

SOUTH SIDE OFFICE OF CONCERN
AUDITED FINANCIAL STATEMENTS

For the year ended June 30, 2019

SOUTH SIDE OFFICE OF CONCERN

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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, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2019, 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 February 24, 2020, 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.



Canton, Illinois
February 24, 2020

SOUTH SIDE OFFICE OF CONCERN
Statement of Financial Position
June 30, 2019

Assets

Current assets:

Cash and cash equivalents	\$	174,432
Grants receivable (Note 2)		247,637
Accounts receivable - client accommodations (Note 3)		9,752
Other receivables		41,098
Prepaid expenses		14,773
Reserve accounts		<u>117,130</u>
Total current assets		<u>604,822</u>

Noncurrent assets:

Investments (Note 5)		2,303
Note receivable - New Hope LP (Note 6)		1,012,030
Net property and equipment (Note 7)		7,539,987
Escrow Funds		<u>100</u>
Total noncurrent assets		<u>8,554,420</u>

Total assets \$ 9,159,242

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$	111,794
Accrued expenses and withholding		58,731
Rent deposits		12,034
Deferred revenue		24,168
Line of credit		225,000
Note payable - City of Peoria		26,000
Current portion of long term debt (Note 12)		<u>50,307</u>
Total current liabilities		<u>508,034</u>

Long term debt (Note 12) 442,135

Total liabilities 950,169

Net assets:

Without donor restrictions 7,166,073

With donor restrictions:

OASIS 39,000

New Hope 500,000

Glendale Commons 504,000

Total net assets 8,209,073

Total liabilities and net assets \$ 9,159,242

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, 2019

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Support:			
Grant revenue	\$ 2,096,202	-	2,096,202
Contributions	199,842	-	199,842
United Way	146,482	-	146,482
Special events, net of expenses of \$9,245	88,958	-	88,958
Donated services	<u>63,298</u>	<u>-</u>	<u>63,298</u>
Total support	<u>2,594,782</u>	<u>-</u>	<u>2,594,782</u>
Revenue:			
Program service revenue	2,219,652	-	2,219,652
Developer fee	-	-	-
Gain on sale of fixed assets	-	-	-
Interest and dividend income	1,720	-	1,720
Net unrealized appreciation in fair value of	<u>(785)</u>	<u>-</u>	<u>(785)</u>
Total revenue	<u>2,220,587</u>	<u>-</u>	<u>2,220,587</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>4,828,369</u>	<u>(13,000)</u>	<u>4,815,369</u>
Expenses:			
Program expenses:			
New Hope	499,616	-	499,616
Monroe Manor	95,211	-	95,211
HHH	72,186	-	72,186
Community Support Services	149,920	-	149,920
DHS Homeless Services	395,386	-	395,386
OASIS	91,763	-	91,763
Glendale Commons	475,300	-	475,300
Veterans Haven	296,138	-	296,138
Madison Apartments I	90,980	-	90,980
Madison Apartments II	18,667	-	18,667
Community Development	12,417	-	12,417
Outreach/rapid rehousing	542,926	-	542,926
Other	<u>72,654</u>	<u>-</u>	<u>72,654</u>
Total program expenses	2,813,163	-	2,813,163
Management and general	295,127	-	295,127
Fund raising	<u>76,075</u>	<u>-</u>	<u>76,075</u>
Total expenses	<u>3,184,365</u>	<u>-</u>	<u>3,184,365</u>
Increase (decrease) in net assets	1,644,004	(13,000)	1,631,004
Net assets - beginning of year	<u>5,522,069</u>	<u>1,056,000</u>	<u>6,578,069</u>
Net assets - end of year	<u>\$ 7,166,073</u>	<u>1,043,000</u>	<u>8,209,073</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, 2019

Cash flows from operating activities:	
Change in net assets	\$ 1,631,004
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Net unrealized appreciation in fair value of investments	785
Depreciation	300,200
Change in assets and liabilities:	
Decreases (increases) in current assets:	
Grants receivable	(165,587)
Accounts receivable - client accommodations	(1,449)
Receivables - other	3,139
Prepaid expenses	2,257
Reserve accounts	(25,579)
Increases (decreases) in current liabilities:	
Accounts payable	(28,582)
Accrued expenses	134
Rent deposits	1,940
Deferred revenue	<u>24,168</u>
Net cash provided by operating activities	<u>1,742,430</u>
Cash flows from investing activities:	
Purchase of property and equipment	(1,759,267)
Increase in escrow	<u>-</u>
Net cash used by investing activities	<u>(1,759,267)</u>
Cash flows from financing activities:	
Proceeds from short term debt	120,000
Principal payments on short term debt	-
Principal payments on long term debt	<u>(48,061)</u>
Net cash used by financing activities	<u>71,939</u>
Net increase in cash and cash equivalents	55,102
Cash and cash equivalents - beginning of year	<u>119,330</u>
Cash and cash equivalents - end of year	\$ <u><u>174,432</u></u>
Supplemental data:	
Interest expense paid	\$ <u><u>23,264</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, 2019

	New Hope	Monroe Manor	HHH	Community Support Services	DHS Homeless Services	OASIS	Glendale Commons	Veterans Haven	Madison Apts I	Madison Apts II	Community Development	Outreach/ Rapid Rehousing	Other	Total Programs	Management and General	Fund Raising	Total Supporting Services	Total Expenses
Salaries	\$ 227,940	35,718	30,312	42,440	288,507	40,232	144,055	163,415	-	-	7,138	246,551	14,273	1,240,581	89,940	52,857	142,798	1,383,379
Related expenses	38,897	5,952	5,496	8,200	50,456	6,740	24,546	19,587	-	-	1,303	41,902	2,415	205,493	17,176	13,012	30,187	235,681
Retirement	3,314	584	530	876	4,891	619	2,095	1,071	-	-	187	3,209	1,820	19,205	2,042	1,101	3,143	22,347
Total salaries and related expenses	270,151	42,254	36,337	51,516	343,854	47,590	170,696	184,073	-	-	8,628	291,663	18,517	1,465,279	109,158	66,970	176,127	1,641,406
Assistance	146,334	13,091	9,246	74,627	20	10,477	66,448	79,790	6,925	-	-	193,195	11,444	611,596	52,098	-	52,098	663,694
Occupancy	37,038	3,981	3,445	7,788	1,035	3,474	17,079	3,821	3,070	-	55	16,063	525	97,374	10,641	1,692	12,334	109,708
Repairs and Insurance	1,395	11,262	3,354	116	252	1,913	15,932	6,740	1,846	275	-	505	2,105	45,694	7,456	36	7,492	53,186
Professional fees	2,184	2,767	6,211	2,981	2,574	2,332	23,116	2,781	5,339	-	-	6,984	324	59,593	3,081	899	3,979	63,573
Office supplies	5,305	1,821	1,931	2,488	1,492	1,931	5,253	2,829	528	17,878	-	8,385	3,608	51,448	7,472	220	7,692	59,140
Telephone	5,322	1,104	1,221	3,256	359	1,258	2,424	1,544	939	-	-	4,188	123	21,739	15,344	4,814	20,158	41,897
Postage and shipping	6,510	707	591	2,350	3,896	902	3,495	3,800	70	-	21	7,221	13	29,574	4,084	265	4,349	33,923
Printing and	36	15	9	51	10	9	250	49	33	-	41	172	1	676	932	133	1,065	1,741
Conference and	427	143	143	304	-	143	286	286	24	-	24	567	3	2,324	488	143	650	2,955
Travel	2,074	677	559	1,101	21	626	1,544	671	475	-	1,691	4,652	-	14,089	6,312	25	6,337	20,425
Dues, license, and	4,230	807	1,038	765	3,813	721	1,948	543	303	4	1,381	2,911	(1)	14,378	1,633	119	1,752	16,131
Contracted labor	993	2,284	3,115	178	30,826	399	8,018	2,672	2,899	-	600	2,482	32	14,318	822	242	1,064	15,382
Developer fees	-	-	-	-	-	-	-	-	-	-	-	1,572	32,406	85,360	927	36	963	86,323
Management fees	15,250	-	-	-	-	-	6,000	-	3,778	-	-	-	-	25,028	-	-	-	25,028
Interest expense	-	5,999	-	759	699	593	25	5,905	-	-	-	-	-	13,981	9,283	-	9,283	23,264
Miscellaneous	1,446	214	221	353	6,177	241	1,676	516	74	510	-	2,369	1,191	14,989	10,919	481	11,400	26,389
Total expenses before depreciation	499,616	87,767	68,047	149,195	395,386	73,383	326,159	290,850	32,758	18,667	12,417	542,926	70,291	2,567,441	240,649	76,075	316,724	2,884,165
Depreciation	-	7,444	4,139	725	-	18,380	149,142	5,288	58,243	-	-	-	2,362	245,722	54,477	-	54,477	300,200
Total expenses	\$ 499,616	\$ 95,211	\$ 72,186	\$ 149,920	\$ 395,386	\$ 91,763	\$ 475,300	\$ 296,138	\$ 90,980	\$ 18,667	\$ 12,417	\$ 542,926	\$ 72,654	\$ 2,813,163	\$ 295,127	\$ 76,075	\$ 371,202	\$ 3,184,365

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, 2019

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 six different Permanent Supportive Housing programs totaling 143 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 an 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, 2019

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

This program is a permanent supportive housing development comprised of 28 total housing units which includes 14 1-bedroom units, 4 2-bedroom units, and 10 3-bedroom units. The program serves the following special populations: (1) homeless families with at least one person in the household with a disabling condition, (2) homeless single adults with a disabling condition, (3) homeless adult couples with at least one person in the household with a disabling condition, and (4) single adults with a serious mental illness identified as class members of the *Williams Consent Decree* who are being provided access to community-based supportive housing rather than institutionalization. This program is primarily funded through grants from the U.S. Department of Housing and Urban Development (HUD), the Illinois Department of Human Services, the Heart of Illinois United Way, and tenant rents. Glendale Commons, 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.

DHS Homeless Supportive Services Expansion

This program is completely funded by the Illinois Department of Human Services and provides a range of supportive services to *all* homeless persons/families residing in any of SSOC's other supportive housing programs. Services include training and life skills development, workforce development and job placement, access to mainstream benefits, counseling, and advocacy.

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.

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(A) Nature of Organization (continued)

Community & Housing Development

This program focuses on: (1) creating both housing and economic development projects for low income residents with related social services opportunities; (2) providing guidance and technical assistance to build leadership capacity, to improve the quality of life and well-being in the community, and to effectively increase resident input to ensure broader participation; and (3) developing partnerships with the public and private sectors to identify and pursue economic development opportunities which generate income back into low income communities (i.e. developing real estate, attracting businesses, forming new businesses and/or social enterprises, workforce development, financial literacy, summer work programs, etc.). These services are funded through a combination of corporate, government, and private sources that focus specifically on community development.

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.

Madison Apartments

Madison Apartments provides 8 1-bedroom and 2 2-bedroom apartments serving adults and families experiencing homelessness and/or at risk of homelessness. The program is funded by the Illinois Housing Development Authority's Long Term Operating Support (LTOS), a rental assistance program, tenant rents, and the Illinois Department of Human Services. Madison Apartments, LLC was formed as the single asset entity with SSOC as the sole member to administer this program.

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(B) Basis of Presentation (continued)

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 donor 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, donor restricted net assets are reclassified to net assets without donor restrictions. Donor/grantor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

(C) Functional Allocation of Expenses

The costs of providing the various programs, fundraising 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, fundraising 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.

(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.

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(J) Income Taxes (continued)

South Side Office of Concern was granted permanent exemption from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code in 1987. The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes. Management has evaluated tax positions taken by the Organization and has concluded that South Side Office of Concern had taken no uncertain tax positions that would require recognition of a liability or disclosure in the financial statements.

The Organization's Forms 990, Return of Organization Exempt from Income Tax 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. SSOC believes it is no longer subject to tax examinations for tax years ending prior to June 30, 2016.

NOTE 2 GRANTS RECEIVABLE

Grants receivable at year end were composed of the following:

Illinois Department of Human Services -	
ESG	7,288
Homeless Services	39,347
Illinois Department of Health & Family Services	
Medicaid	1,380
Illinois Department of Veterans Affairs	68,038
U.S. Department of Veterans Affairs	26,802
U.S. Dept of Housing and Urban Development	58,754
Illinois Housing and Development Authority	38,738
Other	<u>7,290</u>
	\$ <u>247,637</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.

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2019

NOTE 4 FUND RAISING ACTIVITIES

The South Side Office of Concern sponsored three major fundraising events during the year ended June 30, 2019. Summary financial information for these events is as follows:

Revenue	\$	98,203
Less: direct expenses		<u>(9,245)</u>
Net fundraising revenue	\$	<u>88,958</u>

NOTE 5 INVESTMENTS

The fair value measurement literature establishes a value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than the quoted prices included in Level 1, and Level 3 inputs are unobservable inputs and, thus, have the lowest priority. SSOC uses Level 1 inputs. Shares of common stock are valued at quoted market prices, which represent the net asset value of shares held by SSOC at year end.

The following represents investments of the South Side Office of Concern as of June 30, 2019:

Common Stock		
Valhi, Inc.	\$	1,214
Titanium Metals Corporation		<u>1,089</u>
	\$	<u>2,303</u>

NOTE 6 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.

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.

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
June 30, 2019

NOTE 7 NET PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2019:

Houses	\$	151,671
Furnishings		75,394
Vehicles		135,081
Office furniture and equipment		329,122
Buildings		<u>8,467,439</u>
Total property and equipment		9,264,434
Less: accumulated depreciation		<u>(1,618,720)</u>
Net property and equipment	\$	<u>7,539,987</u>

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, 2019 was \$44,127. The total of future minimum lease payments as of June 30, 2019 is \$177,457.

The future minimum lease payments for all leases at June 30, 2019 are as follows:

Year ending June 30		
2020	\$	45,451
2021		46,815
2022		48,219
2023		36,972
2024		- 0 -
Thereafter		<u>- 0 -</u>
Total future minimum lease payments	\$	<u>177,457</u>

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
June 30, 2019

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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. Prior to June 30, 2018, 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.

Changes in temporarily restricted net assets for the year ended June 30, 2019 were:

	Beginning Balance	Revenues/ Transfers	Expenses/ Transfers	Ending Balance
OASIS Program	\$ 52,000	\$ - 0 -	\$ 13,000	\$ 39,000
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>\$1,056,000</u>	<u>\$ - 0 -</u>	<u>\$ 13,000</u>	<u>\$ 1,043,000</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, 2019, there were no amounts that were not either insured or collateralized.

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
June 30, 2019

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	Total
Illinois Department of Human Services	28.8%	16.4%
Department of Housing and Urban Development	26.6%	17.8%
Veterans Affairs	15.1%	8.2%
Illinois Housing Development Authority	<u>0.0%</u>	<u>37.7%</u>
Total	<u>70.5%</u>	<u>80.1%</u>

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

NOTE 12 LONG TERM DEBT

Long term debt at June 30, 2019 consisted of the following:

Commercial mortgage payable to IFF at an interest rate of 5.25%, due in monthly installments of \$1,591, including principal and interest, secured by land and building, due April 1, 2027	\$ 119,769
Commercial mortgage payable to Busey Bank at an interest rate of 4.50%, due in monthly installments of \$4,799, including principal and interest, secured by land and building, due June 2, 2023	356,287
Commercial note payable to Busey Bank at an interest rate of 3.75%, due in monthly installments of \$408, including principal and interest, secured by a vehicle, due January 25, 2023	<u>16,386</u>
Total	492,442
Less current portion	<u>50,307</u>
Long term debt, net	<u>\$ 442,135</u>

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
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NOTE 12 LONG TERM DEBT (continued)

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

<u>June 30</u>	
2020	\$ 50,307
2021	52,718
2022	55,246
2023	271,414
2024	15,942
Thereafter	<u>46,815</u>
	<u>\$ 492,442</u>

NOTE 13 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.

Effective June 1, 2019, the South Side Office of Concern established a 403(b) Plan with Alliance Benefit Group in order to provide its employees an additional opportunity to participate in a retirement savings program. The plan is subject to Section 403(b) of the Internal Revenue Code. All eligible employees are enrolled in the plan with an employer defined contribution equal to 1% of the employee's compensation. In addition to the defined contribution, eligible employees may elect to make salary reduction contributions on a pre-tax basis through payroll deductions, subject to certain limitations under the Internal Revenue Code. Eligible employees are given a discretionary contribution equal to the employee's voluntary contribution up to an additional 2%

NOTE 14 SUBSEQUENT EVENTS

South Side Office of Concern was approved on January 17, 2020 for \$5,512,032 in capital funding from the Illinois Housing Development Authority to develop a new 24-unit apartment complex to provide supportive housing for persons experiencing homelessness and/or at risk of homelessness.

Management has evaluated subsequent events through February 24, 2020, the date which the financial statements were available to be issued.

SOUTH SIDE OFFICE OF CONCERN
Notes to Financial Statements
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NOTE 15 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year end	
Cash and cash equivalents	\$ 174,432
Receivables	97,103
Reserve accounts	117,130
Investments	2,303
Escrow accounts	<u>100</u>
	391,068
Less those unavailable for general expenditures within one year, due to:	
Contractual obligations	
Amounts set aside for reserve and escrow payments	<u>117,230</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 273,838</u>

In addition to the above amounts, the Organization has the ability to request, and receive, grant funds to pay program operating expenses and specific assistance for clients as needed.

NOTE 16 NEW STANDARDS IMPLEMENTED

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. South Side Office of Concern has implemented this standard for the year ended June 30, 2019 and has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively. The new standards change the following aspects of the Organization’s financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions
- The unrestricted net asset class has been renamed net assets without donor restrictions
- The financial statements include a new disclosure about liquidity and availability of resources (Note 15)