Metropolitan Family Services
Audited Financial Statements
June 30, 2020

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family services

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RSM

RSM US LLP

Independent Auditor's Report

Board of Directors
Metropolitan Family Services

Report on the Financial Statements
We have audited the accompanying financial statements of Metropolitan Family Services (the Agency), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Family Services as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Chicago, Illinois
February 17, 2021

Metropolitan Family Services

Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash	**$ 3,446,278**	$ 2,580,567
Receivables (net of allowance):		
Government grants	**11,304,096**	10,130,445
Fund raising pledges	**1,712,023**	2,346,998
Other	**303,810**	206,992
Prepaid expenses	**1,008,547**	1,810,978
Investments	**40,896,034**	42,901,268
Property and equipment, net	**21,450,116**	21,118,864
Beneficial interest in irrevocable perpetual trusts	**16,603,571**	17,022,392
Total assets	**$ 96,724,475**	$ 98,118,504
Liabilities		
Accounts payable and accrued expenses	**$ 6,800,113**	$ 5,111,153
Deferred revenue	**1,736,926**	1,059,567
Line of credit	**3,375,894**	3,375,894
Funds held in custody for others	**20,825**	16,445
Notes payable	**1,123,236**	1,193,944
Interest rate swap	**4,263,980**	3,365,269
Bonds payable	**12,700,000**	12,700,000
Accrued pension expense	**7,971,668**	6,793,881
Total liabilities	**37,992,642**	33,616,153
Net assets:		
Without donor restrictions	**11,340,588**	15,942,360
With donor restrictions	**47,391,245**	48,559,991
Total net assets	**58,731,833**	64,502,351
Total liabilities and net assets	**$ 96,724,475**	$ 98,118,504

See notes to financial statements.

Metropolitan Family Services

Statement of Activities
Years Ended June 30, 2020 and 2019

	2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total Agency**
Operating:			
Public support:			
MFS Annual Campaign and the Campaign to M-Power Families	$ 18,118,663	$ 4,965,323	$ 23,083,986
United Way of Metropolitan Chicago	2,143,411	423,182	2,566,593
Government grants	50,281,359	-	50,281,359
In-kind contributions	2,454,288	-	2,454,288
Total public support	72,997,721	5,388,505	78,386,226
Revenue:			
Program service fees	8,839,418	-	8,839,418
Investment payout for operations	850,680	817,320	1,668,000
Income allocations from trusts	858,557	-	858,557
Rent and other income	940,365	-	940,365
Net assets released from restrictions	5,998,208	(5,998,208)	-
Total revenue	17,487,228	(5,180,888)	12,306,340
Total public support and revenue	90,484,949	207,617	90,692,566
Expenses:			
Program	75,578,430	-	75,578,430
Management and general	9,236,537	-	9,236,537
Fund raising	3,047,415	-	3,047,415
In-kind contributions	2,454,288	-	2,454,288
Total expenses before depreciation and amortization and net periodic benefit income (cost)	90,316,670	-	90,316,670
Operating surplus	168,279	207,617	375,896
Other changes from operating activities:			
Depreciation and amortization	(805,122)	-	(805,122)
Net periodic benefit income (cost)	224,550	-	224,550
Change in net assets from operating activities	(412,293)	207,617	(204,676)
Nonoperating activities:			
Public support and revenue:			
Net investment (loss) gains	(996,625)	(1,376,363)	(2,372,988)
Pension related changes other than net periodic pension income (cost)	(2,294,143)	-	(2,294,143)
Decrease in market value of interest rate swap	(898,711)	-	(898,711)
Change in net assets from nonoperating activities	(4,189,479)	(1,376,363)	(5,565,842)
(Decrease) increase in net assets before transfer	(4,601,772)	(1,168,746)	(5,770,518)
Transfer in of Family Shelter Services net assets	-	-	-
(Decrease) increase in net assets	(4,601,772)	(1,168,746)	(5,770,518)
Net assets:			
Beginning of year	15,942,360	48,559,991	64,502,351
End of year	$ 11,340,588	$ 47,391,245	$ 58,731,833

See notes to financial statements.

	2019	
Without Donor Restrictions	With Donor Restrictions	Total Agency
$ 14,679,052	$ 4,602,548	$ 19,281,600
2,022,880	172,496	2,195,376
40,558,009	-	40,558,009
3,056,600	-	3,056,600
60,316,541	4,775,044	65,091,585
9,129,661	-	9,129,661
789,782	758,810	1,548,592
849,003	-	849,003
629,962	-	629,962
5,301,905	(5,301,905)	-
16,700,313	(4,543,095)	12,157,218
77,016,854	231,949	77,248,803
63,241,976	-	63,241,976
7,452,653	-	7,452,653
2,307,539	-	2,307,539
3,056,600	-	3,056,600
76,058,768	-	76,058,768
958,086	231,949	1,190,035
(589,234)	-	(589,234)
(653,839)	-	(653,839)
(284,987)	231,949	(53,038)
50,702	156,398	207,100
(1,398,684)	-	(1,398,684)
(666,865)	-	(666,865)
(2,014,847)	156,398	(1,858,449)
(2,299,834)	388,347	(1,911,487)
6,371,142	390,610	6,761,752
4,071,308	778,957	4,850,265
11,871,052	47,781,034	59,652,086
$ 15,942,360	$ 48,559,991	$ 64,502,351

Metropolitan Family Services

Statement of Functional Expenses
Year Ended June 30, 2020

	Programs				
	Education	Emotional Wellness	Economic Stability	Empowerment	Total Program
Salaries	$ 13,571,122	$ 16,436,950	$ 4,551,085	$ 3,866,392	$ 38,425,549
Payroll taxes and benefits	2,998,083	3,696,823	1,020,788	766,480	8,482,174
Professional fees	1,673,401	1,285,712	1,234,874	12,527,479	16,721,466
Financial assistance	43,456	1,437,800	373,990	501,581	2,356,827
Occupancy	1,021,905	1,732,362	479,255	397,126	3,630,648
Equipment rental and maintenance	69,210	186,803	37,979	102,724	396,716
Other program expenses	2,360,713	1,070,726	526,451	328,386	4,286,276
Telephone	344,395	693,243	143,249	97,887	1,278,774
	22,082,285	26,540,419	8,367,671	18,588,055	75,578,430
Depreciation and amortization allocation	233,911	211,874	81,464	178,522	705,771
Net periodic benefit income	(56,138)	(67,365)	(22,455)	(47,155)	(193,113)
	$ 22,260,058	$ 26,684,928	$ 8,426,680	$ 18,719,422	$ 76,091,088

See notes to financial statements.

Support Services				
Management and General	Fund Raising	Total Support Services	In-Kind Contributions	2020 Total Agency
$ 4,964,213	$ 1,599,976	$ 6,564,189	$ -	$ 44,989,738
1,123,547	401,535	1,525,082	-	10,007,256
1,386,669	147,100	1,533,769	2,423,326	20,678,561
2,660	12,815	15,475	20,422	2,392,724
470,515	721,037	1,191,552		4,822,200
682,679	25,726	708,405		1,105,121
445,719	73,880	519,599	10,540	4,816,415
160,535	65,346	225,881		1,504,655
9,236,537	3,047,415	12,283,952	2,454,288	90,316,670
76,792	22,559	99,351	-	805,122
(24,701)	(6,736)	(31,437)	-	(224,550)
$ 9,288,628	$ 3,063,238	$ 12,351,866	$ 2,454,288	$ 90,897,242

Metropolitan Family Services

Statement of Functional Expenses
Year Ended June 30, 2019

	Programs				
	Education	**Emotional Wellness**	**Economic Stability**	**Empowerment**	**Total Program**
Salaries	$ 12,857,935	$ 14,971,468	$ 4,806,182	$ 2,349,169	$ 34,984,754
Payroll taxes and benefits	2,608,070	3,295,524	1,029,686	523,439	7,456,719
Professional fees	2,217,136	767,895	576,870	6,363,495	9,925,396
Financial assistance	32,636	921,107	89,283	62,543	1,105,569
Occupancy	1,196,741	1,499,786	549,663	259,103	3,505,293
Equipment rental and maintenance	121,895	148,070	13,804	37,384	321,153
Other program expenses	2,703,718	1,053,828	655,087	333,643	4,746,276
Telephone	357,218	585,358	165,588	88,652	1,196,816
	22,095,349	23,243,036	7,886,163	10,017,428	63,241,976
Depreciation and amortization allocation	204,155	159,182	74,246	81,497	519,080
Net periodic benefit cost	254,997	189,613	84,999	26,154	555,763
	$ 22,554,501	$ 23,591,831	$ 8,045,408	$ 10,125,079	$ 64,316,819

See notes to financial statements.

Support Services				
Management and General	Fund Raising	Total Support Services	In-Kind Contributions	2019 Total Agency
$ 3,914,569	$ 1,225,676	$ 5,140,245	$ -	$ 40,124,999
834,322	246,508	1,080,830	-	8,537,549
1,092,195	83,972	1,176,167	2,975,873	14,077,436
1,780	16,992	18,772	4,100	1,128,441
384,809	588,807	973,616	-	4,478,909
628,087	7,105	635,192	-	956,345
443,169	81,660	524,829	76,627	5,347,732
153,722	56,819	210,541	-	1,407,357
7,452,653	2,307,539	9,760,192	3,056,600	76,058,768
55,274	14,880	70,154	-	589,234
71,922	26,154	98,076	-	653,839
$ 7,579,849	$ 2,348,573	$ 9,928,422	$ 3,056,600	$ 77,301,841

Metropolitan Family Services

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	**$ (5,770,518)**	$ 4,850,265
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in market value of interest rate swap	**898,711**	666,865
Decrease in market value beneficial interest in perpetual trusts	**418,821**	(107,685)
Depreciation and amortization	**805,122**	589,234
Net realized gain on investments	**(414,875)**	(590,890)
Net unrealized loss on investments	**1,721,413**	528,793
Transfer in of Family Shelter Services net assets	**-**	(6,761,752)
Changes in operating assets and liabilities:		
Receivables	**(635,494)**	1,878,625
Prepaid expenses	**802,431**	(294,943)
Accounts payable and accrued expenses	**1,688,960**	(809,387)
Accrued pension expense	**1,177,787**	1,052,746
Deferred revenue	**677,359**	295,410
Funds held in custody for others	**4,380**	(3,225)
Net cash provided by operating activities	**1,374,097**	1,294,056
Cash flows from investing activities:		
Proceeds from the sale of investments	**4,225,481**	5,856,763
Purchases of investments	**(3,526,785)**	(6,016,460)
Cash acquired in FSS transaction	**-**	1,726,347
Additions to property and equipment, net	**(1,136,374)**	(91,716)
Net cash (used in) provided by investing activities	**(437,678)**	1,474,934
Cash flows from financing activities:		
Net repayments of line of credit	**-**	(269,834)
Repayments of notes payable	**(70,708)**	(72,163)
Net cash used in financing activities	**(70,708)**	(341,997)
Increase in cash	**865,711**	2,426,993
Cash:		
Beginning of year	**2,580,567**	153,574
End of year	**$ 3,446,278**	$ 2,580,567
Supplemental disclosures of cash flow information:		
Family Shelter Services Transaction		
Assets acquired	**$ -**	$ 7,238,062
Liabilities assumed	**-**	(476,310)
	-	6,761,752
Less cash acquired	**-**	(1,726,347)
Noncash net assets acquired	**$ -**	$ 5,035,405
Cash paid for interest	**$ 760,568**	$ 764,781

See notes to financial statements.

Note 1. Nature of Activities

Metropolitan Family Services (the Agency), a not-for-profit Illinois corporation, is a nonsectarian human services agency located in metropolitan Chicago, Illinois. The Agency was organized to provide a wide range of programs and services to strengthen low and moderate-income individuals, families and communities. The Agency is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and applicable state law.

On April 1, 2019, Family Shelter Services transferred its net assets to the Agency under a mutual agreement.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The Agency's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as applicable to nonprofit organizations.

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Agency's program services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Accounting standards: The Agency follows accounting standards established by the Financial Accounting Standards Board (the FASB) to ensure consistent reporting of financial condition, results of activities and cash flows. References to Generally Accepted Accounting Principles (GAAP) in these footnotes are to the FASB *Accounting Standards Codification,* sometimes referred to as the Codification or ASC.

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

Revenue recognition: The majority of funding for the Agency's activities is provided by governmental agencies. The Agency recognizes program revenues in the fiscal year that the services are rendered. Unconditional contribution revenues and other support are recognized in the fiscal year that the pledges are received. Grant revenue is recognized as qualifying expenditures are incurred and other grant requirements are met. The Agency has elected the simultaneous release policy for government grants, which allows the Agency to recognize restricted conditional contributions directly in net assets without donor restrictions when the condition is met, which is generally when qualifying expenditures have been incurred. Deferred revenue is recorded when cash has been received but qualifying expenditures not yet incurred. Those amounts will be subject to recognition as the Agency incurs qualifying expenditures and performs its duties under the terms of the grant agreements.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and are presented by natural and functional classification in the statement of functional expenses. The Agency tracks expenses, including salaries and benefits, by department. Departments are allocated to the expense categories listed on the statements of activities. Those departments linked to a program are further analyzed to determine if some aspects of an expense have an administrative or fundraising component. If an expense can be identified with either a fundraising or administrative function, it will be charged directly to that category. Accordingly, management has developed and uses estimates to allocate certain costs among the programs and supporting activities benefited.

Note 2. Summary of Significant Accounting Policies (Continued)

Cash: It is usual and customary for the Agency to have cash on deposit in multiple financial institutions exceeding the federally insured limits. Management does not believe there is a risk of loss associated with these accounts.

Investments: Investments, including the invested assets of the irrevocable perpetual trusts, are carried at fair value. Realized gains and losses are determined based on the average cost method. Changes in fair value are recorded as unrealized gains (losses). Investment fees are netted against investment gains.

The Agency invests in a professionally managed portfolio of mutual funds and alternative investments. Such investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Receivables: The Agency has outstanding receivables from various government grants and from fund raising pledges. Management recorded an allowance for doubtful accounts totaling $631,823 and $527,150 at June 30, 2020 and 2019, respectively, based on specific identification of uncollectible accounts and historical collection experience.

Beneficial interest in irrevocable perpetual trusts: The Agency is an income beneficiary of certain irrevocable perpetual trusts established by donors and administered by certain third-party agencies. Income allocations from such trusts have no restriction on their use and are recognized as revenue when received from the third-party agencies. The Agency's beneficial interest in the assets of irrevocable perpetual trusts is carried at fair value in its statement of financial position based on the fair value of the underlying trust assets.

Property and equipment: Property and equipment are carried at cost, except donated assets which are recorded at fair value at date of donation. All purchases in excess of $5,000 are capitalized, while lesser amounts are charged to expense. Assets retired or otherwise disposed of are removed from the accounts at their net carrying amount. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets or terms of the related leases (40 years for buildings, 5 years for furniture and equipment and 2-7 years for leasehold improvements).

Deferred revenue: The Agency recognizes grants as revenue when related expenses are incurred. Amounts received in advance are recorded as deferred revenue when qualifying expenditures are not yet incurred.

Derivative financial instruments: The Agency has an interest rate swap agreement with the objective of minimizing the variability of cash flows. This derivative financial instrument is recognized as either an asset or liability at fair value in the statement of financial position (interest rate swap) with the changes in the fair value reported on the statement of activities (change in market value of interest rate swap). For the years ended June 30, 2020 and 2019, the Agency recognized a loss of $898,711 and $666,865, respectively, for changes in the fair value of the instrument.

Net assets: Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets without donor restrictions are resources whose use has no limitations imposed by outside donors.

Note 2. Summary of Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets with donor restrictions are subject to donor-imposed restrictions that may or will be met by the Agency or the passage of time. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose for which the contributions were restricted is fulfilled), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Agency reports the support as net assets without donor restrictions. In the absence of donor-imposed restrictions on the use of the assets, contributions of long-lived assets are reported as increases in net assets without donor restrictions. Net assets for which the principal must remain intact per donor request and the earnings can be used for specified purposes or general operations are included the Agency's beneficial interest in irrevocable perpetual trusts.

Contributions: Unconditional promises of others to give cash and other assets to the Agency are recorded at fair value at the date the promise is made and reported as increases in either net assets without donor restrictions or net assets with donor restrictions, if they are received with donor stipulations that limit the use of the contributions. Conditional contributions are not recognized as revenue until conditions are satisfied, which occurs when performance barriers are met.

In-kind contributions: The Agency received contributions of goods and services from outside corporations, including advertising, consulting services and various goods, in the amount of $2,454,288 and $3,056,600 during the years ended June 30, 2020 and 2019, respectively. These amounts are recorded as revenues and expenses in the financial statements.

Income taxes: The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Agency may recognize the tax benefit from an uncertain tax position only if it is more than likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Agency and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the reporting periods presented in the financial statements.

The Agency files Form 990 in the U.S. federal jurisdiction and the State of Illinois.

Accounting pronouncement adopted: In fiscal year 2020, the Agency adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The adoption of this guidance did not have a significant impact on the financial statements.

The Agency also adopted ASU 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* ASU 2017-07 requires changes to how the Agency reports the components of net periodic pension and postretirement activity. The implementation of this guidance impacted the classification of pension activity on the statement of activities. This pronouncement was applied on a retrospective basis, whereby Agency contributions to the pension plan for 2019 of $1,000,000 were reclassified from operating expenses (payroll taxes and benefits) to net periodic benefit cost. The Agency's 2019 operating surplus of $1,190,035 and net periodic benefit (cost) income of ($653,839), as currently reported, were previously reported as $190,035 and $346,161, respectively.

Note 2. Summary of Significant Accounting Policies (Continued)

The Agency also adopted ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The effect of adopting this accounting guidance includes removal or modification of certain fair value measurement disclosures presented in the Agency's financial statements. There was no other impact to the financial statements.

Recent accounting pronouncements: In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP. In June 2020, the FASB issued ASU 2020-05, which allows a one-year effective date deferral of Topic 606. The Agency has elected to defer adoption for one year; Topic 606 will now be effective for its fiscal year 2021 financial statements.

In 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requiring entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets an entity has received. The new standard is effective for the Agency's 2022 financial statements

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases.* Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Topic 842 will be effective for the Agency's fiscal year 2023 financial statements (pursuant to the one-year effective date deferral election provided by ASU 2020-05).

The Agency is currently evaluating the impact of the adoption of these standards on its financial statements.

COVID-19: The actions taken to mitigate COVID-19 have had, and are expected to continue to have, a significant impact on the economies and financial markets of many countries, including the geographical areas in which the Agency operates. It is unknown at this time how long these conditions will last and what the complete financial effect will be to the Agency.

Reclassifications: Certain 2019 balances have been reclassified to conform to the current year presentation without any effect on previously reported net assets of changes in net assets.

Subsequent events: The Agency has evaluated subsequent events for potential recognition and/or disclosure through February 17, 2021, the date the financial statements were available to be issued.

Note 3. Fund Raising Pledges Receivable

Pledges receivable are anticipated to be collected as follows at June 30, 2020 and 2019:

	2020	2019
Less than 1 year	$ 312,097	$ 337,001
2 to 5 years	1,404,106	2,026,941
	1,716,203	2,363,942
Less present value discount	(4,180)	(16,944)
	$ 1,712,023	$ 2,346,998

Note 4. Investments and Beneficial Interest in Irrevocable Perpetual Trusts

The Agency's investments at June 30, 2020 and 2019 are as follows:

	2020	2019
Cash and other	$ 4,556,181	$ 3,278,865
Equity securities	19,261,331	21,552,202
Fixed income securities	6,037,523	7,245,538
Alternative investments	11,040,999	10,824,663
	$ 40,896,034	$ 42,901,268

The Agency is also a designated income beneficiary of certain irrevocable perpetual trusts. The terms of the trust agreements provide that the Agency, as an income beneficiary, is to receive its beneficial interest in the income of the trust assets as earned in perpetuity. Such trust assets are held and invested in perpetuity by the third-party trustees, which are financial institutions, principally in marketable equity securities and bonds and notes.

Total return on investments and beneficial interests during 2020 and 2019 is summarized as follows:

2020	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest income	$ 709,733	$ 681,901	$ 1,391,634
Investment expense	(189,343)	(181,921)	(371,264)
Net realized gain	211,586	203,289	414,875
Net unrealized loss	(877,921)	(1,262,312)	(2,140,233)
Total loss on investments	$ (145,945)	$ (559,043)	$ (704,988)
As reflected on statement of activities:			
Investment loss designated for:			
Payout for operations	$ 850,680	$ 817,320	$ 1,668,000
Undesignated investment loss	(996,625)	(1,376,363)	(2,372,988)
Total	$ (145,945)	$ (559,043)	$ (704,988)
Income allocations from trusts	$ 858,557	$ -	$ 858,557

Note 4. Investments and Beneficial Interest in Irrevocable Perpetual Trusts (Continued)

2019	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest income	$ 987,776	$ 949,040	$ 1,936,816
Investment expense	(178,962)	(171,944)	(350,906)
Net realized gain	301,354	289,536	590,890
Net unrealized loss	(269,684)	(151,424)	(421,108)
Total return on investments	$ 840,484	$ 915,208	$ 1,755,692
As reflected on statement of activities:			
Investment return designated for:			
Payout for operations	$ 789,782	$ 758,810	$ 1,548,592
Undesignated investment return	50,702	156,398	207,100
Total	$ 840,484	$ 915,208	$ 1,755,692
Income allocations from trusts	$ 849,003	$ -	$ 849,003

Investment return, with donor restrictions, include appreciation in the value of beneficial interests in irrevocable perpetual trusts.

Note 5. Fair Value Disclosures

The Fair Value Measurements and Disclosures Topic of the Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Agency uses various methods including market, income and cost approaches and sets out a fair value hierarchy. Based on these approaches, the Agency often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Agency is required to provide the following information according to the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Topic as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy under the Topic are described below:

Level 1. Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2. Inputs other than quoted prices within Level 1 that, in markets that are not active or on inputs that are observable either directly or indirectly for the full term of the financial instrument.

Level 3.Valuations are based on pricing or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement of the financial instrument. Such inputs may reflect management’s own assumptions about the assumptions a market participant would use in pricing the financial instrument.

Note 5. Fair Value Disclosures (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the highest level of input that is significant to the fair value measurement. The Agency's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

For the fiscal years ended June 30, 2020 and 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent. There were unfunded commitments in the amount of $1,222,515 and $2,014,290 at June 30, 2020 and 2019, respectively. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Securities
The fair value of publicly traded equity and fixed income securities is based upon market quotations of national security exchanges. These financial instruments are classified as Level 1 in the fair value hierarchy.

Investments in certain hedge funds and real estate funds are valued at fair value based on the applicable percentage ownership of the underlying companies' net assets as of the measurement date, as determined by the fund manager. In determining fair value, the fund manager utilizes valuations provided by the underlying investment companies. The underlying investment companies value securities and other financial instruments on a fair value basis of accounting. The fair value of the Agency's investments in private investment companies generally represent the amount the Agency would expect to receive if it were to liquidate its investment in the companies excluding any redemption charges that may apply. These investments are measured using the net asset value as the practical expedient.

Beneficial Interest in Perpetual Trusts
The fair value of the Agency's beneficial interest in perpetual trusts were provided by the trustee. The trustee determines fair value based on readily available pricing sources for market transactions involving identical assets for securities. The valuations include certain unobservable inputs and are, therefore, classified as Level 3 in the fair value hierarchy.

Interest Rate Swap
The valuation of this instrument is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the interest rate swap. This analysis reflects the contractual terms of the interest rate swap, including the period to maturity, and used observable market-based inputs, including the SIFMA index. The fair value estimate is classified as Level 2.

Note 5. Fair Value Disclosures (Continued)

The following tables present the Agency's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2020 and 2019:

	2020				
	Total	Level 1	Level 2	Level 3	Valued Using Net Asset Value (a)
Assets:					
Equity securities:					
U.S. equities	$ 9,747,177	$ 9,747,177	$ -	$ -	$ -
Non-U.S. equities	9,514,154	9,514,154	-	-	-
Fixed income securities:					
U.S. fixed income	6,037,523	6,037,523	-	-	-
Alternative investments:					
Hedge fund of funds (b)	6,702,073	-	-	-	6,702,073
Real estate fund (c)	4,338,926	-	-	-	4,338,926
Beneficial interest in perpetual trusts (d)	16,603,571	-	-	16,603,571	-
	52,943,424	$ 25,298,854	$ -	$ 16,603,571	$ 11,040,999
Cash and other	4,556,181				
	$ 57,499,605				
Liability:					
Interest-rate swap	$ 4,263,980	$ -	$ 4,263,980	$ -	$ -

	2019				
	Total	Level 1	Level 2	Level 3	Valued Using Net Asset Value (a)
Assets:					
Equity securities:					
U.S. equities	$ 10,599,082	$ 10,599,082	$ -	$ -	$ -
Non-U.S. equities	10,953,120	10,953,120	-	-	-
Fixed income securities:					
U.S. fixed income	4,927,181	4,927,181	-	-	-
Non-U.S. fixed income	2,318,357	2,318,357	-	-	-
Alternative investments:					
Hedge fund of funds (b)	6,804,018	-	-	-	6,804,018
Real estate fund (c)	4,020,645	-	-	-	4,020,645
Beneficial interest in perpetual trusts (d)	17,022,392	-	-	17,022,392	-
	56,644,795	$ 28,797,740	$ -	$ 17,022,392	$ 10,824,663
Cash and other	3,278,865				
	$ 59,923,660				
Liability:					
Interest-rate swap	$ 3,365,269	$ -	$ 3,365,269	$ -	$ -

Note 5. Fair Value Disclosures (Continued)

(a) Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

(b) This category includes investments in hedge funds that invest primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments to meet growth strategies. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. There are no unfunded commitments related to these investments at June 30, 2020 or 2019. The redemption frequency for these funds is quarterly.

(c) This category includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this category have been estimated using the net asset value of the Agency's ownership interest. There are $1,222,515 and $2,014,290 of unfunded commitments related to these investments at June 30, 2020 and 2019, respectively. The redemption frequency for these funds is quarterly.

(d) This category includes underlying investments in equities, fixed income securities, real estate funds and hedge funds. The fair value of these investments is based on quoted market prices provided by recognized broker-dealers.

The Agency assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Agency's accounting policy regarding the recognition of transfers between levels of the fair vale hierarchy. There were no transfers between Levels 1, 2, or 3 during the years ended June 30, 2020 and 2019.

Note 6. Property and Equipment

Property and equipment are as follows at June 30, 2020 and 2019:

	2020	2019
Land	$ 4,322,597	$ 4,322,597
Buildings and improvements	26,268,895	26,049,599
Leasehold improvements	2,631,686	1,706,686
Furniture and equipment	8,549,496	8,573,791
	41,772,674	40,652,673
Less: accumulated depreciation	20,322,558	19,533,809
	$ 21,450,116	$ 21,118,864

Depreciation expense totaled $796,443 and $569,198 for 2020 and 2019, respectively.

Note 7. Short-Term Debt

The Agency has two available revolving credit lines: a line in the amount of $6,500,000 is for operating working capital and expires February 28, 2021. The Agency's management intends to renew the agreement in fiscal year 2021; an additional line is in the amount of $2,000,000 for capital campaign projects and expires September 22, 2021. Interest on borrowings is accrued monthly on both facilities at either the prime rate or the LIBOR rate plus 115 basis points. The weighted average interest rate for fiscal years 2020 and 2019 was 1.86% and 3.90%, respectively. The covenants of the revolving credit lines are substantially the same as those of the Illinois Development Finance Authority Variable Rate Demand Revenue Bonds (Note 8). The total balance outstanding on the lines of credit were $875,894 at both June 30, 2020 and June 30, 2019.

In addition, the Agency has secured working capital in the amount of $2,500,000 under a long-term unsecured investment bond. This facility became effective on September 16, 2016 and expires on September 16, 2021. The five-year term and interest is charged at a rate of one-tenth of one percent per annum. The balance outstanding on this agreement was $2,500,000 as of both June 30, 2020 and 2019.

The total balance of short-term debt outstanding was $3,375,894 at both June 30, 2020 and 2019.

Note 8. Long-Term Debt

Long-term debt is summarized as follows at June 30, 2020 and 2019:

	2020	2019
Notes payable:		
Term loan (paid in full on September 12, 2019)	$ -	$ 7,500
Purchase money note and bank financing (due on November 30, 2021)	800,000	800,000
Promissory note (paid in full on March 1, 2020)	-	6,624
Promissory note (due on May 1, 2025)	323,236	379,820
	$ 1,123,236	$ 1,193,944
Bonds payable:		
Illinois Development Finance Authority Variable Rate Demand Revenue Bonds, Series 1999, maturing in the aggregate principal amount on January 1, 2029.	$ 12,700,000	$ 12,700,000

Note 8. Long-Term Debt (Continued)

Term Loan
The Agency paid the final installment of a term loan for the North Children's Center on September 12, 2019.

Purchase Money Note and Bank Financing
During 1992, the Agency acquired by means of assignment, a 100% beneficial interest in a certain land trust representing certain property previously leased by the Agency from the seller in exchange for a limited guaranty. This beneficial interest is included within property and equipment. The Agency renewed this agreement in November 2016. Under this agreement, the Agency is required to make scheduled monthly interest payments of $6,667 through November 30, 2021.

In connection with the guaranty and pursuant to the terms of the purchase agreement, the Agency agreed to reimburse and indemnify the seller and provide for timely monthly debt service in connection with existing $400,000 bank financing and certain other costs associated with the property and delivered to the seller a $400,000 purchase money note due November 30, 2021. The bank financing and purchase money note are secured by a first and second mortgage and collateral assignment of the beneficial interest, respectively.

At any time prior to November 20, 2021, the Agency may elect to opt out and exit the transaction and be relieved of all future obligations under the purchase money note and bank financing, in exchange for a complete re-conveyance to the seller of the premises. Such opt out election requires six months notification to the seller. The Agency elected to opt out of the transaction effective February 28, 2021. The Agency moved its operations related to that location and signed a new lease in Merrionette Park, Illinois that commenced on December 1, 2020, with the first rent payment due March 1, 2021.

Promissory Note
In 2003, the Agency borrowed $95,000 from IFF, an Illinois community development finance institution, as part of the financing arranged by the City of Chicago for a new childcare center. The loan was in the form of a promissory note which beared interest at 5% and was payable in monthly installments in amounts up to $749. The note was paid in full on March 1, 2020.

As part of the Family Shelter Services transaction, which occurred in fiscal year 2019, the Agency assumed a promissory note from IFF. The note balance is $323,236 at June 30, 2020 and bears interest at 5%. It is payable in monthly installments of $6,191, with a final payment due in May 2025, and is secured by a building.

Illinois Development Finance Authority Variable Rate Demand Revenue Bonds
In March 1999, the Illinois Development Finance Authority (Authority) on behalf of the Agency issued its Variable Rate Demand Revenue Bonds, Series 1999, in the principal amount of $12,700,000 pursuant to an Indenture of Trust dated as of March 1, 1999, between the Authority and the Trustee. The proceeds of the Series 1999 bonds were used to finance all or a portion of the cost of acquisition, construction, renovation, expansion, restoration, and equipping of certain facilities of the Agency and to reimburse the Agency for certain capital projects, provide a portion of the interest on the bonds, and pay certain expenses incurred in connection with the Issuance of the bonds. All other proceeds will be invested by the Trustee as provided in the Indenture.

The Series 1999 Bonds bear interest at a variable interest rate determined on a monthly basis. Interest rates ranged from 1.08 to 2.87% during 2020 and 2.47 to 2.90% during 2019 and was determined on a monthly basis. The Series 1999 Bonds are convertible at the option of the Agency to another variable rate mechanism, as provided in the Indenture of Trust, dated March 1, 1999.

Note 8. Long-Term Debt (Continued)

The terms of the long-term debt agreement require, among other things, the maintenance of specific financial ratios and place limitations on additional indebtedness and pledging of assets.

On June 1, 2012, the Agency entered into a re-financing arrangement with a bank in which the bank became the sole holder of the bonds for a period of seven years. This arrangement eliminated the need for a letter of credit. On June 3, 2019, the re-financing arrangement was renewed for a period of five years. All of the terms, conditions, and covenants previously in effect remain unchanged.

The Agency has an interest rate swap agreement (swap agreement) with a bank for a non-amortizing notional amount of $12,700,000 with an objective to minimize the variability of cash flows. Under the terms of the swap agreement, the Agency receives monthly payments based upon a variable rate of interest and makes monthly payments based upon a fixed rate of 4.295% through January 1, 2029. The variable rate of interest is based on the USD-LIBOR-BBA (0.16% and 2.40% at June 30, 2020 and 2019, respectively). Although the derivative is an interest rate hedge, the Agency has chosen not to account for the derivatives as “cash-flow” hedge instruments, as defined by accounting principles generally accepted in the United States of America, and therefore, the gain or loss on the derivative is recognized in the statement of activities as a component of nonoperating revenue (expense) in the period of change.

Net interest paid or received under the swap agreement is included in interest expense. The net differential paid by the Agency as a result of the swap agreement amounted to $403,556 and $333,302 for the years ended June 30, 2020 and 2019, respectively. The change in fair value of the swap agreement was an unrealized loss of $898,711 and $666,865 in 2020 and 2019, respectively.

At June 30, 2020 and 2019, the Agency’s total long-term debt outstanding was $13,823,236 and $13,893,944, respectively. The fair value of the interest rate swap agreement, reflected as a liability on the statement of financial position, was $4,263,980 and $3,365,269 at June 30, 2020 and 2019, respectively.

Interest expense is reported within the financial statements as follows:

	2020	2019
Operating:		
Other program expenses	$ 760,568	$ 764,781
Nonoperating:		
Change in fair value of interest rate swap	898,711	666,865
	$ 1,659,279	$ 1,431,646

Note 9. Restricted Net Assets

Restricted net assets are as follows at June 30, 2020 and 2019:

	2020	2019
Purpose related restrictions:		
Accumulated investment return on endowments	$ 16,819,587	$ 17,777,128
Community services	8,376,432	8,130,167
Financial assistance	5,264	43,913
	25,201,283	25,951,208
To be held in perpetuity:		
Beneficial interest in irrevocable perpetual trusts invested in perpetuity by third-party trustees, the income from which is expendable to support any of the activities of the Agency	16,603,571	17,022,392
Donor endowment invested in perpetuity by the Agency, the income from which is expendable to support any of the activities of the Agency	5,411,375	5,411,375
Donor endowment invested in perpetuity by the Agency, the income from which is expendable to support specific programs as restricted by the donor	175,016	175,016
	22,189,962	22,608,783
	$ 47,391,245	$ 48,559,991

Note 10. Endowment Funds

The Agency's endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
The Board of Directors has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classified as net assets with donor restrictions (a) the original value of gifts donated to the endowment to be held in perpetuity, (b) the original value of subsequent gifts to the endowment to be held in perpetuity, and (c) accumulations to the endowment to be held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions (to be held in perpetuity) is classified as net assets with donor restrictions (temporary in nature) until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

Note 10. Endowment Funds (Continued)

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

The Agency's endowment net asset composition by type of fund is as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Net assets with donor restrictions (temporary in nature)	$ 16,819,587	$ 17,777,128
Net assets with donor restrictions (to be held in perpetuity)	5,586,391	5,586,391
	$ 22,405,978	$ 23,363,519

The changes in endowment net assets for the Agency were as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Endowment net assets, beginning of year	$ 23,363,519	$ 23,294,907
Contribution from Family Shelter Services transaction	-	19,900
Investment return:		
Dividends and interest income	681,901	949,040
Investment expense	(181,921)	(171,944)
Net realized and unrealized (loss) gain	(640,201)	30,427
	(140,221)	807,523
Appropriation of endowment assets:		
Payout for operations	(817,320)	(758,811)
Investment (loss) return	(957,541)	48,712
Endowment net assets, end of year	$ 22,405,978	$ 23,363,519

The Agency's beneficial interest in irrevocable perpetual trusts is externally managed and is therefore not included in the endowment tables above.

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires the Agency to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2020 and 2019.

The Agency has adopted investment and spending policies for endowment assets as follows:

Note 10. Endowment Funds (Continued)

Investment Policy
The Agency's endowment fund investments and other without donor restrictions investments continue to be professionally managed in a single investment pool under the oversight of the Agency's Board of Directors and Investment Committee.

The Agency's investment policy is to achieve the highest rate of return possible within an acceptable range of risk and volatility. Based on that objective, the current assumptions are that long-term returns net of expenses will average 7% and long-term inflation will average 3%.

The Agency's Investment Committee has the responsibility to establish the policies that guide the specific investments of the endowment assets. The policies describe the degree of investment risk and diversification that the committee deems appropriate.

The committee, in consultation with its investment consultant, monitors the performance of investment managers and adds, replaces, or eliminates managers as needed.

Spending Policy
Endowment spending is set annually by the Agency's Board of Directors after considering the funding needs of current Agency operations and the desire to preserve the long-term purchasing power of the Endowment. Distributions are authorized by the Board based on recommendations of the Investment Committee and Finance Committee. Payout for operations as reflected on the statement of activities in 2020 of $1,668,000 (2019 - $1,548,592) consists of amounts appropriated from the endowment of $817,320 and amounts funded by other investments without donor restrictions of $850,680 (2019 – $758,810 and $789,782).

Note 11. Pension Plan

The Agency operates a trusted, noncontributory, defined-benefit pension plan (Plan). On December 31, 2012, the Agency implemented a full plan freeze for all employees.

The Projected Benefit Obligation is the actuarial present value of benefits under the plan formula, based on employee service to date and expected future compensation levels.

The Accumulated Benefit Obligation is the actuarial present value of benefits earned to date, based on current and past compensation levels.

During fiscal year 2019, the Agency offered a lump sum window to vested terminated participants with payments in December 2018 for those electing payment. The Agency paid settlements of $2,871,232 and also incurred a settlement charge of $761,038 relating to this transaction. This is reflected in the fiscal year 2019 activity, presented below.

Note 11. Pension Plan (Continued)

A summary of the changes in the projected benefit obligation and plan assets and the resulting funded status of the defined-benefit pension plan are as follows at June 30, 2020 and 2019:

	2020	2019
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$ 25,332,614	$ 26,148,527
Interest cost	797,145	975,202
Actuarial losses	2,450,047	2,208,521
Benefits paid	(1,222,767)	(1,128,404)
Settlements	-	(2,871,232)
Projected benefit obligation at year-end	$ 27,357,039	$ 25,332,614
Accumulated benefit obligation	$ 27,357,039	$ 25,332,614
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 18,538,733	$ 20,407,392
Actual return on plan assets	1,177,599	1,131,200
Contributions	891,806	999,779
Benefits paid	(1,222,767)	(1,128,404)
Settlements	-	(2,871,234)
Fair value of plan assets at year-end	$ 19,385,371	$ 18,538,733
Fair value of plan assets	$ 19,385,371	$ 18,538,733
Benefit obligations	27,357,039	25,332,614
Funded status (plan assets less benefit obligations)	$ (7,971,668)	$ (6,793,881)
Amounts recognized on statement of financial position as accrued pension expense liability	$ 7,971,668	$ 6,793,881
Cumulative amounts not yet recognized in net periodic cost, but charged to net assets at June 30, 2020:		
Beginning cumulative amount	$ 7,670,707	$ 6,272,023
Current year decrease to net assets	2,294,143	2,159,722
Settlement charge	-	(761,038)
	$ 9,964,850	$ 7,670,707
Unrecognized actuarial loss not yet recognized in net periodic cost, but charged to net assets at June 30, 2020	$ 9,964,850	$ 7,670,707
Components of net periodic pension (income) cost:		
Interest cost	$ 797,145	$ 975,202
Expected return on plan assets	(1,215,488)	(1,217,786)
Net amortization and deferrals	193,793	135,385
Settlement charge	-	761,038
	$ (224,550)	$ 653,839

Note 11. Pension Plan (Continued)

The 2020 net pension income was calculated using the January 1, 2019, census data, asset information as of June 30, 2019, and a measurement date of June 30, 2020.

Assumptions

Pension costs are determined based on actuarial valuations that reflect appropriate assumptions as of the measurement date, ordinarily the beginning of each year. The funded status of the plans is determined using appropriate assumptions as of each year-end. A summary of the major assumptions follows:

	2020	2019
Funded status:		
Discount rate	2.42%	3.27%
Future salary increases	N/A	N/A
Pension cost:		
Discount rate	3.27%	4.04%
Return on assets in plans	6.70%	6.70%
Future salary increases	N/A	N/A

Plan Assets

The Agency invests the defined benefit plan assets in a professionally managed portfolio of equity and debt securities. The Agency's target asset allocation is approximately 40% fixed income and 60% equity securities. Each year this asset allocation strategy is reviewed to determine the percentage of the fund that is allocated to equity and debt securities. The expected rate of return is based on both historical returns as well as the outlook for future returns given the current economic conditions.

Note 11. Pension Plan (Continued)

The fair values of the Agency's pension plan assets at June 30, 2020 and 2019 by asset category are as follows:

	2020 Total	Fair Value Measurement Using Level 1	Level 2	Level 3
Assets:				
Equity securities:				
U.S. equities	$ 8,744,615	$ 8,744,615	$ -	$ -
Non-U.S. equities	2,506,975	2,506,975	-	-
Fixed income securities:				
U.S. fixed income securities	7,991,352	7,991,352	-	-
Non-U.S. fixed income securities	-	-	-	-
	19,242,942	$ 19,242,942	$ -	$ -
Cash and other	142,429			
	$ 19,385,371			

	2019 Total	Fair Value Measurement Using Level 1	Level 2	Level 3
Assets:				
Equity securities:				
U.S. equities	$ 6,684,443	$ 6,684,443	$ -	$ -
Non-U.S. equities	4,046,683	4,046,683	-	-
Global equities	-	-	-	-
Fixed income securities:				
U.S. fixed income securities	6,818,947	6,818,947	-	-
Non-U.S. fixed income securities	718,893	718,893	-	-
	18,268,966	$ 18,268,966	$ -	$ -
Cash and other	269,767			
	$ 18,538,733			

The asset allocation for the Agency's pension plan by asset category is as follows:

	2020	2019
Equity securities	59 %	59 %
Debt securities	41	41
	100 %	100 %

Contributions

The Agency expects to contribute $823,827 to the pension plan during the year ending June 30, 2021.

Note 11. Pension Plan (Continued)

Estimated Future Benefit Payments

Estimated future benefit payments are as follows:

Year ending June 30:		
2021	$	2,167,771
2022		1,650,726
2023		1,624,879
2024		1,606,903
2025		1,445,436
2026-2030		7,214,893

Note 12. Operating Leases

The Agency occupies office space used in its activities under operating leases expiring through May 2024. The Agency's office space lease for its administration headquarters in Chicago expires on June 30, 2021, and the Agency does not intend to renew the lease. In 2020 and 2019, total rental expense recognized under all operating leases amounted to $1,688,817 and $1,466,671, respectively. Future minimum annual lease commitments under non-cancelable operating leases at June 30, 2020, are as follows:

Year ending June 30:		
2021	$	1,462,582
2022		243,765
2023		180,221
2024		116,684
	$	2,003,252

Note 13. Fiduciary Arrangements

Included in cash and in funds held in custody for others at June 30, 2020 and 2019 are $20,825 and $16,445, respectively, of funds held by the Agency on behalf of certain clients to cover their third-party obligations.

Note 14. Supporting Agencies

The Agency received approximately $50,000,000 and $41,000,000 of its support and revenue from federal and state granting agencies during fiscal years 2020 and 2019, respectively. A significant reduction in this level of support, if it were to occur, could have a significant effect on the Agency's programs and activities. A portion of this support is subject to review and final determination by the granting agencies. The Agency does not anticipate any significant adjustment upon final review and determination.

Note 15. Contingencies

From time to time, the Agency is subject to claims that arise in the ordinary course of conducting its activities. In management's opinion, the resolution of these matters would not have a material effect on the financial position of the Agency.

Note 16. Transfer of Family Shelter Services Net Assets

Effective April 1, 2019, Family Shelter Services (FSS) transferred its net assets to the Agency under a mutual agreement. FSS is an Illinois not-for-profit 501(c)(3) tax-exempt entity, based in Wheaton, Illinois, whose mission and services include counseling, advocacy and community education. The transaction was the result of a shared belief on the part of both organizations that together they could reach more survivors of domestic violence and create a seamless continuum of services in this program area. FSS has annual revenue of approximately $3,000,000.

Metropolitan Family Services recorded the transaction in accordance with the Business Combinations Topic of the ASC, which requires the acquisition method to be used for this type of business combination.

There was no consideration transferred, therefore, the Agency recognized on its statement of activities an inherent contribution for the fair value of the transferred net assets of $6,761,752. There were no identifiable intangible assets acquired in the transaction.

The following table summarizes the April 1, 2019, fair values of the assets acquired and liabilities assumed:

Cash	$ 1,726,347
Accounts receivable	437,095
Deposits and other	24,620
Property and equipment	5,050,000
Total assets acquired	7,238,062
Accounts payable	4,921
Accrued expenses	77,859
Notes payable	393,530
Total liabilities assumed	476,310
Inherent contribution received	$ 6,761,752

Note 17. Availability and Liquidity

The Agency's financial assets (cash and receivables) typically are sufficient to cover 2 months of general expenditures. In addition, the Agency has a line of credit with a local bank in the amount of $6,500,000 that is available when expenditures are uneven or receivables are slow in collection.

The Agency is in the final phase of a capital campaign. Spending on projects funded by the campaign are covered by payments on pledges. A separate line of credit in the amount of $2,000,000 is available to bridge any difference in timing between project spend and pledge collections.

The Agency had investments as of June 30, 2020 and 2019 in the amount of $40,896,034 and $42,901,268, respectively. Approximately 70% of these amounts are invested in mutual funds with one day liquidity. However Board policy restricts the use of these assets to the long term needs of the Agency. Therefore investments are not included in the financial assets available for general expenditures.

Note 17. Availability and Liquidity (Continued)

Financial assets as of June 30, 2020 and 2019 available to meet general expenditures over their respective subsequent twelve month periods consist of:

	2020	2019
Cash	$ 3,446,278	$ 2,580,567
Receivables:		
Government Grants	11,304,096	10,130,445
Fundraising pledges (due in less than 1 year)	312,097	337,001
Other	303,810	206,992
	11,920,003	10,674,438
Expected endowment spending appropriation	1,668,000	1,467,000
Total	$ 17,034,281	$ 14,722,005