

**NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.**  
**(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**(With Independent Auditor's Report)**

**NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.**  
**(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of North Side Housing and Supportive Services, Inc. (an Illinois not-for-profit corporation), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses, and cash flow for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of North Side Housing and Supportive Services, Inc. as of June 30, 2022, 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.

#### ***Basis for Opinion***

We conducted our audit 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 Audit of the Financial Statements section of our report. We are required to be independent of North Side Housing and Supportive Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 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, and for 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.

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 an audit 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North Side Housing and Supportive Services, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the of North Side Housing and Supportive Services, Inc.'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Supplementary 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 November 22, 2023, 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 solely 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 the effectiveness of North Side Housing and Supportive Services, Inc.'s 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.

*Wieland Wallace Inc.*

Batavia, Illinois  
November 22, 2023

**NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.**  
**(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)**

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**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2022**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	113,832
Restricted cash		20,340
Grants receivable		295,458
Prepaid expenses		<u>3,295</u>

TOTAL CURRENT ASSETS **432,925**

FIXED ASSETS

Furniture and equipment	102,008
Leasehold improvements	45,249
Vehicles	<u>41,709</u>
	<b>188,966</b>
Less: accumulated depreciation	<u>(179,678)</u>

TOTAL NET FIXED ASSETS **9,288**

OTHER ASSETS

Right of use assets, net	206,993
Security deposits	<u>25,296</u>

TOTAL OTHER ASSETS **232,289**

TOTAL ASSETS \$ **674,502**

**NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.**  
**(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)**

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**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2022**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	145,362
Accrued liabilities		96,737
Representative payee liabilities		<u>20,340</u>

TOTAL CURRENT LIABILITIES **262,439**

LONG-TERM LIABILITIES

Lease liability		<u>209,023</u>
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TOTAL LONG-TERM LIABILITIES **209,023**

NET ASSETS

Without donor restrictions		203,040
With donor restrictions		<u>-</u>

TOTAL NET ASSETS **203,040**

TOTAL LIABILITIES AND NET ASSETS \$ **674,502**

**NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.**  
**(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>
<b><u>SUPPORT AND REVENUES</u></b>			
Grants and awards	\$ 2,234,765	\$ -	\$ 2,234,765
Contributions	556,696	-	556,696
Program rental income	76,311	-	76,311
In-kind donations	200,000	-	200,000
Special events	4,659	-	4,659
Miscellaneous income	21,385	-	21,385
Net assets released from restrictions			
Satisfaction of program restriction expenditures	195,000	(195,000)	-
	<u>3,288,816</u>	<u>(195,000)</u>	<u>3,093,816</u>
<b><u>TOTAL SUPPORT AND REVENUES</u></b>			
 <b><u>EXPENSES</u></b>			
Program services			
Permanent housing and supportive services	1,317,544	-	1,317,544
Emergency shelter	812,351	-	812,351
Day support service center	228,562	-	228,562
Housing System Navigator Services	54,093	-	54,093
	<u>2,412,550</u>	<u>-</u>	<u>2,412,550</u>
Management and general expenses	646,509	-	646,509
	<u>3,059,059</u>	<u>-</u>	<u>3,059,059</u>
<b><u>TOTAL EXPENSES</u></b>			
	<u>229,757</u>	<u>(195,000)</u>	<u>34,757</u>
<b><u>INCREASE (DECREASE) IN NET ASSETS</u></b>			
<b><u>NET ASSETS (DEFICIT) AT BEGINNING OF YEAR</u></b>	<u>(26,717)</u>	<u>195,000</u>	<u>168,283</u>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<u>\$ 203,040</u>	<u>\$ -</u>	<u>\$ 203,040</u>

**NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.**  
**(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2022

	Permanent Housing and Supportive Services	Emergency Shelter	Day Support Service Center	Housing System Navigator Services	Total Program Services	Management and General	2022 Total
Salaries	\$ 439,915	\$ 364,508	\$ 102,605	\$ 39,463	\$ 946,491	\$ 344,382	\$ 1,290,873
Fringe benefits and payroll taxes	88,921	49,744	14,178	6,621	159,464	44,571	204,035
Client services and assistance	623,476	34,717	1,738	6,564	666,495	-	666,495
Consulting and professional fees	132,655	4,090	36,374	-	173,119	141,149	314,268
Depreciation	2,988	2,000	522	117	5,627	1,431	7,058
Dues, subscriptions, licenses and fees	-	-	-	-	-	415	415
Equipment rental	307	3,351	3,058	-	6,716	2,875	9,591
Insurance	2,042	4,916	4,916	510	12,384	42,014	54,398
Interest	-	-	-	-	-	2,468	2,468
IT expenses	4,158	860	2,041	531	7,590	2,555	10,145
Miscellaneous expenses	-	2,000	-	-	2,000	3,776	5,776
Occupancy	12,532	335,357	56,096	-	403,985	46,373	450,358
Office supplies and miscellaneous	172	5	257	13	447	5,042	5,489
Postage and shipping	147	-	-	-	147	40	187
Repair and maintenance	1,115	5,600	1,647	65	8,427	2,228	10,655
Staff development	6,440	12	9	40	6,501	11	6,512
Telecommunications	-	5,128	4,913	169	10,210	6,365	16,575
Vehicle operating costs	2,676	63	208	-	2,947	814	3,761
<b>TOTAL EXPENSES</b>	<b>\$ 1,317,544</b>	<b>\$ 812,351</b>	<b>\$ 228,562</b>	<b>\$ 54,093</b>	<b>\$ 2,412,550</b>	<b>\$ 646,509</b>	<b>\$ 3,059,059</b>



**NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.**  
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**STATEMENTS OF CASH FLOWS**  
**Year Ended June 30, 2022**

CASH FLOW FROM OPERATING ACTIVITIES

Change in net assets	\$	34,757
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation		7,058
Decrease (increase) in assets		
Grant receivable		(172,981)
Prepaid expenses		1,253
Right of use assets, net		(188,684)
Increase (decrease) in liabilities		
Accounts payable		123,586
Accrued liabilities		(13,944)
Representative payee liabilities		(884)
Lease liability		190,716

NET CASH USED IN OPERATING ACTIVITIES (19,123)

CASH FLOW FROM INVESTING ACTIVITIES

None -

CASH FLOW FROM FINANCING ACTIVITIES

None -

NET DECREASE IN CASH (19,123)

CASH AND RESTRICTED CASH, BEGINNING OF YEAR 153,295

CASH AND RESTRICTED CASH, END OF YEAR \$ 134,172

SUPPLEMENTAL DISCLOSURE

Cash paid for interest \$ 2,468

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## NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC.

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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#### NOTE 1 – CENTER AND NATURE OF ACTIVITIES

The North Side Housing and Supportive Services, Inc. (The Organization) is an Illinois not-for-profit corporation that was founded in 1984 and operates in Chicago, Illinois. The Organization's mission is to end homelessness in the lives of individuals by providing housing and comprehensive supportive services. The Organization also strive to eradicate the conditions that cause, contribute to exacerbate homelessness.

The Organization provides the following programs:

<b>Day Support Services Center</b>	Aids individuals currently experiencing homelessness, facing imminent eviction, or fleeing domestic violence to secure more stable housing, necessities, income and stability through services such as extensive case management, housing assistance, transitional or emergency shelter placement, mental health counseling, health screenings and referrals.
<b>Emergency Shelter</b>	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. The shelter operates 24 hours a day all year round.
<b>Permanent Supportive Housing</b>	Provides the last steps to existing homelessness for men and women by providing subsidized apartments in combination with intensive and comprehensive case management services.
<b>Integrated Health Services</b>	Provides on-site medical and mental health to improve quality of life. It's comprised of HEAP and clinical Mental Health services, such as health education, care coordination, nutrition counseling, transit passes to medical appointments, resources and referrals.
<b>Housing System Navigation</b>	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.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

##### BASIS OF PRESENTATION

The accompanying financial statements of North Side Housing and Supportive Services, Inc. have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). The Organization is required to report net assets and revenue and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

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

Notes to the Financial Statements (*Continued*)

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### Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization' management and the Board of Trustees. At its discretion, the Board of Trustees may designate certain funds for specific purposes.

### 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 Organizations or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combined statement of activities. Donor-restricted contributions whose restriction expires or is met within the same fiscal year of the contribution are considered to have been received without donor restriction and are reported as contributions without donor restrictions.

### CASH AND CONCENTRATIONS OF RISK

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At June 30, 2022, there were no cash equivalents. The organization maintains its cash with high quality financial institutions and deposits occasionally exceed federally insured limits.

### 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 fund received which are yet to be paid out.

The restricted cash balance as of June 30, 2022 is \$ 20,340.

### CONTRIBUTIONS, GRANTS AND CONTRACTS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction on net assets is met it is reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

### PROMISES TO GIVE AND REVENUE RECOGNITION

Contributions are recognized when a donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are not restricted by the donor are reported as increases in net assets without donor restrictions. Contributions with restrictions are reported as 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 an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The organization uses the allowance method to determine uncollectable receivables. No allowance was determined necessary for the years ended June 30, 2022.

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

Notes to the Financial Statements (*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.

As of June 30, 2022, grant receivable are composed of the following amounts:

U.S. Department of Housing and Urban Development	\$	54,512
State of Illinois - Department of Human Services		50,000
City of Chicago - Department of Family Support and Services		143,477
Center for Housing and Health		31,867
Other		<u>15,602</u>
Total	\$	<u>295,458</u>

### CAPITALIZATION AND DEPRECIATION

Purchased property and equipment are recorded and capitalized at cost, while expenditures for maintenance and repairs are charged to expense as incurred. Donated fixed assets are recorded at fair value on the date of donation. The Organization has a capitalization threshold of \$500.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

	<u>Estimated Life</u>
Furniture and fixtures	3-7 years
Office equipment	3-5 years
Leasehold improvements	3-15 years or lease term, whichever is shorter.
Vehicles	3-5 years

Depreciation expenses is \$ 7,058 during the year ended June 30, 2022.

### CONTRIBUTED SERVICES AND GOODS

According to U.S. generally accepted accounting principles, contributed services are recognized as contributions if they create or enhance a nonfinancial asset (such as constructing a building) or require specialized skills (such as professionals and skilled craftsmen), are provided by persons possessing those skills, and would need to be purchased if the services were not donated. The amount of services and donated goods used in operations are recognized at estimated fair values when received.

Donated noncash assets received total \$ 150,000, at June 30, 2022, and are included with in-kind donations revenue and program, management and general, and fundraising expense on the statements of activities and functional expenses.

Contributions of donated noncash assets are recorded at fair value in the period received. Donated noncash assets received total \$ 50,000, at June 30, 2022, and are included with in-kind donations revenue and program, management and general, and fundraising expense on the statement of activities and functional expenses.

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

Notes to the Financial Statements (*Continued*)

### PROGRAM SERVICES AND SPECIAL EVENT

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

### INCOME TAXES

The Organization is tax exempt under Internal Revenue Code Section 501 (c) (3), is classified as a public charity and has no unrelated business income. Accordingly, no provision for income taxes is reported. The financial statement effects of a tax position taken or expected to be taken are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination. As of June 30, 2022, the organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

### 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 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.

### EXPENSE ALLOCATION

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 are generally allocated on the basis of estimates of time and effort.

### LEASES

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which replaced existing lease accounting guidance. The new standard is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use (ROU) assets and corresponding lease liabilities on the balance sheet. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. The new guidance requires the Organization to continue to classify leases as either an operating or finance lease, with classification affecting the pattern of expense recognition in the income statement. In addition, the new standard requires enhanced disclosure surrounding the amount, timing and uncertainty of cash flows arising from leasing agreements.

As of July 1, 2021, the Organization changed its accounting method for leases as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, Leases, using the modified retrospective transition method. There was no cumulative effect adjustment to the Organization's balance sheet as of July 1, 2021. Comparative information has not been restated and continues to be reported under the accounting standards in effect for the prior period.

The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases. The Organization elected the package of practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases. The Organization has not elected the hindsight practical expedient.

Adoption of the new guidance did not have a significant impact to the statement of income and comprehensive income or cash flows for the year ended June 30, 2022. The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise.

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

Notes to the Financial Statements (*Continued*)

### NEW ACCOUNTING STANDARD – REVENUE FROM CONTRACTS

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification 605, Revenue Recognition. ASU No. 2014-09 provides for a single five-step model to be applied to all revenue contracts with customers. ASU No. 2014-09 also requires additional financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2018. The organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively for all periods presented.

### NEW ACCOUNTING STANDARD – CONTRIBUTIONS RECEIVED AND MADE

In June 2018, the FASB 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 improves the current guidance on determining whether transactions are contributions or exchange transactions. ASU No. 2018-08 also requires determining if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. ASU No. 2018-08 is effective for resource recipients for annual reporting periods beginning after December 15, 2018 and for resource providers for annual reporting periods beginning after December 15, 2019. The organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively for all periods presented.

### MANAGEMENT REVIEW

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

### NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

No net assets were restricted by donor restrictions as of June 30, 2022

### NOTE 4 – RETIREMENT PLAN

The organization has a Simple IRA plan which covers all eligible employees. The Organization's contributions to the plan is \$ 13,262 at June 30, 2022.

### NOTE 5 - LIQUIDITY OF ASSETS

As part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets at year-end of \$432,925 consist of cash of \$ 113,832, grant receivable of \$295,458, and prepaid expenses of \$3,295. The grant receivable is expected to be collected within one year.

### NOTE 6 – LINE OF CREDIT

The Organization has a \$ 300,000 credit line with Wintrust Bank 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. The line of credit was paid off as of June 30, 2022.

Interest expenses associated with the line of credit is \$ 2,321 for the year ended June 30, 2022.

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

Notes to the Financial Statements (Continued)

### **NOTE 7 – OPERATING LEASE**

On January 1, 2021, the Organization entered into a one-year-term space sharing agreement with an unrelated non-for-profit organization to operate its emergency shelter. Monthly rent was \$ 12,396. As the agreement expired at December 31, 2021, the Organization's emergency shelter started to operate out of a rented motel space. No lease commitment was established between the Organization and the motel, all rental with the motel are considered short-term and temporary.

As of February 17, 2023, the Chicago Zoning Board of Appeals has approved a Special Use Permit to allow the operation of a new men's shelter by the Organization in Chicago. The Organization proceeds to acquire and rehab a building for the new emergency shelter subsequent to the year end June 30, 2022.

The Organization also entered into a short-term lease to rent extra storage. The lease started from April 5, 2022 and the monthly rental charge is \$ 337.

The Organization leases its administrative facility located in Chicago under a five-year and three-month noncancelable operating lease that commenced on July 1, 2016. As the original lease expired on September 30, 2021, the term of the lease was extended for three years, commencing on October 1, 2021. Monthly base rent is \$ 7,448 with 3% annual increase.

As of June 30, 2022, the right-of-use (ROU) asset had a balance of \$ 206,993, as shown in noncurrent assets on the statement of financial position; the corresponding lease liability is included in liabilities as \$209,023. The lease asset and liability were calculated utilizing the risk-free discount rate of 0.08%, according to the Organization's elected policy.

Additional information about the Organization's leases is as follows:

Weighted average remaining lease term:	
Operating Lease	2.5 years
Weighted average discount rate:	
Operating Lease	0.08%
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$67,032

Maturities of operating lease liabilities as of June 30, 2022 were as follows:

Year Ending June 30,	
2023	\$ 91,383
2024	94,131
2025	<u>23,706</u>
Total lease payments	209,220
Less: interest	<u>(197)</u>
Present value of lease liabilities	<u>\$ 209,023</u>

With respect to tenant leases, FASB ASC 842 (See NOTE 2) did not have a material impact on the financial statements.

### **NOTE 8 – GOVERNMENT CONTRACTS**

Support from government contracts are subject to review by government Center grantors. The reviews of certain of these programs for the year ended June, 30, 2022 have not been concluded. Accordingly, the organization's compliance with applicable requirements will be established at future dates. The amount, if any, of expenditures that may be disallowed by the government agencies cannot be determined at this time. The organization believes such amount, if any, would be immaterial.

**ADDITIONAL INFORMATION**



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

**(AN ILLINOIS NOT-FOR-PROFIT CORPORATION)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal Grantor/Program Title	Passed Through Grantor	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Continuum of Care Program*				
Continuum of Care Program - Supportive Housing Program		14.267	IL0377L5T102012	\$ 261,428
Continuum of Care Program - Supportive Housing Program		14.267	IL0377L5T102113	52,873
Continuum of Care Program - Veterans Housing Initiative		14.267	IL0459L5T102008	163,793
Continuum of Care Program - Veterans Housing Initiative		14.267	IL0459L5T102109	94,151
Continuum of Care Program - Shelter Plus Care XX		14.267	IL0171L5T102013	174,179
Continuum of Care Program - Shelter Plus Care XX		14.267	IL0171L5T102114	40,425
Continuum of Care Program - Housing System Navigation		14.267	IL1636L5T101901	11,563
Continuum of Care Program - Housing System Navigation		14.267	IL1636L5T102002	59,122
Continuum of Care Program - Housing for Health SHP Project	Center for Housing and Health	14.267	IL0493L5T101907	59,491
Continuum of Care Program - Housing for Health SHP Project	Center for Housing and Health	14.267	IL0493L5T102008	33,617
Continuum of Care Program - Samaritan Project	Center for Housing and Health	14.267	IL0162L5T101912	11,753
Continuum of Care Program - Samaritan Project	Center for Housing and Health	14.267	IL0162L5T102013	37,395
Total Continuum of Care Program* 14.267				<u>999,790</u>
Community Development Block Grant (CDBG)				
- Entitlement Grants Cluster				
Community Development Block Grant - Housing Trust	City of Chicago DFSS	14.218	PO 85478 Release 151527	48,106
Community Development Block Grant - Housing Trust	City of Chicago DFSS	14.218	PO 174314 Release 188513	52,063
Community Development Block Grant - Emergency Shelter	City of Chicago DFSS	14.218	PO 85310 Release 155439	93,897
Community Development Block Grant - Emergency Shelter	City of Chicago DFSS	14.218	PO 174608 Release 188473	92,602
Total CDBG - Entitlement Grants Cluster 14.218				<u>286,668</u>
Emergency Solutions Grant Program (ESG)				
Emergency Solutions Grant - FEMA CARES Act 2020	City of Chicago DFSS	14.231	PO 130157 Release 157866	26,388
Emergency Solutions Grant - FEMA CARES Act 2021	City of Chicago DFSS	14.231	PO 177438 Release 193083	10,500
Total Emergency Solution Grant Program 14.231				<u>36,888</u>
<u>Total U.S. Department of Housing and Urban Development</u>				<u>1,323,346</u>
<u>U.S. Department of Health &amp; Human Services</u>				
Community Service Block Grant (CSBG)				
Community Service Block Grant - Day Support Services Center	City of Chicago DFSS	93.569	PO 85368 Release 151001	31,830
Community Service Block Grant - Housing Trust	City of Chicago DFSS	93.569	PO 85480 Release 150771	16,507
Total Community Service Block Grant 93.569				<u>48,337</u>
<u>Total U.S. Department of Health &amp; Human Services</u>				<u>48,337</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ <u>1,371,683</u></b>

(\*) Major program

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**NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal expenditures activity of North Side Housing and Supportive Services, Inc for the year ended June 30, 2022, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not represent, the financial position, changes in net assets, or cash flows of the Organization.

Note 2 – Indirect Cost Rate

The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Non-Cash Awards

The Organization did not have any outstanding federal loans or loan guarantees or insurance at June 30, 2022, and did not receive any federal non-cash awards during the year ended June 30, 2022.



**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  
North Side Housing and Supportive Services, Inc

We have audited, in accordance with the 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 North Side Housing and Supportive Services, INC, (the Organization) which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's 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 a 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 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 the Organization's financial statements are free from 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.

Wieland Wallace Inc.  
Batavia, Illinois  
November 22, 2023



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

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

**Report on Compliance for the Major Federal Program**

We have audited North Side Housing and Supportive Services, Inc's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, North Side Housing and Supportive Services, Inc complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of North Side Housing and Supportive Services, Inc and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that our audit evidence provides a reasonable basis for our opinion on compliance for North Side Housing and Supportive Services, Inc's major federal program. Our audit does not provide a legal determination of North Side Housing and Supportive Services, Inc's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grant agreements applicable to North Side Housing and Supportive Services, Inc's federal program.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on North Side Housing and Supportive Services, Inc's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about North Side Housing and Supportive Services, Inc's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 North Side Housing and Supportive Services, Inc's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of North Side Housing and Supportive Services, Inc's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness North Side Housing and Supportive Services, Inc's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 the compliance requirements of a federal program on a timely basis. A material weakness *in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 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 Auditor's Responsibilities for the Audit of Compliance 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, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Wieland Wallace Inc.*

Batavia, Illinois  
November 22, 2023

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**NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2022**

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**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of North Side Housing and Supportive Services, Inc were prepared in accordance with GAAP.
2. There were no material weaknesses disclosed during the audit of the financial statements. No significant deficiencies related to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of North Side Housing and Supportive Services, Inc were disclosed during the audit.
4. There were no material weaknesses or significant deficiencies disclosed during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program for North Side Housing and Supportive Services, Inc expresses an unmodified opinion on the major federal program.
6. There are no audit findings required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program was CFDA 14.267, Continuum of Care Program.
8. The threshold for distinguishing Types A and B program was \$750,000.
9. North Side Housing and Supportive Services, Inc qualifies as a low-risk auditee.

**FINDINGS—FINANCIAL STATEMENTS AUDIT**

None.

**FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**NORTH SIDE HOUSING AND SUPPORTIVE SERVICES, INC**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2022**

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The prior year audit report was issued by Sikich, LLP on April 13, 2022. There were no findings noted on prior year's audit report, therefore no summary schedule of prior audit findings was necessary.