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

## CONSOLIDATED
## FINANCIAL STATEMENTS
## AS OF JUNE 30, 2018 AND 2017

## TOGETHER WITH AUDITOR'S REPORT

Dugan & Lopatka

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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, 2018 and 2017, 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.

***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, 2018 and 2017, 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.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
October 29, 2018

EXHIBIT 1

# DUPAGE P.A.D.S., INC. AND SUBSIDIARY
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## JUNE 30, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents - Unrestricted | $ 2,269,140 | $ 1,899,276 |
| - Temporarily restricted | 99,972 | 70,970 |
| - Escrow accounts | 55,945 | 61,195 |
| Investments | 195,164 | 171,719 |
| Receivables | 358,530 | 192,195 |
| Prepaid expenses | 39,138 | 40,088 |
| Total current assets | 3,017,889 | 2,435,443 |
| PROPERTY AND EQUIPMENT: | | |
| Capital assets, at cost, less accumulated depreciation | 2,449,385 | 2,479,692 |
| NON-CURRENT ASSETS: | | |
| Security deposits | 38,107 | 26,439 |
| | $ 5,505,381 | $ 4,941,574 |
| **LIABILITIES AND NET ASSETS** | | |
| CURRENT LIABILITIES: | | |
| Notes payable, current maturities | $ 28,750 | $ 28,750 |
| Accounts payable and accrued expenses | 190,502 | 143,923 |
| Deferred revenue | 39,915 | 46,155 |
| Total current liabilities | 259,167 | 218,828 |
| NOTES PAYABLE, net of current maturities | 796,720 | 823,868 |
| Total liabilities | 1,055,887 | 1,042,696 |
| NET ASSETS: | | |
| Unrestricted - Undesignated | 3,160,974 | 2,639,360 |
| - Board designated | 251,000 | 251,000 |
| Temporarily restricted | 1,037,520 | 1,008,518 |
| Total net assets | 4,449,494 | 3,898,878 |
| | $ 5,505,381 | $ 4,941,574 |

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, 2018 AND 2017

| | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| SUPPORT AND REVENUE: | | | | | | |
| Contributions | $ 1,442,595 | $ 108,500 | $ 1,551,095 | $ 1,063,079 | $ 55,019 | $ 1,118,098 |
| Grants | 1,986,158 | - | 1,986,158 | 1,770,910 | - | 1,770,910 |
| United Way | 87,466 | - | 87,466 | 90,340 | - | 90,340 |
| Special events, net of direct expense of $78,557 and $88,344 in 2018 and 2017, respectively | 620,121 | - | 620,121 | 534,743 | - | 534,743 |
| Program service fees | 158,061 | - | 158,061 | 144,741 | - | 144,741 |
| In-kind revenue | 968,787 | - | 968,787 | 1,023,319 | - | 1,023,319 |
| Investment return | 17,643 | - | 17,643 | 19,636 | - | 19,636 |
| Rental income | 116,006 | - | 116,006 | 108,381 | - | 108,381 |
| Release from restrictions | 79,498 | (79,498) | - | 56,712 | (56,712) | - |
| Total support and revenue | $ 5,476,335 | $ 29,002 | $ 5,505,337 | $ 4,811,861 | $ (1,693) | $ 4,810,168 |

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, 2018 AND 2017

| | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| FUNCTIONAL EXPENSES: | | | | | | |
| Program - | | | | | | |
| Client Service Center | $ 1,003,648 | $ - | $ 1,003,648 | $ 935,112 | $ - | $ 935,112 |
| Interim Housing | 976,558 | - | 976,558 | 1,011,116 | - | 1,011,116 |
| Permanent Supportive Housing | 1,987,489 | - | 1,987,489 | 1,711,512 | - | 1,711,512 |
| DuPage Housing Solutions | 156,003 | - | 156,003 | 135,704 | - | 135,704 |
| Total program expense | 4,123,698 | - | 4,123,698 | 3,793,444 | - | 3,793,444 |
| Management and general | 119,556 | - | 119,556 | 89,107 | - | 89,107 |
| Fundraising | 711,467 | - | 711,467 | 686,886 | - | 686,886 |
| Total functional expenses | 4,954,721 | - | 4,954,721 | 4,569,437 | - | 4,569,437 |
| CHANGE IN NET ASSETS | 521,614 | 29,002 | 550,616 | 242,424 | (1,693) | 240,731 |
| NET ASSETS, Beginning of the year | 2,890,360 | 1,008,518 | 3,898,878 | 2,647,936 | 1,010,211 | 3,658,147 |
| NET ASSETS, End of year | $ 3,411,974 | $ 1,037,520 | $ 4,449,494 | $ 2,890,360 | $ 1,008,518 | $ 3,898,878 |

The accompanying notes are an integral part of this statement.

EXHIBIT 3

# DUPAGE P.A.D.S., INC. AND SUBSIDIARY
## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in total net assets | $ 550,616 | $ 240,731 |
| Adjustments to reconcile change in total net assets to net cash provided by operating activities: | | |
| Depreciation | 103,734 | 105,210 |
| Realized and unrealized (gain) on investments | (11,919) | (15,638) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in receivables | (166,335) | 258,929 |
| Decrease in prepaid expenses | 950 | 72 |
| (Increase) in security deposits | (11,668) | (5,483) |
| Increase in accounts payable and accrued expenses | 46,579 | 38,612 |
| (Decrease) in deferred revenue | (6,240) | (11,066) |
| Total adjustments | (44,899) | 370,636 |
| Net cash provided by operating activities | 505,717 | 611,367 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | (11,526) | (1,321) |
| Purchases of property and equipment | (73,427) | - |
| Net cash (used in) investing activities | (84,953) | (1,321) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payments on note payable | (27,148) | (28,750) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 393,616 | 581,296 |
| CASH AND CASH EQUIVALENTS, Beginning of year | 2,031,441 | 1,450,145 |
| CASH AND CASH EQUIVALENTS, End of year | $ 2,425,057 | $ 2,031,441 |

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, 2018

| | Program Services | | | | | Supporting Services | | |
|---|---|---|---|---|---|---|---|---|
| | Client Service Center | Interim Housing | Permanent Supportive Housing | DuPage Housing Solutions | Total Program Services | Management and General | Fundraising | Total |
| FUNCTIONAL EXPENSES: | | | | | | | | |
| Salaries | $ 326,426 | $ 297,393 | $ 471,883 | $ - | $ 1,095,702 | $ 67,489 | $ 331,033 | $ 1,494,224 |
| Payroll taxes and benefits | 34,508 | 33,735 | 52,075 | - | 120,318 | 14,432 | 41,821 | 176,571 |
| Employee group medical | 39,731 | 30,444 | 57,187 | - | 127,362 | 6,643 | 35,090 | 169,095 |
| | 400,665 | 361,572 | 581,145 | - | 1,343,382 | 88,564 | 407,944 | 1,839,890 |
| Direct client services | 43,657 | 42,689 | 241,973 | - | 328,319 | - | - | 328,319 |
| Rental assistance | 111,722 | 336 | 910,095 | - | 1,022,153 | - | - | 1,022,153 |
| Utilities | 15,185 | 5,520 | 7,383 | 19,140 | 47,228 | 482 | 1,637 | 49,347 |
| Building and grounds maintenance | 22,832 | 21,350 | 35,087 | 56,639 | 135,908 | 2,306 | 7,840 | 146,054 |
| Postage and shipping | 1,591 | 1,676 | 2,667 | 66 | 6,000 | 408 | 14,489 | 20,897 |
| Telephone and cell phones | 9,895 | 21,230 | 21,159 | - | 52,284 | 1,172 | 2,508 | 55,964 |
| Office supplies and fees | 10,171 | 8,980 | 16,669 | 12,230 | 48,050 | 10,498 | 25,349 | 83,897 |
| Travel, mileage, conferences and meetings | 9,062 | 9,556 | 35,638 | - | 54,256 | 8,546 | 5,058 | 67,860 |
| Equipment lease and maintenance | 13,139 | 9,365 | 18,207 | - | 40,711 | 1,790 | 7,043 | 49,544 |
| Professional fees | 27,383 | 21,828 | 38,334 | - | 87,545 | 1,502 | 12,205 | 101,252 |
| Insurance | 7,796 | 6,511 | 11,342 | 11,715 | 37,364 | 1,137 | 6,362 | 44,863 |
| Depreciation | 26,451 | 5,592 | 9,585 | 56,213 | 97,841 | 2,441 | 3,452 | 103,734 |
| Printing | - | - | - | - | - | - | 72,160 | 72,160 |
| In-kind contributions | 304,099 | 460,353 | 58,205 | - | 822,657 | 710 | 145,420 | 968,787 |
| Total functional expenses | $ 1,003,648 | $ 976,558 | $ 1,987,489 | $ 156,003 | $ 4,123,698 | $ 119,556 | $ 711,467 | $ 4,954,721 |

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, 2017

| | Program Services | | | | | Supporting Services | | |
|---|---|---|---|---|---|---|---|---|
| | Client Service Center | Interim Housing | Permanent Supportive Housing | DuPage Housing Solutions | Total Program Services | Management and General | Fundraising | Total |
| FUNCTIONAL EXPENSES: | | | | | | | | |
| Salaries | $ 261,273 | $ 336,970 | $ 434,366 | $ - | $ 1,032,609 | $ 48,590 | $ 301,730 | $ 1,382,929 |
| Payroll taxes and benefits | 29,834 | 38,387 | 50,524 | - | 118,745 | 9,146 | 49,990 | 177,881 |
| Employee group medical | 43,245 | 28,341 | 70,106 | - | 141,692 | 2,317 | 36,551 | 180,560 |
| | 334,352 | 403,698 | 554,996 | - | 1,293,046 | 60,053 | 388,271 | 1,741,370 |
| Direct client services | 38,200 | 15,513 | 167,045 | - | 220,758 | - | - | 220,758 |
| Rental assistance | 75,428 | - | 780,375 | - | 855,803 | - | - | 855,803 |
| Utilities | 16,876 | 5,716 | 7,272 | 16,106 | 45,970 | 281 | 1,529 | 47,780 |
| Building and grounds maintenance | 26,144 | 15,307 | 23,175 | 41,241 | 105,867 | 1,142 | 6,379 | 113,388 |
| Postage and shipping | 1,593 | 1,654 | 2,053 | 33 | 5,333 | 212 | 18,035 | 23,580 |
| Telephone and cell phones | 9,301 | 19,201 | 19,758 | - | 48,260 | 220 | 2,171 | 50,651 |
| Office supplies and fees | 9,539 | 7,237 | 7,753 | 12,522 | 37,051 | 9,174 | 19,821 | 66,046 |
| Travel, mileage, conferences and meetings | 10,145 | 11,580 | 25,958 | - | 47,683 | 7,466 | 5,156 | 60,305 |
| Equipment lease and maintenance | 14,789 | 13,085 | 20,557 | - | 48,431 | 1,263 | 7,294 | 56,988 |
| Professional fees | 21,122 | 22,035 | 30,777 | - | 73,934 | 3,119 | 9,216 | 86,269 |
| Insurance | 7,552 | 7,845 | 10,055 | 10,643 | 36,095 | 1,238 | 4,499 | 41,832 |
| Depreciation | 31,337 | 5,646 | 6,600 | 55,159 | 98,742 | 2,892 | 3,576 | 105,210 |
| Printing | - | - | - | - | - | - | 76,138 | 76,138 |
| In-kind contributions | 338,734 | 482,599 | 55,138 | - | 876,471 | 2,047 | 144,801 | 1,023,319 |
| Total functional expenses | $ 935,112 | $ 1,011,116 | $ 1,711,512 | $ 135,704 | $ 3,793,444 | $ 89,107 | $ 686,886 | $ 4,569,437 |

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, 2018 AND 2017

## (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 financial statements were available to be issued on October 29, 2018, 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 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, 2018 and 2017.

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

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.

Basis of Presentation -

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Unrestricted Net Assets* - Net assets that are not subject to donor-imposed stipulations. The Board designated $100,000 toward the Client Service Center addition, $88,000 for Supportive Services, and $63,000 for potential new staffing as of June 30, 2018 and 2017.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There are no permanently restricted net assets as of June 30, 2018 and 2017.

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.

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

Restricted and Unrestricted Revenue and Support -

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets 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.

Functional Allocation of Expenses -

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on units of service and support costs are allocated to a program based on total program costs.

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 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 2018 and 2017) not included in the financial statements for the years ended June 30, 2018 and 2017 is as follows:

| | Program Services | | | | |
|---|---|---|---|---|---|
| | Interim Housing | Client Service Center | Fundraising | Administration | Total |
| 2018 | $ 1,101,953 | $ 22,410 | $ 35,789 | $ 5,177 | $ 1,165,329 |
| 2017 | $ 1,238,233 | $ 27,940 | $ 20,791 | $ 5,597 | $ 1,292,561 |

## (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, 2018 and 2017 is as follows:

| | 2018 | 2017 |
|---|---|---|
| Community Foundation Fund | $ 195,164 | $ 171,719 |

## (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.

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.

(3) FAIR VALUE MEASUREMENTS: (Continued)

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, 2018 and 2017.

*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, 2018 and 2017.

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, 2018 and 2017:

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

| | Assets at Fair Value as of June 30, 2017 | | | |
|---|---|---|---|---|
| Description | Level 1 | Level 2 | Level 3 | Total |
| Community Foundation Fund | $ - | $ - | $ 171,719 | $ 171,719 |

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, 2018 and 2017:

| | Level 3 Assets Community Foundation Fund Year Ended June 30, | |
|---|---|---|
| | 2018 | 2017 |
| Balance, beginning of year | $ 171,719 | $ 154,760 |
| Investment earnings | 14,867 | 8,880 |
| Unrealized gains relating to instruments still held at the reporting date | 1,023 | 10,221 |
| Purchases, sales, issuances and settlements (net) | 7,555 | (2,142) |
| Balance, end of year | $ 195,164 | $ 171,719 |

## (4) PROPERTY AND EQUIPMENT:

Capital assets owned by the Organization at June 30, 2018 and 2017 are as follows:

| | 2018 | 2017 |
|---|---|---|
| Land | $ 235,797 | $ 235,797 |
| Furniture | 104,717 | 104,717 |
| Building | 2,781,739 | 2,781,739 |
| Building improvements | 460,200 | 409,625 |
| Leasehold improvements | 39,889 | 39,889 |
| Computer and software | 13,509 | 13,509 |
| Construction in progress | 22,852 | - |
| Accumulated depreciation | (1,209,318) | (1,105,584) |
| | $ 2,449,385 | $ 2,479,692 |

## (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, 2018. There was no outstanding balance at June 30, 2018 and 2017.

## (6) NOTES PAYABLE:

| | 2018 | 2017 |
|---|---|---|
| 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. | $ 571,720 | $ 590,118 |
| 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. | 253,750 | 262,500 |
| | 825,470 | 852,618 |
| Less - Current maturities | (28,750) | (28,750) |
| Long - term portion | $ 796,720 | $ 823,868 |

## (6) NOTES PAYABLE: (Continued)

Minimum payments due are as follows:

| Year ending June 30, | Amount |
|---|---|
| 2019 | $ 28,750 |
| 2020 | 28,750 |
| 2021 | 28,750 |
| 2022 | 28,750 |
| 2023 | 28,750 |
| Thereafter | 681,720 |
| | $ 825,470 |

## (7) COMMITMENTS AND CONTINGENCIES:

The Organization leases various properties on behalf of tenants. The leases expire at various dates through June, 2019. Rental assistance provided on these properties was $1,022,153 and $855,803 for the years ended June 30, 2018 and 2017, respectively.

Minimum rentals due are as follows:

| Year ending June 30, | Amount |
|---|---|
| 2019 | $ 361,112 |

## (8) TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are as follow:

| | 2018 | 2017 |
|---|---|---|
| Client Service Center | $ 54,679 | $ 34,846 |
| Forgivable mortgage notes | 866,048 | 866,048 |
| Federal Home Loan bank grant | 71,500 | 71,500 |
| Health planning | 26,282 | - |
| Respite | 19,011 | 36,124 |
| Total | $ 1,037,520 | $ 1,008,518 |

(8) TEMPORARILY RESTRICTED NET ASSETS: (Continued)

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 temporarily restricted net assets 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 temporarily restricted net assets until the release of the restriction on October 2029

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 temporarily restricted net assets 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 2014. 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 2018 and 2017 of the employee's compensation or $6,000, whichever is less. Total contributions were $22,805 and $25,860 for the years ended June 30, 2018 and 2017, respectively.

(11) CONCENTRATION:

The Organization had approximately 21% and 23% of its total revenue and other support revenue from the U.S. Department of Housing and Urban Development for the years ended June 30, 2018 and 2017, respectively.