SARAH'S CIRCLE AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2025 AND 2024

TOGETHER WITH AUDITOR'S REPORT

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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, 2025 and 2024, 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.

In our opinion, the consolidated financial present fairly, in all material respects, the financial position of Sarah's Circle and Affiliates as of June 30, 2025 and 2024, 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 audits 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 Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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, which 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that 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, including omissions, 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's 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, which 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2025, 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

DUGAN & LOPATKA

Warrenville, Illinois
September 19, 2025

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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, 2025 and 2024 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 19, 2025.

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. 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 or significant deficiencies 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

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

DUGAN & LOPATKA

Warrenville, Illinois
September 19, 2025

SARAH'S CIRCLE AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
A S S E T S		
CURRENT ASSETS:		
Cash and cash equivalents	$ 15,800,466	$ 11,782,981
Cash, restricted	2,168,211	3,313,883
Grants receivable, net	1,364,421	1,511,324
Pledges receivable, current maturities	250,000	155,000
Investments	12,024,394	12,422,404
Prepaid expenses	21,333	17,825
Total current assets	31,628,825	29,203,417
PROPERTY AND EQUIPMENT, net	33,856,527	28,372,956
OTHER ASSETS:		
Pledges receivable, net of current maturities	100,000	-
Total assets	$ 65,585,352	$ 57,576,373
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 149,170	$ 136,729
Accrued liabilities	331,554	249,077
Total current liabilities	480,724	385,806
LONG-TERM LIABILITIES		
Note payable, net of current maturity	12,617,790	7,833,628
Total long-term liabilities	12,617,790	7,833,628
Total liabilities	13,098,514	8,219,434
NET ASSETS:		
Without donor restrictions	40,678,979	37,744,080
With donor restrictions	11,807,859	11,612,859
Total net assets	52,486,838	49,356,939
Total liabilities and net assets	$ 65,585,352	$ 57,576,373

The accompanying notes are an integral part of this statement.

SARAH'S CIRCLE AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Public support and other income -						
Contributions	$ 3,280,864	$ 350,000	$ 3,630,864	$ 4,695,313	$ 365,000	$ 5,060,313
Grants	4,539,564	-	4,539,564	3,893,378	-	3,893,378
In-kind donations	789,421	-	789,421	312,674	-	312,674
Special events, net of direct expense $10,659 and $7,578, respectively	126,309	-	126,309	189,257	-	189,257
Program rental income	85,385	-	85,385	76,002	-	76,002
Investment income	1,068,121	-	1,068,121	657,225	-	657,225
Other income	900	-	900	375,622	-	375,622
Net assets released from restrictions	155,000	(155,000)	-	-	-	-
Total support and revenue	10,045,564	195,000	10,240,564	10,199,471	365,000	10,564,471
FUNCTIONAL EXPENSES:						
Program services -						
Interim housing	3,000,376	-	3,000,376	2,270,334	-	2,270,334
Permanent supportive housing	2,728,266	-	2,728,266	1,847,113	-	1,847,113
Daytime support center	679,990	-	679,990	609,117	-	609,117
Total program services	6,408,632	-	6,408,632	4,726,564	-	4,726,564
Management and general	473,396	-	473,396	334,390	-	334,390
Fundraising	461,881	-	461,881	364,351	-	364,351
Total functional expenses	7,343,909	-	7,343,909	5,425,305	-	5,425,305
CHANGE IN NET ASSETS, before unrealized gain (loss) on investments	2,701,655	195,000	2,896,655	4,774,166	365,000	5,139,166
Unrealized gain on investments	233,244	-	233,244	493,339	-	493,339
CHANGE IN NET ASSETS	2,934,899	195,000	3,129,899	5,267,505	365,000	5,632,505
NET ASSETS, Beginning of year	37,744,080	11,612,859	49,356,939	32,476,575	11,247,859	43,724,434
NET ASSETS, End of year	$ 40,678,979	$ 11,807,859	$ 52,486,838	$ 37,744,080	$ 11,612,859	$ 49,356,939

The accompanying notes are an integral part of this statement.

SARAH'S CIRCLE AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 3,129,899	$ 5,632,505
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation and amortization	731,443	709,851
Contributions for long-term investments	-	(285,000)
Unrealized (gain) on investments	(233,244)	(493,339)
Changes in assets and liabilities:		
(Increase) decreased in grants receivable	146,903	(1,033,085)
(Increase) in pledges receivable	(195,000)	(5,000)
(Increase) decrease in prepaid expenses	(3,508)	1,735
Increase in accounts payable	12,441	94,691
Increase in accrued liabilities	82,477	21,659
Total adjustments	541,512	(988,488)
Net cash provided by operating activities	3,671,411	4,644,017
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchase of property	(6,215,014)	(6,508,568)
Proceeds from sale of investments	631,254	-
Payments for purchase of investments	-	(2,146,455)
Net cash (used in) investing activities	(5,583,760)	(8,655,023)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions for long-term investment	-	285,000
Proceeds from notes payable debt	4,784,162	5,205,838
Net cash provided by financing activities	4,784,162	5,490,838
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,871,813	1,479,832
CASH AND CASH EQUIVALENTS, Beginning of year	15,096,864	13,617,032
CASH AND CASH EQUIVALENTS, End of year	$ 17,968,677	$ 15,096,864
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	$ 15,800,466	$ 11,782,981
Cash, restricted	2,168,211	3,313,883
Total cash and cash equivalents	$ 17,968,677	$ 15,096,864

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, 2025

	Program Services				Supporting Services		
	Daytime Services	Interim Housing	Permanent Housing	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 305,443	$ 1,323,411	$ 1,225,504	$ 2,854,358	$ 212,644	$ 207,470	$ 3,274,472
Payroll taxes	23,276	100,848	93,388	217,512	16,204	15,810	249,526
Employee benefits	41,542	179,993	166,677	388,212	28,921	28,219	445,352
Total salaries and related expenses	370,261	1,604,252	1,485,569	3,460,082	257,769	251,499	3,969,350
Bank fees	586	2,538	2,350	5,474	408	397	6,279
Board and staff expenses	2,822	12,225	11,321	26,368	1,964	1,917	30,249
Client services	71,282	308,850	286,001	666,133	49,626	48,418	764,177
Contractual services	-	54,143	-	54,143	-	-	54,143
Depreciation and amortization	68,229	295,620	273,750	637,599	47,500	46,344	731,443
Development	564	2,443	2,262	5,269	392	383	6,044
Food supplies	10,459	45,317	41,964	97,740	7,281	7,105	112,126
Insurance	3,799	16,459	15,240	35,498	2,645	2,580	40,723
Interest	36,021	156,070	144,524	336,615	25,077	24,468	386,160
Marketing	192	831	769	1,792	133	130	2,055
Postage	338	1,459	1,351	3,148	234	229	3,611
Printing	2,578	11,172	10,345	24,095	1,795	1,752	27,642
Professional fees	7,503	32,510	30,105	70,118	5,224	5,097	80,439
Professional fees in-kind	29,549	128,029	118,557	276,135	20,571	20,071	316,777
Repairs and maintenance	33,370	144,583	133,887	311,840	23,232	22,666	357,738
Supplies	2,865	12,415	11,496	26,776	1,995	1,946	30,717
Supplies in-kind	8,067	34,954	32,368	75,389	5,616	5,479	86,484
Telephone and internet	6,337	27,458	25,426	59,221	4,412	4,305	67,938
Transportation	1,844	7,989	7,398	17,231	1,284	1,252	19,767
Utilities	20,387	88,333	81,798	190,518	14,193	13,848	218,559
Property tax	2,937	12,726	11,785	27,448	2,045	1,995	31,488
Volunteer	-	-	-	-	-	-	-
Total functional expenses per statement of activities	679,990	3,000,376	2,728,266	6,408,632	473,396	461,881	7,343,909
Direct benefit to donors							
Entertainment	-	-	-	-	-	10,659	10,659
Total expenses	$ 679,990	$ 3,000,376	$ 2,728,266	$ 6,408,632	$ 473,396	$ 472,540	$ 7,354,568

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, 2024

	Program Services				Supporting Services		
	Daytime Services	Interim Housing	Permanent Housing	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 317,650	$ 1,155,112	$ 963,256	$ 2,436,018	$ 174,381	$ 190,008	$ 2,800,407
Payroll taxes	22,079	80,287	66,952	169,318	12,121	13,206	194,645
Employee benefits	39,307	142,938	119,197	301,442	21,579	23,512	346,533
Total salaries and related expenses	379,036	1,378,337	1,149,405	2,906,778	208,081	226,726	3,341,585
Bank fees	702	2,553	2,129	5,384	385	421	6,190
Board and staff expenses	3,888	14,137	11,789	29,814	2,134	2,326	34,274
Client services	32,021	116,441	97,101	245,563	17,578	19,153	282,294
Contractual services	-	55,322	-	55,322	-	-	55,322
Depreciation and amortization	80,518	292,799	244,167	617,484	44,202	48,165	709,851
Development	568	2,064	1,721	4,353	312	339	5,004
Food supplies	10,011	36,403	30,356	76,770	5,496	5,987	88,253
Insurance	1,241	4,513	3,763	9,517	681	742	10,940
Interest	22,247	80,901	67,464	170,612	12,213	13,307	196,132
Marketing	999	3,634	3,031	7,664	549	598	8,811
Postage	379	1,377	1,149	2,905	208	226	3,339
Printing	2,812	10,227	8,529	21,568	1,544	1,682	24,794
Professional fees	9,309	33,851	28,229	71,389	5,110	5,568	82,067
Professional fees in-kind	5,365	19,511	16,270	41,146	2,945	3,209	47,300
Repairs and maintenance	28,561	103,860	86,609	219,030	15,679	17,084	251,793
Supplies	4,501	16,368	13,649	34,518	2,471	2,692	39,681
Supplies in-kind	7,854	28,561	23,817	60,232	4,312	4,698	69,242
Telephone and internet	2,413	8,776	7,318	18,507	1,325	1,444	21,276
Transportation	1,593	5,793	4,831	12,217	875	953	14,045
Utilities	12,718	46,246	38,565	97,529	6,982	7,607	112,118
Property tax	2,371	8,622	7,190	18,183	1,302	1,418	20,903
Volunteer	10	38	31	79	6	6	91
Total functional expenses per statement of activities	609,117	2,270,334	1,847,113	4,726,564	334,390	364,351	5,425,305
Direct benefit to donors							
Entertainment	-	-	-	-	-	7,578	7,578
Total functional expenses	$ 609,117	$ 2,270,334	$ 1,847,113	$ 4,726,564	$ 334,390	$ 371,929	$ 5,432,883

The accompanying notes are an integral part of this statement.

(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, and critical and emergency supportive services. The Organization empowers 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 19, 2025, 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 $3,815,000 and $3,140,000 as of June 30, 2025 and 2024 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 and 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 $2,168,211 and $3,313,883 as of June 30, 2025 and 2024, respectively.

The Organization maintains certain cash and cash equivalents at one financial institution which, at times, may exceed federally insured limits. At June 30, 2025 and 2024, the bank balance exceeded FDIC limits by approximately $1,865,000 and $857,000, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

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 credit losses. Based on management's evaluation, the Organization believes that an allowance for credit losses is not considered necessary as of June 30, 2025 and 2024; 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 $731,443 and $709,851 as of June 30, 2025 and 2024, 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.

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. For any material operating leases with a term of over one year, the Organization records an operating lease right-of-use asset, and current and long-term operating lease liabilities in the consolidated statement of financial position. 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. Operating lease expense is recognized on a straight-line basis over the terms of each lease. As of June 30, 2025 and 2024, the Organization did not have any material operating leases that exceed one year.

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, professional fees and 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 2022. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

(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.

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, 2025 and 2024:

	2025	2024
Financial assets -		
Cash and cash equivalents	$ 15,800,466	$ 11,782,981
Cash, restricted	2,168,211	3,313,883
Grant receivable, net	1,364,421	1,511,324
Pledges receivable, net	350,000	155,000
Investments	12,024,394	12,422,404
Total financial assets	31,707,492	29,185,592
Less: Donor imposed restrictions	(11,807,859)	(11,612,859)
Net financial assets after donor-imposed restrictions	19,899,633	17,572,733
Less: Internal designations - Board advised funds	(3,815,000)	(3,140,000)
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year.	$ 16,084,633	$ 14,432,733

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 $3,815,000 at June 30, 2025 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, 2025 and 2024 are as follows:

	2025	2024
Receivable in less than one year	$ 250,000	$ 155,000
Receivable in greater than one year and less than five years	100,000	-
Total unconditional promises to give	$ 350,000	$ 155,000

(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.

(4) FAIR VALUE MEASUREMENTS: (Continued)

Level 3: (Continued)

The 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, 2025 and 2024.

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.

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:

	Assets at Fair Value as of June 30, 2025			
Description	Level 1	Level 2	Level 3	Total
Mutual funds	$ 821,691	$ -	$ -	$ 821,691
Bonds	-	8,954,190	-	8,954,190
U.S. government obligations	-	1,360,735	-	1,360,735
Common stocks	887,778	-	-	887,778
Total assets at fair value	$ 1,709,469	$ 10,314,925	$ -	$ 12,024,394

	Assets at Fair Value as of June 30, 2024			
Description	Level 1	Level 2	Level 3	Total
Mutual funds	$ 2,403,225	$ -	$ -	$ 2,403,225
Bonds	-	7,999,009	-	7,999,009
U.S. government obligations	-	810,922	-	810,922
Common stocks	1,209,248	-	-	1,209,248
Total assets at fair value	$ 3,612,473	$ 8,809,931	$ -	$ 12,422,404

Investment income (loss) for the years ended June 30, 2025 and 2024 consisted of the following:

	2025	2024
Dividends and interest	$ 903,338	$ 754,374
Investment fees	(89,786)	(80,257)
Realized (loss)	254,569	(16,892)
Total investment income	$ 1,068,121	$ 657,225

(5) PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at June 30, 2025 and 2024:

	2025	2024
Land and building	$ 22,859,474	$ 22,792,107
Construction in progress	14,667,163	8,696,140
Leasehold improvements	352,251	352,251
Furniture and equipment	802,587	625,963
	38,681,475	32,466,461
Less - Accumulated depreciation	(4,824,948)	(4,093,505)
	$ 33,856,527	$ 28,372,956

(6) NOTE PAYABLE:

Note payable consists of the following as of June 30, 2025 and 2024:

	2025	2024
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
Note payable to the Illinois Housing Development Authority dated March 2023 up to $2,146,396 for the construction of 28-unit housing building through HOME funding. No principal payment due during the loan term. The note will be forgiven on an annual basis, assuming the Organization has met the requirements of the note/grant agreement. The note payable is due December 2054 and bears no interest. Secured by real property. Interest is imputed at 5%.	2,136,396	1,854,143
Note payable to the Illinois Housing Development Authority dated March 2023 up to $3,853,604 for the construction of 28-unit housing building. There is no interest and no monthly payment, final balloon payment is due in December 2054. Secured by real property. Interest is imputed at 5%.	3,853,604	3,351,695

(6) NOTE PAYABLE: (Continued)

	2025	2024
Note payable to the City of Chicago dated March 2023 up to $5,046,000 for the construction of 28-unit housing building. There is no interest and no monthly payment, final balloon payment is due in December 2054. Secured by real property. Interest is imputed at 5%.	4,000,000	-
Less - Current portion	-	-
Long-term portion	$ 12,617,790	$ 7,833,628

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

2044	$ 1,400,000
2045	1,227,990
2055	9,990,000
Total	$ 12,617,790

(7) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following at June 30, 2025 and 2024:

	2025	2024
Future building projects	$ 5,764,524	$ 5,764,524
Time restriction	350,000	155,000
Capital campaign fund	5,693,335	5,693,335
	$ 11,807,859	$ 11,612,859

(8) 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 $142,407 and $128,749 for the years ended June 30, 2025 and 2024, respectively.

(9) IN-KIND CONTRIBUTIONS:

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the statement of activities included the following:

	2025	2024
Professional services	$ 316,777	$ 47,301
Supplies	86,484	69,241
Interest	386,160	196,132
Total	$ 789,421	$ 312,674

(9) IN-KIND CONTRIBUTIONS: (Continued)

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

Professional Services: Professional services consist of all legal services that were 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.

(10) 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, 2025, the Organization incurred costs of approximately $12 million out of the $12.4 million contract. The cost of the project is being funded from IHDA and City of Chicago loans and general contributions. As of June 30, 2025, the Organization has used approximately $9.9 million of the $10 million loans received for this project. As of June 30, 2025, the Organization has used approximately $4.6 million of the approximately $7.6 million of contributions for this project.