The Allendale Association

Financial Report
with Additional Information
June 30, 2020

Contents

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Independent Auditor's Report

To the Board of Trustees
The Allendale Association

Report on the Financial Statements

We have audited the accompanying financial statements of The Allendale Association (Allendale), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit 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 The Allendale Association as of June 30, 2020 and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Allendale Association's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As described in Note 2 to the financial statements, the COVID-19 pandemic has impacted business operations. Our opinion is not modified with respect to this matter.

To the Board of Trustees
The Allendale Association

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020 on our consideration of The Allendale Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 The Allendale Association's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 17, 2020

Statement of Financial Position

June 30, 2020
(With Summarized Totals for 2019)

	2020	2019
Assets		
Cash and cash equivalents	$ 3,550,131	$ 298,538
Investments	7,490,257	7,995,150
Accounts receivable - Net:		
Trade accounts receivable	2,753,182	1,844,136
Pledges receivable	25,000	25,000
Bond issuance costs - Net	78,638	89,448
Prepaid expenses and other assets:		
Prepaid expenses and other	207,386	196,724
Advances and deposits	21,687	21,087
Property and equipment - Net	10,914,733	11,838,708
Total assets	**$ 25,041,014**	**$ 22,308,791**
Liabilities and Net Assets		
Liabilities		
Accounts payable and other accrued expenses	$ 693,514	$ 762,446
Accrued salaries, wages, and other compensation	1,121,545	1,138,612
Accrued liabilities and other:		
Accrued pension cost	2,865,215	2,134,727
Interest rate swap agreements	80,658	46,120
Paycheck Protection Program (PPP) loan	4,188,405	-
Bond payable	2,701,000	2,990,600
Line of credit	-	710,000
Total liabilities	11,650,337	7,782,505
Net Assets		
Without donor restrictions:		
Undesignated	5,695,395	6,472,704
Board designated	7,311,359	7,810,330
Total without donor restrictions	13,006,754	14,283,034
With donor restrictions	383,923	243,252
Total net assets	13,390,677	14,526,286
Total liabilities and net assets	**$ 25,041,014**	**$ 22,308,791**

Statement of Activities

Year Ended June 30, 2020
(With Summarized Totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, Gains, and Other Support				
Government support - Service fees and grants	$ 28,492,785	$ -	$ 28,492,785	$ 26,200,037
Government support - School lunch program	229,553	-	229,553	213,088
Public support - Contributions and special events	850,495	287,303	1,137,798	1,511,683
Service fees - Third party	407,974	-	407,974	380,293
Client and family fees	4,226	-	4,226	4,588
Program sales	33,399	-	33,399	44,369
Net realized and unrealized (loss) gain on investments	(76,962)	237	(76,725)	215,971
Investment and dividend income	206,347	153	206,500	219,094
Change in value of interest rate swap and split-interest agreements	(47,076)	-	(47,076)	(41,756)
Miscellaneous	6,391	-	6,391	5,575
Net assets released from restrictions	147,022	(147,022)	-	-
Total revenue, gains, and other support	30,254,154	140,671	30,394,825	28,752,942
Expenses				
Program services:				
Residential treatment	13,973,979	-	13,973,979	13,368,267
North Chicago	2,172,179	-	2,172,179	1,878,122
Group Home	977,936	-	977,936	1,338,858
Benet Lake, Wisconsin	-	-	-	1,228,911
Autism Program	1,067,522	-	1,067,522	712,153
Special education	7,695,430	-	7,695,430	7,851,635
Foster care	1,152,357	-	1,152,357	1,024,192
Youth community services	51,513	-	51,513	84,488
Outpatient clinic	631,947	-	631,947	599,652
Total program services	27,722,863	-	27,722,863	28,086,278
Support services:				
Management and general	2,640,370	-	2,640,370	2,548,988
Fundraising	186,166	-	186,166	214,272
Total support services	2,826,536	-	2,826,536	2,763,260
Total expenses	30,549,399	-	30,549,399	30,849,538
(Decrease) Increase in Net Assets - Before pension-related changes other than net periodic benefit cost	(295,245)	140,671	(154,574)	(2,096,596)
Pension-related Changes Other Than Net Periodic Benefit Cost	(981,035)	-	(981,035)	(552,070)
(Decrease) Increase in Net Assets	(1,276,280)	140,671	(1,135,609)	(2,648,666)
Net Assets - Beginning of year	14,283,034	243,252	14,526,286	17,174,952
Net Assets - End of year	**$ 13,006,754**	**$ 383,923**	**$ 13,390,677**	**$ 14,526,286**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2020
(With Summarized Totals for 2019)

	Program Services									Support Services			Total	
	Residential Treatment	North Chicago	Group Home	Autism Program	Special Education	Foster Care	Youth Community Services	Outpatient Clinic	Total	Management and General	Fundraising	Total	2020	2019
Salaries	$ 8,706,794	$ 1,304,597	$ 592,457	$ 691,252	$ 4,673,146	$ 463,552	$ 28,034	$ 379,999	$ 16,839,831	$ 1,462,632	$ 115,369	$ 1,578,001	$ 18,417,832	$ 18,265,251
Employee benefits	1,747,649	268,017	128,535	143,908	1,098,352	110,269	6,640	90,574	3,593,944	359,954	27,613	387,567	3,981,511	3,646,015
Payroll taxes	591,411	88,615	40,243	46,953	317,423	31,487	1,904	25,811	1,143,847	99,349	7,836	107,185	1,251,032	1,360,763
Total salaries and related expenses	11,045,854	1,661,229	761,235	882,113	6,088,921	605,308	36,578	496,384	21,577,622	1,921,935	150,818	2,072,753	23,650,375	23,272,029
Professional fees and contract service payments	494,195	69,020	24,753	66,402	111,486	22,711	453	15,963	804,983	258,009	-	258,009	1,062,992	1,099,196
Supplies	716,397	98,641	27,859	43,918	237,375	24,532	1,657	8,478	1,158,857	164,649	11,203	175,852	1,334,709	1,371,953
Telecommunications	105,931	7,232	6,725	2,017	45,640	19,601	1,233	8,972	197,351	12,651	2,182	14,833	212,184	180,919
Postage and shipping	19,389	3,314	1,517	1,657	14,631	1,211	127	562	42,408	4,520	5,538	10,058	52,466	50,114
Occupancy	237,330	45,692	21,577	7,501	342,338	22,514	4,167	50,646	731,765	17,176	2,903	20,079	751,844	1,084,934
Equipment repairs, maintenance, and rentals	56,555	6,652	2,302	3,900	27,451	1,890	245	1,650	100,645	-	-	-	100,645	151,506
Insurance premiums	258,746	44,230	20,244	22,115	172,157	16,161	1,701	7,483	542,837	34,363	2,212	36,575	579,412	546,892
Outside printing, artwork, etc.	8,404	1,338	612	669	5,207	720	51	276	17,277	-	7,582	7,582	24,859	25,699
Local transportation	131,703	20,058	8,069	10,337	52,138	26,017	1,315	4,151	253,788	10,999	47	11,046	264,834	284,052
Training, conferences, and meetings	5,562	833	381	-	1,753	-	-	231	8,760	1,653	-	1,653	10,413	30,292
Subscriptions and reference publications	492	84	38	102	347	31	3	84	1,181	344	727	1,071	2,252	3,119
Client-specific assistance	295,162	42,184	34,462	6,331	36,292	374,112	3	14	788,560	-	-	-	788,560	734,239
Membership and accreditation dues	13,912	1,793	821	897	15,560	655	69	353	34,060	1,310	130	1,440	35,500	32,257
Staff recruitment and marketing advertising	21,132	3,588	1,642	1,794	24,379	13,351	1,376	6,055	73,317	2,221	1,120	3,341	76,658	100,048
Interest expense and financing fees	77,480	24,693	3,192	3,407	55,813	4,009	625	9,383	178,602	4,122	1,704	5,826	184,428	171,444
Bad debt expense	(175)	-	-	-	(2,921)	-	-	3,147	51	-	-	-	51	7,008
Miscellaneous	16,112	1,796	321	49	1,941	(64)	4	368	20,527	(9,103)	-	(9,103)	11,424	257,098
Depreciation	469,798	139,802	62,186	14,313	464,922	19,598	1,906	17,747	1,190,272	215,521	-	215,521	1,405,793	1,446,739
Total functional expenses	**$ 13,973,979**	**$ 2,172,179**	**$ 977,936**	**$ 1,067,522**	**$ 7,695,430**	**$ 1,152,357**	**$ 51,513**	**$ 631,947**	**$ 27,722,863**	**$ 2,640,370**	**$ 186,166**	**$ 2,826,536**	**$ 30,549,399**	**$ 30,849,538**

See notes to financial statements.

Statement of Cash Flows

Year Ended June 30, 2020
(With Summarized Totals for 2019)

	2020	2019
Cash Flows from Operating Activities		
Decrease in net assets	$ (1,135,609)	$ (2,648,666)
Adjustments to reconcile decrease in net assets to net cash and cash equivalents from operating activities:		
Depreciation	1,405,793	1,446,739
Bond cost amortization	10,810	10,811
Net realized and unrealized losses (gains) on investments	76,725	(215,971)
Change in value of interest rate swap and split-interest agreements	47,076	41,756
Bad debt expense	51	7,008
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(909,097)	1,117,143
Prepaid expenses and other	(10,662)	(13,562)
Advances and deposits	(600)	1,950
Accounts payable and other accrued expenses	(231,550)	339,317
Accrued pension cost	730,488	671,136
Net cash and cash equivalents (used in) provided by operating activities	(16,575)	757,661
Cash Flows from Investing Activities		
Proceeds from sales of investments	5,884,255	5,781,789
Purchases of investments	(5,456,087)	(5,961,591)
Capital expenditures	(348,805)	(1,081,320)
Net cash and cash equivalents provided by (used in) investing activities	79,363	(1,261,122)
Cash Flows from Financing Activities		
Proceeds from PPP loan	4,188,405	-
Payments on bond	(289,600)	(278,800)
(Payments on) proceeds from line of credit	(710,000)	710,000
Net cash and cash equivalents provided by financing activities	3,188,805	431,200
Net Increase (Decrease) in Cash and Cash Equivalents	3,251,593	(72,261)
Cash and Cash Equivalents - Beginning of year	298,538	370,799
Cash and Cash Equivalents - End of year	**$ 3,550,131**	**$ 298,538**
Supplemental Cash Flow Information		
Cash payments of interest	$ 131,597	$ 115,243
Fixed asset invoices included in accounts payable	5,125	138,138

Note 1 - Nature of Business

The Allendale Association (Allendale) is a private, not-for-profit organization dedicated to excellence and innovation in the care, treatment, education, and advocacy for children and youth with serious emotional, mental health, and behavioral challenges. Allendale is supported financially by government funding (primarily from the State of Illinois), program services from third parties, and private contributions. Founded in 1897, Allendale serves emotionally troubled youths and their families in northern Illinois through residential treatment, community-based group homes, day treatment education, foster care, community-based mentoring, and an outpatient clinic.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of Allendale have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of Allendale are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired or been fulfilled.

Net assets with donor restrictions consist of contributions received with donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Allendale or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on restricted net assets are classified as without donor restrictions unless specifically restricted by the donor or by applicable state law. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions.

Upcoming Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for Allendale's year ending June 30, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on Allendale's financial statements as a result of the leases for various locations which are currently classified as operating leases. Upon adoption, Allendale will recognize a lease liability and corresponding right-of-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Note 2 - Significant Accounting Policies (Continued)

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosure to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and descriptions of fair value techniques used to arrive at a fair value measure. The new guidance will be effective for Allendale's year ending June 30, 2022 and will be applied using the retrospective method.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting,* which addresses the accounting consequences that could result from the global markets' anticipated transition away from the use of the London Interbank Offered Rate (LIBOR). The ASU provides optional expedients and exceptions to contracts, hedging relationships, and other transactions impacted by reference rate reform. The provisions of the ASU are effective upon issuance (March 2020) and generally can be applied through December 31, 2022. Allendale has not yet been contacted by the bank to change the rate.

Revenue Recognition

The following revenue streams are included in revenue from contracts with customers:

- Government support
- Program sales
- Service fees

The following explains the performance obligations related to each revenue stream and how they are recognized:

Government Support - Allendale generates revenue from government agencies in support of services provided to its clients. Fees for services, including room and board, tuition, foster care, case management, and worker longevity payments, are based on prices/rates determined via contracts with DCFS, DHS, HFS, and school districts, and revenue is recognized monthly, as the services are rendered to the clients. Revenue for other fees for services, including Illinois Department of Public Aid reimbursement, Medicaid fees, and school-based counseling, is also recognized at the point in time the services are rendered to the clients.

Program Sales - Allendale generates revenue from student-operated food sales, embroidery item and greenhouse plant sales, and providing services to customers as part of its Career and Technical Education Services Program. Cafe, embroidery item, lunch, vending machine, and plant sales are recognized at the point in time when the sale occurs and the customer takes possession of the item purchased.

Service Fees - Allendale generates revenue from service fees, which include outpatient counseling services and in-service presentation fees. Revenue from services fees is recognized at the time the services are provided, as that is the point in time when Allendale satisfies the performance obligation.

Note 2 - Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are carried at the original billing amount. The valuation of accounts receivable is based upon management's estimate of the collectibility of such receivables. Management reviews trade accounts receivable on a consistent basis and follows up with those customers that are delinquent. Management records a specific reserve when the collectibility of a receivable balance is uncertain. Management also records a general billing reserve based on historical billing adjustments, which may occur for a variety of reasons.

Revenue and Public Support

See revenue recognition section above for information regarding exchange revenue streams. Grant revenue and public support are recorded in the period to which they apply, except for contributions. Contributions received, including unconditional promises and noncash assets, are recognized as revenue when the donor's commitment is received. All contributions are recorded at their fair value. Conditional promises are recorded when donor stipulations are substantially met. Contributions are reported as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or a purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. This includes donor-restricted contributions whose restrictions are met in the year in which the contribution is received. Donor-restricted endowment net assets have been restricted by donors to be maintained in perpetuity.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as pledges receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Allendale provides an allowance for estimated uncollectible contributions based on its historical experience of the relationship between actual bad debts and net amounts pledged.

Investments

Investment securities are recorded at fair value in the statement of financial position. Gains and losses, both realized and unrealized, are recorded in the statement of activities.

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. Generally, items with a useful life of one year or more and value of more than $500 are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is allocated between program and support services in the statement of activities. Costs of maintenance and repairs are charged to expense when incurred.

Bond Issuance Costs

Bond issuance costs are amortized using the straight-line method over the term of the related bond.

Contributed Materials and Services

No amounts have been reflected in the financial statements for donated volunteers' time because the contributed services do not meet the criteria for recognition, as defined by accounting principles generally accepted in the United States of America. However, a substantial number of volunteers have donated significant amounts of time toward the activities of Allendale. Donated materials, if significant in amount, are included in public support at fair value. It is the policy of Allendale to record gifts of long-lived assets without stipulation as support without donor restrictions.

Note 2 - Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Allendale's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, which is placed with high-quality financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation insurance limits. Management believes that credit risk related to these deposits is minimal.

Cash Equivalents

For the purpose of the statement of cash flows, Allendale considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Allendale maintains its cash and cash equivalents primarily in First American Bank and Fifth Third Bank accounts.

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities. Allendale uses a cost allocation formula to charge indirect costs to programs. The formula is the result of a number of cost allocation procedures based on the applicable functional expense. Factors used for allocating costs include full-time equivalent staff, square footage of space utilized, and number of telephones utilized. Certain expenses included in program services include these cost allocation procedures. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

- *Salaries and benefits* - Estimates of payroll by function
- *Overtime, workers' compensation, and unemployment insurance* - Based on full-time equivalent (FTE) hours
- *Teachers, counselors, and consultants* - Based on full-time equivalent hours
- *Supplies and postage/shipping* - Based on full-time equivalent hours
- *Telecommunications* - Based on number of telephones
- *Building rent, maintenance, and utilitie*s - Square footage and building use
- *Equipment and vehicle rental and maintenance* - Based on full-time equivalent hours
- *Insurance* - Based on full-time equivalent hours
- *Client assistance* - Based on full-time equivalent hours
- *Line of credit and lease interest expense* - Based on full-time equivalent hours
- *Dues, permits, and subscriptions* - Based on full-time equivalent hours
- *Depreciation and loss on disposed assets* - Based on full-time equivalent hours

Income Taxes

Allendale is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Note 2 - Significant Accounting Policies (Continued)

Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties from COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

On March 21, 2020, a shelter-in-place order became effective in Illinois. As a result, Allendale limited its access to facilities for certain programs. As of the date of the financial statements, Allendale resumed providing certain services to clients in person, while other services continue to be remote due to COVID-19-related travel restrictions. Allendale received an increase in fees from certain government agencies beginning in March 2020 and going through June 2020 in response to the virus. Allendale also secured a Paycheck Protection Program (PPP) loan (see Note 8 for further details).

Further, as a result of COVID-19, Allendale's investment portfolio incurred a significant decline in fair value, followed by a significant increase in fair value, consistent with the general volatility in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of gains and losses that will be recognized in subsequent periods, if any, cannot be determined.

No impairments were recorded as of the statement of financial position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while Allendale's activities, investments, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 17, 2020, which is the date the financial statements were available to be issued.

Note 3 - Accounts Receivable

The following is the detail of trade accounts receivable:

	2020	2019
Program service fees and grants - Net of billing reserve	$ 2,771,434	$ 1,843,282
Outpatient clinic	52,654	45,305
Other	9,646	40,674
Less allowance for doubtful accounts	80,552	85,125
Total accounts receivable	$ 2,753,182	$ 1,844,136

Note 4 - Pledges Receivable

Allendale's pledges receivable as of June 30, 2020 and 2019 are $25,000, which consist of a bequest that will be paid to Allendale upon the donor's death. No allowance for uncollectible pledges was recorded as of June 30, 2020 and 2019.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that Allendale has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Allendale's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 5 - Fair Value Measurements (Continued)

The following tables present information about Allendale's assets and liabilities measured at fair value on a recurring basis at June 30, 2020 and 2019 and the valuation techniques used by Allendale to determine those fair values:

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at June 30, 2020
Assets					
Marketable equity funds:					
U.S. large cap	$ 27,031	$ -	$ -	$ -	$ 27,031
U.S. mid cap	154,802	-	-	-	154,802
Real estate fund	100,743	-	-	-	100,743
Mutual funds:					
Equity	4,664,471	-	-	-	4,664,471
Fixed income	395,238	-	-	-	395,238
Hedge funds	-	-	-	307,349	307,349
U.S. Treasury securities	-	392,947	-	-	392,947
Savings certificates	193,392	-	-	-	193,392
Fixed-income funds:					
Corporate bonds	-	582,654	-	-	582,654
International bonds	-	231,510	-	-	231,510
Government agency bonds	-	121,874	-	-	121,874
Total assets	$ 5,535,677	$ 1,328,985	$ -	$ 307,349	$ 7,172,011
Liabilities - Interest rate swap	$ -	$ 80,658	$ -	$ -	$ 80,658

Note 5 - Fair Value Measurements (Continued)

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2019				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at June 30, 2019
Assets					
Marketable equity funds:					
U.S. large cap	$ 26,220	$ -	$ -	$ -	$ 26,220
U.S. mid cap	146,802	-	-	-	146,802
International	239,072	-	-	-	239,072
Real estate fund	105,071	-	-	-	105,071
Mutual funds:					
Equity	4,894,858	-	-	-	4,894,858
Fixed income	283,694	-	-	-	283,694
U.S. Treasury securities	-	691,203	-	-	691,203
Hedge funds	-	-	-	715,518	715,518
Fixed-income funds:					
Corporate bonds	-	551,588	-	-	551,588
International bonds	-	155,064	-	-	155,064
Government agency bonds	-	131,164	-	-	131,164
Total assets	$ 5,695,717	$ 1,529,019	$ -	$ 715,518	$ 7,940,254
Liabilities - Interest rate swap	$ -	$ 46,120	$ -	$ -	$ 46,120

Not included in the above tables is $318,246 and $54,896 of cash held in the investment account at June 30, 2020 and 2019, respectively.

Allendale's policy is to recognize transfers in and out of Level 1, 2, and 3 fair value classifications as of the beginning of the fiscal year of the change in circumstances that caused the transfer. There were no transfers during the years ended June 30, 2020 and 2019.

Level 1 Inputs

Fair values for Allendale's marketable equity funds, mutual funds, and savings certificates were based on quoted market prices.

Level 2 Inputs

Estimated fair values of U.S. Treasury securities and fixed-income funds are derived from readily available pricing sources and third-party pricing services for identical or comparable instruments.

The derivative instrument consists solely of an interest rate swap that is not traded on an exchange and is recorded at fair value based on a variety of observable inputs, including contractual terms, interest rate curves, measure of volatility, and correlations of such inputs.

Investments in Entities that Calculate Net Asset Value per Share

Allendale holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share of the investment company.

Note 5 - Fair Value Measurements (Continued)

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	June 30, 2020	June 30, 2019	June 30, 2020		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds	$ 307,349	$ 715,518	$ -	Quarterly	65 days

The hedge fund is composed of various investment managers that may employ a variety of alternative investment strategies, including equity securities, bonds and other fixed-income securities, real estate investment trusts, mortgage-backed securities, other asset-backed securities, collateralized debt obligations, and non-U.S. securities.

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2020	2019	Depreciable Life - Years
Land and improvements	$ 2,285,412	$ 2,247,986	10-15
Building and improvements	28,045,505	27,876,049	5-25
Furniture and equipment	6,039,619	5,758,799	3-10
Vehicles	964,636	1,002,747	3-7
Assets under construction	391,935	397,819	-
Total cost	37,727,107	37,283,400	
Less accumulated depreciation	26,812,374	25,444,692	
Net carrying amount	$ 10,914,733	$ 11,838,708	

Depreciation expense for 2020 and 2019 was $1,405,793 and $1,446,739, respectively.

Note 7 - Line of Credit

Under a line of credit agreement with a bank, Allendale has available borrowings of approximately $2,500,000 as of June 30, 2020 and 2019. Interest is payable monthly at a variable rate, as determined by the bank's prime interest rate index (an effective rate of 3.25 and 5.50 percent at June 30, 2020 and 2019, respectively). Interest expense for 2020 and 2019 was $53,593 and $26,013, respectively. The line of credit is collateralized by a security interest in all of Allendale's assets and matures in February 2021. The outstanding borrowings as of June 30, 2020 and 2019 were $0 and $710,000, respectively. It is management's expectation the line of credit will be renewed.

Note 8 - Paycheck Protection Program Loan

On April 17, 2020, Allendale received a Paycheck Protection Program term note through a lender in the amount of $4,188,405. The note was issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act PPP. The note required Allendale to certify certain statements that permitted Allendale to qualify for the loan and provides loan forgiveness for a portion up to all of the borrowed amount if Allendale uses the loan proceeds for the permitted expenditures as described in the note agreement; the portion not forgiven will be required to be paid back by Allendale in full by April 17, 2022. Under the Paycheck Protection Flexibility Act of 2020, loan payments of principal and interest are deferred until either (1) the date that Small Business Administration (SBA) remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. Allendale has the right to prepay any amount outstanding at any time without penalty.

Note 9 - Bonds Payable

On October 17, 2001, the Village of Lake Villa, Illinois (the "Village") issued $5,200,000 in variable-rate demand revenue bonds. The proceeds of the bonds were then loaned to Allendale to finance construction of a residential treatment unit and a community outpatient counseling center with a training facility and to refinance outstanding debt. In accordance with the above, on October 13, 2011, Allendale issued an irrevocable letter of credit in the amount of $3,330,562 supporting payment of the loan. The letter of credit was issued by Wells Fargo Bank, N.A. and expires on October 2021.

The loan agreement requires annual principal payments that began in October 2003 and continues through October 2026. Interest is payable monthly and began in November 2001. The loan bears interest at the lowest rate of interest that will permit the bonds to be remarketed at par, not to exceed the lesser of 15 percent or the letter of credit interest rate. The interest rate is determined weekly (0.29 and 1.92 percent as of June 30, 2020 and 2019, respectively). The bond payable balance as of June 30, 2020 and 2019 was $1,265,000 and $1,415,000, respectively.

On December 1, 2013, the City of Burbank, Illinois (Burbank) issued $2,250,000 in a variable-rate demand revenue bond. The proceeds of the bond were loaned to Allendale to finance the purchase of a building in North Chicago, Illinois to house a program providing residential treatment and educational services and to make building renovations at its Lake Villa campus. Principal and interest on the bond are payable monthly and began in January 2014 with a final payment on December 1, 2028. During the interest period, interest on the bond shall accrue at the rate equal to the quarterly one-month LIBOR, plus 275 basis points multiplied by 70 percent (the initial interest rate). The interest rate was 2.05 and 3.63 percent as of June 30, 2020 and 2019, respectively. The bond payable balance was $1,436,000 and $1,575,600 as of June 30, 2020 and 2019, respectively.

The loan agreements require Allendale to maintain certain ratios and impose certain restrictions on Allendale.

Future principal payments by fiscal year for the bonds payable outstanding as of June 30, 2020 are as follows:

Years Ending	Amount
2021	$ 304,600
2022	315,600
2023	331,600
2024	343,200
2025	355,400
Thereafter	1,050,600
Total	$ 2,701,000

Interest expense for 2020 and 2019 was $80,055 and $92,378, respectively.

Note 10 - Interest Rate Swap Agreements

Allendale's interest rate swap agreement with a notional balance of $1,436,400 and $1,575,600 as of June 30, 2020 and 2019, respectively, matures on December 1, 2028 and has a fixed rate of 2.03 percent. Allendale will pay the counterparty interest at a fixed rate, as noted, and the counterparty will pay Allendale interest at 70 percent of the USD-LIBOR-BBA index rate.

As of June 30, the fair value of interest rate swaps on the statement of financial position was as follows:

	Liability Derivatives	
	2020	2019
Fair value of interest rate swap liability (see Note 5)	$ 80,658	$ 46,120

The amount of gain or loss recognized in interest rate swaps in the statement of activities is as follows:

	Amount of Loss Recognized in Earnings	
	2020	2019
Change in fair value of interest rate swap agreement - Net of periodic settlement payments	$ (34,538)	$ (41,757)
Interest expense and financing fees	-	(11,106)
Total loss on derivative instrument	$ (34,538)	$ (52,863)

Note 11 - Pension and OPEB

Allendale has a defined benefit retirement plan (the "Plan") covering substantially all employees with one year of continuous service who meet the age requirements of the Plan. Effective May 1, 2005, Allendale froze future benefit accruals under the Plan. Participants will receive the benefit they had accrued as of that date upon their retirement or termination of employment.

Plan benefits are computed based on actuarial assumptions under the unit cost method. If Allendale were to terminate the Plan, different actuarial assumptions would be used to determine the actuarial present value of the pension obligation.

Obligations and Funded Status

	Pension Benefits	
	2020	2019
Projected benefit obligation	$ 8,964,261	$ 7,935,380
Fair value of plan assets at end of year	6,099,046	5,800,653
Funded status at end of year	$ (2,865,215)	$ (2,134,727)

Amounts recognized in the statement of financial position consist of the following:

	Pension Benefits	
	2020	2019
Accrued pension cost	$ (2,865,215)	$ (2,134,727)

Note 11 - Pension and OPEB (Continued)

The amounts in net assets without donor restrictions that have not yet been recognized as components of net periodic benefit cost are as follows:

	Pension Benefits	
	2020	2019
Net actuarial loss	$ 3,608,858	$ 2,627,823

	Pension Benefits	
	2020	2019
Net Periodic Benefit Cost and Benefits Paid		
Net periodic benefit cost	$ 144,453	$ 119,066
Benefits paid	(266,604)	(177,934)
Employer contributions	395,000	-
Other Changes in Plan Assets and Benefit Obligations Recognized in the Statement of Activities		
Net gain	1,163,188	669,045
Amortization of net loss	(182,153)	(116,975)
Total recognized in the statement of activities	981,035	552,070
Total recognized in net periodic benefit cost and statement of activities	$ 1,253,884	$ 493,202

Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost for the years ended June 30 are as follows:

	Pension Benefits	
	2020	2019
Discount rate:		
Preretirement	3.60%	4.15%
Postretirement	3.60	4.15
Net periodic benefit cost	2.85	3.60
Long-term rate of return on plan assets	6.25	6.00

The pension plan's weighted-average asset allocation as of June 30 is as follows:

	Pension Benefits	
	2020	2019
Equity securities	49.25%	57.68%
Insurance company's general account	7.40	0.44
Fixed income	43.35	41.88

Allendale's expected long-term return on plan assets assumption is based on a periodic review and modeling of the Plan's asset allocation and liability structure over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from the range of reasonable rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy and (b) projected inflation over the long-term period during which benefits are payable to plan participants.

Note 11 - Pension and OPEB (Continued)

Pension Plan Assets

Allendale's investment policy for its defined benefit retirement plan includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are the target allocations range (shown above) by major asset categories.

The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the Plan's actuarial assumptions, and achieve asset returns that are competitive with like institutions employing similar investment strategies.

The investment policy is periodically reviewed by Allendale and a designated third-party fiduciary for investment matters. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

As of June 30, 2020 and 2019, the target allocations for the pension plan by asset category are as follows: equity securities, 50 percent, and fixed income and cash, 50 percent.

The fair values of Allendale's pension plan assets at June 30, 2020 and 2019 by major asset classes are as follows:

	Fair Value Measurements at June 30, 2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Marketable equity securities	$ 3,003,490	$ -	$ 3,003,490
Fixed-income funds	-	2,644,169	2,644,169
Total	$ 3,003,490	$ 2,644,169	$ 5,647,659

	Fair Value Measurements at June 30, 2019		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Marketable equity securities	$ 3,346,154	$ -	$ 3,346,154
Fixed-income funds	-	2,429,138	2,429,138
Total	$ 3,346,154	$ 2,429,138	$ 5,775,292

The tables above present information about the pension plan assets measured at fair value at June 30, 2020 and 2019 and the valuation techniques used by Allendale to determine those fair values.

The fair value of Level 1 inputs, equity securities, is determined by external fund managers based on quoted market prices in active markets.

Fair values determined by Level 2 inputs, fixed-income funds, are derived from readily available pricing sources and third-party pricing services for identical or comparable instruments.

Note 11 - Pension and OPEB (Continued)

Not included in the above tables are $451,387 and $25,361 of cash equivalents invested in the insurance company's general account for the years ended June 30, 2020 and 2019, respectively.

As of June 30, 2020 and 2019, Allendale accrued interest payable to the spouse of a former employee, as previously authorized by the board of trustees, in the amount of $61,906 and $66,651, respectively.

Cash Flow

Contributions

The following benefit payments related to the pension plan, which reflect expected future service, are expected to be paid:

Years Ending June 30	Pension Benefits
2021	$ 1,210,000
2022	460,000
2023	810,000
2024	510,000
2025	520,000
Thereafter	3,120,000

Note 12 - Defined Contribution Plan

Allendale also provides a defined contribution retirement plan, which covers substantially all of its employees with one year of continuous service who meet the age requirements of the plan. The plan provides for Allendale to make matching contributions of 100 percent up to 5 percent of participants' salaries, which vest over four years. The matching contributions were $565,441 and $532,215 for the years ended June 30, 2020 and 2019, respectively.

Note 13 - Leases

Allendale has entered into facility lease agreements with monthly payments ranging from approximately $4,000 to $10,000. These leases are at two locations and mature from 2020 through 2023.

The following is a schedule of future minimum rental payments under the operating leases:

Years Ending June 30	Amount
2021	$ 132,043
2022	120,000
2023	10,000
Total	$ 262,043

Rent expense charged to operations, including pass-through operating expenses for certain locations and short-term leases, amounted to $200,448 and $340,288 for the years ended June 30, 2020 and 2019, respectively.

Note 14 - Donor-restricted Net Assets

Donor-restricted net assets as of June 30 are available for the following purposes:

	2020	2019
Purpose restrictions:		
Alumni scholarship funds	$ 8,255	$ 7,639
Charitable gift annuity	-	18,620
New games room	177,025	2,500
Miscellaneous	3,000	18,850
Total purpose restrictions	188,280	47,609
Time restrictions:		
Individual pledge of life insurance	25,000	25,000
Endowment - Maintained in perpetuity	170,643	170,643
Total time restrictions	195,643	195,643
Total donor-restricted net assets	$ 383,923	$ 243,252

Note 15 - Endowments

Allendale's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Allendale is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of Allendale had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Allendale considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Allendale has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, Allendale considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of Allendale and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Allendale
- The investment policies of Allendale

Note 15 - Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 7,311,359	$ -	$ 7,311,359
Donor-restricted endowment funds - Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	170,643	170,643
Total	$ 7,311,359	$ 170,643	$ 7,482,002

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 7,810,330	$ 170,643	$ 7,980,973
Net investment return - Investment income	128,554	4,767	133,321
Investment management fees	(33,875)	-	(33,875)
Transfer to undesignated	(600,000)	-	(600,000)
Bequest received	6,350	-	6,350
Appropriation of endowment assets for expenditure	-	(4,767)	(4,767)
Endowment net assets - End of year	$ 7,311,359	$ 170,643	$ 7,482,002

	Endowment Net Asset Composition by Type of Fund as of June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 7,810,330	$ -	$ 7,810,330
Donor-restricted endowment funds - Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	170,643	170,643
Total	$ 7,810,330	$ 170,643	$ 7,980,973

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 7,413,545	$ 170,643	$ 7,584,188
Net investment return	431,118	4,706	435,824
Investment management fees	(34,333)	-	(34,333)
Appropriation of endowment assets for expenditure	-	(4,706)	(4,706)
Endowment net assets - End of year	$ 7,810,330	$ 170,643	$ 7,980,973

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 SPMIFA requires Allendale to retain as a fund of perpetual duration. As of June 30, 2020 and 2019, there were no funds with deficiencies.

Note 15 - Endowments (Continued)

Return Objectives and Risk Parameters

Allendale has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Allendale must hold in perpetuity, as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to achieve a cumulative return on investment percentage that exceeds the Standard & Poor's 500 index by at least 300 basis points over a three-year period. Fixed-income assets are invested with the objective to achieve a cumulative return on investment percentage that exceeds the Lehman Aggregate index by at least 150 basis points over a three-year period. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Allendale relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Allendale targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Allendale has a policy of appropriating for distribution each year an amount that shall not exceed 5 percent of a three-calendar-year trailing average of the fair market value of the funds. The distribution percentage utilized each year is determined by the board of trustees when approving the annual budget. In establishing this policy, Allendale considers the long-term expected return on its endowment. Accordingly, over the long term, Allendale expects the current spending policy to allow its endowment to grow annually at a level equal to changes in the CPI. This is consistent with Allendale's objective to provide additional real growth through new gifts and investment returns.

Note 16 - Concentrations

Allendale receives a substantial portion of its support from the State of Illinois. This support totaled approximately 77 and 66 percent of the total revenue for the fiscal years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, Allendale had total receivables from the Illinois Department of Human Services, the Illinois Department of Children and Family Services, and the Illinois Department of Healthcare and Family Services amounting to $1,406,429 and $943,942, respectively.

Note 17 - Liquidity

The following reflects Allendale's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2020	2019
Financial assets:		
Cash and cash equivalents	$ 3,550,131	$ 298,538
Receivables - Net	2,753,182	1,844,136
Investments	7,490,257	7,995,150
Contributions receivable	25,000	25,000
Total financial assets at year end	13,818,570	10,162,824
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:		
Restricted by donor with implied time restrictions - Pledges collectible in one to five years or for undetermined period	25,000	25,000
Net assets to be held in perpetuity in donor-restricted endowment funds	170,643	170,643
Net assets in board-designated endowment funds (excluding amount contractually restricted by debt covenant)	2,311,359	3,199,430
Restricted by donors with time or purpose restrictions	199,630	47,609
Contractually restricted by debt covenant	5,000,000	4,610,900
Financial assets available to meet cash needs for general expenditures within one year	$ 6,111,938	$ 2,109,242

Allendale has a goal to maintain financial assets, which consist of cash and receivables, on hand to meet 45 days of normal operating expenses, which are, on average, approximately $3,625,000 and $3,650,000 at June 30, 2020 and 2019, respectively. In addition to cash and receivables, Allendale's governing board has designated a portion of its unrestricted resources for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board. Allendale's liquidity management includes a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. Allendale also realizes there could be unanticipated liquidity needs. Allendale has a committed line of credit in the amount of $2,500,000, which it could draw upon, as further described in Note 7, if needed for meeting short-term expenditures and other obligations.