CONNECTIONS FOR THE HOMELESS, INC.

FINANCIAL STATEMENTS
AS OF JUNE 30, 2020 AND 2019

TOGETHER WITH AUDITOR'S REPORT

Dugan & Lopatka

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Connections for the Homeless, Inc.:

We have audited the accompanying financial statements of Connections for the Homeless, Inc. (the Organization) (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses 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 of 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 evaluation of 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 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 Connections for the Homeless, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and in our reported dated November 16, 2019 we expressed an unmodified opinion on those audited financial statements. 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2020 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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 Organization's internal control over financial reporting and compliance.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
November 16, 2020

Dugan & Lopatka

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

To the Board of Directors of
Connections for the Homeless, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Connections for the Homeless, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flow and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
November 16, 2020

CONNECTIONS FOR THE HOMELESS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

A S S E T S

	2020	2019
CURRENT ASSETS:		
Cash and cash equivalents - Operations	$ 1,198,294	$ 432,388
- HUD replacement reserve	40,808	42,578
- Held for others	3,337	3,895
Total cash and cash equivalents	1,242,439	478,861
Receivables - Government	477,814	238,610
- Clients and others	10,006	6,300
Prepaid expenses	13,162	27,094
Total current assets	1,743,421	750,865
PROPERTY AND EQUIPMENT:		
Land	71,155	71,155
Buildings	687,052	687,052
Leasehold improvements	240,349	224,386
Furniture and fixtures	3,168	3,168
Office equipment	286,692	274,535
Vehicles	85,468	85,468
Total property and equipment	1,373,884	1,345,764
Less - Accumulated depreciation	(662,095)	(610,722)
Net property and equipment	711,789	735,042
OTHER ASSETS:		
Deposits	88,833	81,932
	$ 2,544,043	$ 1,567,839

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES:		
Notes payable, current maturities	$ 10,554	$ 9,993
Accounts payable and accrued expenses	317,025	88,949
Accrued payroll and related expenses	195,081	88,110
Agency funds	3,337	3,895
Client security deposits	7,308	7,308
Refundable advance	16,288	27,908
Total current liabilities	549,593	226,163
LONG-TERM LIABILITIES:		
Notes payable, net of current maturities	494,026	21,657
Total liabilities	1,043,619	247,820
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	656,595	543,016
With donor restrictions	843,829	777,003
Total net assets	1,500,424	1,320,019
	$ 2,544,043	$ 1,567,839

EXHIBIT 2

CONNECTIONS FOR THE HOMELESS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
PUBLIC SUPPORT AND REVENUE:				
Contributions	$ 2,900,708	$ 167,500	$ 3,068,208	$ 1,713,836
Emergency Food and Shelter National Board Program	60,557	-	60,557	25,990
U.S. Department of Housing and Urban Development	936,475	-	936,475	942,344
Department of Health and Human Services	156,478	-	156,478	155,633
Illinois Department of Human Services	1,541,542	-	1,541,542	713,130
City of Evanston	430,295	-	430,295	460,670
Northfield Township	-	-	-	4,500
City of Des Plaines	2,750	-	2,750	3,200
Cook County Department of Planning and Development	88,162	-	88,162	87,301
United Way	74,600	-	74,600	30,000
Client rental payments	79,103	-	79,103	83,189
Special events, net expenses of $109,567 and $92,021 for 2020 and 2019, respectively	591,162	-	591,162	569,129
Other income	6,881	-	6,881	4,598
Total support and revenue	6,868,713	167,500	7,036,213	4,793,520
RECLASSIFICATIONS:				
Net assets released upon satisfaction of purpose restrictions	100,674	(100,674)	-	-
FUNCTIONAL EXPENSES:				
Program services	5,371,147	-	5,371,147	3,578,624
Management and general	910,421	-	910,421	519,133
Fundraising	574,240	-	574,240	690,610
Total functional expenses	6,855,808	-	6,855,808	4,788,367
CHANGE IN NET ASSETS	113,579	66,826	180,405	5,153
NET ASSETS, Beginning of year	543,016	777,003	1,320,019	1,314,866
NET ASSETS, End of year	$ 656,595	$ 843,829	$ 1,500,424	$ 1,320,019

The accompanying notes are an integral part of this statement.

EXHIBIT 3

CONNECTIONS FOR THE HOMELESS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in total net assets	$ 180,405	$ 5,153
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	51,372	54,167
(Gain) on disposal of fixed assets	-	(2,000)
(Increase) decrease in receivables	(242,910)	214,106
(Increase) decrease in prepaid expenses	13,932	(4,798)
(Increase) in deposits	(6,901)	(393)
Increase in accounts payable	228,076	70,360
Increase (decrease) in accrued payroll and related expenses	106,971	(8,308)
(Decrease) in agency funds	(558)	(3,176)
(Decrease) in refundable advance	(11,620)	(15,192)
Net cash provided by operating activities	318,767	309,919
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	-	2,000
Purchase of property and equipment	(28,119)	(33,439)
Net cash (used in) investing activities	(28,119)	(31,439)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(9,962)	(9,430)
Cash received from notes payable	482,892	-
Net cash provided by (used in) financing activities	472,930	(9,430)
NET CHANGE IN CASH AND CASH EQUIVALENTS	763,578	269,050
CASH AND CASH EQUIVALENTS, Beginning of year	478,861	209,811
CASH AND CASH EQUIVALENTS, End of year	$ 1,242,439	$ 478,861
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 8,106	$ 2,855

The accompanying notes are an integral part of this statement.

CONNECTIONS FOR THE HOMELESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative totals for 2019)

	Program Services				Supporting Services			
	Eviction Prevention Services	Community and Shelter Services	Housing Services	Total Program Services	Management and General	Fundraising	2020 Total	2019 Total
FUNCTIONAL EXPENSES:								
Personnel	$ 76,896	$ 1,194,600	$ 725,316	$ 1,996,812	$ 685,084	$ 421,320	$ 3,103,216	$ 2,461,193
Staff recruitment, training and development	603	8,880	5,929	15,412	10,284	1,258	26,954	24,181
Occupancy	11,627	85,834	78,815	176,276	38,237	23,024	237,537	235,435
Vehicles	299	6,880	9,367	16,546	2,293	1,209	20,048	19,159
Direct assistance to individuals	576,508	1,021,611	1,224,333	2,822,452	3,832	148	2,826,432	1,490,944
Professional and contractual services	22,372	107,029	67,630	197,031	100,724	62,924	360,679	282,509
Equipment and supplies	2,802	28,272	12,314	43,388	14,275	7,340	65,003	50,939
Office management	1,021	9,867	11,308	22,196	33,551	53,298	109,045	111,914
Insurance	865	18,314	10,689	29,868	12,333	3,497	45,698	47,988
Interest	-	85	1,521	1,606	6,500	-	8,106	2,855
Special events	-	-	-	-	-	109,567	109,567	92,021
Depreciation and amortization	183	6,142	42,901	49,226	1,930	216	51,372	54,168
Miscellaneous	90	19	225	334	1,378	6	1,718	7,082
Total functional expenses	693,266	2,487,533	2,190,348	5,371,147	910,421	683,807	6,965,375	4,880,388
Less expenses included with revenue on statement of activities								
Special events	-	-	-	-	-	(109,567)	(109,567)	(92,021)
Total expenses included in the expense section of the statement of activities	$ 693,266	$ 2,487,533	$ 2,190,348	$ 5,371,147	$ 910,421	$ 574,240	$ 6,855,808	$ 4,788,367

CONNECTIONS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Connections for the Homeless, Inc. (the Organization) is a not-for-profit Illinois corporation exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization was formed in 1984 to work with communities in northern Cook County to prevent and eliminate homelessness. The Organization provides housing, shelter and supportive services including food, clothing, health and mental health care, employment and education. The Organization also does community outreach and education about homelessness, and provides volunteer opportunities for those concerned about homelessness. The Organization's programs are as follows:

Eviction Prevention Services are deployed when individuals and families face an immediate threat of homelessness or have recently become homeless. Typical financial aid such as payments for rent and utilities in arrears, security deposit, and move-in fees are provided, along with short-term case management to assist clients in budgeting and other planning to ensure they are able to maintain their housing.

Community and Shelter Services - Street and community outreach, drop-in services, and shelter for homeless individuals are provided through Community and Shelter Services. Along with case management, individuals are assessed for various housing programs, and are provided with basic needs such as food, hygiene products, showers, clothing, and laundry facilities. Hilda's Place, a shelter for men, is an 18-bed overnight shelter that provides a safe and healing environment for homeless individuals for up to one year. Case managers, a nurse practitioner, a psychiatrist, and volunteer physicians work with participants to address physical and mental health issues that may impact them and partner with them to work toward more permanent housing solutions.

Housing Services - The Agency runs several permanent and transitional housing programs for youth, individuals, and families. Youth programming takes place through congregate living in a home-like environment that is staffed 24 hours per day. The agency also operates a tenant-based rental assistance program which provides financial support for rent and utilities for families in the Evanston/Skokie school districts. The goal of these transitional programs is to prepare participants for independent living after graduation. For families and chronically homeless individuals impacted by a disability, the agency provides permanent supportive housing through scattered-site apartments rented in various communities. Comprehensive case management services are provided to address the complex needs of these populations, with a goal of keeping participants safely and stably housed.

The financial statements were available to be issued on November 16, 2020 with subsequent events being evaluated through this date.

Accounting Method -

The financial statements are maintained on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Not-for-Profit Organizations.* Under the ASC, the Organization is required to report information regarding two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

> *Without donor restrictions* - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.
>
> *With donor restrictions* - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

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 reported amounts and disclosures. Actual results could differ from those estimates.

New Accounting Pronouncement -

Effective January 1, 2019, the Organization adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The new guidance requires the Organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods or services. The new guidance also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue, and cashflows arising from contracts with customers.

The adoption of this new guidance was done using the modified retrospective method. The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

Also, effective January 1, 2019, the Organization adopted ASU 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncement - (continued)

The adoption of these new standards did not result in a material impact to the Organization's financial statements. There was no significant effect on the financial statements related to the adoption of these new standards which would require a cumulative adjustment to net assets at the date of adoption under the modified retrospective method.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, utilities, and maintenance expense which are allocated by square foot, salaries, payroll taxes, and benefits on the basis of time and effort, as well as supplies, printing, insurance, and other expenses allocated by headcount.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration of Risk -

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash and deposits with high credit quality financial institutions; however, deposits may exceed the federally insured limits in various banks from time to time.

Receivables -

Receivables represent grants due to the Organization from governmental agencies or from clients. The Organization has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Property and Equipment -

Expenditures for property and equipment are capitalized at cost or at fair market value if donated. The Organization capitalizes all capital expenditures of $2,500 or more, unless it is paid by State funds, then it is $500 or more. Depreciation is computed on the straight-line method over estimated useful lives of the assets as follows:

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment – (continued)

Buildings	27.5 years
Leasehold improvements	5 - 27 years
Furniture and fixtures	3 - 10 years
Office equipment	2 - 10 years
Vehicles	4 - 5 years

Refundable Advance -

Refundable advance refers to payments from a grantor where a measurable barrier to recognition of revenue has not yet been met in a nonexchange transaction. These deposits are recorded as a liability until the barrier to grant has been met.

Donated Property and Equipment -

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Revenue Recognition for Contributions and Grants -

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give; that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions resulting from split-interest agreements, measured at the time into which the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same period as received are shown as contributions without donor restrictions on the statement of activities.

A portion of the Organization's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition for Program Fees -

The Organization receives rental income from clients who reside in certain residential programs. Rental income is considered a single performance obligation that is recognized over time. Rental income is charged each month, and the monthly fees are recognized ratably over the life of the lease.

The company leases apartments to eligible applicants under operating leases which are substantially all on a yearly basis.

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Organization files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2016. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Donated Services -

The Organization has conformed with the Accounting Standards Codification for *Accounting for Contributions Received and Contributions Made* in regards to donated services. This provision prohibits the recording of donated services unless they create or enhance a nonfinancial asset or are specialized skills that would have been purchased if they were not donated. The Organization has not received any donated services valued during the fiscal year ended June 30, 2020 and 2019.

Comparative Financial Information -

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

(2) LINE OF CREDIT:

The Organization has a $500,000 line of credit from a bank for periodic working capital requirements. The credit line is secured by all business assets. Amounts borrowed on the line of credit bear interest at prime (3.25% prime rate as of June 30, 2020). The credit agreement expires in December, 2020. At June 30, 2020 and 2019, there were no outstanding borrowings against the line of credit.

Subsequent to year end, the line of credit limit was increased to $2,000,000.

(3) NOTES PAYABLE:

	2020	2019
Payable to a bank -		
Bearing interest at 5.5%, with monthly payments of $478, principal and interest, secured by a building and due in June, 2022.	$ 10,846	$ 15,825
Bearing interest at 5.5%, with monthly payments of $478, principal and interest, secured by a building and due in June, 2022.	10,842	15,825
Payroll Protection Program (PPP) loan payable to a bank as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, interest at 1% with the amount to be repaid in equal installments beginning at the earlier of the date the SBA remits the loan forgiveness amount or 10 months after the end of the forgivable covered period, final payment due April 2022. As part of the loan agreement, the entire loan or a portion can be forgiven. The Organization intends to maximize the forgivable portion of this loan. The Organization has adopted ASC 470 to account for the PPP loan and will record a gain from the forgiven portion of the loan when it is forgiven.	482,892	-
Total notes payable	504,580	31,650
Less - current portion long-term debt	10,554	9,993
Long-term debt	$ 494,026	$ 21,657

Future minimum principal payments are as follow -

2021	$ 10,554
2022	494,026
	$ 504,580

(4) COMMITMENTS:

Operating Leases -

The Organization has an operating lease for office space which expires in July, 2022. Under the lease agreement, the Organization is responsible for the incremental increase of real estate taxes and utilities.

The Organization also leases facilities for its program and some office space that expired on December 31, 2019 and was extended on a month to month basis.

(4) COMMITMENTS: (Continued)

Operating Leases - (Continued)

Total rent expense for these leases for the years ended June 30, 2020 and 2019 was $190,986 and $157,156, respectively.

The future minimum rental commitments for operations are as follows:

2021	$ 99,010
2022	99,466
2023	8,323
Total	$ 206,799

The Organization also leases various space on behalf of tenants. The leases expire at various dates through July, 2020. Rental assistance provided on these properties was $712,215 and $652,397 for the years ended June 30, 2020 and 2019, respectively. Future minimum rental commitments for rental assistance consist of $364,849 for 2021.

(5) NET ASSETS WITH DONOR RESTRICTIONS:

On September 30, 2011, the Organization received two properties located in Skokie, Illinois from the Illinois Housing Development Authority. The fair value of the two properties totaled $758,207. As part of the agreement, for a period of 15 years, the Organization will provide affordable rentals for the benefit of low income persons which have less or equal to 50% of the area median income on these two properties.

Net assets with donor restrictions are comprised of the following:

	2020	2019
Program restricted funds -		
Prevention	$ 44,572	$ 6,796
Capacity building	-	12,000
Equity assessment	5,000	-
Housing manager support	29,110	-
Health, community and shelter services	6,940	-
Total program restricted	85,622	18,796
Land and buildings	758,207	758,207
	$ 843,829	$ 777,003

(6) FUTURE COMMITTED REVENUE:

The Organization has received the following future commitments from granting agencies as of June 30, 2020:

	Term	Advanced or Grant Amount	Earned as of June 30, 2020	Funding Available
U.S. Department of Housing and Urban Development Continuum of Care Grants -				
Individual Housing	05/01/20-04/30/21	$ 486,025	$ 81,645	$ 404,380
Family Housing	05/01/20-04/30/21	474,492	90,594	383,898
Department of Health and Human Services -				
Cook County	9/30/19-09/30/20	189,000	126,100	62,900
Cook County -				
McKinney ESG	10/01/18-09/30/20	18,000	16,750	1,250
FEMA -				
Phase 37	01/01/20-05/31/21	40,000	17,325	22,675
City of Evanston -				
Evanston MHB	01/01/20-05/31/21	59,400	35,289	24,111
McKinney ESG	07/12/19-7/21/21	125,352	99,535	25,817
Evanston CDBG	01/01/20-12/31/20	25,000	18,096	6,904
Evanston TBRA	10/03/19-12/31/21	300,000	95,771	204,229
		$ 1,717,269	$ 581,105	$ 1,136,164

(7) RETIREMENT PLAN:

The Organization has a 403(b) retirement plan, which allows all employees to defer payment of taxes on a portion of their salary by making contributions to the plan through payroll deductions. The Organization makes contributions based on a percentage of participant's eligible compensation. For the years ended June 30, 2020 and 2019, the Organization made contributions of $43,550 and $26,226 respectively.

(8) CONCENTRATIONS:

For the years ended June 30, 2020 and 2019, the Organization had approximately 35% and 34%, respectively, of its total support and revenue from a combination of funding from the U.S. Department of Housing and Urban Development and the Illinois Department of Human Services.

(9) LIQUIDITY AND AVAILABILITY:

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

	2020	2019
Financial Assets:		
Cash and cash equivalents	$ 1,242,439	$ 478,861
Receivables	487,820	244,910
Total financial Assets	1,730,259	723,771
Less:		
Donor imposed restrictions	85,622	18,796
Cash held for others	3,337	3,895
HUD replacement reserve	40,808	42,578
	129,767	65,269
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year	$ 1,600,492	$ 658,502

The Organization has received commitments from grants (see footnote 6). The Organization grants require them to incur and paid for the expense and then request for payment. Majority of their grants are reimbursed within 90 days from request for payment.

The Organization manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability.
- incurring unbudgeted costs only when such costs are funded.
- maintaining adequate liquid assets to fund near-term operating needs.

(10) MANAGEMENT'S RESPONSE TO EFFECTS OF COVID-19 PANDEMIC

In March 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As a part of these mitigation measures, the Organization was required to change the way it provided housing and services to its clients. In order to be in compliance with State of Illinois guidelines, the Organization had to shift from using emergency shelters to housing clients in hotels. With this change in operations the Organization incurred increased costs of housing. In order to help cover these costs the Organization received a Payroll Protection Program Loan as part of the Coronavirus Aid, Relief, and Economic Security Act and received additional grants from its funders.