

**SOUTH SIDE OFFICE OF CONCERN**

Audited Financial Statements

For the year ended June 30, 2017

## 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, 2017, 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, 2017, 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Illinois Department of Human Services grant report on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018, 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  
January 19, 2018

**SOUTH SIDE OFFICE OF CONCERN**

Statement of Financial Position

June 30, 2017

Assets

Current assets:

Cash and cash equivalents	\$ 77,347
Grants receivable (Note 2)	231,291
Accounts receivable - client accommodations (Note 3)	2,440
Other receivables	33,917
Prepaid expenses	13,955
Reserve accounts	<u>71,568</u>
Total current assets	<u>430,518</u>

Noncurrent assets:

Investments (Note 4)	2,341
Note receivable - New Hope LP	1,700,589
Net property and equipment (Note 7)	<u>5,893,640</u>
Total noncurrent assets	<u>7,596,570</u>

Total assets \$ 8,027,088

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 56,011
Accrued expenses and withholding	68,056
Rent deposits	10,023
Line of credit	105,000
Note payable - City of Peoria	26,000
Current portion of long term debt (Note 13)	<u>67,157</u>
Total current liabilities	<u>332,247</u>

Long term debt (Note 13) 1,130,494

Total liabilities 1,462,741

Net assets:

Unrestricted 5,365,347

Temporarily restricted:

OASIS	195,000
New Hope	500,000
Glendale Commons	<u>504,000</u>
Total net assets	<u>6,564,347</u>

Total liabilities and net assets \$ 8,027,088

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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Support:			
Grant revenue	\$ 1,705,229	-	1,705,229
Contributions	104,993	-	104,993
United Way	145,569	-	145,569
Special events, net of expenses of \$11,760	81,142	-	81,142
Donated services	63,345	-	63,345
Total support	<u>2,100,278</u>	<u>-</u>	<u>2,100,278</u>
Revenue:			
Program service revenue	209,199	-	209,199
Developer fee	65,322	-	65,322
Gain on sale of assets	2,000	-	2,000
Interest and dividend income	203	-	203
Net unrealized appreciation in fair value of	593	-	593
Total revenue	<u>277,317</u>	<u>-</u>	<u>277,317</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>2,390,595</u>	<u>(13,000)</u>	<u>2,377,595</u>
Expenses:			
Program expenses:			
New Hope	311,276	-	311,276
Monroe Manor	88,430	-	88,430
HHH	58,202	-	58,202
Community Support Services	91,484	-	91,484
Employment Services	34,349	-	34,349
OASIS	87,754	-	87,754
Glendale Commons	444,897	-	444,897
Veterans Haven	253,606	-	253,606
Outreach/rapid rehousing	312,892	-	312,892
Other	70,893	-	70,893
Total program expenses	<u>1,753,783</u>	<u>-</u>	<u>1,753,783</u>
Management and general	246,010	-	246,010
Fund raising	72,017	-	72,017
Total expenses	<u>2,071,810</u>	<u>-</u>	<u>2,071,810</u>
Increase (decrease) in net assets	318,785	(13,000)	305,785
Net assets - beginning of year	<u>5,046,562</u>	<u>1,212,000</u>	<u>6,258,562</u>
Net assets - end of year	<u>\$ 5,365,347</u>	<u>1,199,000</u>	<u>6,564,347</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, 2017

Cash flows from operating activities:	
Change in net assets	\$ 305,785
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Net unrealized appreciation in fair value of investments	(593)
Depreciation	268,789
Change in assets and liabilities:	
Decreases (increases) in current assets:	
Grants receivable	23,910
Accounts receivable - client accommodations	55,968
Receivables - other	(15,774)
Prepaid expenses	875
Reserve accounts	(10,620)
Increases (decreases) in current liabilities:	
Accounts payable	(277,705)
Accrued expenses	40,778
Rent deposits	<u>(2,633)</u>
Net cash provided by operating activities	<u>388,780</u>
Cash flows from investing activities:	
Purchase of property and equipment	(303,620)
Increase in note receivable	<u>(79,749)</u>
Net cash used by investing activities	<u>(383,369)</u>
Cash flows from financing activities:	
Principal payments on short term debt	(90,000)
Principal payments on long term debt	<u>(64,431)</u>
Net cash used by investing activities	<u>(154,431)</u>
Net decrease in cash and cash equivalents	(149,020)
Cash and cash equivalents - beginning of year	<u>226,367</u>
Cash and cash equivalents - end of year	\$ <u><u>77,347</u></u>
Supplemental data:	
Interest expense paid	\$ <u><u>60,523</u></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, 2017

	New Hope	Monroe Manor	HHH	Community Support Services	Employment Services	OASIS	Glendale Commons	Veterans Haven	Outreach/Rapid Rehousing	Other	Total Programs	Management and General	Fund Raising	Total Supporting Services	Total Expenses
Salaries	\$ 158,402	23,463	24,111	54,368	16,596	37,081	137,349	148,689	149,714	22,127	771,900	63,686	53,115	116,801	888,701
Related expenses	27,815	3,927	4,187	11,534	2,859	5,972	17,983	15,565	18,920	4,475	113,237	14,712	12,075	26,787	140,024
Total salaries and related expenses	186,217	27,390	28,298	65,902	19,455	43,053	155,332	164,254	168,634	26,602	885,137	78,398	65,190	143,588	1,028,725
Assistance	46,196	13,919	7,941	26	3,261	10,705	53,944	57,361	100,534	205	294,092	-	-	-	294,092
Occupancy	50,231	4,942	3,276	12,741	7,863	4,404	18,134	6,877	16,858	-	125,326	23,670	2,278	25,948	151,274
Repairs and maintenance	1,821	8,318	3,909	409	-	2,971	8,509	3,968	545	287	30,737	2,692	38	2,730	33,467
Insurance	3,131	2,160	1,592	1,501	58	1,889	21,659	5,197	3,871	-	41,058	4,540	524	5,064	46,122
Professional fees	5,575	1,877	2,615	2,561	462	2,077	8,331	2,552	6,997	12,321	45,368	4,092	200	4,292	49,660
Office supplies	5,751	874	908	2,668	2,242	957	2,576	1,662	2,315	-	19,953	5,964	1,611	7,575	27,528
Telephone	4,151	494	357	1,695	524	665	3,646	1,341	3,099	313	16,285	2,998	156	3,154	19,439
Postage and shipping	116	11	32	28	35	28	214	6	27	-	497	976	279	1,255	1,752
Printing and publications	452	127	127	268	72	129	273	253	476	12	2,189	408	518	926	3,115
Conference and meetings	1,524	476	390	576	223	414	1,342	337	2,902	-	8,184	1,733	122	1,855	10,039
Travel	357	751	657	238	-	905	2,512	222	2,616	35	8,293	1,557	49	1,606	9,899
Dues, license, and	4,166	1,497	1,567	2,127	41	1,401	3,244	1,469	2,750	-	18,262	1,045	73	1,118	19,380
Contracted labor	737	1,203	2,071	172	-	481	9,935	2,441	94	31,022	48,156	25,624	47	25,671	73,827
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	11,112	-	-	-	11,112	-	-	-	11,112
Interest expense	-	7,373	-	-	-	729	87	-	-	-	8,189	7,469	-	7,469	15,658
Miscellaneous	686	293	332	572	113	325	1,091	399	1,174	96	5,081	1,919	932	2,851	7,932
Total expenses before depreciation	311,111	71,705	54,072	91,484	34,349	71,133	301,941	248,339	312,892	70,893	1,567,919	163,085	72,017	235,102	1,803,021
Depreciation	165	16,725	4,130	-	-	16,621	142,956	5,267	-	-	185,864	82,925	-	82,925	268,789
Total expenses	\$ 311,276	88,430	58,202	91,484	34,349	87,754	444,897	253,606	312,892	70,893	1,753,783	246,010	72,017	318,027	2,071,810

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



**SOUTH SIDE OFFICE OF CONCERN**  
Notes to Financial Statements  
June 30, 2017

**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 five different Permanent Supportive Housing programs totaling 125 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, 2017

**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.

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. 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.

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. In October 2016, it was determined necessary to terminate this program. This change was made due to funding and program changes.

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, 2017

**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, 2017

**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, 2017

**NOTE 2 GRANTS RECEIVABLE**

Grants receivable at year end were composed of the following:

Illinois Department of Human Services -		
Program 820	\$	77,216
Homeless		4,063
Other		2,789
Illinois Department of Health & Family Services		
Medicaid		1,730
Veterans Administration		24,474
Department of Housing and Urban Development		56,639
Continuum of Care		30,000
Other		<u>34,380</u>
	\$	<u>231,291</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, 2017:

Investments at Fair Value as Determined by Quoted Market Price		
Common Stock		
Valhi, Inc.	\$	1,252
Titanium Metals Corporation		<u>1,089</u>
	\$	<u>2,341</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, 2017

### 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. Subsequent to June 30, 2017, the Concern is no longer a sub-recipient and receives this grant directly from the U.S. Department of Housing and Urban Development. 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, 2017 is \$688,559.

### NOTE 6 FUND RAISING ACTIVITIES

The South Side Office of Concern sponsored three major fund raising events during the year ended June 30, 2017. Summary financial information for these events is as follows:

Revenue	\$	92,902
Less: direct expenses		<u>(11,760)</u>
Net fund raising revenue	\$	<u>81,142</u>

### NOTE 7 NET PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2017:

Houses	\$	123,986
Furnishings		53,398
Vehicles		83,046
Office furniture and equipment		304,605
Building		<u>6,498,483</u>
Total property and equipment		7,063,518
Less: accumulated depreciation		<u>(1,169,878)</u>
Net property and equipment	\$	<u>5,893,640</u>

## SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2017

### 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, 2017 was \$41,594. The total of future minimum lease payments as of June 30, 2017 is \$264,426.

The future minimum lease payments for all leases at June 30, 2017 are as follows:

Year ending June 30	
2018	\$ 42,842
2019	44,127
2020	45,451
2021	46,815
2022	48,219
Thereafter	<u>36,972</u>
Total future minimum lease payments	\$ <u>264,426</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. The restriction for the HUD funds is reduced each year, beginning 10 years after their receipt. Subsequent to June 30, 2017, the restriction for the FHLB funds was removed.

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, 2017

**NOTE 9 TEMPORARILY RESTRICTED NET ASSETS (continued)**

Changes in temporarily restricted net assets for the year ended June 30, 2017 were:

	Beginning Balance	Revenues/ Transfers	Expenses/ Transfers	Ending Balance
OASIS Program	\$ 208,000	\$ - 0 -	\$ 13,000	\$ 195,000
New Hope Program	500,000	- 0 -	- 0 -	500,000
Glendale Commons	<u>504,000</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>504,000</u>
	<u>\$1,212,000</u>	<u>\$ - 0 -</u>	<u>\$ 13,000</u>	<u>\$ 1,199,000</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, 2017, 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	18.7%	15.7%
Department of Housing and Urban Development	22.2%	23.2%
Veterans Affairs	17.5%	13.2%
Illinois Housing Development Authority	<u>0.1%</u>	<u>12.3%</u>
Total	<u>58.5%</u>	<u>64.4%</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, 2017

**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, 2017 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	\$ 143,706
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	370,255
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>683,690</u>
Total	1,197,651
Less current portion	<u>67,157</u>
Long term debt, net	<u>\$ 1,130,494</u>

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

<u>June 30</u>	
2018	\$ 67,157
2019	691,191
2020	39,714
2021	41,673
2022	43,729
Thereafter	<u>314,187</u>
	<u>\$ 1,197,651</u>

**SOUTH SIDE OFFICE OF CONCERN**  
Notes to Financial Statements  
June 30, 2017

**NOTE 14 SUBSEQUENT EVENTS**

In July 2017, the Concern received a conditional commitment letter from the Illinois Housing Development Authority for funding of a new project. This project is to develop apartment units in the building located at 202 NE Madison St.

Management has evaluated subsequent events through January 19, 2018, 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, 2017, 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 2014, 2015, and 2016 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.

State of Illinois  
 Department of Human Services  
 Grant Allowable Cost Summary

GRANT REPORT for the period July 1 through June 30, 2017

AGENCY NAME: South Side Office of Concern

FEIN: 37-1173520

	DHS GRANT-FUNDED SERVICES					All other Programs	Mgmt & General	Total
	Program 1	Program 2	Program 3	Program 4	Program 5			
Program Name/Number/Contract Number/Other Identification	Prg 820	Supportive						
A Direct Program expenses	457,232	891,999	-			639,043	246,010	2,234,284
B Allocate Management and General Costs (Note 1)	50,345	98,215	-			97,450	(246,010)	-
C SUBTOTAL A + B	507,577	990,214	-			736,493	- 0 -	2,234,284
D Subtract Unallowable costs per page 2	30,347	2,847						
E Add other approved uses (attach documentation)								
F TOTAL Allowable costs	477,230	987,367						
G Special provisions (see instructions)								
H Interest Earned (see instructions)								

NOTE 1: Management and General costs are allocated based on: \_\_\_\_\_ direct salaries, \_\_\_X\_\_\_ total direct costs, \_\_\_\_\_ other basis (attach explanation).