

SOUTH SIDE OFFICE OF CONCERN
AUDITED FINANCIAL STATEMENTS

For the year ended June 30, 2020

SOUTH SIDE OFFICE OF CONCERN

INDEX

	<u>Page</u>
Independent Auditor's Report	3 – 4
Financial Statements:	
Statement of Financial Position	5
Statement of Activities	6
Statement of Cash Flows	7
Statement of Functional Expenses	8
Notes to Financial Statements	9 – 21
Supplemental Information	
Schedule of Expenditures of Federal Awards	22
Notes to the Schedule of Expenditures of Federal Awards	23 – 24
Schedule of Findings and Questioned Costs	25
Summary Schedule of Prior Audit Findings	26
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27 – 28
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	29 – 30

JOSHUA S. RICHARDSON, CPA, P.C.

143 W. Chestnut St
Canton, Illinois 61520
(309)647-0689 Phone
(309)647-0047 Fax

Certified Public Accountant

2308 W. Altorfer Dr.
Peoria, Illinois 61615
(309)692-3190 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, 2020, 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, 2020, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 February 22, 2021, 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 22, 2021

SOUTH SIDE OFFICE OF CONCERN

Statement of Financial Position

June 30, 2020

Assets

Current assets:

Cash and cash equivalents	\$ 540,201
Grants receivable (Note 2)	340,254
Accounts receivable - client accommodations (Note 3)	6,498
Other receivables	30,914
Prepaid expenses	8,055
Reserve accounts	<u>204,994</u>
Total current assets	<u>1,130,916</u>

Noncurrent assets:

Investments (Note 4)	1,456
Note receivable - New Hope LP (Note 5)	1,012,030
Net property and equipment (Note 6)	<u>7,262,050</u>
Total noncurrent assets	<u>8,275,536</u>

Total assets \$ 9,406,452

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 191,744
Accrued expenses and withholding	85,765
Rent deposits	11,149
Deferred revenue	-
Line of credit	225,000
Note payable - City of Peoria	26,000
Current portion of long term debt (Note 11)	<u>55,474</u>
Total current liabilities	<u>595,132</u>

Long term debt (Note 11) 390,724

Total liabilities 985,856

Net assets:

Without donor restrictions 4,590,596

With donor restrictions:

OASIS	26,000
New Hope	500,000
Glendale Commons	504,000
202 Madison	<u>2,800,000</u>
Total net assets	<u>8,420,596</u>

Total liabilities and net assets \$ 9,406,452

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, 2020

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Support:			
Grant revenue	\$ 2,613,880	-	2,613,880
Contributions	247,588	-	247,588
United Way	322,346	-	322,346
Covid 19 Grants	405,320	-	405,320
Special events, net of expenses of \$14,146	87,574	-	87,574
Donated services	<u>136,132</u>	-	<u>136,132</u>
Total support	<u>3,812,840</u>	-	<u>3,812,840</u>
Revenue:			
Program service revenue	360,987	-	360,987
Interest and dividend income	1,167	-	1,167
Net unrealized appreciation in fair value of	<u>(847)</u>	-	<u>(847)</u>
Total revenue	<u>361,307</u>	-	<u>361,307</u>
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>13,000</u>	<u>(13,000)</u>	-
Total support, revenue, and reclassifications	<u>4,187,147</u>	<u>(13,000)</u>	<u>4,174,147</u>
Expenses:			
Program expenses:			
New Hope	459,218	-	459,218
Monroe Manor	86,550	-	86,550
HHH	72,475	-	72,475
Community Support Services	163,617	-	163,617
DHS Homeless Services	490,925	-	490,925
OASIS	89,699	-	89,699
Glendale Commons	468,288	-	468,288
Veterans Haven	290,052	-	290,052
Madison Apartments I	183,261	-	183,261
Madison Apartments II	120,717	-	120,717
Community Development	44,335	-	44,335
Outreach/Rapid Rehousing	550,665	-	550,665
Covid 19 Relief	472,316	-	472,316
Other	<u>91,258</u>	-	<u>91,258</u>
Total program expenses	3,583,377	-	3,583,377
Management and general	322,174	-	322,174
Fund raising	<u>57,073</u>	-	<u>57,073</u>
Total expenses	<u>3,962,624</u>	-	<u>3,962,624</u>
Increase (decrease) in net assets	224,523	(13,000)	211,523
Net assets - beginning of year, as restated	<u>4,366,073</u>	<u>3,843,000</u>	<u>8,209,073</u>
Net assets - end of year	\$ <u>4,590,596</u>	<u>3,830,000</u>	<u>8,420,596</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, 2020

Cash flows from operating activities:	
Change in net assets	\$ 211,523
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Net unrealized appreciation in fair value of investments	847
Depreciation	349,119
Change in assets and liabilities:	
Decreases (increases) in current assets:	
Grants receivable	(89,837)
Accounts receivable - client accommodations	3,254
Receivables - other	7,404
Prepaid expenses	6,718
Reserve accounts	(87,864)
Increases (decreases) in current liabilities:	
Accounts payable	79,950
Accrued expenses	27,034
Rent deposits	(885)
Deferred revenue	<u>(24,168)</u>
Net cash provided by operating activities	<u>483,094</u>
Cash flows from investing activities:	
Purchase of property and equipment	(71,181)
Decrease in escrow	<u>100</u>
Net cash used by investing activities	<u>(71,081)</u>
Cash flows from financing activities:	
Principal payments on long term debt	<u>(46,244)</u>
Net cash used by financing activities	<u>(46,244)</u>
Net increase in cash and cash equivalents	365,769
Cash and cash equivalents - beginning of year	<u>174,432</u>
Cash and cash equivalents - end of year	\$ <u>540,201</u>
Supplemental data:	
Interest expense paid	\$ <u>25,004</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, 2020

	New Hope	Monroe Manor	HHH	Community Support Services	DHS Homeless Services	O.A.S.I.S.	Glendale Commons	Veterans Haven	Madison Apts. I	Madison Apts. II	Community Development	Outreach/Rapid Rehousing	Covid 19 Relief	Other	Total Programs	Management and General	Fund Raising	Total Supporting Services	Total Expenses
Salaries	\$ 212,256	33,281	26,836	44,764	327,324	33,586	118,013	150,513	-	-	34,096	231,782	160,674	36,734	1,409,859	43,502	34,769	78,271	1,488,130
Related expenses	41,671	5,430	4,864	9,655	62,852	5,777	21,480	22,082	-	-	5,917	42,001	21,203	5,543	248,477	9,256	8,907	18,163	266,639
Retirement	5,908	855	756	1,565	9,387	950	3,258	1,726	-	-	575	7,422	1,505	796	34,504	1,151	1,085	2,237	36,741
Total salaries and related expenses	229,836	39,566	32,457	55,784	399,564	40,313	142,751	174,321	-	-	40,588	281,205	183,382	43,074	1,692,839	53,909	44,762	98,670	1,791,509
Assistance	134,042	10,250	11,782	83,785	17,993	10,110	75,785	75,478	13,918	-	-	217,070	288,918	346	939,477	136,132	-	136,132	1,075,610
Occupancy	32,846	3,740	3,296	6,695	8,128	3,577	23,877	3,720	17,247	-	144	15,700	-	7,769	126,738	6,078	2,150	8,229	134,967
Repair and maintenance	621	6,495	5,859	176	26	3,210	18,451	6,784	4,578	-	299	173	-	16	46,688	2,152	21	2,173	48,860
Insurance	2,772	4,315	7,115	1,915	4,183	3,211	22,157	4,563	5,852	-	299	6,572	-	2,041	64,696	3,754	727	4,480	69,177
Professional fees	6,534	2,668	2,622	3,984	16,146	2,736	7,424	4,927	3,988	120,717	1,254	13,405	-	604	186,990	14,731	1,352	16,083	203,073
Office supplies	4,341	994	1,088	3,276	28,046	1,138	2,650	1,819	733	-	237	4,033	-	18	48,374	9,301	6,535	15,836	64,210
Telephone	5,611	514	481	1,790	5,433	2,525	2,565	3,155	649	-	276	6,743	-	40	29,782	5,854	411	6,265	36,047
Postage and shipping	-	30	10	103	1	20	228	10	49	-	5	236	-	-	689	1,281	123	1,403	2,092
Printing and publications	475	185	185	475	33	185	472	352	83	-	5	646	-	-	3,090	423	185	608	3,698
Conference and meetings	1,592	608	449	1,138	32	465	6,590	747	189	-	1,332	1,086	16	32	14,276	4,030	140	4,170	18,446
Travel	135	273	230	386	3,672	281	7,131	527	197	-	31	741	-	13	13,617	2,706	106	2,812	16,429
Dues, license, and contracted labor	1,448	655	859	315	5,414	657	1,478	820	652	-	170	2,323	-	-	14,790	7,693	204	7,897	22,687
Management fees	235	1,081	1,833	35	35	826	5,819	4,165	33,222	-	-	88	-	34,185	81,523	180	-	183	81,706
Interest expense	7,750	-	-	-	-	-	84	3	3,799	-	-	-	-	-	7,750	-	-	-	7,750
Miscellaneous	980	4,975	-	284	260	148	1,376	366	972	-	-	643	-	2	9,892	15,112	355	15,112	25,004
Total expenses before depreciation	459,218	78,791	68,418	160,139	489,506	69,892	318,837	281,756	86,108	120,717	44,335	550,665	472,316	88,139	3,288,838	267,595	57,073	324,668	3,613,506
Depreciation	-	7,759	4,057	3,478	1,419	19,807	149,451	8,297	97,153	-	-	-	-	3,119	294,539	54,579	-	54,579	349,119
Total expenses	\$ 459,218	86,550	72,475	163,617	490,925	89,699	468,288	290,052	183,261	120,717	44,335	550,665	472,316	91,258	3,583,377	322,174	57,073	379,247	3,962,624

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, 2020

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 141 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, 2020

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 3 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 Housing & Support Services Program

This program provides for a combination of housing assistance, behavioral health services and fiduciary payeeship for persons with mental illness or developmental disabilities facing housing stability challenges. Housing stability is achieved through the attainment of permanent housing available on the rental market through a network of landlords. Assistance may include 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. These programs and services are funded by the Illinois Department of Human Services, the U.S. Department of Housing and Urban Development (HUD), and the U.S. Social Security Administration

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.

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2020

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.

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. These programs and services are funded by the Illinois Department of Human Services, the U.S. Department of Housing and Urban Development (HUD), and the City of Peoria.

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(A) **Nature of Organization (continued)**

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.

(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 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) **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, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(E) 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.

(F) 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
Vehicles	5 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.

(G) Advertising Costs

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

(H) 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, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Income Taxes

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, 2017.

(J) 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.

NOTE 2 GRANTS RECEIVABLE

Grants receivable at year end were composed of the following:

Illinois Department of Human Services -	
ESG	26,653
Homeless Services	28,470
PATH	15,154
Program 820	29,373
Illinois Department of Health & Family Services	
Medicaid	1,601
U.S. Department of Veterans Affairs	32,259
U.S. Dept of Housing and Urban Development	3,606
City of Peoria - ESG	3,971
Heart of Illinois United Way	190,000
Other	<u>9,167</u>
	\$ <u>340,254</u>

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2020

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 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, 2020:

Common Stock		
Valhi, Inc.	\$	367
Titanium Metals Corporation		<u>1,089</u>
	\$	<u><u>1,456</u></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.

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, 2020

NOTE 6 NET PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2020:

Houses	\$	195,837
Furnishings		36,484
Vehicles		145,098
Office furniture and equipment		377,978
Buildings		<u>8,474,491</u>
Total property and equipment		9,229,888
Less: accumulated depreciation		<u>(1,967,838)</u>
Net property and equipment	\$	<u>7,262,050</u>

NOTE 7 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, 2020 was \$45,451. The total of future minimum lease payments as of June 30, 2020 is \$132,006.

The future minimum lease payments for all leases at June 30, 2020 are as follows:

Year ending June 30		
2021	\$	46,815
2022		48,219
2023		36,972
2024		- 0 -
2025		- 0 -
Thereafter		<u>- 0 -</u>
Total future minimum lease payments	\$	<u>132,006</u>

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2020

NOTE 8 FUND RAISING ACTIVITIES

The South Side Office of Concern sponsored three major fundraising events during the year ended June 30, 2020. Summary financial information for these events is as follows:

Revenue	\$	101,720
Less: direct expenses		<u>(14,146)</u>
Net fundraising revenue	\$	<u>87,574</u>

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.

A Trust Fund Loan was received from Illinois Housing Development Authority for the renovation of a building for the 202 Madison project. This loan included a provision for the duration of the program for 15 years, at which time the loan will be forgiven. This placed a restriction on the Concern for \$2,800,000.

Changes in temporarily restricted net assets for the year ended June 30, 2020 were:

	Beginning Balance	Revenues/ Transfers	Expenses/ Transfers	Ending Balance
OASIS Program	\$ 39,000	\$ - 0 -	\$ 13,000	\$ 26,000
New Hope Program	500,000	- 0 -	- 0 -	500,000
Glendale Commons	504,000	- 0 -	- 0 -	504,000
202 Madison	<u>2,800,000</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>2,800,000</u>
	<u>\$3,843,000</u>	<u>\$ - 0 -</u>	<u>\$ 13,000</u>	<u>\$ 3,830,000</u>

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2020

NOTE 10 IDHA OPERATING AGREEMENT FOR 2020 MADISON

A Trust Fund Loan was received from Illinois Housing Development Authority for the renovation of a building for the 202 Madison project. One of the agreements related to this forgivable loan was the allocation of net cash flow at the end of each period. The net cash flow at the end of each period is to be allocated as follows: 50% is placed into the Operating Reserve; 25% is applied to the loan balance; and 25% is retained by the Concern.

NOTE 11 LONG TERM DEBT

Long term debt at June 30, 2020 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	\$ 107,992
Commercial mortgage payable to Busey Bank at an interest rate of 4.50%, due in monthly installments of \$4,047, including principal and interest, secured by land and building, due June 2, 2023	326,177
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>12,029</u>
Total	446,198
Less current portion	<u>55,474</u>
Long term debt, net	<u>\$ 390,724</u>

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

<u>June 30</u>	
2021	\$ 55,474
2022	55,179
2023	271,343
2024	15,867
2025	16,763
Thereafter	<u>31,572</u>
	<u>\$ 446,198</u>

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2020

NOTE 12 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, 2020, there were no amounts that were not either insured or collateralized.

NOTE 13 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	20.6%	19.6%
Department of Housing and Urban Development	18.9%	20.8%
Heart of Illinois United Way	<u>20.5%</u>	<u>19.2%</u>
Total	<u>60.0%</u>	<u>59.6%</u>

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

NOTE 14 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%

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2020

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	\$ 540,201
Receivables	377,666
Reserve accounts	204,994
Investments	<u>1,456</u>
	1,124,317
Less those unavailable for general expenditures within one year, due to:	
Contractual obligations	
Amounts set aside for reserve payments	<u>204,994</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 919,323</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 SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 22, 2021, the date which the financial statements were available to be issued.

On January 29, 2021, the Concern closed on a new development project. Madison Apartments II will be a \$5.5 million project to provide additional housing.

NOTE 17 COVID-19 IMPACT

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. SSOC is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on SSOC's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on SSOC's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact SSOC's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

SOUTH SIDE OFFICE OF CONCERN

Notes to Financial Statements

June 30, 2020

NOTE 18 PAYCHECK PROTECTION PROGRAM

SSOC was granted a \$309,800 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. SSOC initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. SSOC has recognized \$309,800 as grant revenue for the year ended June 30, 2020. The PPP Loan was officially forgiven on December 16, 2020.

NOTE 19 PRIOR PERIOD ADJUSTMENT

During 2020, the Concern determined that it had not appropriately presented grant revenues received from IHDA. These funds should have been reported as restricted income due to the requirement to maintain the related program for a set number of years. As a result, for the year ended June 30, 2019, Net Assets With Donor Restrictions was increased by \$2,800,000 and Net Assets Without Donor Restrictions was decreased by an equal amount.

SOUTH SIDE OFFICE OF CONCERN
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Pass-Through Grantor/Federal Agency/Program Description	Subgrant Number	Federal CFDA Number	Program or Award Amount	Federal Expenditures
Pass-through Illinois Department of Human Services				
Substance Abuse and Mental Health Services Administration				
Illinois PATH/Outreach	45CYB03474	93.150	90,861	\$ 90,861
Subtotal - Substance Abuse and Mental Health Services Administration				<u>90,861</u>
Pass-through Illinois Department of Human Services				
Department of Housing and Urban Development:				
DHS ESG Single Room Occupancy	FCSXH04765	14.231	44,400	44,400
Subtotal - Department of Housing and Urban				<u>44,400</u>
Subtotal - Illinois Department of Human Services				<u>135,261</u>
Pass-through City of Peoria:				
Department of Housing and Urban Development:				
Rapid Rehousing	20ESG2/18ESG3	14.231	51,612	26,200
Rapid Rehousing	19ESG2/19ESG3	14.231	51,544	34,735
Subtotal of pass-through City of Peoria				<u>60,935</u>
Pass-through Peoria Opportunities Foundation:				
Department of Housing and Urban Development:				
Continuum of Care Program - Supportive Housing	Major IL0441L5T071809	14.267	133,600	100,200
Continuum of Care Program - Supportive Housing	Major IL0441L5T071910	14.267	133,600	33,400
Foundation				<u>133,600</u>
Received Directly from Grantor Agency:				
Department of Housing and Urban Development:				
Continuum of Care Program - Supportive Housing	Major IL0071L5T071805	14.267	21,532	12,679
Continuum of Care Program - Supportive Housing	Major IL0071L5T071710	14.267	53,249	3,566
Continuum of Care Program - Supportive Housing	Major IL0639L5T071702	14.267	54,977	1,374
Continuum of Care Program - Supportive Housing	Major IL0561L5T071704	14.267	21,532	9,021
Continuum of Care Program - Supportive Housing	Major IL0069L5T071811	14.267	82,235	82,235
Continuum of Care Program - Supportive Housing	Major IL0075L5T071811	14.267	157,976	157,976
Continuum of Care Program - Supportive Housing	Major IL0641L5T071803	14.267	204,969	180,571
Continuum of Care Program - Supportive Housing	Major IL1595L5T071801	14.267	108,687	108,687
Continuum of Care Program - Supportive Housing	Major IL0641L5T071702	14.267	203,949	13,031
Continuum of Care Program - Single Room Occupancy	Major IL0074L5T071912	14.267	135,735	48,174
Continuum of Care Program - Single Room Occupancy	Major IL0074L5T071811	14.267	132,135	88,439
Subtotal of Continuum of Care Program from HUD				<u>705,753</u>
Subtotal of Continuum of Care Program - All Sources				<u>839,353</u>
Department of Housing and Urban Development:				
Section 4 Capacity Building	46353-0011	14.252	62,000	57,763
Subtotal of Section 4 Capacity Building				<u>57,763</u>
Subtotal of Receipts Directly from HUD				<u>763,516</u>
Subtotal - Department of Housing and Urban Development				<u>1,002,451</u>
Department of Veterans Affairs:				
VA Homeless Veterans Health Care Providers Grant and Per Diem Program	04-56-1L	64.024	28,395	28,395
VA Homeless Veterans Health Care Providers Grant and Per Diem Program	04-56-1L	64.024	74,655	74,655
Subtotal - Department of Veterans Affairs				<u>103,050</u>
Total Expenditure of Federal Awards				<u>\$ 1,196,362</u>

See accompanying notes to schedule.

SOUTH SIDE OFFICE OF CONCERN
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2020

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of South Side Office of Concern. The Agency received federal awards directly from the United States Department of Housing and Urban Development, the United States Department of Veterans Affairs, and passed through other government agencies in fiscal year 2020 which are included in the schedule.

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 income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Amounts shown reflect the change in accrued (deferred) revenue or net assets.

Indirect Costs

South Side Office of Concern has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Relationship to the Agency's Financial Statements

All federal grants are expenditure driven. Expenditures per the Schedule of Expenditures of Federal Awards agree to expenditures per the respective individual grant financial statement.

Subrecipients

South Side Office of Concern did not grant federal award dollars to any sub-recipients during the fiscal year ended June 30, 2020.

Other Non-cash Assistance and Federal Insurance in Effect

South Side Office of Concern did not receive any federal awards in the form of non-cash assistance and had no federal insurance in effect during the year ended June 30, 2020.

SOUTH SIDE OFFICE OF CONCERN
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2020

Loans Outstanding

South Side Office of Concern had no loan guarantees at June 30, 2020. The Organization received federal awards in past years that had provisions for paybacks between 15 and 20 years from two federal agencies, FHLB and HUD. The remaining balances at June 30, 2020 are \$1,004,000 and \$26,000, respectively. Because the grants stipulated that the awards would not have to be paid back if the projects were continued for the duration of the agreement the Organization does not list these items as payable and recorded them as income when they were received. These amounts are listed as Net Assets with Donor Restrictions on the Statement of Financial Position. (See Note 9 to the Financial Statements.)

SOUTH SIDE OFFICE OF CONCERN
Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

June 30, 2020, Financial Statement

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified yes no

Significant deficiency(s) identified that are not considered to be material weaknesses yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over financial reporting:

Material weakness(es) identified yes no

Significant deficiency(s) identified that are not considered to be material weaknesses yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:	<u>CFDA Number(s)</u> 14.267	<u>Name of Federal Program or Cluster</u> Continuum of Care Program – Single Room Occupancy and Supportive Housing
-----------------------------------	---------------------------------	---

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None.

Section III – Federal Awards Findings and Questioned Costs

None.

SOUTH SIDE OFFICE OF CONCERN
Summary Schedule of Prior Audit Findings
Year ended June 30, 2020

There were no findings reported for the year ended June 30, 2019.

JOSHUA S. RICHARDSON, CPA, P.C.

143 W. Chestnut St
Canton, Illinois 61520
(309)647-0689 Phone
(309)647-0047 Fax

Certified Public Accountant

2308 W. Altorfer Dr.
Peoria, Illinois 61615
(309)692-3190 Phone

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
South Side Office of Concern

We have audited, 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, the financial statements of South Side Office of Concern (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Side Office of Concern's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Side Office of Concern's the internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Side Office of Concern's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "John S. Bullock, CPA, P.C." The signature is written in a cursive style.

Canton, Illinois
February 22, 2021

JOSHUA S. RICHARDSON, CPA, P.C.

143 W. Chestnut St
Canton, Illinois 61520
(309)647-0689 Phone
(309)647-0047 Fax

Certified Public Accountant

2308 W. Altorfer Dr.
Peoria, Illinois 61615
(309)692-3190 Phone

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
South Side Office of Concern

Report on Compliance for Each Major Federal Program

We have audited South Side Office of Concern's (a nonprofit organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of South Side Office of Concern's major federal programs for the year ended June 30, 2020. South Side Office of Concern's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of South Side Office of Concern's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Side Office of Concern's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of South Side Office of Concern's compliance.

Opinion on Each Major Federal Program

In our opinion, South Side Office of Concern complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of South Side Office of Concern is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Side Office of Concern's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Side Office of Concern's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Canton, Illinois
February 22, 2021