

SARAH'S CIRCLE AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 AND 2022
TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Sarah's Circle and Affiliates:

Report on the Audit of the Consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Sarah's Circle and Affiliates (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sarah's Circle and Affiliates as of June 30, 2023 and 2022, and the changes in its net assets and its 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 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. 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 Sarah's Circle and Affiliates and to meet our other 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 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 Sarah's Circle and Affiliates' ability to continue as a going concern within one year after the date that the consolidated 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 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 an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* 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.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 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 Sarah's Circle and Affiliates' 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 Sarah's Circle and Affiliates' ability to continue as a going concern for a reasonable period of time.

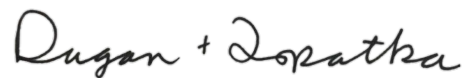
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 September 22, 2023, on our consideration of Sarah's Circle and Affiliates' 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 Sarah's Circle and Affiliates' 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 Sarah's Circle and Affiliates' internal control over financial reporting and compliance.



DUGAN & LOPATKA

Warrenville, Illinois
September 22, 2023

SARAH'S CIRCLE AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

<u>A S S E T S</u>	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,171,820	\$ 7,914,792
Cash, restricted	4,445,212	98,998
Grants receivable, net	478,239	222,850
Pledges receivable, current maturities	75,000	-
Investments	9,782,611	9,258,519
Prepaid expenses	19,560	19,230
Total current assets	<u>23,972,442</u>	<u>17,514,389</u>
PROPERTY AND EQUIPMENT, net	<u>22,574,238</u>	<u>22,927,708</u>
OTHER ASSETS:		
Pledges receivable, net of current maturities	<u>75,000</u>	<u>-</u>
Total assets	<u>\$ 46,621,680</u>	<u>\$ 40,442,097</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable	\$ 42,038	\$ 45,925
Accrued liabilities	227,418	266,929
Total current liabilities	<u>269,456</u>	<u>312,854</u>
LONG-TERM LIABILITIES		
Note payable, net of current maturity	<u>2,627,790</u>	<u>2,627,790</u>
Total long-term liabilities	<u>2,627,790</u>	<u>2,627,790</u>
Total liabilities	<u>2,897,246</u>	<u>2,940,644</u>
NET ASSETS:		
Without donor restrictions	32,476,575	30,986,429
With donor restrictions	11,247,859	6,515,024
Total net assets	<u>43,724,434</u>	<u>37,501,453</u>
Total liabilities and net assets	<u>\$ 46,621,680</u>	<u>\$ 40,442,097</u>

The accompanying notes are an integral part of this statement.

SARAH'S CIRCLE AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Public support and other income -						
Contributions	\$ 2,463,932	\$ 4,732,835	\$ 7,196,767	\$ 2,330,733	\$ 750,500	\$ 3,081,233
Grants	2,921,456	-	2,921,456	2,780,909	-	2,780,909
In-kind donations	406,291	-	406,291	381,706	-	381,706
Special events, net of direct expense \$14,580 and \$9,098, respectively	237,549	-	237,549	196,983	-	196,983
Program rental income	50,867	-	50,867	67,942	-	67,942
Investment income (loss)	(55,921)	-	(55,921)	141,198	-	141,198
Net assets released from restrictions	-	-	-	-	-	-
Total support and revenue	<u>6,024,174</u>	<u>4,732,835</u>	<u>10,757,009</u>	<u>5,899,471</u>	<u>750,500</u>	<u>6,649,971</u>
FUNCTIONAL EXPENSES:						
Program services -						
Interim housing	1,809,741	-	1,809,741	1,820,325	-	1,820,325
Permanent supportive housing	1,835,600	-	1,835,600	1,661,640	-	1,661,640
Daytime support center	646,499	-	646,499	567,397	-	567,397
Total program services	<u>4,291,840</u>	<u>-</u>	<u>4,291,840</u>	<u>4,049,362</u>	<u>-</u>	<u>4,049,362</u>
Management and general	267,895	-	267,895	229,209	-	229,209
Fundraising	316,157	-	316,157	285,035	-	285,035
Total functional expenses	<u>4,875,892</u>	<u>-</u>	<u>4,875,892</u>	<u>4,563,606</u>	<u>-</u>	<u>4,563,606</u>
CHANGE IN NET ASSETS, before unrealized gain (loss) on investments	1,148,282	4,732,835	5,881,117	1,335,865	750,500	2,086,365
Unrealized gain (loss) on investments	341,864	-	341,864	(1,072,227)	-	(1,072,227)
CHANGE IN NET ASSETS	1,490,146	4,732,835	6,222,981	263,638	750,500	1,014,138
NET ASSETS, Beginning of year	<u>30,986,429</u>	<u>6,515,024</u>	<u>37,501,453</u>	<u>30,722,791</u>	<u>5,764,524</u>	<u>36,487,315</u>
NET ASSETS, End of year	<u>\$ 32,476,575</u>	<u>\$ 11,247,859</u>	<u>\$ 43,724,434</u>	<u>\$ 30,986,429</u>	<u>\$ 6,515,024</u>	<u>\$ 37,501,453</u>

The accompanying notes are an integral part of this statement.

SARAH'S CIRCLE AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 6,222,981	\$ 1,014,138
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation and amortization	712,595	733,683
Contributions for long-term investments	(4,582,835)	(750,500)
Unrealized (gain) loss on investments	(341,864)	1,072,227
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	(255,389)	968,483
(Increase) in pledges receivable	(150,000)	-
(Increase) in prepaid expenses	(330)	(4,190)
Decrease in prepaid expenses	-	10,874
(Decrease) in accounts payable	(3,887)	(119,666)
(Decrease) in refundable advance - PPP	-	(309,740)
(Decrease) increase in accrued liabilities	(39,511)	108,026
Total adjustments	<u>(4,661,221)</u>	<u>1,709,197</u>
Net cash provided by operating activities	<u>1,561,760</u>	<u>2,723,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchase of property	(359,125)	(490,135)
Payments for purchase of investments	<u>(182,228)</u>	<u>(1,541,850)</u>
Net cash (used in) investing activities	<u>(541,353)</u>	<u>(2,031,985)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions for long-term investment	<u>4,582,835</u>	<u>750,500</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,603,242	1,441,850
CASH AND CASH EQUIVALENTS, Beginning of year	<u>8,013,790</u>	<u>6,571,940</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 13,617,032</u>	<u>\$ 8,013,790</u>
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 9,171,820	\$ 7,914,792
Cash, restricted	<u>4,445,212</u>	<u>98,998</u>
Total cash and cash equivalents	<u>\$ 13,617,032</u>	<u>\$ 8,013,790</u>

The accompanying notes are an integral part of this statement.

SARAH'S CIRCLE AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Total Program Services	Supporting Services		
	Daytime Services	Interim Housing	Permanent Housing		Management and General	Fundraising	Total
Salaries	\$ 320,782	\$ 847,004	\$ 814,244	\$ 1,982,030	\$ 132,924	\$ 156,869	\$ 2,271,823
Payroll taxes	19,682	51,970	49,960	121,612	8,156	9,625	139,393
Employee benefits	42,163	111,329	107,023	260,515	17,471	20,619	298,605
Total salaries and related expenses	382,627	1,010,303	971,227	2,364,157	158,551	187,113	2,709,821
Bank fees	644	1,701	1,635	3,980	267	316	4,563
Board and staff expenses	1,663	4,391	4,221	10,275	689	813	11,777
Client services	8,100	21,388	215,137	244,625	3,357	3,961	251,943
Contractual services	-	102,696	-	102,696	-	-	102,696
Depreciation and amortization	100,618	265,677	255,401	621,696	41,694	49,205	712,595
Development	-	-	-	-	-	-	-
Food supplies	9,514	25,121	24,149	58,784	3,942	4,652	67,378
Insurance	11,631	30,711	29,524	71,866	4,820	5,688	82,374
Interest	18,552	48,986	47,091	114,629	7,688	9,072	131,389
Marketing	478	1,261	1,213	2,952	198	234	3,384
Postage	505	1,332	1,281	3,118	209	247	3,574
Printing	2,160	5,704	5,484	13,348	895	1,056	15,299
Professional fees	12,689	33,504	32,208	78,401	5,258	6,205	89,864
Professional fees in-kind	27,230	71,898	69,117	168,245	11,283	13,316	192,844
Rent	-	-	-	-	-	-	-
Repairs and maintenance	28,116	74,239	71,368	173,723	11,651	13,749	199,123
Supplies	5,446	14,380	13,824	33,650	2,257	2,667	38,574
Supplies in-kind	11,586	30,593	29,410	71,589	4,801	5,666	82,056
Telephone and internet	3,841	10,143	9,751	23,735	1,592	1,879	27,206
Transportation	2,612	6,897	6,631	16,140	1,082	1,277	18,499
Utilities	13,117	34,636	33,296	81,049	5,436	6,415	92,900
Property tax	5,370	14,180	13,632	33,182	2,225	2,626	38,033
Total functional expenses per statement of activities	646,499	1,809,741	1,835,600	4,291,840	267,895	316,157	4,875,892
Direct Benefit to donors							
Entertainment	-	-	-	-	-	14,580	14,580
Total expenses	\$ 646,499	\$ 1,809,741	\$ 1,835,600	\$ 4,291,840	\$ 267,895	\$ 330,737	\$ 4,890,472

The accompanying notes are an integral part of this statement.

SARAH'S CIRCLE AND AFFILIATES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Total Program Services	Supporting Services		
	Daytime Services	Interim Housing	Permanent Housing		Management and General	Fundraising	Total
Salaries	\$ 282,879	\$ 877,414	\$ 732,536	\$ 1,892,829	\$ 114,273	\$ 142,106	\$ 2,149,208
Payroll taxes	25,425	78,861	65,839	170,125	10,271	12,772	193,168
Employee benefits	34,924	108,325	90,438	233,687	14,108	17,544	265,339
Total salaries and related expenses	343,228	1,064,600	888,813	2,296,641	138,652	172,422	2,607,715
Bank fees	1,453	4,508	3,764	9,725	587	731	11,043
Board and staff expenses	2,552	7,915	6,608	17,075	1,031	1,282	19,388
Client services	6,356	19,715	208,780	234,851	2,568	3,193	240,612
Contractual services	949	31,517	2,457	34,923	383	477	35,783
Depreciation and amortization	96,567	299,526	250,069	646,162	39,010	48,511	733,683
Development	76	237	198	511	31	37	579
Food supplies	5,467	16,958	14,158	36,583	2,209	2,747	41,539
Insurance	2,782	8,628	7,203	18,613	1,124	1,397	21,134
Interest	17,326	53,740	44,866	115,932	6,999	8,704	131,635
Marketing	1,286	3,988	3,330	8,604	519	646	9,769
Postage	1,070	3,320	2,772	7,162	432	538	8,132
Printing	4,275	13,259	11,069	28,603	1,727	2,147	32,477
Professional fees	8,026	24,895	20,784	53,705	3,242	4,032	60,979
Professional fees in-kind	25,053	77,708	64,877	167,638	10,121	12,585	190,344
Rent	-	31,836	-	31,836	-	-	31,836
Repairs and maintenance	22,747	70,557	58,906	152,210	9,189	11,428	172,827
Supplies	2,060	6,391	5,583	14,034	832	1,035	15,901
Supplies in-kind	7,894	24,484	20,195	52,573	3,189	3,965	59,727
Telephone and internet	3,434	10,650	8,892	22,976	1,387	1,725	26,088
Transportation	900	2,792	2,331	6,023	364	452	6,839
Utilities	13,166	40,836	34,094	88,096	5,318	6,614	100,028
Property tax	730	2,265	1,891	4,886	295	367	5,548
Total functional expenses per statement of activities	567,397	1,820,325	1,661,640	4,049,362	229,209	285,035	4,563,606
Direct Benefit to donors							
Meals	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	9,098	9,098
Total functional expenses	\$ 567,397	\$ 1,820,325	\$ 1,661,640	\$ 4,049,362	\$ 229,209	\$ 294,133	\$ 4,572,704

The accompanying notes are an integral part of this statement.

SARAH'S CIRCLE AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Sarah's Circle and Affiliates (the Organization) is an Illinois not-for-profit organization founded in 1979 and operates in Chicago, Illinois. The purpose of the Organization is to provide for essential human services for women who are homeless, and via all programs, end homelessness for women. This is accomplished by providing a full range of services including permanent and interim housing, basic life necessities, critical and emergency supportive services, we empower women to end their homelessness and realize their unique potential. Sarah's Circle House, Sarah's on Lakeside, LLC and Sarah's on Sheridan, LLC (Affiliates) are affiliates of the Organization.

The consolidated financial statements were available to be issued on September 22, 2023, with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies applied by management in the preparation of the accompanying consolidated financial statements.

Basis of Accounting -

The Organization records its financial transactions and maintains its books and records on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

Basis of Presentation -

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors. The Board has designated \$2,135,000 and \$2,005,000 as of June 30, 2023 and 2022 for general operating reserves, respectively.

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Nature of Programs -

Interim Housing - Every day the Interim Housing Program provides comprehensive services including shelter and 24-hour access to 50 women who are currently homeless. The goal of the program is to help women move into permanent housing as quickly as possible with intensive case management, housing coordination, and other individualized services tailored to the strengths and challenges of the individual.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Nature of Programs - (Continued)

Permanent Supportive Housing - The Organization provides permanent supportive housing to women who have a disabling condition and who have been chronically homeless. Some women in this program were homeless for over a decade before being housed. Each woman in the program is provided with a housing subsidy, intensive case management, and other individualized supportive services to help her improve her health, well-being, and self-sufficiency. This type of housing has been proven to improve outcomes for the most difficult to serve individuals and reduce public costs for jails, emergency rooms, and other crisis services. In 2020, Sarah's Circle implemented a Rapid Rehousing program. This program is designed to move clients quickly from homelessness to permanent housing.

Daytime Support Center - The Daytime Support Center is a safe and welcoming community for any woman in need, whether street homeless, doubled up with friends or family, formerly homeless, struggling with domestic violence, or simply low income and in need of community. Services include basic necessities, such as food, bathrooms, showers, laundry, telephone, computers with internet access, and an address for mail; educational and general interest programming on a variety of topics; individualized case management; and housing coordination.

Principles of Consolidation -

These consolidated financial statements include the accounts of Sarah's Circle House, Sarah's on Lakeside, LLC, and Sarah's on Sheridan, LLC. No intercompany accounts and transactions have occurred.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Restricted cash and cash equivalents are limited in use by contract for payment of costs of acquiring or constructing and operating a new shelter and of a related capital campaign. The total amount of restricted cash for these purposes is \$4,445,212 and \$98,998 as of June 30, 2023 and 2022, respectively.

The Organization maintains certain cash and cash equivalents at one financial institution which, at times, may exceed federally insured limits. At June 30, 2023 and 2022, the bank balance exceeded FDIC limits by approximately \$673,000 and \$1,100,000, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments -

Investments are carried at fair value in the statement of financial position. Investment securities, in general are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of market risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. Money market funds included in the investment portfolio are treated as cash equivalents on the statement of financial position as they are short-term highly liquid investments that are readily convertible to known amounts of cash.

Grants Receivable -

Grants receivable are amounts due under cost reimbursement contracts with primarily county and state government agencies.

Grants receivables are reviewed periodically by management to determine the adequacy of the allowance for doubtful accounts. Based on management's evaluation, the Organization believes that an allowance for doubtful accounts is not considered necessary as of June 30, 2023 and 2022; however, actual write-offs may occur.

Pledges Receivable -

Pledges receivables are recorded in the fiscal year, in which the pledge has become unconditional and then is classified as either without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and Equipment -

Property and equipment are carried at original cost or fair market value at date of receipt for donated assets less accumulated depreciation. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years. Depreciation expense totaled \$712,595 and \$733,683 as of June 30, 2023 and 2022, respectively.

Revenue Recognition for Contributions and Grants -

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a 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 upon which they depend have been met.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition for Contributions and Grants - (Continued)

A portion of the Organization's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

The Organization reports gifts of cash and other assets as, with donor restriction revenue, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. If a restriction is fulfilled in the same time period in which the contribution or grant revenue is received, the contribution or grant revenue is reported as net assets without donor restrictions.

In-Kind Contributions -

The Organization receives contributed non-financial assets that include donated services and rental space. Gifts in-kind revenue is recorded at the respective fair values of the goods or services received at the time of the donation.

In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles that prohibits the recording of donated services unless they create or enhance a nonfinancial asset or are specialized skills that would have been purchased if they were not donated.

Program Rent -

Program rent is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the services. The Organization's program revenue consists of rental income which is considered to have a single performance obligation that is satisfied at a point in time. The performance obligations for this service are considered met, and revenue is recognized, at beginning of the month the lessee is using the space.

Leases -

The Organization determines if an arrangement is a lease or contains a lease at inception of the contract. The Organization's operating leases, other than short-term leases which are 12 months or fewer, are presented in operating lease right-of-use assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities. At June 30, 2023, the Organization had no leases, other than short-term leases, accordingly, there are no leases recorded on the accompanying statement of financial position.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Leases - (Continued)

Operating lease right-of-use assets and lease liabilities are measured based on the present value of future lease payments over the lease term at each lease's commencement date. As most of the Organization's leases do not specify their implicit rate, the Organization has elected a practical expedient to use the nominal yield, at lease inception, applicable to U.S. Treasury instruments with a maturity of similar length of the lease term.

Operating lease right-of-use assets include all fixed contractual lease payments and initial direct costs incurred by the Organization, less any lease incentives the Organization receives from the lessor. The Organization has elected a practical expedient to account for lease and non-lease components together as a single lease component. The terms of the Organization's leases generally contain lease payments and reimbursements to the lessor of the Organization's proportionate share of common area maintenance (CAM), real estate taxes and other pass-through charges. Only the fixed lease components are included in the right-of-use assets and lease liabilities. Additionally, the Organization has elected not to apply these lease accounting policies to leases with a term of one year or less at the commencement date.

Operating lease expense for lease payments is recognized on a straight-line basis over the terms of each lease. Variable lease components include CAM, real estate taxes and other charges and are recorded as lease expense as incurred.

The Organization's leases can contain options granting the right to renew or extend the term of the lease for specified option periods. The decision as to whether the Organization will exercise the renewal options is generally at the Organization's sole discretion. The Organization includes lease extensions in the lease term when it is reasonably certain that the Organization will exercise the extension.

Use of Estimates -

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Allocation of Expenses -

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, supplies, and repairs and maintenance, 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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Organization files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2020. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

New Accounting Pronouncement -

Effective July 1, 2022, the Organization adopted ASU 2016-02, *Leases* (Topic 842) and subsequent amendments. Under ASU 2016-02, all of the Organization's real estate and equipment leases that have lease terms exceeding twelve months will now be required to be recognized on the statement of financial position as amortizable right-of-use assets accompanied by liabilities for the present value of the lease payments that the Organization is obligated to make in order to obtain control of the leased assets for the duration of each lease term.

Lease expense, under these amendments, will be recognized in different patterns depending on whether the underlying lease is an operating lease or a finance lease. Lease expense for operating leases will be recognized as a single expense using the straight-line method over the term of the lease, which includes options to renew the lease that the Organization is reasonably expected to exercise. Finance lease expense will consist of two components, interest expense on the lease obligation payable and straight-line amortization of the right-of-use asset.

During 2023, the Organization did not have any operating leases that exceed a one year term and would result in recording an asset and lease liability at July 1, 2022. Upon implementation, the Organization elected an available package of practical expedients permitted under the transition guidance included in ASU 2018-11, *Leases* (Topic 842) – *Targeted Improvements* that permits the Organization to carry forward the historical lease identification, classification and initial direct costs associated with the Organization's pre-existing leases. The implementation of the amendments did not materially impact the Organization's net earnings or cash flows.

(2) LIQUIDITY AND AVAILABILITY:

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 and general expenses and fundraising expenses expected to be paid in the subsequent years. Annual operations are defined as activities occurring during the Organization's fiscal year.

(2) LIQUIDITY AND AVAILABILITY: (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets -		
Cash and cash equivalents	\$ 9,171,820	\$ 7,914,792
Cash, restricted	4,445,212	98,998
Grant receivable, net	478,239	222,850
Pledges receivable, net	150,000	-
Investments	<u>9,782,611</u>	<u>9,258,519</u>
Total financial assets	24,027,882	17,495,159
Less: Donor imposed restrictions	<u>(11,247,859)</u>	<u>(6,515,024)</u>
Net financial assets after donor-imposed restrictions	12,780,023	10,980,135
Less: Internal designations - Board advised funds	<u>2,135,000</u>	<u>2,005,000</u>
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year.	<u>\$ 10,645,023</u>	<u>\$ 8,975,135</u>

The Organization manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability.
- incurring unbudgeted costs only when such costs are funded.
- maintaining adequate liquid assets to fund near-term operating needs.

The Organization has board-designated reserves, of which \$2,135,000 at June 30, 2023 is designated for general operations. The reserve is considered a liquid resource as the Board has ability to approve disbursements from the reserves to cover operation shortfalls.

(3) PLEDGES RECEIVABLE:

Unconditional promises to give at June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 75,000	\$ -
Receivable in greater than one year and less than five years	<u>75,000</u>	<u>-</u>
Total unconditional promises to give	<u>\$ 150,000</u>	<u>\$ -</u>

(4) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for *Fair Value Measurement* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2:

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at June 30, 2023 and 2022.

Mutual Funds and Common Stocks: Valued at the closing price (net asset value) reported on the active market on which the individual securities are traded.

U.S. government obligations and Bonds: U.S. government agency obligations and bonds are measured at Level 2 and are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

(4) FAIR VALUE MEASUREMENTS: (Continued)

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the organization's assets at fair value:

Description	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,177,557	\$ -	\$ -	\$ 2,177,557
Bonds	-	5,789,776	-	5,789,776
U.S. government obligations	-	1,493,501	-	1,493,501
Common stocks	321,777	-	-	321,777
Total assets at fair value	<u>\$ 2,499,334</u>	<u>\$ 7,283,277</u>	<u>\$ -</u>	<u>\$ 9,782,611</u>

Description	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 5,105,649	\$ -	\$ -	\$ 5,105,649
Bonds	-	3,796,579	-	3,796,579
U.S. government obligations	-	73,842	-	73,842
Common stocks	282,449	-	-	282,449
Total assets at fair value	<u>\$ 5,388,098</u>	<u>\$ 3,870,421</u>	<u>\$ -</u>	<u>\$ 9,258,519</u>

Investment income (loss) for the years ended June 30, 2023 and 2022 consisted of the following:

	2023	2022
Dividends and interest	\$ 463,293	\$ 311,959
Investment fees	(67,668)	(54,042)
Realized (loss)	<u>(451,546)</u>	<u>(116,719)</u>
Total investment income (loss)	<u>\$ (55,921)</u>	<u>\$ 141,198</u>

(5) PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land and building	\$ 22,733,910	\$ 22,700,392
Construction in progress	2,304,315	1,981,759
Leasehold improvements	352,251	352,251
Furniture and equipment	<u>567,417</u>	<u>564,364</u>
	25,957,893	25,598,766
Less - Accumulated depreciation	<u>(3,383,655)</u>	<u>(2,671,058)</u>
	<u>\$ 22,574,238</u>	<u>\$ 22,927,708</u>

(6) LEASED FACILITIES:

The Organization leases its interim housing facility on an annual basis. Total rent expense for the years ended June 30, 2023 and 2022 is \$- and \$31,836, respectively.

(7) NOTE PAYABLE:

Note payable consists of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Note payable to Illinois Housing Development Authority dated August 2012. There is no interest and no monthly payment, final balloon payment is due in December 2043. Secured by real property. Interest is imputed at 5%.	\$ 1,400,000	\$ 1,400,000
Note payable to the City of Chicago dated August 2012. There is no interest and no monthly payment, final balloon payment is due in August 2044. Secured by real property. Interest is imputed at 5%.	1,227,790	1,227,790
Less - Current portion	<u>-</u>	<u>-</u>
Long-term portion	<u>\$ 2,627,790</u>	<u>\$ 2,627,790</u>

Minimum notes payable due for the years ending June 30 are as follows:

2044	<u>\$ 2,627,790</u>
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(8) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Future building projects	\$ 5,764,524	\$ 5,764,524
Time restriction	150,000	-
Capital campaign fund	<u>5,333,335</u>	<u>750,500</u>
	<u>\$ 11,247,859</u>	<u>\$ 6,515,024</u>

(9) RETIREMENT PLAN:

The Organization sponsors a 401(k) Plan for eligible employees. The plan provides for the Organization to make a required matching contribution. Contributions to the plan were \$102,228 and \$69,354 for the years ended June 30, 2023 and 2022, respectively.

(10) IN-KIND CONTRIBUTIONS:

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities included the following:

	<u>2023</u>	<u>2022</u>
Professional services	\$ 192,844	\$ 190,344
Supplies	82,057	59,727
Interest	<u>131,390</u>	<u>131,635</u>
Total	<u>\$ 406,291</u>	<u>\$ 381,706</u>

Fair value of in-kind contributions is determined as follows:

Professional services: Professional services consist of all legal services that was provided pro bono hours for the organization. The services are recognized at fair value based on current rates for similar services.

Supplies: The donated goods consist of several miscellaneous items such as laundry detergent, sanitizing wipes, sleeping bags, shoes, gift cards and tickets. The Organization values the supplies at fair value based on current market rates for similar items.

Interest: The interest consists of imputed interest on its non-interest-bearing loans. The imputed interest rate used was 5%, which was the incremental borrowing rate at the time of the note issuance.

(11) COMMITMENTS:

The Organization has entered a contract with a general contractor for the construction of a 28 single-occupancy apartments and office space for its permanent housing program. During the year ended June 30, 2024 the Organization expects to incur costs of approximately \$12.4 million. The cost of the project is being funded from IHDA and City of Chicago loans and general contributions. As of June 30, 2023, the Organization has not used any of the loans funds and has approximately \$5.3 million of cumulative contributions for this project.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Sarah's Circle and Affiliates:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Sarah's Circle and Affiliates which comprise the consolidated statement of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 22, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Sarah's Circle and Affiliates' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sarah's Circle and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Sarah's Circle and Affiliates' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow 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 consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Independent Auditor's Report on
Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an
Audit of Financial Statements
Performed in Accordance with
Government Auditing Standards
To the Board of Directors of
Sarah's Circle and Affiliates
Page two

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sarah's Circle and Affiliates' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statements. 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 over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Sarah's Circle and Affiliates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sarah's Circle and Affiliates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


DUGAN & LOPATKA

Warrenville, Illinois
September 22, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE

To the Board of Directors of
Sarah's Circle and Affiliates:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sarah's Circle and Affiliates' compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Sarah's Circle and Affiliates' major federal programs for the year ended June 30, 2023. Sarah's Circle and Affiliates' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sarah's Circle and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Sarah's Circle and Affiliates and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sarah's Circle and Affiliates' 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, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Sarah's Circle and Affiliates' federal programs.

Independent Auditor's Report on
Compliance for Each Major Federal Program and on
Internal Control over Compliance Required by
Uniform Guidance
To the Board of Directors of
Sarah's Circle and Affiliates
Page two

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 Sarah's Circle and Affiliates' 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 Sarah's Circle and Affiliates' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Sarah's Circle and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sarah's Circle and Affiliates' 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sarah's Circle and Affiliates' 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.

Independent Auditor's Report on
Compliance for Each Major Federal Program and on
Internal Control over Compliance Required by
Uniform Guidance
To the Board of Directors of
Sarah's Circle and Affiliates
Page three

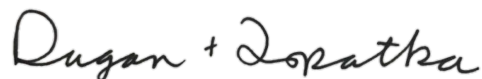
Report on Internal Control over Compliance

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 a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit 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.



DUGAN & LOPATKA

Warrenville, Illinois
September 22, 2023

SARAH'S CIRCLE AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor	Pass- Through Number	Passed Through to Sub-Recipients	Total Program Expenditures
Department of Housing and Urban Development: Continuum of Care	14.267				\$ <u>626,358*</u>
Emergency Solutions Grant Program	14.231	City of Chicago Department of Family and Support Services	PO-174900-221280		82,562
Emergency Solutions Grant Program	14.231	City of Chicago Department of Family and Support Services	PO-174618-220537		124,423
Emergency Solutions Grant Program	14.231	City of Chicago Department of Family and Support Services	PO-168167-179399		57,226
Emergency Solutions Grant Program	14.231	All Chicago - CARES			<u>85,240</u>
Total Emergency Solutions Grant program					<u>349,451</u>
Home Investment Partnerships Program	14.239	Community Housing Development Organization	PO-184286		32,977
Home Investment Partnerships Program	14.239	Community Housing Development Organization	PO-227232		<u>27,074</u>
Total Home Investment Partnership Program					<u>60,051</u>
Community Development Block Grant-Entitlement Grant Cluster	14.218	City of Chicago Department of Family and Support Services	PO-174900-184403		70,623

SARAH'S CIRCLE AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor	Pass- Through Number	Passed Through to Sub-Recipients	Total Program Expenditures
Community Development Block Grant-Entitlement Grant Cluster	14.218	City of Chicago Department of Family and Support Services	PO-174618-184563		\$ <u>107,256</u>
Total Community Development Block Grant-Entitlement Grant Cluster					<u>177,879</u>
Section 4 Capacity Building for Community Development and Affordable Housing	14.252	Enterprise	Section 4		32,957
Section 8 Housing Choice Vouchers	14.871	Chicago Housing Authority			<u>349,490</u>
Total Department of Housing and Urban Development					1,596,186
U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Fund	21.027	All Chicago			304,083
U.S. Department of Homeland Security Emergency Food and Shelter National Board Program – ARPA	97.024	United Way of Metro Chicago			350,000
Food and Shelter National Board Program	97.024	United Way of Metro Chicago	Phase 39		<u>29,399</u>
Total Food and Shelter National Board Program					<u>379,399</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 2,279,668</u>

*Major program

SARAH'S CIRCLE AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Note A - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Sarah's Circle and Affiliates under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Sarah's Circle and Affiliates, it is not intended to and does not represent the financial position, changes in net assets, or cash flows of Sarah's Circle and Affiliates.

Note B - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rates:

Sarah's Circle and Affiliates did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D - Non-Cash Awards:

Sarah's Circle and Affiliates did not have any outstanding federal loans or loan guarantees or insurance at June 30, 2023 and did not receive any federal non-cash awards during the year ended June 30, 2023.

SARAH'S CIRCLE AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

PART 1: SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on whether the consolidated financial statements of Sarah's Circle and Affiliates were prepared in accordance with GAAP.
2. There were no material weaknesses disclosed during the audit of the consolidated financial statements. No significant deficiencies related to the audit of the consolidated financial statements are reported.
3. No instances of noncompliance material to the consolidated financial statements of Sarah's Circle and Affiliates, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no material weaknesses in internal control over compliance disclosed during the audit of the major federal programs. No significant deficiencies related to the audit of the major federal awards programs are reported.
5. The auditor's report on compliance for the major federal award programs for Sarah's Circle and Affiliates expresses an unmodified opinion on all major federal programs.
6. There are no audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs included:

14.267 Continuum of Care
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Sarah's Circle was determined to be a low-risk auditee.

PART 2: FINDINGS - FINANCIAL STATEMENTS AUDIT (GAGAS):

There were no audit findings or questioned costs.

PART 3: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

There were no audit findings or questioned costs.