

**DUPAGE P.A.D.S., INC. AND SUBSIDIARY**

**CONSOLIDATED  
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  
DuPage P.A.D.S., Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of DuPage P.A.D.S., Inc. and Subsidiary (the Organization) which comprise the consolidated statement of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

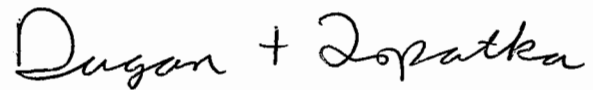
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 consolidated 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 consolidated financial statements.

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

To the Board of Directors of  
DuPage P.A.D.S., Inc. and Subsidiary  
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*Opinion*

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of DuPage P.A.D.S., Inc. and Subsidiary as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Dugan + Lopatka".

DUGAN & LOPATKA

Warrenville, Illinois  
October 25, 2019

DUPAGE P.A.D.S., INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents - Operations	\$ 2,913,075	\$ 2,369,112
- Escrow accounts	39,553	55,945
Investments	203,308	195,164
Receivables	276,638	358,530
Prepaid expenses	36,454	39,138
Total current assets	3,469,028	3,017,889
PROPERTY AND EQUIPMENT, net:	2,475,283	2,449,385
<b>NON-CURRENT ASSETS:</b>		
Security deposits	49,345	38,107
	<u>\$ 5,993,656</u>	<u>\$ 5,505,381</u>
 <u>LIABILITIES AND NET ASSETS</u>  		
<b>CURRENT LIABILITIES:</b>		
Notes payable, current maturities	\$ 28,750	\$ 28,750
Accounts payable and accrued expenses	204,314	190,502
Deferred revenue	68,076	39,915
Total current liabilities	301,140	259,167
NOTES PAYABLE, net of current maturities	767,916	796,720
Total liabilities	1,069,056	1,055,887
<b>NET ASSETS:</b>		
Without donor restriction - Undesignated	3,678,072	3,160,974
- Board designated	251,000	251,000
With donor restriction	995,528	1,037,520
Total net assets	4,924,600	4,449,494
	<u>\$ 5,993,656</u>	<u>\$ 5,505,381</u>

The accompanying notes are an integral part of this statement.

DUPAGE P.A.D.S., INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:						
Contributions	\$ 1,598,080	\$ 64,500	\$ 1,662,580	\$ 1,442,595	\$ 108,500	\$ 1,551,095
Grants	2,367,702	-	2,367,702	1,986,158	-	1,986,158
United Way	88,032	-	88,032	87,466	-	87,466
Special events	516,301	-	516,301	698,678	-	698,678
Program service fees	177,271	-	177,271	158,061	-	158,061
In-kind revenue	819,128	-	819,128	968,787	-	968,787
Investment return	11,516	-	11,516	15,199	-	15,199
Rental income	103,661	-	103,661	116,006	-	116,006
Release from restrictions	106,492	(106,492)	-	79,498	(79,498)	-
Total support and revenue	<u>\$ 5,788,183</u>	<u>\$ (41,992)</u>	<u>\$ 5,746,191</u>	<u>\$ 5,552,448</u>	<u>\$ 29,002</u>	<u>\$ 5,581,450</u>

The accompanying notes are an integral part of this statement.

DUPAGE P.A.D.S., INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
FUNCTIONAL EXPENSES:						
Program -						
Client Service Center	\$ 927,367	\$ -	\$ 927,367	\$ 959,969	\$ -	\$ 959,969
Interim Housing	959,278	-	959,278	941,218	-	941,218
Permanent Supportive Housing	2,138,976	-	2,138,976	1,812,675	-	1,812,675
DuPage Housing Solutions	140,549	-	140,549	156,003	-	156,003
Total program expense	4,166,170	-	4,166,170	3,869,865	-	3,869,865
Management and general	437,849	-	437,849	370,942	-	370,942
Fundraising	667,066	-	667,066	790,027	-	790,027
Total functional expenses	5,271,085	-	5,271,085	5,030,834	-	5,030,834
CHANGE IN NET ASSETS	517,098	(41,992)	475,106	521,614	29,002	550,616
NET ASSETS, Beginning of the year	3,411,974	1,037,520	4,449,494	2,890,360	1,008,518	3,898,878
NET ASSETS, End of year	<u>\$ 3,929,072</u>	<u>\$ 995,528</u>	<u>\$ 4,924,600</u>	<u>\$ 3,411,974</u>	<u>\$ 1,037,520</u>	<u>\$ 4,449,494</u>

The accompanying notes are an integral part of this statement.

DUPAGE P.A.D.S., INC. AND SUBSIDIARY  
CONSOLIDATED 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	\$ 475,106	\$ 550,616
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	105,481	103,734
Realized and unrealized (gain) on investments	(5,754)	(11,919)
Changes in assets and liabilities:		
(Increase) decrease in receivables	81,892	(166,335)
Decrease in prepaid expenses	2,684	950
(Increase) in security deposits	(11,238)	(11,668)
Increase in accounts payable and accrued expenses	13,812	46,579
Increase (decrease) in deferred revenue	28,161	(6,240)
Total adjustments	<u>215,038</u>	<u>(44,899)</u>
Net cash provided by operating activities	<u>690,144</u>	<u>505,717</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,390)	(11,526)
Purchases of property and equipment	(131,379)	(73,427)
Net cash (used in) investing activities	<u>(133,769)</u>	<u>(84,953)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(28,804)	(27,148)
NET CHANGE IN CASH AND CASH EQUIVALENTS	527,571	393,616
CASH AND CASH EQUIVALENTS, Beginning of year	<u>2,425,057</u>	<u>2,031,441</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,952,628</u>	<u>\$ 2,425,057</u>

The accompanying notes are an integral part of this statement.

DUPAGE P.A.D.S., INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

	Program Services				Supporting Services		2019 Total	2018 Total	
	Client Service Center	Interim Housing	Permanent Supportive Housing	DuPage Housing Solutions	Total Program Services	Management and General			Fundraising
FUNCTIONAL EXPENSES:									
Salaries	\$ 304,163	\$ 275,567	\$ 365,069	\$ -	\$ 944,799	\$ 370,129	\$ 222,776	\$ 1,537,704	\$ 1,494,225
Payroll taxes and benefits	36,225	34,122	59,042	-	129,389	12,049	41,351	182,789	183,690
Employee group medical	38,422	30,350	53,273	-	122,045	8,001	30,778	160,824	169,095
	378,810	340,039	477,384	-	1,196,233	390,179	294,905	1,881,317	1,847,010
Direct client services	45,462	14,285	307,625	-	367,372	-	-	367,372	328,315
Rental assistance	148,617	-	1,105,508	-	1,254,125	-	-	1,254,125	1,022,153
Utilities	26,256	7,783	23,898	17,269	75,206	541	2,676	78,423	49,344
Building and grounds maintenance	28,451	16,020	33,285	41,319	119,075	2,154	9,863	131,092	146,054
Postage and shipping	1,667	1,547	2,509	40	5,763	575	14,158	20,496	20,897
Telephone and cell phones	10,479	20,399	24,108	-	54,986	1,240	2,761	58,987	55,964
Office supplies and fees	13,373	9,234	14,702	10,419	47,728	12,955	30,358	91,041	86,933
Travel, mileage, conferences and meetings	8,006	9,556	33,754	-	51,316	5,560	3,078	59,954	68,450
Equipment lease and maintenance	10,711	9,650	11,237	-	31,598	2,818	10,680	45,096	49,544
Professional fees	24,904	34,543	57,400	-	116,847	17,967	49,170	183,984	98,812
Insurance	8,391	6,628	12,311	12,128	39,458	1,283	7,319	48,060	44,863
Depreciation	10,136	8,876	15,416	59,374	93,802	1,869	9,810	105,481	103,734
Printing	-	-	-	-	-	-	59,801	59,801	72,303
Event supplies and facility costs	-	-	-	-	-	-	63,153	63,153	62,801
Donor software and related costs	-	-	-	-	-	-	3,574	3,574	4,870
In-kind contributions	212,104	480,718	19,839	-	712,661	708	105,760	819,129	968,787
Total functional expenses	\$ 927,367	\$ 959,278	\$ 2,138,976	\$ 140,549	\$ 4,166,170	\$ 437,849	\$ 667,066	\$ 5,271,085	\$ 5,030,834

The accompanying notes are an integral part of this statement.



DUPAGE P.A.D.S., INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DuPage P.A.D.S., Inc. (Public Action to Deliver Shelter) and its subsidiary (hereinafter the Organization), an independent Illinois not-for-profit 501(c)(3) corporation, is a human services agency serving the homeless. The Organization exists to enhance the quality of life for homeless and at-risk individuals and families in DuPage County. The Organization is committed to providing safe and hospitable shelter, case management, and support services to people who are homeless or at risk of becoming homeless so that they can achieve a higher level of self-sufficiency. In addition, the Organization provides permanent supportive housing for individuals and families who have been chronically homeless as a result of a disability, such as mental health, substance abuse or disabling health conditions.

The consolidated financial statements were available to be issued on October 25, 2019 with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies applied by management in the preparation of the accompanying consolidated financial statements.

Basis of Consolidation -

DuPage Housing Solutions (subsidiary) is consolidated with DuPage P.A.D.S., Inc. for financial reporting purposes due to the fact it is wholly owned by DuPage P.A.D.S., Inc. All significant intercompany account balances and transactions have been eliminated.

Basis of Accounting -

The Organization records its financial transactions and maintains its books and records on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

Cash and Cash Equivalents -

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

Concentrations of Credit 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 exceed the federally insured limits in some accounts from time to time.

Receivables -

Receivables represent grants due to the Organization from governmental agencies or from tenants. The receivables for grants were reviewed at year end and amounts deemed uncollectible were written off. The receivables for tenants were reviewed at year end and an allowance was set up for amounts deemed uncollectible. The allowance was \$1,000 for the years ended June 30, 2019 and 2018.

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

Use of Estimates -

The preparation of consolidated 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.

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.

Property and Equipment -

Property and equipment are carried at cost or their fair market value at the date of donation. Depreciation and amortization of property and equipment are provided on the straight-line method over estimated useful lives ranging from three to thirty-nine years. Any property and equipment that has a useful life in excess of a year and is over \$1,000 is capitalized. The subsidiary capitalizes any additions over \$5,000.

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in income.

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.

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

Revenue and Support -

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

Support 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 refundable advances until expended for the purposes of the grants because they are conditional promises to give.

Allocation of Expenses -

The consolidated 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 salaries, building and grounds maintenance, professional fees, depreciation and other expenses which are allocated on the basis of estimated of time and effort.

In-Kind Revenue and Expenses -

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.

Donated furnishings, food, specialized skills, facilities, and clothing are reflected in the consolidated financial statements based on the value supplied by the donor or at their estimated fair market values.

The value of other donated personal services (at \$17 per hour in 2019 and 2018) not included in the consolidated financial statements for the years ended June 30, 2019 and 2018 is as follows:

	<u>Program Services</u>				<u>Total</u>
	<u>Interim Housing</u>	<u>Client Service Center</u>	<u>Fundraising</u>	<u>Administration</u>	
2019	<u>\$ 1,106,207</u>	<u>\$ 17,607</u>	<u>\$ 30,473</u>	<u>\$ 3,039</u>	<u>\$ 1,157,326</u>
2018	<u>\$ 1,101,953</u>	<u>\$ 22,410</u>	<u>\$ 35,789</u>	<u>\$ 5,177</u>	<u>\$ 1,165,329</u>

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

Comparative Financial Information -

The consolidated statement of functional expenses includes certain prior year summarized comparative information in total. 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 the Organizations' consolidated 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) INVESTMENTS:

The Organization has invested funds with a community foundation which have been reported at fair market value for financial statement purposes. The market value at June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Community Foundation Fund	<u>\$ 203,308</u>	<u>\$ 195,164</u>

Investment return consists of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 8,191	\$ 5,724
Realized gain on investments	5,902	10,896
Unrealized gain (loss) on investments	(148)	1,023
Investment fees	<u>(2,429)</u>	<u>(2,444)</u>
Total	<u>\$ 11,516</u>	<u>\$ 15,199</u>

(3) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

(3) FAIR VALUE MEASUREMENTS: (Continued)

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2019 and 2018.

Community Foundation Fund: Valued at the fair market value of the Organization's shares of net assets of the Community Foundation Fund as of June 30, 2019 and 2018.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019 and 2018:

<u>Description</u>	<u>Assets at Fair Value as of June 30, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Community Foundation Fund	\$ -	\$ -	\$ 203,308	\$ 203,308

(3) FAIR VALUE MEASUREMENTS: (Continued)

Description	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Community Foundation Fund	\$ -	\$ -	\$ 195,164	\$ 195,164

Level 3 Gains and Losses:

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the years ended June 30, 2019 and 2018:

	Level 3 Assets Community Foundation Fund Year Ended June 30,	
	2019	2018
Balance, beginning of year	\$ 195,164	\$ 171,719
Investment earnings	10,721	14,867
Unrealized gains (losses) relating to instruments still held at the reporting date	(148)	1,023
Purchases, sales, issuances and settlements (net)	<u>(2,429)</u>	<u>7,555</u>
Balance, end of year	<u>\$ 203,308</u>	<u>\$ 195,164</u>

(4) PROPERTY AND EQUIPMENT:

Capital assets owned by the Organization at June 30, 2019 and 2018 are as follows:

	2019	2018
Land	\$ 235,797	\$ 235,797
Furniture	104,717	104,717
Building	2,781,739	2,781,739
Building improvements	460,200	460,200
Leasehold improvements	39,889	39,889
Computer and software	13,509	13,509
Construction in progress	154,231	22,852
Accumulated depreciation	<u>(1,314,799)</u>	<u>(1,209,318)</u>
	<u>\$ 2,475,283</u>	<u>\$ 2,449,385</u>

(5) LINE OF CREDIT:

The Organization has a \$350,000 line of credit from a bank, secured by substantially all assets not otherwise secured, bearing interest at prime plus 1% with a minimum rate of 5%, and due in December, 2019. There was no outstanding balance at June 30, 2019 and 2018.

(6) NOTES PAYABLE:

	<u>2019</u>	<u>2018</u>
Payable to Illinois Housing Development Authority in monthly installments of \$1,667, principal, bearing no interest, secured by a building and maturing in July, 2046.	\$ 551,666	\$ 571,720
Payable to DuPage County Development Commission in an annual payment of \$8,750, principal, bearing no interest, secured by a building and maturing in July, 2046.	<u>245,000</u>	<u>253,750</u>
	796,666	825,470
Less - Current maturities	<u>(28,750)</u>	<u>(28,750)</u>
Long - term portion	<u>\$ 767,916</u>	<u>\$ 796,720</u>

Minimum payments due are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 28,750
2021	28,750
2022	28,750
2023	28,750
2024	28,750
Thereafter	<u>652,916</u>
	<u>\$ 796,666</u>

(7) COMMITMENTS AND CONTINGENCIES:

The Organization leases various properties on behalf of tenants. The leases expire at various dates through June, 2020. Rental assistance provided on these properties was \$1,254,125 and \$1,022,153 for the years ended June 30, 2019 and 2018, respectively.

Minimum rentals due are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	<u>\$ 498,276</u>

(8) NET ASSETS:

Board designated net assets are as follows:

	<u>2019</u>	<u>2018</u>
Client service center additions	\$ 251,000	\$ 100,000
Supportive services	-	88,000
New staffing	<u>-</u>	<u>63,000</u>
Total board designated net assets	<u>\$ 251,000</u>	<u>\$ 251,000</u>

Net assets with donor restrictions are as follows:

	<u>2019</u>	<u>2018</u>
Client Service Center	\$ 39,611	\$ 54,679
Forgivable mortgage notes	866,048	866,048
Federal Home Loan bank grant	71,500	71,500
Health planning	9,162	26,282
Respite	<u>9,207</u>	<u>19,011</u>
Total	<u>\$ 995,528</u>	<u>\$ 1,037,520</u>

In 2006, the Organization received a \$366,048 forgivable payment note from County of DuPage, Illinois through its Community Development Commission. The note, collateralized by the Organization's real estate, requires no monthly principal or interest payments and the debt is fully forgiven on July 2046 provided the Organization does not sell or transfer the property, change its use, as defined in the agreement, or fail to comply with the covenants, conditions and provisions contained in the mortgage, within the 40-year term. Management has determined that the use of the facility for another purpose is remote. As such, the note was recognized as a contribution as of June 30, 2006 and will be maintained as net assets with donor restrictions until the release of the restriction on July 2046.

In 2009, the Organization received a \$500,000 forgivable payment note from County of DuPage, Illinois through its Community Development Commission. The note, collateralized by the Organization's real estate, requires no monthly principal or interest payments and the debt is fully forgiven on October 2029 provided the Organization does not sell or transfer the property, change its use, as defined in the agreement, or fail to comply with the covenants, conditions and provisions contained in the mortgage, within the 20-year term. Management has determined that the use of the facility for another purpose is remote. As such, the note was recognized as a contribution as of June 30, 2009 and will be maintained as net assets with donor restrictions until the release of the restriction on October 2029



(8) NET ASSETS: (Continued)

The Organization received a \$71,500 grant from the Federal Home Loan Bank to be used to manage and operate the property as rental housing for low income individuals for a 15-year retention period. The note is non-interest bearing and principal payments are not required as long as the project is in compliance with the agreement. If the project remains in compliance at maturity, the note shall be deemed to be paid and discharged, otherwise the entire principal balance would become payable on demand. The note matures in July 2021. Management has determined that the use of the facility for another purpose is remote. As such, the note was recognized as a contribution as of June 30, 2006 and will be maintained as net assets with donor restrictions until the release of the restriction on July 2046.

(9) TAX STATUS:

The Organization is a nonprofit Illinois corporation organized for religious and charitable purposes, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization is a public charity and, thus, contributions by the public are deductible for income tax purposes.

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 years before 2015. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

(10) SIMPLE RETIREMENT PLAN:

The Organization maintains a simple retirement plan covering substantially all employees. The plan applies to all employees that have received at least \$5,000 in compensation in the previous year and anticipate earning \$5,000 in the current year. The Organization is required to match the elective contribution of the employee not to exceed 3.0% for 2019 and 2018 of the employee's compensation or \$6,000, whichever is less. Total contributions were \$25,703 and \$22,805 for the years ended June 30, 2019 and 2018, respectively.

(11) CONCENTRATION:

The Organization had approximately 26% and 21% of its total revenue and other support revenue from the U.S. Department of Housing and Urban Development for the years ended June 30, 2019 and 2018, respectively.

(12) LIQUIDITY AND AVAILABILITY:

The Organization's programs costs for direct services are largely funded by government grants that have additional matching fund requirements. In addition, the Organization receives private grants and contributions with restrictions to be used in accordance with the associated purpose restrictions. Contributions without restrictions and event proceeds are used to provide required matching funds for government grants, additional program funding for private grants when needed, and to maintain the administrative and overhead costs of the agency.

(12) LIQUIDITY AND AVAILABILITY: (Continued)

The Organization considers investment income and contributions without donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and program overhead expected to be paid in the subsequent year. Contributions with donor restrictions are restricted for specific purposes, with the exception of amounts designated for general use. Annual operations are defined as activities occurring during the Organization's fiscal year.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged, ensuring the sustainability of the Organization.

The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The organization has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 120 to 180 days of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended June 30, 2019 and 2018, the level of liquidity and reserves was managed within the policy requirements.

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

	June 30,	
	<u>2019</u>	<u>2018</u>
Total financial assets	\$ 3,469,028	\$ 3,017,889
Donor imposed restrictions	<u>(57,980)</u>	<u>(99,972)</u>
Net financial assets after donor-imposed restrictions	3,411,048	2,917,917
Internal designations - Board designated funds	<u>(251,000)</u>	<u>(251,000)</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>\$ 3,160,048</u>	<u>\$ 2,666,917</u>