



**NORTH SIDE HOUSING AND
SUPPORTIVE SERVICES, INC.**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2021

The background of the lower half of the page features a complex, abstract geometric pattern of overlapping, semi-transparent lines and shapes in shades of gray and teal, creating a sense of depth and architectural structure.

SIKICH.COM

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	3-4
FINANCIAL STATEMENTS	
Statement of Financial Position	5-6
Statement of Activities	7
Statement of Functional Expenses	8
Statement of Cash Flows.....	9
Notes to Financial Statements	10-19

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Side Housing and Supportive Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of North Side Housing and Supportive Services, Inc. (the Organization) (an Illinois not-for-profit corporation), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows 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 North Side Housing and Supportive Services, Inc. as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 1 of the financial statements, the Organization adopted new accounting guidance as issued by the Financial Accounting Standards Board (FASB) under Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2022 on our consideration of North Side Housing and Supportive Services, Inc.'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 North Side Housing and Supportive Services, Inc.'s internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
April 13, 2022

FINANCIAL STATEMENTS

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 132,071
Restricted cash	21,224
Grants receivable	122,477
Accounts receivable	-
Prepaid expenses	4,548
	<hr/>
Total current assets	280,320
	<hr/>
FIXED ASSETS	
Furniture and equipment	102,008
Leasehold improvements	45,249
Vehicles	41,709
	<hr/>
Subtotal	188,966
Less accumulated depreciation and amortization	172,620
	<hr/>
Net fixed assets	16,346
	<hr/>
OTHER ASSETS	
Security deposits	25,297
	<hr/>
Total other assets	25,297
	<hr/>
TOTAL ASSETS	\$ 321,963
	<hr/> <hr/>

(This statement is continued on the following page.)

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.

STATEMENT OF FINANCIAL POSITION (Continued)

June 30, 2021

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	21,775
Line of credit		-
Deferred revenue		-
Accrued liabilities		110,681
Due to clients		21,224

Total current liabilities 153,680

Total liabilities 153,680

NET ASSETS

Without donor restrictions	(26,717)
With donor restrictions	195,000

Total net assets 168,283

TOTAL LIABILITIES AND NET ASSETS \$ 321,963

See accompanying notes to financial statements.

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Grants	\$ 2,160,387	\$ -	\$ 2,160,387
Contributions	331,019	195,000	526,019
Program rental income	74,285	-	74,285
In-kind donations	282,759	-	282,759
Special events	16,441	-	16,441
Miscellaneous income	291,377	-	291,377
Net assets released from restriction	15,572	(15,572)	-
Total revenue	3,171,840	179,428	3,351,268
EXPENSES			
Program services			
Permanent housing and supportive services	1,416,517	-	1,416,517
Emergency shelter	920,342	-	920,342
Day support service center	269,642	-	269,642
Housing System Navigator Services	82,226	-	82,226
Total program services	2,688,727	-	2,688,727
Management and general	380,060	-	380,060
Fundraising	215,567	-	215,567
Total expenses	3,284,354	-	3,284,354
CHANGE IN NET ASSETS	(112,514)	179,428	66,914
NET ASSETS, BEGINNING OF YEAR	85,797	15,572	101,369
NET ASSETS, END OF YEAR	\$ (26,717)	\$ 195,000	\$ 168,283

See accompanying notes to financial statements.

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Program Services				Supporting Services			Total
	Permanent Housing and Supportive Services	Emergency Shelter	Day Support Service Center	Housing System Navigator Services	Total Program Services	Management and General	Fundraising	
FUNCTIONAL EXPENSES								
Salaries and related								
Salaries	\$ 588,444	\$ 578,832	\$ 127,047	\$ 61,225	\$ 1,355,548	\$ 161,840	\$ 71,808	\$ 1,589,196
Payroll taxes and benefits	103,496	70,041	33,401	11,442	218,380	38,462	17,217	274,059
Total salaries and related	691,940	648,873	160,448	72,667	1,573,928	200,302	89,025	1,863,255
Operating expenses								
Miscellaneous expenses	78	-	-	10	88	7,200	-	7,288
Client assistance	572,599	10,860	8,181	-	591,640	-	354	591,994
Contract services	38,588	24,798	-	-	63,386	47,654	39,887	150,927
Depreciation	3,650	2,099	590	262	6,601	788	197	7,586
Dues and subscriptions	-	-	-	-	-	769	-	769
Equipment rental and maintenance	479	6,619	4,370	-	11,468	5,279	5,157	21,904
Insurance	-	3,567	3,930	-	7,497	6,424	364	14,285
Interest	-	-	-	-	-	1,256	-	1,256
Occupancy	-	136,577	57,308	-	193,885	58,666	-	252,551
Office supplies	461	-	5,007	76	5,544	3,103	-	8,647
Postage and shipping	614	-	-	-	614	1,744	-	2,358
Repairs and maintenance	6,438	12,397	498	-	19,333	2,688	415	22,436
Staff development	184	371	165	-	720	180	119	1,019
Staff travel and meetings	5,334	159	499	326	6,318	258	-	6,576
Supplies	95,436	67,832	21,575	8,439	193,282	33,834	80,049	307,165
Telecommunications	716	6,190	7,071	446	14,423	9,915	-	24,338
Total operating expenses	724,577	271,469	109,194	9,559	1,114,799	179,758	126,542	1,421,099
TOTAL FUNCTIONAL EXPENSES	\$ 1,416,517	\$ 920,342	\$ 269,642	\$ 82,226	\$ 2,688,727	\$ 380,060	\$ 215,567	\$ 3,284,354

See accompanying notes to financial statements.

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 66,914
Adjustments to reconcile change in net assets to cash from operating activities	
Depreciation and amortization	7,586
Changes in current assets and liabilities	
Grants receivable	64,729
Accounts receivable	14,250
Prepaid expenses	(4,548)
Accounts payable	9,621
Accrued liabilities	(21,190)
Refundable grant advance	(290,295)
Due to clients	(9,116)
	<u>(228,963)</u>
Total adjustments	
	<u>(162,049)</u>
Net cash from operating activities	
	<u>(162,049)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
None	<u>-</u>
Net cash from investing activities	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayments on line of credit	<u>(118,281)</u>
Net cash from financing activities	<u>(118,281)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(280,330)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>433,625</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u><u>\$ 153,295</u></u>
SUPPLEMENTAL DISCLOSURE OF CASHFLOW INFORMATION	
Interest paid	<u><u>\$ 1,256</u></u>

See accompanying notes to financial statements.

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

North Side Housing and Supportive Services, Inc. (the Organization) is an Illinois not-for-profit corporation that was established in 1984 and operates in Chicago, Illinois. The Organization's mission is to end homelessness in the lives of individuals. The mission is carried out by providing housing and comprehensive supportive services.

The Organization provides the following services:

Permanent Housing and Supportive Services

The Organization provides permanent housing to men, women, and couples by providing subsidized apartments in combination with intensive and comprehensive case management services. They provide apartments for formerly homeless individuals throughout the City of Chicago.

Emergency Shelter

Staff provides inclusive, life-saving and person-centered services for over 300 men each year. The shelter serves up to 72 men at one time and provides shelter, meals, showers, and intensive case management 365 days a year. Residents work with experienced case management staff to identify and reach their goals toward housing, employment, and good health.

Day Support Services Center

The Day Support Services Center serves adults experiencing homelessness. Services include extensive case management, housing assistance, transitional or emergency shelter placement, mental health counseling, health screenings, and referrals. Participants can also access food and clothing through this program.

Housing Systems Navigation

The Housing System Navigation program bridges the gap between individuals experiencing chronic homelessness and their ability to enter Permanent Supportive Housing. Housing Navigators meet clients where they are at, cater to their choices, and break down barriers that usually keep individuals from entering affordable housing.

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (USGAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the Organization and changes herein are classified and reported as follows:

Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

With Donor Restrictions

Net assets subject to donor-imposed restrictions that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor retractions.

Cash and Cash Equivalents

Cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes. The Organization maintains its cash balance in financial institutions, which at times may exceed federally insured limits. At June 30, 2021, the Organization's cash accounts exceeded federally insured limits by approximately \$0. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. Management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

When a donor has unconditionally promised to contribute funds in future periods, the Organization recognizes the fair value of the grant receivable. Grants expected to be collected within one year are recorded as a donation and a receivable at net realizable value, which approximates fair value. Grants expected to be collected in future years are recorded as a donation and a receivable at the present value of the expected future cash flows.

Grants receivable consist primarily of conditional government grants, which are conditional upon the incurrence of allowable qualifying expenses. Additionally, grants receivable is stated at the amount management expects to collect from outstanding balances. Management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Fixed Assets

Fixed assets are recorded at cost, when purchased. Donated fixed assets are recorded at fair value on the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. The Organization has a capitalization threshold of \$500. Depreciation is computed on the straight-line method over the following useful lives:

	<u>Years</u>
Furniture and fixtures	3 - 7
Leasehold improvements	Shorter of useful life or lease term
Vehicles	7

Depreciation expense is \$7,585 as of June 30, 2021.

Restricted Cash

The Organization serves as a representative payee for Social Security and Supplemental Security Income payments. The Organization uses these funds received on behalf of clients to meet their current needs for housing, which are maintained in a separate bank account. The balance represents monies received which are yet to be paid out.

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash (Continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows as of June 30, 2021.

Cash and cash equivalents	\$ 132,066
Restricted cash	<u>21,229</u>
TOTAL	<u>\$ 153,295</u>

Revenue Recognition

Contributions received are recorded as net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Unconditional promises to give (pledges) are recorded at fair value on the date the promise is received. The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses, and revenue is recognized when the conditions are met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization has received conditional contributions totaling approximately \$1,007,638 as of June 30, 2021 that are not recognized as assets in the statement of financial position. Such amounts are conditional upon the expenditure of funds and/or the performance of services.

Donated Goods

Contributions of donated noncash assets are recorded at fair value in the period received. Donated noncash assets received total \$72,759, at June 30, 2021, and are included with in-kind donations revenue and program, management and general, and fundraising expense on the statements of activities and functional expenses.

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Organization's donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. Donated noncash assets received total \$210,000, at June 30, 2021, and are included with in-kind donations revenue and program, management and general, and fundraising expense on the statements of activities and functional expenses.

Program Services and Special Event

Program service revenues are recognized when earned. Special event revenues are recognized when an event occurs. Rental income is recognized over the life of the lease.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office, and occupancy, which are allocated on a square-footage basis as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Expenses that are specifically identifiable with a program are charged to that program.

Income Taxes

The Organization is exempt from federal and state income taxes under the Internal Revenue Code (IRC) Section 501(c)(3), and similar provisions of the state income tax code as other than a private foundation.

Use of Estimates

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Employee Benefit Plan

The Organization sponsors a Simple IRA Plan which covers all employees who meet eligibility requirements. The Organization's contributions to the plan is \$18,902 at June 30, 2021.

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended by ASU No. 2015-14, which supersedes or replaces nearly all revenue recognition guidance under USGAAP. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and will expand disclosures about revenue. ASU No. 2014-09, as amended by ASU No. 2020-05, is effective for nonpublic entities for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. The Organization is currently assessing the impact of this new standard.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts and requires additional disclosures about leasing arrangements. ASU No. 2016-02, as amended by ASU No. 2020-05, is effective for nonpublic entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently assessing the impacts of this new standard, including the two optional transition methods.

FASB has issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of contribution accounting guidance, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as a resource recipient, and for fiscal years beginning after December 15, 2019, for transactions in which the entity serves as a resource provider. Early adoption is permitted. The Organization has implemented this standard on the modified prospective basis for the year ended June 30, 2020. The adoption of this new accounting pronouncement did not have a material impact on the financial statements.

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

2. LIQUIDITY AND AVAILABILITY

The Organization receives contributions with donor restrictions to be used in accordance with the associated purpose or time restriction.

The Organization considers it appropriate that earnings from contributions with and without donor restrictions are for use in current programs which are ongoing, major, and central to its annual operations and are also available to meet cash needs for general expenditures. General expenditures include administrative support services expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year. The Organization manages its cash available to meet general expenditures with the following guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following for the year ended June 30, 2021:

FINANCIAL ASSETS	
Cash and cash equivalents	\$ 132,066
Grants receivable, net	122,477
Accounts receivable, net	<u>-</u>
Total financial assets	254,543
Line of credit outstanding balance secured by financial assets	(-)
Net assets with donor restrictions	<u>(15,572)</u>
FINANCIAL ASSETS AVAILABLE FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u><u>\$ 470,888</u></u>

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

3. GRANTS RECEIVABLE

Grants receivable are deemed to be fully collectible by management and are composed of the following amounts as of June 30, 2021:

Department of Family Support and Services	\$ 27,078
AIDS Foundation of Chicago	16,648
U.S. Department of Housing and Urban Development	78,751
Other	-
	<hr/>
TOTAL	<u>\$ 122,477</u>

4. LINE OF CREDIT

The Organization has a \$300,000 credit line with Wintrust Bank dated August 11, 2020, secured by assets of the Organization. Advances bear interest at a variable interest rate of 1% over the Index of Prime with a current interest rate of 3.49%. Monthly interest only payments required with the principal balance due on the maturity date of August 11, 2021. The balance on the line is \$0 as of June 30, 2021.

5. REFUNDABLE LOAN ADVANCE

The Paycheck Protection Program is a low-interest Small Business Administration (SBA) loan and generally covers two and half months of payroll costs and may be forgiven entirely if the borrower maintains certain staffing levels and spends a certain amount of funds on salaries and other qualifying expenditures during the qualified period. The Organization was approved for a loan on June 19, 2020 under this program in the amount of \$290,295, with an interest rate of 1% and a maturity date of five years from date of the first disbursement. As of the report date, loan forgiveness requirements had not been met; however, management anticipates meeting the requirements of forgiveness within the eligible timeframe and under the requirements of the Paycheck Protection Program. The balance of the loan is included on the statement of financial position as a refundable loan advance until forgiveness is approved.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30, 2021:

Purpose restriction - health services	\$ 15,572
---------------------------------------	-----------

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

7. SUMMARY OF GRANTS/CONTRACT FUNDING

The Organization is primarily funded through the following grants and contracts for the year ended June 30, 2021:

City of Chicago Department of Family and Support	\$ 1,010,862
U.S. Department of Housing and Urban Development	858,359
AIDS Foundation of Chicago	164,990
IDHS Covid-19 Emergency Homeless Lodging Fund	45,214
Emergency Food and Shelter Program	9,510
Heartland Health Outreach	<u>-</u>
TOTAL GRANTS/CONTRACT FUNDING	<u><u>\$ 2,088,935</u></u>

8. CONCENTRATIONS

During the year ended June 30, 2021, the Organization received 37% of its revenue from the City of Chicago Department of Family and Support, and 31% of its revenue from the U.S. Department of Housing and Urban Development. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities. As of June 30, 2021, 84% of total grant receivables was from the above sources.

9. LEASE COMMITMENTS

The Organization leases its administrative facility under a five-year and three-month noncancelable operating lease that commenced on July 1, 2016. Monthly rent is \$6,441 with annual increases.

The Organization leased its shelter under a one-year noncancelable operating lease that commenced on January 1, 2019. Monthly rent was \$6,064. The Organization entered into a new lease agreement for the same shelter that commenced on January 1, 2020. Monthly rent is \$6,246. The Organization entered into a new lease agreement for the same shelter that commenced on January 1, 2021. Monthly rent is \$6,246.

Total rent expense is \$246,262 for the year ended June 30, 2021.

NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

9. LEASE COMMITMENTS (Continued)

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 164,572
2023	91,383
2024	94,122
2025	23,703
TOTAL	<u>\$ 373,780</u>

10. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, nonrecognized subsequent events).

Line of Credit

Subsequent to year end, the Organization extended the Wintrust Bank credit line with a \$300,000 credit line dated August 11, 2021, secured by assets of the Organization. Advances bear interest at a variable interest rate of 1% over the Index of Prime with a current interest rate of 3.49%. Monthly interest only payments required with the principal balance due on the maturity date of August 11, 2022.

Risk and Uncertainties

Beginning around March 2020, the Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Management evaluated subsequent events through April 13, 2022, the date the financial statements were available to be issued.