

CONNECTIONS FOR THE HOMELESS, INC.

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2019 AND 2018**

TOGETHER WITH AUDITOR'S REPORT



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, 2019, 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.

To the Board of Directors of
Connections for the Homeless, Inc.
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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, 2019, 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 2018 financial statements, and in our reported dated December 14, 2018 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, 2018, 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 18, 2019 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

Warrenville, Illinois
November 18, 2019



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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, 2019, 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 18, 2019.

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

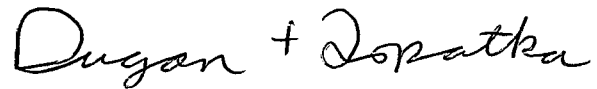
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

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*

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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

Warrenville, Illinois
November 18, 2019

CONNECTIONS FOR THE HOMELESS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

A S S E T S

	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents - Operations	\$ 432,388	\$ 160,245
- HUD replacement reserve	42,578	42,495
- Held for others	3,895	7,071
Receivables - Government	238,610	454,806
- Clients and others	6,300	4,210
Prepaid expenses	27,094	22,296
Total current assets	750,865	691,123
PROPERTY AND EQUIPMENT:		
Land	71,155	71,155
Buildings	687,052	687,052
Leasehold improvements	224,386	205,386
Furniture and fixtures	3,168	3,168
Office equipment	274,535	274,535
Vehicles	85,468	86,848
Total property and equipment	1,345,764	1,328,144
Less - Accumulated depreciation	(610,722)	(572,374)
Net property and equipment	735,042	755,770
OTHER ASSETS:		
Deposits	81,932	81,539
	\$ 1,567,839	\$ 1,528,432

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES:		
Notes payable, current maturities	\$ 9,993	\$ 9,460
Accounts payable and accrued expenses	88,949	18,589
Accrued payroll and related expenses	88,110	96,418
Agency funds	3,895	7,071
Client security deposits	7,308	7,308
Deferred revenue	27,908	43,100
	<hr/>	<hr/>
Total current liabilities	226,163	181,946
LONG-TERM LIABILITIES:		
Notes payable, net of current maturities	21,657	31,620
	<hr/>	<hr/>
Total liabilities	247,820	213,566
	<hr/>	<hr/>
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	543,016	536,659
With donor restrictions	777,003	778,207
	<hr/>	<hr/>
Total net assets	1,320,019	1,314,866
	<hr/>	<hr/>
	\$ 1,567,839	\$ 1,528,432
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CONNECTIONS FOR THE HOMELESS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(with comparative totals for 2018)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2019</u> <u>Total</u>	<u>2018</u> <u>Total</u>
PUBLIC SUPPORT AND REVENUE:				
Contributions	\$ 1,695,040	\$ 18,796	\$ 1,713,836	\$ 1,335,377
Emergency Food and Shelter National Board Program	25,990	-	25,990	53,497
U.S. Department of Housing and Urban Development	942,344	-	942,344	898,062
Department of Health and Human Services	155,633	-	155,633	113,989
Illinois Department of Human Services	713,130	-	713,130	718,161
City of Evanston	460,670	-	460,670	486,764
Northfield Township	4,500	-	4,500	9,325
City of Des Plaines	3,200	-	3,200	5,102
Cook County Department of Planning and Development	87,301	-	87,301	49,400
United Way	30,000	-	30,000	30,000
Client rental payments	83,189	-	83,189	78,750
Investment income	-	-	-	67
Special events, net expenses of \$92,021 and \$85,578 for 2019 and 2018, respectively	569,129	-	569,129	385,016
Other income	4,598	-	4,598	13,454
	<u>4,774,724</u>	<u>18,796</u>	<u>4,793,520</u>	<u>4,176,964</u>
RECLASSIFICATIONS:				
Net assets released upon satisfaction of purpose restrictions	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
FUNCTIONAL EXPENSES:				
Program services	3,578,624	-	3,578,624	3,118,576
Management and general	519,133	-	519,133	513,064
Fundraising	690,610	-	690,610	509,524
	<u>4,788,367</u>	<u>-</u>	<u>4,788,367</u>	<u>4,141,164</u>
CHANGE IN NET ASSETS	6,357	(1,204)	5,153	35,800
NET ASSETS, Beginning of year	<u>536,659</u>	<u>778,207</u>	<u>1,314,866</u>	<u>1,279,066</u>
NET ASSETS, End of year	<u>\$ 543,016</u>	<u>\$ 777,003</u>	<u>\$ 1,320,019</u>	<u>\$ 1,314,866</u>

The accompanying notes are an integral part of this statement.

CONNECTIONS FOR THE HOMELESS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in total net assets	\$ 5,153	\$ 35,800
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation	54,167	57,454
Loss (gain) on disposal of fixed assets	(2,000)	502
(Increase) decrease in receivables	214,106	(128,283)
(Increase) decrease in prepaid expenses	(4,798)	23,336
(Increase) in deposits	(393)	(12,370)
Increase (decrease) in accounts payable	70,360	(66,108)
Increase (decrease) in accrued payroll and related expenses	(8,308)	50,623
Increase (decrease) in government advances	-	(6,727)
Increase in client security deposits	-	1
Increase (decrease) in deferred revenue	(15,192)	40,600
	<u>313,095</u>	<u>(5,172)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	2,000	-
Purchase of property and equipment	(33,439)	(29,846)
	<u>(31,439)</u>	<u>(29,846)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(9,430)	(8,920)
	<u>272,226</u>	<u>(43,938)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	272,226	(43,938)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>202,740</u>	<u>246,678</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 474,966</u>	<u>\$ 202,740</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ 2,855</u>	<u>\$ 4,547</u>

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, 2019
(with comparative totals for 2018)

	Program Services			Supporting Services			2019 Total	2018 Total
	Prevention and Rapid Rehousing Services	Community and Shelter Services	Housing Services	Total Program Services	Management and General	Fundraising		
FUNCTIONAL EXPENSES:								
Personnel	\$ 152,066	\$ 800,925	\$ 578,361	\$ 1,531,352	\$ 368,720	\$ 561,121	\$ 2,461,193	\$ 2,034,478
Staff recruitment, training and development	634	9,098	7,772	17,504	4,344	2,332	24,180	8,692
Occupancy	12,152	80,241	83,978	176,371	30,451	28,612	235,434	214,006
Vehicles	2,493	9,322	6,831	18,646	513	-	19,159	21,272
Direct assistance to individuals	606,038	44,918	839,504	1,490,460	481	3	1,490,944	1,381,743
Professional and contractual services	15,274	127,209	56,661	199,144	60,426	22,941	282,511	205,192
Equipment and supplies	1,901	21,863	11,852	35,616	8,976	6,347	50,939	63,111
Office management	1,466	10,643	10,491	22,600	26,048	63,267	111,915	80,404
Insurance	2,143	19,354	10,938	32,435	10,264	5,289	47,988	63,916
Interest	2	-	2,053	2,055	801	-	2,856	4,547
Special events	-	-	-	-	-	92,021	92,021	85,578
Depreciation and amortization	230	6,307	42,809	49,346	4,123	698	54,167	57,454
Miscellaneous	-	3,095	-	3,095	3,986	-	7,081	6,349
Total functional expenses	<u>794,399</u>	<u>1,132,975</u>	<u>1,651,250</u>	<u>3,578,624</u>	<u>519,133</u>	<u>782,631</u>	<u>4,880,388</u>	<u>4,226,742</u>
Less expenses included with revenue on statement of activities								
Special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,021)</u>	<u>(92,021)</u>	<u>(85,578)</u>
Total expenses included in the expense section of the statement of activities	<u>\$ 794,399</u>	<u>\$ 1,132,975</u>	<u>\$ 1,651,250</u>	<u>\$ 3,578,624</u>	<u>\$ 519,133</u>	<u>\$ 690,610</u>	<u>\$ 4,788,367</u>	<u>\$ 4,141,164</u>

The accompanying notes are an integral part of this statement.

CONNECTIONS FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

(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:

Prevention and Rapid Rehousing 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 18, 2019 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 -

During 2019, the Organization adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. This update to ASU 958 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization had adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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.

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

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:

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

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.

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

Public Support and Revenue -

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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. Federal grant awards are classified as government advances until expended for the purposes of the grants because they are conditional promises to give.

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 2015. 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, 2019 and 2018.

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, 2018, from which the summarized information was derived.

Reclassification -

Prior year amounts have been reclassified to be consistent with current year presentation.

(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 (5.50% prime rate as of June 30, 2019). The credit agreement expires in December, 2019. At June 30, 2019 and 2018, there were no outstanding borrowings against the line of credit.

(3) NOTES PAYABLE:

	<u>2019</u>	<u>2018</u>
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.	\$ 15,825	\$ 20,540
Bearing interest at 5.5%, with monthly payments of \$478, principal and interest, secured by a building and due in June, 2022.	<u>15,825</u>	<u>20,540</u>
Total notes payable	31,650	41,080
Less - current portion long-term debt	<u>9,993</u>	<u>9,460</u>
Long-term debt	<u>\$ 21,657</u>	<u>\$ 31,620</u>

Future minimum principal payments are as follow -

2020	\$ 9,993
2021	10,555
2022	<u>11,102</u>
	<u>\$ 31,650</u>

(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 currently expires on December 31, 2019.

Total rent expense for these leases for the years ended June 30, 2019 and 2018 was \$157,156 and \$145,305, respectively.

(4) COMMITMENTS: (Continued)

The future minimum rental commitments for operations are as follows:

2020	\$ 124,691
2021	99,010
2022	99,466
2023	<u>8,323</u>
Total	<u>\$ 331,490</u>

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 \$652,397 and \$560,313 for the years ended June 30, 2019 and 2018, respectively. Future minimum rental commitments for rental assistance consist of \$240,283 for 2020 and \$1,100 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:

	<u>2019</u>	<u>2018</u>
Program restricted funds -		
Prevention	<u>\$ 6,796</u>	<u>\$ 20,000</u>
Capacity building	<u>12,000</u>	<u>-</u>
Total program restricted	18,796	20,000
Land and buildings	<u>758,207</u>	<u>758,207</u>
	<u>\$ 777,003</u>	<u>\$ 778,207</u>

(6) FUTURE COMMITTED REVENUE:

The Organization has received the following future commitments from granting agencies as of June 30, 2019:

	<u>Term</u>	<u>Grant Amount</u>	<u>Advanced or Earned as of June 30, 2019</u>	<u>Funding Available</u>
<u>U.S. Department of Housing and Urban Development</u>				
<u>Continuum of Care Grants -</u>				
Permanent Housing Ex #4	12/01/18-11/30/19	\$ 131,423	\$ 79,160	\$ 52,263
Permanent Housing Merged	02/01/19-04/30/20	463,431	148,406	315,025
Family Housing	05/01/19-04/30/20	475,634	78,629	397,005
<u>Department of Health and Human Services -</u>				
Cook County	09/30/18-09/29/19	167,000	119,621	47,379
<u>Cook County -</u>				
McKinney ESG	10/01/18-09/30/19	35,000	19,657	15,343
<u>City of Evanston -</u>				
Evanston MHB	01/01/19-12/31/19	56,000	29,753	26,247
Evanston HOME	09/01/18-12/31/20	300,000	162,277	137,723
McKinney ESG	06/08/18-07/20/20	<u>120,071</u>	<u>104,399</u>	<u>15,672</u>
		<u>\$ 1,748,559</u>	<u>\$ 741,902</u>	<u>\$ 1,006,657</u>

(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, 2019 and 2018, the Organization made contributions of \$26,226 and \$12,860 respectively.

(8) CONCENTRATIONS:

For the years ended June 30, 2019 and 2018, the Organization had approximately 34% and 39%, 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.

For the year ended June 30, 2019, approximately 11%, of the contribution revenue was received from one donor.

(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:

	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash and cash equivalents	\$ 478,861	\$ 209,811
Receivables	<u>244,910</u>	<u>459,016</u>
Total financial Assets	<u>723,771</u>	<u>668,827</u>
Less:		
Donor imposed restrictions	18,796	20,000
Cash held for others	3,895	7,071
HUD replacement reserve	<u>42,578</u>	<u>42,495</u>
	<u>65,269</u>	<u>69,566</u>
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year	<u>\$ 658,502</u>	<u>\$ 599,261</u>

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.