

SOUTH SIDE OFFICE OF CONCERN

Audited Financial Statements

For the year ended June 30, 2016

SOUTH SIDE OFFICE OF CONCERN

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JOSHUA S. RICHARDSON, CPA, P.C.

2308 W. Altorfer Drive
Peoria, Illinois 61615
(309)692-3190 Phone
(309)692-3193 Fax

Certified Public Accountant

143 W. Chestnut St.
Canton, Illinois 61520
(309)647-0689 Phone

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Side Office of Concern

Report on the Financial Statements

We have audited the accompanying financial statements of South Side Office of Concern (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Side Office of Concern as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2017, on our consideration of South Side Office of Concern'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 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 South Side Office of Concern's internal control over financial reporting and compliance.



Peoria, Illinois
March 20, 2017

SOUTH SIDE OFFICE OF CONCERN

Statement of Financial Position

June 30, 2016

Assets

Current assets:

Cash and cash equivalents	\$ 226,367
Grants receivable (Note 2)	283,314
Accounts receivable - client accommodations (Note 3)	58,408
Other receivables	18,143
Prepaid expenses	14,830
Reserve accounts	<u>60,948</u>
Total current assets	<u>662,010</u>

Noncurrent assets:

Investments (Note 4)	1,748
Note receivable - New Hope LP	1,620,840
Net property and equipment (Note 7)	<u>5,858,809</u>
Total noncurrent assets	<u>7,481,397</u>

Total assets \$ 8,143,407

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 361,829
Accrued expenses and withholding	27,278
Rent deposits	12,656
Line of credit	195,000
Note payable - City of Peoria	26,000
Current portion of long term debt (Note 13)	<u>64,261</u>
Total current liabilities	<u>687,024</u>

Long term debt (Note 13) 1,197,821

Total liabilities 1,884,845

Net assets:

Unrestricted 5,085,562

Temporarily restricted:

OASIS	169,000
New Hope	500,000
Glendale Commons	<u>504,000</u>
Total net assets	<u>6,258,562</u>

Total liabilities and net assets \$ 8,143,407

The accompanying notes to financial statements are an integral part of these financial statements.

SOUTH SIDE OFFICE OF CONCERN
Statement of Activities
For the year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Support:			
Grant revenue	\$ 4,763,521	504,000	5,267,521
Contributions	96,680	-	96,680
United Way	163,265	-	163,265
Special events, net of expenses of \$15,597	29,658	-	29,658
Donated services	47,715	-	47,715
Total support	<u>5,100,839</u>	<u>504,000</u>	<u>5,604,839</u>
Revenue:			
Program service revenue	181,244	-	181,244
Developer fee	57,431	-	57,431
Interest and dividend income	72	-	72
Net unrealized depreciation in fair value of	(1,718)	-	(1,718)
Total revenue	<u>237,029</u>	<u>-</u>	<u>237,029</u>
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>13,000</u>	<u>(13,000)</u>	<u>-</u>
Total support, revenue, and reclassifications	<u>5,350,868</u>	<u>491,000</u>	<u>5,841,868</u>
Expenses:			
Program expenses:			
New Hope	401,730	-	401,730
Monroe Manor	83,165	-	83,165
HHH	47,157	-	47,157
Community Support Services	98,392	-	98,392
Employment Services	164,542	-	164,542
OASIS	68,773	-	68,773
Glendale Commons	173,879	-	173,879
Veterans Haven	229,875	-	229,875
Outreach/rapid rehousing	50,256	-	50,256
Other	21,605	-	21,605
Total program expenses	<u>1,339,374</u>	<u>-</u>	<u>1,339,374</u>
Management and general	201,303	-	201,303
Fund raising	58,566	-	58,566
Total expenses	<u>1,599,243</u>	<u>-</u>	<u>1,599,243</u>
Increase (decrease) in net assets	3,751,625	491,000	4,242,625
Net assets - beginning of year	<u>1,333,937</u>	<u>682,000</u>	<u>2,015,937</u>
Net assets - end of year	<u>\$ 5,085,562</u>	<u>1,173,000</u>	<u>6,258,562</u>

The accompanying notes to financial statements are an integral part of these financial statements.

SOUTH SIDE OFFICE OF CONCERN

Statement of Cash Flows

For the year ended June 30, 2016

Cash flows from operating activities:	
Change in net assets	\$ 4,242,625
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Net unrealized appreciation in fair value of investments	1,718
Depreciation	121,333
Change in assets and liabilities:	
Decreases (increases) in current assets:	
Grants receivable	(202,301)
Accounts receivable - client accommodations	(55,843)
Receivables - other	(6,075)
Prepaid expenses	(7,278)
Reserve accounts	(60,948)
Increases (decreases) in current liabilities:	
Accounts payable	304,849
Accrued expenses	(2,755)
Rent deposits	<u>240</u>
Net cash provided by operating activities	<u>4,335,565</u>
Cash flows from investing activities:	
Purchase of property and equipment	(4,055,657)
Increase in note receivable	<u>(78,425)</u>
Net cash used by investing activities	<u>(4,134,082)</u>
Cash flows from financing activities:	
Proceeds from short term debt	26,000
Principal payments on long term debt	<u>(62,547)</u>
Net cash used by investing activities	<u>(36,547)</u>
Net increase in cash and cash equivalents	164,936
Cash and cash equivalents - beginning of year	<u>61,431</u>
Cash and cash equivalents - end of year	\$ <u>226,367</u>
Supplemental data:	
Interest expense paid	\$ <u>19,971</u>

The accompanying notes to financial statements are an integral part of these financial statements.

SOUTH SIDE OFFICE OF CONCERN

Statement of Functional Expenses

For the Year Ended June 30, 2016

	New <u>Hope</u>	Monroe <u>Manor</u>	HHH	Community Support <u>Services</u>	Employment <u>Services</u>	OASIS
Salaries	\$ 220,782	21,706	16,170	56,086	76,186	22,713
Related expenses	<u>38,887</u>	<u>3,837</u>	<u>3,765</u>	<u>11,599</u>	<u>16,967</u>	<u>4,263</u>
Total salaries and related expenses	<u>259,669</u>	<u>25,543</u>	<u>19,935</u>	<u>67,685</u>	<u>93,153</u>	<u>26,976</u>
Assistance	48,309	11,961	5,474	2,824	25,273	9,907
Occupancy	55,611	5,383	3,218	11,644	24,783	4,342
Repairs and maintenance	1,096	5,123	5,072	3	24	4,075
Insurance	1,956	2,089	1,178	1,367	164	1,905
Professional fees	8,645	2,045	2,440	4,415	5,600	2,440
Office supplies	9,285	788	982	4,025	10,965	963
Telephone	5,901	460	412	2,015	1,802	1,513
Postage and shipping	243	42	82	185	203	56
Printing and publications	458	75	78	232	159	79
Conference and meetings	1,778	487	407	746	695	407
Travel	557	266	379	932	247	242
Dues, license, and permits	1,310	551	711	493	307	498
Contracted labor	3,116	3,423	428	633	736	1,019
Advertising	-	-	-	-	-	-
Bad debt expense	36	-	1,310	50	-	-
Interest expense	-	7,982	-	-	-	789
Miscellaneous	<u>3,595</u>	<u>223</u>	<u>293</u>	<u>1,143</u>	<u>431</u>	<u>387</u>
Total expenses before depreciation	401,565	66,441	42,399	98,392	164,542	55,598
Depreciation	<u>165</u>	<u>16,724</u>	<u>4,758</u>	<u>-</u>	<u>-</u>	<u>13,175</u>
Total expenses	\$ <u>401,730</u>	<u>83,165</u>	<u>47,157</u>	<u>98,392</u>	<u>164,542</u>	<u>68,773</u>

The accompanying notes to financial statements are an integral part of these financial statements.

<u>Glendale Commons</u>	<u>Veterans Haven</u>	<u>Outreach/ Rapid Rehousing</u>	<u>Other</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
73,561	120,174	33,516	4,914	645,808	60,924	49,023	109,947	755,755
<u>16,821</u>	<u>13,720</u>	<u>3,547</u>	<u>430</u>	<u>113,836</u>	<u>10,844</u>	<u>5,517</u>	<u>16,361</u>	<u>130,197</u>
<u>90,382</u>	<u>133,894</u>	<u>37,063</u>	<u>5,344</u>	<u>759,644</u>	<u>71,768</u>	<u>54,540</u>	<u>126,308</u>	<u>885,952</u>
28,346	57,776	36	-	189,906	-	-	-	189,906
13,696	6,908	6,055	-	131,640	6,698	1,236	7,934	139,574
14,323	4,491	3	-	34,210	619	-	619	34,829
2,481	2,509	(276)	-	13,373	5,377	-	5,377	18,750
3,077	3,230	975	-	32,867	2,835	395	3,230	36,097
2,498	2,399	908	-	32,813	8,265	633	8,898	41,711
2,338	4,304	903	-	19,648	2,999	213	3,212	22,860
238	56	30	-	1,135	211	500	711	1,846
212	275	139	-	1,707	155	69	224	1,931
560	608	2,279	-	7,967	2,645	-	2,645	10,612
1,283	784	461	-	5,151	1,372	107	1,479	6,630
1,996	383	1,422	-	7,671	289	61	350	8,021
10,705	6,322	39	16,261	42,682	4,932	120	5,052	47,734
-	-	-	-	-	-	-	-	-
-	-	-	-	1,396	-	-	-	1,396
-	-	-	-	8,771	11,200	-	11,200	19,971
<u>1,547</u>	<u>670</u>	<u>219</u>	<u>-</u>	<u>8,508</u>	<u>890</u>	<u>692</u>	<u>1,582</u>	<u>10,090</u>
173,682	224,609	50,256	21,605	1,299,089	120,255	58,566	178,821	1,477,910
<u>197</u>	<u>5,266</u>	<u>-</u>	<u>-</u>	<u>40,285</u>	<u>81,048</u>	<u>-</u>	<u>81,048</u>	<u>121,333</u>
<u>173,879</u>	<u>229,875</u>	<u>50,256</u>	<u>21,605</u>	<u>1,339,374</u>	<u>201,303</u>	<u>58,566</u>	<u>259,869</u>	<u>1,599,243</u>

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Nature of Organization

South Side Office of Concern (SSOC) was established as a not-for-profit organization in 1982, later becoming incorporated in 1985. In 1987, the corporation was granted permanent exemption from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Program Services

Permanent Supportive Housing Program

SSOC offers four different Permanent Supportive Housing programs totaling 100 units of housing. Permanent Supportive Housing refers to integrated permanent housing (typically rental apartments) linked with flexible community-based mental health and other supportive services that are tailored to meet each customer's changing needs while helping them live more stable, productive lives.

New Hope Apartments

New Hope Apartments is the joint project between SSOC and Peoria Opportunities Foundation where New Hope Apartments, LLC was created with SSOC having a 51% ownership interest. The LLC is the general partner in New Hope LP and has a 0.01% interest. This program offers housing in a 84-unit complex of efficiency apartments with a variety of onsite amenities serving homeless adults with a mental illness, a developmental disability, and/or another disabling condition. This program opened in April 2008, replacing and expanding SSOC's former Phoenix House program. Funding is blended from a variety of sources, including but not limited to the U.S Department of Housing and Urban Development, the U.S. Department of Veteran's Affairs, the Illinois Department of Human Services, the Heart of Illinois United Way, and tenant rents.

OASIS

This program provides housing in a 6-unit complex of 1-bedroom apartments serving homeless adults with a mental illness. This program became operational in 2002 and is primarily funded through grants from the U.S. Department of Housing and Urban Development, the Illinois Department of Human Services, and tenant rents.

Monroe Manor

This program provides housing in a 10-unit complex of efficiency apartments serving homeless adults with a mental illness, a developmental disability, and/or another disabling condition. This program is funded by the U.S. Department of Housing and Urban Development and through collaborative partnerships with other local social service providers.

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(A) Nature of Organization (continued)

Housing for the Handicapped Homeless Program (HHH)

This program provides permanent supportive housing in 5 single-family houses serving homeless adults with a mental illness, a developmental disability, and/or another disabling condition. This program is primarily funded through grants from the U.S. Department of Housing and Urban Development, the Illinois Department of Human Services, and tenant rents.

Community Support Services Program

This program provides for a combination of behavioral health services and fiduciary payeeship for persons with mental illness or developmental disabilities.

Employment Services Program

This program provides job readiness training and life skills development, job placement, and retention monitoring services to recipients of various public assistance programs and other unemployed individuals

Glendale Commons Supportive Housing Program

This program provides permanent supportive housing to homeless families in which one person in the household has a disabling condition. SSOC assumed this program in October 2012 when another local social service agency closed permanently. It is primarily funded through grants from the U.S. Department of Housing and Urban Development, the Illinois Department of Human Services, the Heart of Illinois United Way, and tenant rents. GC, LLC was formed as the single asset entity with SSOC as the sole member to administer this program.

Homeless Outreach & Rapid Rehousing

Homeless Outreach is conducted through the PATH program which provides outreach and support services for individuals in Peoria, Tazewell, Woodford and Fulton counties who are homeless, at imminent risk of becoming homeless, do not have permanent housing, and have a serious mental illness. PATH services include outreach, screening and diagnostic treatment, case management, linkage and referral to health, educational, and housing services and job training, and assistance with identifying and securing appropriate housing. Rapid re-housing is an intervention designed to help individuals and families to quickly exit homelessness and return to permanent housing. Rapid re-housing assistance is offered without preconditions and the resources and services are tailored to the unique needs of the household. Assistance is also provided to cover move-in costs, deposits, and the rental and/or utility assistance necessary to allow individuals and families to move immediately out of homelessness and to stabilize in permanent housing.

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(A) Nature of Organization (continued)

Veterans Haven

This program is an Adult Living Center for homeless veterans with a mental illness. It is primarily funded through a contract with the U.S. Department of Veterans Affairs, a grant from the Illinois Department of Human Services, the Heart of Illinois United Way and donations.

(B) Basis of Presentation

The financial statements of South Side Office of Concern have been prepared on the accrual basis of accounting. Accordingly, expenses are recorded in the period in which obligations are incurred while certain revenues are recorded as increases in net assets in the period when earned. Unrestricted contributions are measured at fair value and are reported as an increase in net assets at the time of receipt.

Assets are sequenced according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash. South Side Office of Concern reports cash and other assets as restricted support if they are received with donor stipulations that limit use or are designated for use in future periods. When the donor/grantor 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. Donor/grantor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

(C) Functional Allocation of Expenses

The costs of providing the various programs, fund raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs, fund raising and other activities benefited, based upon a reasonable cost allocation formula.

(D) 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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(E) Cash and Cash Equivalents

The carrying amount of cash and cash equivalents approximates fair value and consists of cash on hand, cash held in banks, and holdings of highly liquid short-term investments which have original maturities of three months or less at the date of acquisition.

(F) Valuation of Investments

Investments of South Side Office of Concern include marketable equity securities which are carried at fair value as determined by quoted market prices. Realized and unrealized gains and losses on investments are reflected as an increase or decrease in the statement of activities, subject to any donor-imposed restrictions.

(G) Property and Equipment

Property and equipment are stated at cost or fair market value at date of donation. Major renewals and improvements are capitalized, while maintenance and repairs are expensed as incurred. Depreciation is provided for by utilizing the application of the straight-line method over the estimated useful lives of the assets as follows:

Buildings and leasehold improvements	20-39 years
House furnishings and equipment	3-5 years
Office furniture and equipment	5-7 years

When assets are retired or disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

(H) Advertising Costs

The costs of advertising are expensed to the appropriate function as incurred.

(I) Contributed Service, Assets, and Materials

A number of unpaid volunteers have made significant contributions of their time to certain program, fund raising, and administration services which support the South Side Office of Concern. The value of this contributed time is not reflected in these financial statements since the services do not require specialized skills. Donated professional services (which include accounting, legal, and information technology specialties) are reflected in the statement of activities at their fair value.

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2016

NOTE 2 GRANTS RECEIVABLE

Grants receivable at year end were composed of the following:

Illinois Department of Human Services -	
TANF	\$ 17,398
Program 820	154,428
Medicaid	2,082
Homeless	44,486
Other	5,284
Veterans Administration	30,242
Department of Housing and Urban Development	<u>29,394</u>
	\$ <u>283,314</u>

NOTE 3 ACCOUNTS RECEIVABLE - CLIENT ACCOMODATIONS

Client accommodations represent monies advanced to individuals for food, housing costs and other basic necessities that will be reimbursed to the organization at a later date. As amounts become uncollectible, they are charged to the related program expense.

NOTE 4 INVESTMENTS

The following represents investments of the South Side Office of Concern as of June 30, 2016:

Investments at Fair Value as Determined
by Quoted Market Price

Common Stock	
Valhi, Inc.	\$ 659
Titanium Metals Corporation	<u>1,089</u>
	\$ <u>1,748</u>

NOTE 5 NEW HOPE, LP

In December 2006, the Concern and Peoria Opportunities Foundation jointly purchased real estate located at 301 NE Jefferson with a Home Funds grant from the City of Peoria. In June 2007, this real estate was sold to New Hope LP for \$450,000. Peoria Opportunities Foundation relinquished all claims to the real estate, Home Funds, and any related loans.

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2016

NOTE 5 NEW HOPE, LP (continued)

In August 2007, the Concern received the final disbursement of \$62,030 from the City of Peoria for the Home Grant. These funds were subsequently loaned to New Hope LP.

In September 2007, the Concern received a \$500,000 subsidy from the Federal Home Loan Bank of Chicago to be used for the New Hope Apartments project. These funds were subsequently loaned to New Hope LP.

The Concern receives a Shelter Plus Care grant from the Peoria Housing Authority. This grant is for 30 single room occupancy units. These funds are subsequently loaned to New Hope LP. The loan balance as of June 30, 2016 is \$608,810.

NOTE 6 FUND RAISING ACTIVITIES

The South Side Office of Concern sponsored two major fund raising events during the year ended June 30, 2016. Summary financial information for these events is as follows:

Revenue	\$	45,255
Less: direct expenses		<u>(15,597)</u>
Net fund raising revenue	\$	<u>29,658</u>

NOTE 7 NET PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2016:

Houses	\$	123,986
Furnishings		61,098
Vehicles		61,340
Office furniture and equipment		294,183
Building		<u>6,226,992</u>
Total property and equipment		6,767,599
Less: accumulated depreciation		<u>(908,790)</u>
Net property and equipment	\$	<u>5,858,809</u>

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
June 30, 2016

NOTE 8 PROPERTY AND SERVICE COMMITMENTS

On April 1, 2008, South Side Office of Concern entered into a fifteen year lease agreement for office space in a building located at 301 North East Jefferson Street, Peoria, Illinois. Under the lease provisions, the lessee is responsible for monthly lease payments of \$2,881 and their pro-rata share of real estate taxes, insurance, utilities, and maintenance costs. The lease also provides for a 3% increase in base rent each year. Total rental expense incurred under this lease agreement for the year ended June 30, 2016 was \$40,383. The total of future minimum lease payments as of June 30, 2016 is \$306,020.

The future minimum lease payments for all leases at June 30, 2016 are as follows:

Year ending June 30	
2017	\$ 41,594
2018	42,842
2019	44,127
2020	45,451
2021	46,815
Thereafter	<u>85,191</u>
 Total future minimum lease payments	 \$ <u>306,020</u>

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Grants were received from FHLB and HUD for the construction of apartments for the OASIS program. These grants included provisions for the duration of the program for 15 to 20 years. This placed a restriction on the Concern for \$130,000 from each organization. These restrictions are reduced each year, beginning 10 years after their receipt.

A grant was received from FHLB for the renovation of a building for the New Hope project. This grant included a provision for the duration of the program for 15 years. This placed a restriction on the Concern for \$500,000.

A grant was received from FHLB for use in the Glendale Commons project. This grant included a provision for the duration of the program for 15 years. This placed a restriction on the Concern for \$504,000.

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
June 30, 2016

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS (continued)

Changes in temporarily restricted net assets for the year ended June 30, 2016 were:

	Beginning Balance	Revenues/ Transfers	Expenses/ Transfers	Ending Balance
OASIS Program	\$ 182,000	\$ - 0 -	\$ 13,000	\$ 169,000
New Hope Program	500,000	- 0 -	- 0 -	500,000
Glendale Commons	<u>- 0 -</u>	<u>504,000</u>	<u>- 0 -</u>	<u>504,000</u>
	<u>\$ 682,000</u>	<u>\$ 504,000</u>	<u>\$ 13,000</u>	<u>\$ 1,173,000</u>

NOTE 10 RISK MANAGEMENT

Concentrations which potentially subject South Side Office of Concern to credit and market risk consist principally of cash and cash equivalents and investments. The Concern's cash and cash equivalents and investments are deposited in a local bank or with a quality investment brokerage firm. As a result, the Concern's exposure to market and credit risk may at times be concentrated with these counterparties. The Concern has not experienced losses in any of these accounts and management does not believe South Side Office of Concern is exposed to any significant credit risk. However, the credit worthiness of these counterparties is subject to continuing review and full performance is anticipated. As of June 30, 2016, there were no amounts that were not either insured or collateralized.

NOTE 11 MAJOR FUNDING SOURCES

Current year grant revenues received by the South Side Office of Concern from the following agencies represent significant portions of total revenues.

	SSOC Only	With Glendale
Illinois Department of Human Services	22.9%	6.9%
Department of Housing and Urban Development	15.9%	5.7%
Veterans Affairs	19.3%	5.6%
Illinois Housing Development Authority	<u>0.0%</u>	<u>59.8%</u>
Total	<u>58.1%</u>	<u>78.0%</u>

A significant reduction in the level of grant support, if it were to occur, may have an effect on the programs provided.

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2016

NOTE 12 TAX DEFERRED ANNUITY

Effective August 1, 2004, the South Side Office of Concern established a Tax-Deferred Group Annuity Contract with Mutual of America Life Insurance Company in order to provide its employees the opportunity to participate in a voluntary retirement savings program. The plan is subject to Section 403(b) of the Internal Revenue Code. Eligible employees may elect to make salary reduction contributions on a pre-tax basis through payroll deduction, subject to certain limitations under the Internal Revenue Code.

NOTE 13 LONG TERM DEBT

Long term debt at June 30, 2016 consisted of the following:

Commercial mortgage payable to IFF at an interest rate of 5.50%, due in monthly installments of \$1,591, including principal and interest, secured by land and building, due April 1, 2027	\$ 154,645
Commercial mortgage payable to IFF at an interest rate of 4.50%, due in monthly installments of \$3,404, including principal and interest, secured by land and building, due April 1, 2029	393,865
Commercial mortgage payable to South Side Trust & Savings Bank at an interest rate of 3.90%, due in monthly installments of \$4,799, including principal and interest, secured by land and building, due August 2, 2018	<u>713,572</u>
Total	1,262,082
Less current portion	<u>64,261</u>
Long term debt, net	<u>\$ 1,197,821</u>

The schedule of aggregate maturities on long-term debt is as follows:

<u>June 30</u>	
2017	\$ 64,261
2018	67,157
2019	691,191
2020	39,714
2021	41,673
Thereafter	<u>358,086</u>
	<u>\$ 1,263,214</u>

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

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NOTE 14 SUBSEQUENT EVENTS

Effective in October 2016, South Side Office of Concern determined it to be necessary to terminate the Employment Services Program. This change was made due to funding and program changes.

Management has evaluated subsequent events through March 20, 2017, the date which the financial statements were available to be issued.

NOTE 15 UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require the Organization's management evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more than likely would not be sustained upon examination by applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed. There are currently no audits for any tax periods in progress.