocated include occupancy, repairs, insurance, utilities, and supplies.

Contributed Services - The Organization records contributions of donated services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation. When such contributions are received, they are recorded at their fair values in the period received.

The majority of the donated services related to specially trained volunteers who respond to crisis phone calls and provide other program related shelter services. These amounts are included as public support revenue for the corresponding program. Amounts were determined by using comparable wage rates for the applicable service based on rates prevailing in the area and are summarized as follows:

Program Utilized In:	2022	2021
Sexual Assault Service Center	\$ 13,037	\$ 13,321
Groundwork	50,160	45,804
Other	17,804	29,201
	\$ 81,001	\$ 88,326

In addition to the above, the organization received \$31,002 in donated legal services related to development of an affirmative action plan for the year ended June 30, 2021, which was valued at the approximate amount the Organization would have otherwise paid for those services based on the number of hours of service received.

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

Contributed Financial Assets - Donated marketable securities and other noncash financial donations are recorded as contributions at their estimated fair values at the date of donation.

Contributed Nonfinancial Assets – Contributed equipment and other materials are recorded as contributions at their estimated fair values at the date of donation. The Organization was the recipient of the following contributed goods during the years ended June 30, 2022 and 2021:

2022		
Type of Contributed Nonfinancial Asset	Value	Utilization in Programs/Activities
Supplies	\$ 17,933	All Programs
Gift cards	19,121	All Programs
Food	3,575	Groundwork
Vouchers/gift certificates	85,856	Fundraising
	\$ 126,485	
2021		
Type of Contributed Nonfinancial Asset	Value	Utilization in Programs/Activities
Supplies	\$ 9,242	All Programs
Gift cards	42,708	All Programs
Food	3,484	Groundwork
Vouchers/gift certificates	58,194	Fundraising
	\$ 113,628	

Supplies and gift cards may be restricted to the program/activity that it is donated for.

Federal Income Taxes - The Organization is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization’s Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the IRS generally for three years after it is filed.

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

Revenue Recognition – The Organization has the following types of revenues and support:

Contributions - Contributions received, including private grants and unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Donor-restricted contributions and promises are reported as an increase in without donor restriction net assets if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in with donor restrictions net assets. When a restriction expires, the with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities and changes in net assets as net assets released from restriction. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Governmental grants - Government grants revenue is recorded when eligible expenditures, as defined in each grant, contract or other allowable cost manual are made. Any cash received in advance of eligible expenditures being incurred is included as deferred revenue. Amounts due to the Organization for costs incurred under the grant and not yet paid are included in grants and contracts receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made.

Special events - Special event revenue for tickets are recorded as deferred revenue when received and recognized as earned when the underlying event occurs. Sponsorship revenue is recorded as a contribution when promised or donated.

Program service fees – Program service fees are considered exchange transactions and are received from the following sources:

Foster care: The Organization receives revenue under fee-for-service contracts with the State of Illinois Department of Children and Family Services (DCFS). Revenue is recognized over time as the services are performed. Purchased services by DCFS are billed monthly based on the previous month's services and the number of children and days that they are under the Organization's care. Rates are set by DCFS. The Organization also provides administrative and case management services for the program, the reimbursement rates for these services are also set by DCFS and dependent on the number of children served and the days served during the month. Foster care payments received in excess of amounts spent are subject to review and carryforward approval by DCFS.

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

PAIP Programs: The Organization provides classes as part of the Partner Abuse Intervention Program (PAIP) and charges participants per class. Revenue is recorded as classes are provided.

Adult Protective Services: The Organization receives revenue under a fee-for-service contract with the State of Illinois Department on Aging to provide case management services for individuals that are subject to elder abuse or neglect. Amounts are reimbursed by the State based on a fixed rate and the type of service provided. Case management services are billed over time, monthly as the case is open, up to twelve months.

No contracts have a significant financing component. There were no amounts received in advance of service related to program service fees.

Comparative Financial Information – The financial information shown for fiscal year 2021 in the accompanying financial statements is included to provide a basis for comparison with 2022. The comparative information is summarized by totals only, and such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Reclassification – Certain amounts from the prior year financial statements have been reclassified to conform to current year presentation.

Subsequent Events - Management of the Organization have evaluated subsequent events through March 24, 2023, which is the date the financial statements were available to be issued.

Note 2 – Retirement Plan

The Organization sponsors a defined contribution plan under Internal Revenue Code Section 401(k) that covers all employees that work more than 20 hours. Individuals employed over one year are eligible for an employer contribution of 3%. Benefit plan contributions totaled \$64,683 and \$60,548 for the years ended June 30, 2022 and 2021.

Note 3 – Concentrations

The Organization maintains its cash accounts at one financial institution. The balances may, at times, exceed federally insured limits.

During the years ended June 30, 2022 and 2021, respectively, the organization received approximately 89% and 80% of total revenues from various federal, state, and local governmental agencies. Substantially all of the organization's accounts receivable balances were made up of amounts due from governmental agencies.

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

Note 4 – Property and Equipment

Property and equipment are summarized as follows:

	2022	2021
Equipment	\$ 204,703	\$ 209,398
Building	-	119,853
Land	-	79,754
Leasehold improvements	117,656	114,538
Less accumulated depreciation	(187,652)	(210,168)
	<u>\$ 134,707</u>	<u>\$ 313,375</u>

During 2022, the Organization sold a building that had been previously donated and was being used in for Suzy's Caring Place. All related assets, including equipment and furniture were written off as part of the sale entry. Total depreciation expense for the years ended June 30, 2022 and 2021 was \$30,727 and \$37,831, respectively.

Note 5 – Investments

The Organization follows generally accepted accounting principles for fair value measurement. Generally accepted accounting principles define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Organization considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

Generally accepted accounting principles related to fair value disclosure also establish a fair value hierarchy that requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs that may be used to measure fair value are as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fair values of investments at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 2,913,333	\$ -	\$ -	\$ 2,913,333
Corporate bonds	-	99,716	-	99,716
U.S. treasuries	24,677	-	-	24,677
Total investments held	<u>\$ 2,938,010</u>	<u>\$ 99,716</u>	<u>\$ -</u>	<u>\$ 3,037,726</u>
Beneficial interest				
Pooled investments*				35,644
Accrued interest				
receivable				<u>1,954</u>
				<u>\$ 3,075,324</u>

Fair values of investments at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 3,375,830	\$ -	\$ -	\$ 3,375,830
Corporate bonds	-	132,915	-	132,915
U.S. treasuries	76,719	-	-	76,719
Total investments held	<u>\$ 3,452,549</u>	<u>\$ 132,915</u>	<u>\$ -</u>	<u>\$ 3,585,464</u>
Beneficial interest				
Pooled investments*				40,515
Accrued interest				
receivable				<u>1,735</u>
				<u>\$ 3,627,714</u>

* In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to line items presented in the statements of net assets available for benefits.

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

Investment return consisted of the following for the years ended June 30:

	2022	2021
Interest and dividend income	\$ 51,481	\$ 51,256
Net realized and unrealized gains	(386,012)	731,323
Investment fees	(2,084)	(1,925)
	<u>\$ (336,615)</u>	<u>\$ 780,654</u>

Certain corporate bonds are valued at quoted market prices in nonactive markets and have been assigned to level two on the fair value hierarchy. Mutual funds and U.S. treasuries are valued at quoted market prices in active markets, and accordingly have been assigned to level one on the fair value hierarchy.

The Organization's valuation methodology used to measure the fair values of mutual funds were derived from quoted market prices as all of these instruments have active markets. The fair value of the beneficial interest in pooled investments is valued at the net asset value ("NAV") of the units of the respective custodian. The NAV, as provided by the custodian of the account, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities and fees.

Investment securities are exposed to various risks including interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

Note 6 – Beneficial Interests

The Organization has a beneficial interest in the Will County Community Foundation. Funds are disbursed to GACS upon request to the Foundation. The beneficial interest is invested in pooled investment funds and had a fair market value of \$35,644 and \$40,515 at June 30, 2022 and 2021, respectively.

Note 7 – Conditional Grants

Conditional grants are grants that include a specific condition in order to earn the revenue. Conditional grants are not recorded in revenue until the condition of the grant is met (generally, when the service is provided). The Organization has conditional grants of approximately \$750,000 to provide counseling and housing services that are available to be used during fiscal year 2023 on qualifying expenses.

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

Note 8 - Contingency

The Organization has received significant revenues from federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability.

Note 9 – Lease Commitments

The Organization's central office in Joliet is rented pursuant to a lease expiring in July 2029, with options for two additional five-year periods. In addition, the Organization leased a satellite office in Morris that goes through June 2021. Rent expense, recognized on a straight-line basis, was \$295,993 and \$295,292 for the years ended June 30, 2022 and 2021, respectively.

The following is a schedule by year of future minimum rent payments required under the operating leases as of June 30:

Years ending		
June 30,		
2023	301,580	
2024	301,580	
2025	301,580	
2026	301,580	
2027	301,580	
Thereafter	628,292	
Total	\$ 2,136,192	

Note 10 – Net Assets

Net assets with donor restriction were restricted for the following purposes at June 30:

	2022	2021
Groundwork	\$ 34,846	\$ 36,432
Fund for pets of domestic violence survivors	3,283	10,000
Capital improvements	6,981	-
Sexual assault services center	100	100
	\$ 45,210	\$ 46,532

GUARDIAN ANGEL COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

Note 11 – Disaggregation of Revenue

Revenue from contracts with customers disaggregated by category for the years ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Revenue recognized over time		
Foster care fees	1,233,023	1,281,857
Adult Protective Services fees	500,506	390,807
Revenue recognized at a point in time		
PAIP class fees	61,746	79,549
Tota revenue from exchange transactions	<u>\$ 1,795,275</u>	<u>\$ 1,752,213</u>

Note 12 – Liquidity and Availability of Resources

The Organization typically operates on a consistent annual cycle, with known recurring expenditures that include payroll, fringe benefits, supplies, rent, and travel, as a result of fulfilling the Organization’s mission. Due to the general predictability of its annual operations, the Organization is able to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization may liquidate investment positions with board approval.

For purposes of analyzing resources available to meet general expenditures over the next 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures. The Organization’s financial assets available for general expenditure within one year of the statement of financial position date of June 30, 2022 and 2021, are as follows:

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

	2022	2021
Cash and cash equivalents	\$ 1,330,094	\$ 705,729
Investments	3,039,680	3,587,199
Beneficial interests	35,644	40,515
Accounts receivable	934,312	1,174,834
Promises to give	-	1,050
	5,339,730	5,509,327
Total financial assets available		
Less: Amounts unavailable for general expenditure		
within one year due to:		
Donor restricted contributions	(45,210)	(46,532)
Beneficial interest fund	(35,644)	(40,515)
	\$ 5,258,876	\$ 5,422,280
Total financial assets available to management		
for general expenditure within one year		

If the Organization incurs expenditures related to the donor restricted purposes designated during 2022, it is possible that a portion or all of the donor restricted net assets could be released from restriction.

Note 13 – Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require that all leases, including operating leases, be included on the balance sheet as a "right of use" asset with an offsetting liability for the payments remaining on the lease. The new guidance will be effective for the Organization's year ending June 30, 2023, with early application permitted.

The Organization is currently evaluating the impact of the adoption of the above standards on its financial statements.

GUARDIAN ANGEL COMMUNITY SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CDFA Number</u>	<u>Pass Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Justice			
Passed through Illinois Criminal Justice Information Authority Crime Victim Assistance *	16.575	218075, 219075	\$ 349,737
Passed through Illinois Coalition Against Domestic Violence Crime Victim Assistance *	16.575	219001 / 219001 - LEP	453,720
Passed through Illinois Coalition Against Sexual Assault Crime Victim Assistance *	16.575	N/A	<u>612,230</u>
Total - Crime Victim Assistance			<u>1,415,687</u>
Passed through Illinois Coalition Against Sexual Assault Coronavirus Emergency Supplemental Funding Program	16.034	N/A	46,415
Passed through The Network: Advocating Against Domestic Violence Coronavirus Emergency Supplemental Funding Program	16.034	N/A	68,474
Passed through Illinois Coalition Against Domestic Violence Coronavirus Emergency Supplemental Funding Program	16.034	N/A	<u>247,366</u>
Total - Coronavirus Emergency Supplemental Funding Program			<u>362,255</u>
Passed through Illinois Coalition Against Sexual Assault Violence Against Women Formula Grants	16.588	N/A	56,568
Passed through Illinois Coalition Against Domestic Violence Violence Against Women Formula Grants	16.588	629001	<u>28,021</u>
Total - Violence Against Women Formula Grants			<u>84,589</u>
Total U.S. Department of Justice			<u>1,862,531</u>

<Continued>

See Notes to Schedule of Expenditures of Federal Awards

GUARDIAN ANGEL COMMUNITY SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CDFA Number	Pass Through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through Will County Land Use Department COVID-19 Community Development Block Grants/ Entitlement Grants	14.218	N/A	\$ 71,866
Passed through Illinois Department of Human Services COVID19 - Emergency Solutions Grant Program	14.231	N/A	320,243
Emergency Solutions Grant Program	14.231	N/A	83,824
Passed through Will County Land Use Department COVID 19 - Emergency Solutions Grant Program	14.231	N/A	22,000
Total - Emergency Solutions Grant Program			<u>426,067</u>
Direct Program: Continuum of Care	14.267	N/A	570,362
Total U.S. Department of Housing and Urban Development			<u>1,068,295</u>
U.S. Department of Homeland Security:			
Direct Program: Emergency Food and Shelter National Board Program	97.024	N/A	216,275
Total U.S. Department of Homeland Security			<u>216,275</u>
U.S. Department of Health and Human Services			
Passed through Agency of AgeGuide Northeastern Illinois Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	N/A	3,701
Passed through Illinois Coalition Against Sexual Assault Injury Prevention and Control Research and State and Community Based Programs	93.136	N/A	30,020
Passed through Illinois Department of Human Services Social Services Block Grant	93.667	N/A	289,991
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	N/A	96,999
Total U.S. Department of Health and Human Services			<u>420,711</u>
Total Expenditures of Federal Awards			<u><u>\$3,567,812</u></u>

* Audited as a major program

See Notes to Schedule of Expenditures of Federal Awards

GUARDIAN ANGEL COMMUNITY SERVICES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Guardian Angel Community Services under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Guardian Angel Community Services, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows. Pass-through entity identifying numbers are presented where available.

The Organization elected not to use the option of the 10% de minimis indirect cost rate.

Basis of Accounting

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting. Such expenditures are recognized following, the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Payments to Subrecipients

Guardian Angel Community Services provided no Federal awards to sub-recipients during the year ended June 30, 2022.

Non - Cash Assistance

Guardian Angel Community Services neither received nor disbursed Federal awards in the form of non-monetary assistance during the year ended June 30, 2022.

Insurance, Loans, and Loan Guarantees

During the year ended June 30, 2022, Guardian Angel Community Services received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Guardian Angel Community Services
Joliet, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Guardian Angel Community Services (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sassetti LLC

March 24, 2023
Oak Brook, Illinois

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Guardian Angel Community Services (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected,

on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sassetti LLC

Oak Brook, Illinois
March 24, 2023

GUARDIAN ANGEL COMMUNITY SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditors' report issued:		Unmodified	
<hr/>			
Internal control over financial reporting:			
Material weakness (es) identified?	<u> X </u> Yes	<u> </u> No	
Significant deficiency (ies) identified?	<u> </u> Yes	<u> X </u> No	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

Federal Awards Section

Dollar threshold used to determine Type A programs:		\$750,000	
<hr/>			
Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No	
Type of auditor's report on compliance for major programs:		Unmodified	
<hr/>			
Internal control over major programs:			
Material weakness (es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency (ies) identified?	<u> </u> Yes	<u> X </u> No	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u> </u> Yes	<u> X </u> No	

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
16.575	Crime Victim Assistance

GUARDIAN ANGEL COMMUNITY SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

FINDING 2022-001 – Limited Controls Over Financial Reporting (Material Weakness)

Condition: During fiscal year 2022, year-end close out and reconciliations of various financial statement elements were not accurately prepared and reviewed on a timely basis, resulting in material adjusting journal entries that were required as part of the audit.

Criteria: Management is responsible for maintaining a system of internal controls over the preparation of financial statements including all required footnotes that are free of material errors and are in accordance with generally accepted accounting principles (GAAP). This includes preparing and/or thoroughly reviewing GAAP based financial statements to ensure they are free of material misstatement, retaining documentation of entries made and maintaining proper internal controls to ensure reconciliations are completed, maintained and accurate.

Effect: Material journal entries related to investments, receivables, property and equipment, accounts payable, deferred revenue and grant revenue were proposed and recorded during the audit.

Cause: The individuals responsible for performing and reviewing the closing process did not properly reconcile all the accounts in accordance with GAAP. We noted there was repeated turnover in the finance and accounting function which likely contributed to the amount of entries identified as part of the audit.

Recommendation: We recommend that as part of its internal control over the preparation of financial statements, the Organization should implement comprehensive preparation and/or review procedures to ensure that the financial statements are complete and accurate. Further, the Organization should ensure proper procedures are in place for completing and retaining documentation related to financial statement items. In order to achieve these items, the Organization is likely going to need to hire additional accounting and finance staff to support the CFO.

Management's Response: See management response within the Corrective Action Plan.

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NONE



March 2023

Guardian Angel Community Services

Management's Response to Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Management concurs that material weaknesses in internal control over financial reporting existed in the operation as of June 30, 2022. Fiscal year 2022 was a period in which a variety of new funding sources became available because of the COVID-19 pandemic, and created significant challenges to finance staff. Additionally, the agency experienced staff shortages and absences in the business office operations that contributed to the potential for issues of internal control.

During fiscal year 2023, additional, qualified staff was hired in the business office with the intent of improving adherence to internal controls processes and procedures over the preparation of financial statements in accordance with GAAP. Proper training in the business office operations has been implemented to ensure complete, accurate, and timely preparation and review of financial statements. Comprehensive review of financial statements includes completing and retaining documentation related to financial statement items to ensure financial statements are prepared in accordance with GAAP and free from material misstatement.

Signature

Cheryl Kestner CEO

Title

Chief Executive Officer