Bridge Communities, Inc.

Consolidated Financial Report

June 30, 2022

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Independent Auditor's Report

To the Board of Directors
Bridge Communities, Inc.

Opinion

We have audited the consolidated financial statements of Bridge Communities, Inc. and its subsidiaries (the "Corporation"), which comprise the consolidated statement of financial position as of June 30, 2022 and 2021 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2022 and 2021 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Corporation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
Bridge Communities, Inc.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

December 9, 2022

Consolidated Statement of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 1,157,869	$ 689,068
Investments - DuPage Foundation (Note 5)	3,361,466	3,708,876
Investments - Real estate	375,667	375,667
Receivables:		
Grants receivable	167,138	96,374
Other - Net	18,156	16,201
Cash surrender value of life insurance	185,135	177,831
Other assets	931	42,557
Prepaid expenses	49,414	53,001
Restricted cash (Note 14)	488,907	453,276
Assets held for sale (Note 7)	-	1,510,000
Property and equipment - Net (Note 6)	10,322,460	10,173,741
Total assets	**$ 16,127,143**	**$ 17,296,592**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 118,926	$ 96,020
Security deposits	113,406	130,856
Accrued liabilities and other	143,714	243,343
Deferred revenue	68,217	93,343
Agency liability (Note 14)	488,907	453,276
Deferred rent	20,329	19,573
Interest rate swap (Notes 5 and 10)	9,039	125,760
Notes payable (Note 9)	1,286,723	2,222,007
Total liabilities	2,249,261	3,384,178
Net Assets		
Without donor restrictions:		
Undesignated	10,157,654	9,475,889
Board designated	1,266,561	1,487,739
With donor restrictions	2,453,667	2,948,786
Total net assets	13,877,882	13,912,414
Total liabilities and net assets	**$ 16,127,143**	**$ 17,296,592**

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Program partners	$ 690,560	$ -	$ 690,560	$ 863,043	$ -	$ 863,043
Contributions - Capital grants	7,304	-	7,304	7,063	-	7,063
Contributions - Individuals	1,873,106	112,000	1,985,106	1,681,635	-	1,681,635
Contributions - Corporate and foundations	329,334	657,426	986,760	319,610	276,463	596,073
Contributions - Community organizations	94,274	-	94,274	68,574	-	68,574
Contributions - Nonfinancial assets	55,373	-	55,373	71,775	-	71,775
Rental income	871,161	-	871,161	878,284	-	878,284
Miscellaneous income	62,307	-	62,307	15,885	-	15,885
Special events - Net of expense of $211,472 and $195,423 as of June 30, 2022 and 2021, respectively	439,640	-	439,640	231,676	-	231,676
Investment (loss) return - Net	(134,493)	(418,737)	(553,230)	488,566	427,882	916,448
Government grants	242,788	-	242,788	691,742	-	691,742
Net assets released from restrictions (Note 12)	845,808	(845,808)	-	352,275	(352,275)	-
Total revenue and support	5,377,162	(495,119)	4,882,043	5,670,128	352,070	6,022,198
Expenses						
Program services	3,588,077	-	3,588,077	3,431,124	-	3,431,124
Support services:						
Administration	792,243	-	792,243	752,268	-	752,268
Fundraising	652,976	-	652,976	674,885	-	674,885
Total support services	1,445,219	-	1,445,219	1,427,153	-	1,427,153
Total expenses	5,033,296	-	5,033,296	4,858,277	-	4,858,277
Increase (Decrease) in Net Assets from Operations	343,866	(495,119)	(151,253)	811,851	352,070	1,163,921
Nonoperating Activities						
Unrealized gain on interest rate swap agreement	116,721	-	116,721	63,702	-	63,702
Impairment loss (Note 7)	-	-	-	(326,977)	-	(326,977)
Increase (Decrease) in Net Assets	460,587	(495,119)	(34,532)	548,576	352,070	900,646
Net Assets - Beginning of year	10,963,628	2,948,786	13,912,414	10,415,052	2,596,716	13,011,768
Net Assets - End of year	**$ 11,424,215**	**$ 2,453,667**	**$ 13,877,882**	**$ 10,963,628**	**$ 2,948,786**	**$ 13,912,414**

See notes to consolidated financial statements.

Bridge Communities, Inc.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Support Services		
		Administration	Fundraising	Total
Compensation:				
Salaries and wages	$ 1,074,240	$ 298,041	$ 447,365	$ 1,819,646
Employee benefits	165,287	34,314	38,213	237,814
Payroll taxes	75,271	24,632	34,903	134,806
Other compensation	7,257	1,594	2,791	11,642
Total Compensation	1,322,055	358,581	523,272	2,203,908
Program housing:				
Building maintenance	607,354	31,191	-	638,545
Property management fees	94,085	-	-	94,085
Utilities	285,376	25,374	-	310,750
Rent	139,253	14,234	-	153,487
Depreciation and amortization	470,876	-	-	470,876
Interest	75,411	21,899	-	97,310
Real estate taxes	8,602	18,420	-	27,022
Property insurance	43,160	10,442	-	53,602
Other housing	70,049	-	-	70,049
Total program housing	1,794,166	121,560	-	1,915,726
Administrative:				
Professional services	50,028	63,474	1,609	115,111
Telecom and IT	75,016	31,700	16,346	123,062
Reimbursed travel	9,329	1,494	5,161	15,984
Meetings and meals	5,521	36,130	5,743	47,394
Office depreciation	13,593	3,195	5,142	21,930
Other	3,801	59,370	15,223	78,394
Total administrative	157,288	195,363	49,224	401,875
Family assistance:				
Auto program	40,025	-	-	40,025
Professional services	46,218	-	-	46,218
Program events	19,321	-	-	19,321
Tuition/education/scholarships	72,783	-	-	72,783
Other	63,999	88	-	64,087
Total family assistance	242,346	88	-	242,434
Marketing-development and marketing	-	1,575	80,368	81,943
In-kind expense	37,197	18,176	-	55,373
Miscellaneous expense	35,025	96,900	112	132,037
Total functional expenses before special events	3,588,077	792,243	652,976	5,033,296
Special events	-	-	211,472	211,472
Total	$ 3,588,077	$ 792,243	$ 864,448	$ 5,244,768

Bridge Communities, Inc.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	Support Services		
		Administration	Fundraising	Total
Compensation:				
Salaries and wages	$ 1,094,452	$ 365,812	$ 468,375	$ 1,928,639
Employee benefits	159,808	41,104	38,263	239,175
Payroll taxes	77,836	26,454	34,963	139,253
Other compensation	-	12,684	-	12,684
Total Compensation	1,332,096	446,054	541,601	2,319,751
Program housing:				
Building maintenance	513,990	17,101	-	531,091
Property management fees	103,623	-	-	103,623
Utilities	263,237	30,922	-	294,159
Rent	131,373	120	-	131,493
Depreciation and amortization	439,265	-	-	439,265
Interest	34,931	77,822	-	112,753
Real estate taxes	19,412	31,406	-	50,818
Property insurance	51,238	20	-	51,258
Other housing	55,894	-	-	55,894
Total program housing	1,612,963	157,391	-	1,770,354
Administrative:				
Professional services	34,707	62,992	4,000	101,699
Telecom and IT	126,469	9,752	25,490	161,711
Reimbursed travel	14,473	977	2,807	18,257
Meetings and meals	1,381	25,413	3,678	30,472
Office depreciation	25,202	4,723	10,971	40,896
Other	26,114	22,582	8,773	57,469
Total administrative	228,346	126,439	55,719	410,504
Family assistance:				
Auto program	30,505	-	-	30,505
Professional services	65,886	-	-	65,886
Program events	4,984	-	-	4,984
Tuition/education/scholarships	36,854	-	-	36,854
Other	46,483	6,458	-	52,941
Total family assistance	184,712	6,458	-	191,170
Marketing-development and marketing	278	12,772	77,353	90,403
In-kind expense	71,775	-	-	71,775
Miscellaneous expense	954	3,154	212	4,320
Total functional expenses before special events	3,431,124	752,268	674,885	4,858,277
Special events	-	-	195,423	195,423
Total	$ 3,431,124	$ 752,268	$ 870,308	$ 5,053,700

See notes to financial statements.

Consolidated Statement of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (34,532)	$ 900,646
Adjustments to reconcile (decrease) increase in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation and amortization	492,806	480,161
Gain on sale of property and equipment	(1,157)	-
Unrealized loss (gain) on investments	661,398	(755,842)
Realized gain on investments	(55,834)	(121,078)
Unrealized gain on interest rate swap agreement	(116,721)	(63,702)
Deferred rent	756	(5,577)
Forgiveness of Paycheck Protection Program term loan	-	(337,700)
Asset impairment expense	-	326,977
Changes in operating assets and liabilities that (used) provided cash, cash equivalents, and restricted cash:		
Receivables - Net	(72,719)	(2,609)
Prepaid expenses and other assets	45,213	45,294
Cash surrender value of life insurance	(7,304)	(7,063)
Accounts payable	22,906	45,344
Accrued expenses	(99,629)	(227,779)
Agency liability	35,631	63,331
Deferred revenue	(25,126)	(182,815)
Security deposits	(17,450)	6,481
Net cash, cash equivalents, and restricted cash provided by operating activities	828,238	164,069
Cash Flows from Investing Activities		
Purchases of investments	(368,252)	(60,258)
Proceeds from sale of investments	110,098	102,822
Purchases of property and equipment	(637,216)	(193,594)
Proceeds from sale of property and equipment	626,848	-
Net cash, cash equivalents, and restricted cash used in investing activities	(268,522)	(151,030)
Cash Flows from Financing Activities		
Borrowings on line of credit	-	200,000
Payments on lines of credit	-	(200,000)
Payments on notes payable	(55,284)	(52,296)
Net cash, cash equivalents, and restricted cash used in financing activities	(55,284)	(52,296)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	504,432	(39,257)
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	1,142,344	1,181,601
Cash, Cash Equivalents, and Restricted Cash - End of year	**$ 1,646,776**	**$ 1,142,344**
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 99,859	$ 113,227
Loan payoff through sale of building	$ 880,000	$ -

See notes to consolidated financial statements.

Note 1 - Nature of Organization

Bridge Communities, Inc. (the "Corporation") was incorporated on January 26, 1990 under the Not-For-Profit Corporation Act of the State of Illinois with the purpose of providing transitional housing and related services to homeless families in DuPage County, Illinois and creating opportunities for them to return to permanent housing and independence through a mentoring program. Subsidiaries of the Corporation include DuPage AH, LLC; DuPage AH Series I, LLC; and DuPage AH Series II, LLC, which were set up to facilitate multiple building purchases and rehabilitations and allow the Corporation to apply for Illinois Housing Development Authority tax credits.

Note 2 - Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Corporation have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Principles of Consolidation

The financial statements include the accounts of the Corporation and all of its wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Corporation maintains its cash balance in financial institutions that at times may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Restricted Cash

The Corporation holds cash as part of an agency relationship with Families Helping Families (FHF). This amount is restricted until it is remitted to FHF. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statement of financial position to the amounts reported on the consolidated statement of cash flows:

	2022	2021
Cash and cash equivalents	$ 1,157,869	$ 689,068
Restricted cash	488,907	453,276
Total	$ 1,646,776	$ 1,142,344

Grants Receivable

The Corporation considers grants from donors to be unconditional promises to give. Accordingly, grants are reported at fair value at the date the agreement or pledge form is executed. All grants receivable are expected to be collected in the next year; therefore, no allowance for doubtful accounts has been established at June 30, 2022 or 2021.

Grant revenue is recognized as services are rendered.

Note 2 - Significant Accounting Policies (Continued)

Other Receivables

Other receivables are stated at amounts billed for program partners fees and rent. The Corporation has established an allowance for doubtful accounts. Management's periodic evaluation of the collectibility of receivables is based on past experience, known and inherent risks in the accounts, adverse situations that may affect ability to repay, and current economic conditions. The allowance for doubtful accounts at June 30, 2022 and 2021 was approximately $7,300.

Investments

The Corporation's investments are reported at fair value. Dividends received are included in income except for those dividends received in excess of the Corporation’s proportionate share of accumulated earnings, which are applied as a reduction of the cost of the investment. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. No impairment losses were recognized in 2022 or 2021. The Corporation also has long-term real estate investments recorded at the lower of cost or market that consist of equity interests in condominium units.

The Corporation's investments are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes could materially affect the amounts reported in the financial statements.

Impairment or Disposal of Long-lived Assets

The Corporation reviews the recoverability of long-lived assets, including buildings, equipment, and other fixed assets, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

Deferred Revenue

The Corporation receives cash in advance for ticket sales to special events occurring after June 30, 2022 and 2021. These advance payments are recognized as deferred revenue until the event has occurred, at which time they are recorded as revenue.

Agency Liability

The Corporation holds amounts for FHF that offset the restricted cash on the consolidated statement of financial position.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are included with all other contributions as without donor-restricted support. Other restricted gifts are reported as restricted support and with donor-restricted net assets.

Contributions of nonfinancial assets are recorded as revenue and expense in the period that the contributions and services or goods are received. The services and goods are valued based on the fair value of obtaining those items in a nondonated setting. See Note 16.

Note 2 - Significant Accounting Policies (Continued)

Rental Revenue

The Corporation records apartment and office rental income based on occupied rent amounts. As a result of the building sales in 2022, the office rental agreements and income terminated with the sale.

Program Partners

Program partners are groups that provide financial support to the Corporation for its services and mentoring needs to families that are part of the Corporation's transitional housing program. They contribute at a flat fee on a monthly basis, and the fees are recognized at the date eligible expenses are incurred.

Capital Grants

The Corporation receives grants from the state, city, and county, which are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. As such, grants from government agencies are recorded at the date they have been performed and the conditions have been met.

Assets Held for Sale

Land and buildings and building improvements that are being actively marketed for sale and are expected to sell within one year of the consolidated statement of financial position date are classified as assets held for sale. Amounts are recorded at the lower of net book value or fair market value less costs to sell, and the assets are no longer being depreciated.

Property and Equipment

Property and equipment and leasehold improvements are recorded at cost. Assets are depreciated over their estimated useful lives using the straight-line method. Costs of maintenance and repairs are charged to expense when incurred. Leasehold improvements are amortized over their estimated useful lives or the applicable lease term, if shorter.

Federal Income Taxes

The Corporation is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3).

Classification of Net Assets

Net assets of the Corporation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Corporation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance 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 revenue and expenses during the reporting period. Significant estimates made by management in the financial statements include determining an allowance for uncollectible accounts receivable and depreciating property and equipment over their estimated useful lives. Actual results could differ from those estimates. It is reasonably possible that the recorded amounts or related disclosures could significantly change in the near future as new information becomes available.

Functional Allocation of Expenses

Costs of providing various program and support services have been reported on a functional basis in the consolidated statements of activities and changes in net assets and functional expenses. Costs are charged to program services and support services on an actual basis when available. In addition, costs may be allocated between the program and support functions based on various methods and estimates. Allocations for personnel expenses are based on estimates of time and effort of personnel involved in each function. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Upcoming Accounting Pronouncements

The Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Corporation's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the year of adoption and adjust beginning net assets, if applicable. The new lease standard is expected to have a significant effect on the Corporation’s consolidated statement of financial position as a result of the Corporation's operating leases, as disclosed in Note 11, that will be reported on the consolidated statement of financial position at adoption. Upon adoption, the Corporation will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848)*: *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which addresses the accounting consequences that could result from the global markets’ anticipated transition away from the use of the London Interbank Offered Rate (LIBOR). The ASU provides optional expedients and exceptions to contracts, hedging relationships, and other transactions impacted by reference rate reform. The provisions of the ASU are effective upon issuance and generally can be applied through December 31, 2022. The Corporation is in contact with the bank to change the rate.

Note 2 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

As of July 1, 2021, the Corporation adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The standard was applied retrospectively and did not result in a restatement of prior year amounts.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including December 9, 2022, which is the date the consolidated financial statements were available to be issued.

Note 3 - Liquidity

The following reflects the Corporation's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2022	2021
Cash and cash equivalents	$ 1,157,869	$ 689,068
Receivables	185,294	112,575
Investments	3,361,466	3,708,876
Restricted cash	488,907	453,276
Financial assets - At year end	5,193,536	4,963,795
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	2,181,389	2,371,668
Board designations	1,266,561	1,487,739
Cash restricted for use	488,907	453,276
Financial assets available to meet cash needs for general expenditures within one year	$ 1,256,679	$ 651,112

Grants receivable are subject to implied time restrictions, but the amount reported above is expected to be collected within one year.

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Corporation invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

The Corporation also realizes there could be unanticipated liquidity needs. In recognition of this, the Corporation has a committed line of credit in the amount of $750,000 at June 30, 2022 and 2021 that it could draw upon if needed, as further described in Note 8.

Note 4 - Investments

The Corporation has investments that are managed by the DuPage Foundation (DF), a not-for-profit organization that manages investments for many not-for-profit organizations on an agency basis. The Corporation's investment is carried at fair market value.

The Corporation also has long-term real estate investments, recorded at the lower of cost or market, that consist of equity interests in condominium units. Under this program, the Corporation's client generally buys an equity portion of the unit from the Corporation, and the Corporation retains the remaining interest. The client is responsible for paying all of the costs of real estate taxes, insurance, and condominium assessments for common costs. At such time as the unit purchaser wishes to sell his or her interest, the Corporation has right of first refusal to buy that equity interest at the current fair market value of the respective equity percentage.

Investment expense for the years ended June 30, 2022 and 2021 was $19,774 and $20,379, respectively.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Corporation’s assets and liabilities measured at fair value on a recurring basis at June 30, 2022 and 2021 and the valuation techniques used by the Corporation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Assets - Mutual funds	$ 3,361,466	$ -	$ -	$ 3,361,466
Liabilities - Interest rate swap	$ -	$ 9,039	$ -	$ 9,039

Note 5 - Fair Value Measurements (Continued)

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Assets - Mutual funds	$ 3,708,876	$ -	$ -	$ 3,708,876
Liabilities - Interest rate swap	$ -	$ 125,760	$ -	$ 125,760

The interest rate swaps are not traded on an exchange and are recorded at fair value based on a variety of observable inputs, including contractual terms, interest rate curves, yield curves, measures of volatility, and correlations of such inputs. The Corporation's interest rate swaps are classified as Level 2 in the fair value hierarchy.

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2022	2021	Depreciable Life - Years
Land	$ 1,925,339	$ 1,925,339	-
Buildings	12,289,895	11,733,671	40
Furniture and fixtures	230,924	211,694	3-7
Computer equipment and software	247,767	210,109	3-7
Leasehold improvements	446,192	417,779	10
Total cost	15,140,117	14,498,592	
Accumulated depreciation	4,817,657	4,324,851	
Net property and equipment	$ 10,322,460	$ 10,173,741	

Approximately $5,936,000 of buildings is collateralized as a condition of the acquisition and rehabilitation grants included in Note 12, as well as the term loans included in Note 9.

Depreciation and amortization expense was $492,806 and $480,161 for 2022 and 2021, respectively.

Note 7 - Assets Held for Sale

The assets held for sale as of June 30, 2021 consisted of two buildings that were sold on January 25, 2022 and March 23, 2022 for $670,000 and $840,000, respectively. As a result of valuing the assets held for sale at the lower of net book value or fair market value less costs to sell, the Corporation recorded $326,977 of impairment expense during the year ended June 30, 2021 when the assets were identified as held for sale.

The carrying values of assets that were held for sale as of June 30, 2021 are summarized as follows:

Land	$ 446,768
Building and building improvements	1,063,232
Total	$ 1,510,000

Note 8 - Line of Credit

The Corporation has a revolving line of credit with a bank that allows for borrowings of up to $750,000, bears interest at the prime rate, and is secured by real property. The effective interest rate was 4.75 percent at June 30, 2022. The line of credit was extended during the year until December 31, 2022. The Corporation plans to extend the line of credit upon expiration. There was no balance outstanding as of June 30, 2022 and 2021.

Subsequent to fiscal year end, the Corporation withdrew $250,000 from the revolving line of credit on August 4, 2022.

Note 9 - Notes Payable

The Corporation's notes payable consist of the following:

The Corporation has a term loan with an original principal balance of $1,479,200. The note has monthly principal payments ranging from $3,965 to $5,496 plus interest, with a final balloon payment of $1,101,548 due at maturity on July 22, 2025. The note bears interest at a rate that adjusts monthly to LIBOR plus 2.25 percent, an effective rate of 2.48 and 3.55 percent as of June 30, 2022 and 2021, respectively. The loan is secured by certain real estate located in DuPage County, Illinois. The outstanding balance was $1,286,723 and $1,342,007 as of June 30, 2022 and 2021, respectively.

On December 4, 2019, the Corporation entered into a term loan agreement with an original principal balance of $880,000. The note had monthly interest-only payments, with the balance on the loan due on September 4, 2025. The note bore interest at a fixed interest rate of 4.25 percent. The loan was secured by a building that sold during the year ended June 30, 2022, as disclosed in Note 7, and, as a result of this sale, the term loan was paid off and terminated.

The future maturities of the notes payable as of June 30, 2022 are as follows:

Years Ending	Amount
2023	$ 58,658
2024	61,794
2025	65,346
2026	1,100,925
Total	$ 1,286,723

The net amount of interest under the debt obligations expensed by the Corporation for the years ended June 30, 2022 and 2021 was $97,310 and $112,753, respectively.

Under the agreements with the bank, the Corporation is subject to various financial and nonfinancial covenants.

Note 10 - Interest Rate Swap

The Corporation is exposed to certain risks in the normal course of its business operations. One such risk is the variability of interest expense on the adjustable-rate term loans described in Note 9. The Corporation uses an interest rate swap to manage the risk associated with these adjustable-rate term loans.

Effective July 22, 2011, the Corporation entered into an interest rate swap agreement with a financial institution, with a notional amount of $1,500,000. The term of this swap agreement ran from July 22, 2011 through July 10, 2018 and was extended through July 22, 2025 in relation to the term loan described in Note 9. Under this agreement, the Corporation is charged or reimbursed based on the differential between the variable rate based on the one-month LIBOR and a fixed rate of 5.11 percent. The notional amount of the interest rate swap will adjust in relation to the related term loan balance, and, as of June 30, 2022 and 2021, the notional amount was $1,286,723 and $1,342,007, respectively.

Note 10 - Interest Rate Swap (Continued)

The interest rate swap is a derivative financial instrument and is reported in the consolidated statement of financial position at fair value. The fair value of the liability for the Corporation's interest rate swap agreements was $9,039 and $125,760 at June 30, 2022 and 2021, respectively, and was measured using Level 2 inputs determined by pricing models maintained by the counterparty to the swap agreement. The pricing models utilize a series of market inputs to determine the present value of future cash flows, with adjustments, as required for credit and liquidity risk. The change in fair market value of the interest rate swap agreement was recorded as an unrealized gain of $116,721 and $63,702 for the years ended June 30, 2022 and 2021, respectively.

The interest rate swap is designated as a fair value hedge. For fair value hedges, the gain or loss on the derivative instrument is offset against the loss or gain on the related hedged item recognized in current earnings. The Corporation entered into a hedging relationship such that changes in the fair value or cash flows of items and transactions being hedged are expected to be offset by corresponding changes in the values of the derivatives.

Note 11 - Operating Leases

The Corporation leases office space, office equipment, and various residential properties for program use, which are used as transitional housing under operating lease agreements that expire at various dates through 2027. The following is a schedule of future minimum rental payments for the years ending June 30:

Years Ending June 30	Amount
2023	$ 174,315
2024	181,980
2025	198,105
2026	199,632
2027	89,655
Thereafter	24,632
Total	$ 868,319

Total rent expense on these leases for 2022 and 2021 was $141,664 and $136,980, respectively.

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30:

	2022	2021
Investment return on endowment	$ 380,573	$ 798,721
Acquisition and rehabilitation grants	272,278	577,118
Purpose restricted	180,450	144,592
Total net assets subject to expenditures for a specified purpose or time	833,301	1,520,431
Capital campaign endowment	800,000	800,000
Karen Stewart Memorial Fund	90,447	85,447
Hinsdale Junior Women's Club endowment	181,582	191,077
Founders Fund endowment	338,337	346,831
Jahn Fund endowment	200,000	-
Amber Fund endowment	10,000	5,000
Total net assets in endowment	1,620,366	1,428,355
Total net assets with donor restrictions	$ 2,453,667	$ 2,948,786

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes, or by the occurrence of events specified by the donor, are as follows:

	2022	2021
Acquisition and rehabilitation grants	$ 304,840	$ 113,264
Other	540,968	239,011
Total	$ 845,808	$ 352,275

Note 13 - Endowment

The Corporation's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Corporation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Corporation had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Corporation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Corporation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund

Note 13 - Endowment (Continued)

- The purpose of the Corporation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Corporation
- The investment policies of the Corporation

	Endowment Net Asset Composition by Type of Fund as of June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,266,561	$ -	$ 1,266,561
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	1,620,366	1,620,366
Accumulated investment gains	-	380,573	380,573
Total donor-restricted endowment funds	-	2,000,939	2,000,939
Total	$ 1,266,561	$ 2,000,939	$ 3,267,500

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 1,487,739	$ 2,227,076	$ 3,714,815
Investment loss	(134,493)	(418,737)	(553,230)
Contributions	-	215,426	215,426
Distributions	(86,685)	(22,826)	(109,511)
Endowment net assets - End of year	$ 1,266,561	$ 2,000,939	$ 3,267,500

	Endowment Net Asset Composition by Type of Fund as of June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,487,739	$ -	$ 1,487,739
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	1,428,355	1,428,355
Accumulated investment gains	-	798,721	798,721
Total donor-restricted endowment funds	-	2,227,076	2,227,076
Total	$ 1,487,739	$ 2,227,076	$ 3,714,815

Note 13 - Endowment (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 1,076,837	$ 1,797,143	$ 2,873,980
Investment income	492,452	427,882	920,334
Contributions	-	23,463	23,463
Distributions	(81,550)	(21,412)	(102,962)
Endowment net assets - End of year	$ 1,487,739	$ 2,227,076	$ 3,714,815

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Corporation to retain as a fund of perpetual duration. As of June 30, 2022 and 2021, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Corporation adopted an investment and spending policy for the endowment assets that was approved by the board of directors. The endowment investment principles are as follows:

- Conservation of principal
- Regular income at a reasonable market rate, consistent with a conservative investment approach
- Long-term growth of income and principal over and above that necessary to offset cost of living or inflation increases
- Maintenance of sufficient liquidity to provide for anticipated distributions
- Investment in a well-diversified pool of assets in institutions, companies, corporations, or funds with the particular investment mix to be determined by the endowment committee from time to time
- In general, the investment time horizon will be considered long term.

Strategies Employed for Achieving Objectives

The principal is managed and invested under the terms of the endowment policy by institutions approved in advance by the board of directors. The investments are managed by DF in seven mutual funds for a negotiated fee.

Spending Policy and How the Investment Objectives Relate to Spending Policy

As a general rule, gifts to the endowment program are not designated for particular purposes. All receipts from unrestricted bequests valued at $10,000 or more, annuities, charitable remainder trusts, and charitable lead trusts become a part of the endowment unless the endowment committee determines that a specific unrestricted gift should be deposited in a different account or the donor has specified other restrictions upon the gift. If the value of the endowment is at least $2 million, an annual distribution up to 4 percent of the rolling average amount of the endowment value for the past 12 quarters can be made to the Corporation to be used either for capital purposes or as a complement to the Corporation's general operating budget. The board of directors approves the annual distribution, if any, and may, in unusual circumstances and at its discretion, approve distributions in excess of 4 percent.

Note 14 - Agency Liability

The Corporation provides accounting services and acts as a custodian for cash deposited by FHF, a program partner. At June 30, 2022 and 2021, the Corporation's liability as an agent was $488,907 and $453,276, respectively.

Note 15 - Defined Contribution Pension Plan

On July 1, 1998, the Corporation established a defined contribution pension plan covering all full-time employees who have met certain service requirements. The plan provides for matching contributions and discretionary contributions by the Corporation, as determined annually by the board of directors, up to the maximum amount permitted under the Internal Revenue Code. The Corporation contributed $45,092 and $55,546 to the plan for the years ended June 30, 2022 and 2021, respectively.

Note 16 - Contributions of Nonfinancial Assets

Contributions of nonfinancial assets recognized by the Corporation for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Vehicles	$ 37,647	$ 45,000
Rent	16,381	26,775
Miscellaneous	1,345	-
Total in-kind donations	$ 55,373	$ 71,775

Donated vehicles are either used or monetized by the Corporation. Depending on the condition of the vehicle, it will either be given to a client family in DuPage County, Illinois needing transportation to reach work, school, or job training or monetized by selling the vehicle for scrap value. If the vehicle is monetized, the proceeds are used for programmatic activities. The vehicles are valued using marketplace fair values for similar vehicles for sale at the time of donation. Vehicles were donated without donor restrictions.

Donated rent is used for the Corporation's office space. The rent is not restricted for use by the donor. Rent is valued based on market rental rates for similar office space in the area.

Note 17 - Paycheck Protection Program Funding

During the fiscal year ended June 30, 2020, the Corporation received a Paycheck Protection Program term note through a bank for $337,700. The note was issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The funds were initially recorded as debt when received, and, in November 2020, the Corporation applied for and received approval for forgiveness. Upon notice of forgiveness, the Corporation recognized debt forgiveness as revenue, which has been included in government grants revenue on the consolidated statement of activities and changes in net assets for the year ended June 30, 2021.