

**HOUSING FORWARD AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Housing Forward and Subsidiary
1851 S 9th Ave,
Chicago, IL 60153

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Housing Forward and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2024 and 2023, and the related consolidated statements 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 referred to above present fairly, in all material respects, the financial position of Housing Forward and Subsidiary as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Housing Forward and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adjustments to Prior Period Consolidated Financial Statements

The consolidated financial statements of Housing Forward and Subsidiary as of December 31, 2023, were audited by other auditors whose opinion dated May 21, 2024, have been restated as described in Note L during the current year to adjust for misstatements identified in revenue with donor restrictions and net assets with donor restrictions, in accordance with principles generally accepted in the United States of America.

As part of our audit of the 2024 consolidated financial statements, we audited the adjustments described in Note L that were applied to restate the 2023 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Housing Forward and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Housing Forward and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Forward and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules of consolidating statements of financial position and statements of activities for the year ended December 31, 2024 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2025 on our consideration of the Housing Forward and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Forward and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Forward and Subsidiary's internal control over financial reporting and compliance.

Report on Comparative Information

The 2023 consolidated financial statements of Housing Forward and Subsidiary were previously audited by Dugan and Lopatka who expressed an unmodified opinion on those consolidated financial statements in their report dated May 21, 2024. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2023, is consistent, except for as discussed in Note L, in all material respects, with the audited consolidated financial statements from which it has been derived. As discussed in Note L in the notes to the consolidated financial statements, the 2023 consolidated financial statements have been restated to correct a misstatement.

PORTE BROWN LLC
Certified Public Accountants

A handwritten signature in dark ink that reads "Porte Brown LLC". The signature is written in a cursive, flowing style.

Elk Grove Village, Illinois
June 18, 2025

HOUSING FORWARD AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u> (as restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,182,691	\$ 1,472,469
Cash held for others	25,128	18,748
Cash in construction escrow	151,139	546,272
Accounts receivable	12,192	-
Grants and contributions receivable, net	2,706,280	2,349,853
Other receivables	16,585	-
Prepaid expenses	40,544	156,286
	<u>4,134,559</u>	<u>4,543,628</u>
FIXED ASSETS		
Property and equipment	17,179,889	14,475,542
Less: Accumulated depreciation	<u>(808,297)</u>	<u>(548,946)</u>
	<u>16,371,592</u>	<u>13,926,596</u>
OTHER ASSETS		
Investments - deferred compensation	65,036	48,391
Deposits	135,648	454,800
Grants and contributions receivable, net of current portion included above	424,368	-
Operating lease right-of-use-assets	346,464	226,703
Financing lease right-of-use-assets	11,507	17,188
	<u>983,023</u>	<u>747,082</u>
TOTAL ASSETS	<u><u>\$ 21,489,174</u></u>	<u><u>\$ 19,217,306</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING FORWARD AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u> (as restated)
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 827,739	\$ 853,902
Accrued expenses	612,135	399,506
Deposits	5,175	-
Deferred revenue	71,044	12,450
Line of credit	900,000	950,000
Refundable advances	542,567	583,600
Funds held for others	25,128	18,748
Current portion of operating lease liabilities	145,983	123,794
Current portion of finance lease liabilities	5,681	5,681
Current portion of long-term debt	201,200	-
	<u>3,336,652</u>	<u>2,947,681</u>
LONG-TERM OBLIGATIONS		
Deferred compensation	65,036	48,391
Long-term debt, net of current portion included above	5,766,155	3,892,074
Forgivable long-term debt	9,564,457	9,554,457
Operating lease liabilities, net of current portion	207,055	112,310
Finance lease liabilities, net of current portion	5,826	11,507
	<u>15,608,529</u>	<u>13,618,739</u>
NET ASSETS		
Without donor restrictions	1,466,111	2,356,491
With donor restrictions	1,077,882	294,395
	<u>2,543,993</u>	<u>2,650,886</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 21,489,174</u></u>	<u><u>\$ 19,217,306</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING FORWARD AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	1,947,315	\$ 871,425	\$ 2,818,740
Grants	14,739,691	565,000	15,304,691
Program rental revenue	232,377	265,293	497,670
Special events, net	204,787	-	204,787
Investment income, net	10,418	-	10,418
In-kind contributions	344,957	-	344,957
Miscellaneous income	331,427	-	331,427
Net assets released from restriction	918,231	(918,231)	-
	<u>18,729,203</u>	<u>783,487</u>	<u>19,512,690</u>
EXPENSES			
Program services	14,503,173	-	14,503,173
Management and general	4,172,635	-	4,172,635
Fundraising services	943,775	-	943,775
	<u>19,619,583</u>	<u>-</u>	<u>19,619,583</u>
CHANGE IN NET ASSETS	(890,380)	783,487	(106,893)
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>2,356,491</u>	<u>294,395</u>	<u>2,650,886</u>
NET ASSETS, END OF YEAR	<u>\$ 1,466,111</u>	<u>\$ 1,077,882</u>	<u>\$ 2,543,993</u>

The accompanying notes are an integral part of these financial statements

HOUSING FORWARD AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	1,782,196	\$ 640,471	\$ 2,422,667
Grants	12,565,433	-	12,565,433
Program rental revenue	226,433	-	226,433
Special events, net	365,707	-	365,707
Investment income, net	1,448	-	1,448
In-kind contributions	909,732	199,551	1,109,283
Miscellaneous income	12,385	50,087	62,472
Net assets released from restriction	1,600,705	(1,600,705)	-
	<u>17,464,039</u>	<u>(710,596)</u>	<u>16,753,443</u>
EXPENSES			
Program services	13,871,168	-	13,871,168
Management and general	2,337,811	-	2,337,811
Fundraising services	635,871	-	635,871
	<u>16,844,850</u>	<u>-</u>	<u>16,844,850</u>
CHANGE IN NET ASSETS	619,189	(710,596)	(91,407)
NET ASSETS, BEGINNING OF YEAR	<u>1,737,302</u>	<u>1,004,991</u>	<u>2,742,293</u>
NET ASSETS, END OF YEAR, AS RESTATED	<u><u>\$ 2,356,491</u></u>	<u><u>\$ 294,395</u></u>	<u><u>\$ 2,650,886</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING FORWARD AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

Program Services

	Interim Housing/ Shelter	Supportive Housing	Employment Readiness	Homeless Prevention	WRAP Services	Diversion and Outreach	Total Programs	Management and General	Fundraising Services	2024 Total
EXPENSES										
Salaries	\$ 1,089,400	\$ 2,326,767	\$ 30,638	\$ 207,466	\$ 504,960	\$ 407,519	\$ 4,566,750	\$ 1,667,088	\$ 568,944	\$ 6,802,782
Benefits	145,318	467,038	-	34,956	83,772	77,970	809,054	212,358	65,619	1,087,031
Payroll taxes	95,565	195,130	3,332	17,200	40,916	33,832	385,975	133,094	46,773	565,842
Grants and assistance to others	-	823,372	-	-	-	108,239	931,611	64,774	-	996,385
Consultants and professional	614,205	61,317	-	3,186	11,800	17,869	708,377	525,161	152,482	1,386,020
Program support	92,576	6,351,608	80	189,282	1,823	27,772	6,663,141	131,047	-	6,794,188
Bad debt	-	146	-	-	-	-	146	16,326	13,288	29,760
Conference, events, and meetings	-	-	-	-	-	-	-	7,414	-	7,414
Depreciation	-	-	-	-	-	-	-	259,351	-	259,351
Equipment repair, rental, replacement	6,233	21,808	-	-	2,722	-	30,763	10,185	780	41,728
Fees	573	222	-	152	-	-	947	106,948	12,365	120,260
Insurance	-	-	-	-	-	-	-	167,538	-	167,538
Interest	-	-	-	-	-	-	-	74,739	-	74,739
In-kind food and professional services	64,520	-	-	-	-	-	64,520	280,437	-	344,957
Maintenance and cleaning	24,566	1,096	-	-	-	375	26,037	113,694	144	139,875
Occupancy	243,055	4,478	-	-	-	-	247,533	207,608	17	455,158
Office	3,368	19,387	-	111	7,651	668	31,185	49,873	28,220	109,278
Promotion	-	-	-	-	-	-	-	9,118	13,835	22,953
Supplies	16,032	1,284	-	-	-	3,512	20,828	471	268	21,567
Telephone	638	8,987	-	-	-	2,544	12,169	20,504	-	32,673
Training, education, and recruitment	-	-	-	-	-	-	-	53,751	-	53,751
Travel and entertainment	419	3,276	-	285	-	157	4,137	61,156	136,762	202,055
TOTAL FUNCTIONAL EXPENSES	2,396,468	10,285,916	34,050	452,638	653,644	680,457	14,503,173	4,172,635	1,039,497	19,715,305
Direct benefit to donors, netted with revenue	-	-	-	-	-	-	-	-	(95,722)	(95,722)
TOTAL EXPENSES	<u>\$ 2,396,468</u>	<u>\$ 10,285,916</u>	<u>\$ 34,050</u>	<u>\$ 452,638</u>	<u>\$ 653,644</u>	<u>\$ 680,457</u>	<u>\$ 14,503,173</u>	<u>\$ 4,172,635</u>	<u>\$ 943,775</u>	<u>\$ 19,619,583</u>

The accompanying notes are an integral part of these financial statements

HOUSING FORWARD AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services										
	Interim Housing/ Shelter	Supportive Housing	Emergency Assistance	Rental Assistance	WRAP Services	Medical Respite	Diversion and Outreach	Total Programs	Management and General	Fundraising Services	2023 Total
EXPENSES											
Salaries	\$ 787,101	\$ 1,006,676	\$ 234,940	\$ 524,356	\$ 612,715	\$ 149,572	\$ 318,987	\$ 3,634,347	\$ 1,373,759	\$ 277,108	\$ 5,285,214
Benefits	85,997	192,078	33,062	103,366	78,617	25,199	56,033	574,352	229,649	31,994	835,995
Payroll taxes	65,959	80,784	18,779	43,154	50,099	12,106	26,008	296,889	125,545	22,860	445,294
Grants and assistance to others	-	552,477	-	537,975	-	-	74,675	1,165,127	13,599	-	1,178,726
Consultants and professional	74,205	71,074	4,918	10,977	61,086	668,201	18,477	908,938	200,216	101,852	1,211,006
Program support	108,942	3,177,531	192,386	1,025,144	4,073	904	27,474	4,536,454	1,406	-	4,537,860
Conference, events, and meetings	-	-	-	-	-	-	-	-	1,242	-	1,242
Depreciation	-	-	-	-	-	-	-	-	41,942	-	41,942
Equipment repair, rental, replacement	4,212	1,015	-	7,294	1,390	1,012	1,002	15,925	25,801	1,276	43,002
Fundraising events	-	2,600	-	-	-	-	-	2,600	5,265	116,662	124,527
Insurance	41,698	30,071	-	-	-	4,610	-	76,379	64,334	-	140,713
In-kind food and professional services	905,917	199,550	-	-	-	-	-	1,105,467	-	3,816	1,109,283
Occupancy	764,190	119,423	34,655	49,205	23,017	233,157	17,928	1,241,575	51,042	10,456	1,303,073
Office	151	288	-	-	-	1,610	-	2,049	13,031	37,673	52,753
Other expenses	3,652	36,982	1,018	30,439	2,542	621	1,445	76,699	117,093	28,313	222,105
Supplies	61,084	11,278	867	4,373	2,478	4,499	2,604	87,183	5,559	1,412	94,154
Telephone	1,592	4,961	435	3,321	2,650	667	2,634	16,260	2,556	513	19,329
Training, education, and recruitment	1,871	1,984	400	7,558	754	900	411	13,878	56,334	1,926	72,138
Travel and entertainment	12,688	28,641	325	17,182	14,743	36,030	7,437	117,046	9,438	10	126,494
TOTAL EXPENSES	\$ 2,919,259	\$ 5,517,413	\$ 521,785	\$ 2,364,344	\$ 854,164	\$ 1,139,088	\$ 555,115	\$ 13,871,168	\$ 2,337,811	\$ 635,871	\$ 16,844,850

The accompanying notes are an integral part of these financial statements

HOUSING FORWARD AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

DECEMBER 31, 2024 AND 2023

	2024	2023 (as restated)
OPERATING ACTIVITIES		
Change in net assets:	\$ (106,893)	\$ (91,407)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	264,914	47,623
Gain (Loss) on investments	(6,645)	-
Reduction in right of use asset	141,557	139,623
Changes in:		
Accounts receivable	(12,192)	-
Grants and contributions receivable	(780,795)	173,421
Other receivables	(16,585)	-
Prepaid expenses	115,742	(149,357)
Deposits	324,327	(53,897)
Accounts payable	(26,163)	65,026
Accrued expenses	212,629	55,910
Refundable advances	(41,033)	405,161
Funds held for others	6,380	-
Deferred revenue	58,594	12,450
Deferred compensation	16,645	25,089
Operating lease liabilities	(144,266)	(142,142)
Net cash provided by operating activities	<u>6,216</u>	<u>487,500</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	(2,704,347)	(282,920)
Purchase of investments	(10,000)	(48,391)
Net cash used by investing activities	<u>(2,714,347)</u>	<u>(331,311)</u>
FINANCING ACTIVITIES		
Net repayments/draws on line of credit	(50,000)	450,000
Proceeds from long-term debt	2,085,281	240,000
Repayment of long-term debt	-	(200,000)
Repayment of finance lease liability	(5,681)	(5,681)
Net cash provided by financing activities	<u>2,029,600</u>	<u>484,319</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(678,531)</u>	<u>640,508</u>
BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>2,037,489</u>	<u>1,396,981</u>
ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u><u>\$ 1,358,958</u></u>	<u><u>\$ 2,037,489</u></u>
SUPPLEMENTAL INFORMATION TO CASH FLOWS		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	74,740	79,528
Noncash investing activities:		
Right of use assets acquired through operating lease	\$ 261,201	\$ 72,884

The accompanying notes are an integral part of these financial statements

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – NATURE OF OPERATIONS

Housing Forward was incorporated on August 7, 1992, in the State of Illinois as a not-for-profit corporation. The mission of the Organization is to transition people from housing crisis to housing stability. The Organization with support of various congregations and partnering agencies, provides emergency shelter and meals, supportive services, case management, employment readiness, rapid-rehousing, transitional and permanent supportive housing programs and emergency assistance for persons experiencing homelessness or a financial crisis that may lead to homelessness. The Organization operates within Western Suburban Cook County. These consolidated financial statements include Housing Forward and its subsidiary, HF Broadview, which is organized as a Limited Liability Company (LLC).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

BASIS OF ACCOUNTING

The Organization maintains records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Housing Forward and Subsidiary (collectively, the "Organization"). See Note A. All significant intercompany accounts and transactions have been eliminated.

FINANCIAL STATEMENT PRESENTATION

In accordance with FASB ASC 958-205, "Not-for-Profit Entities Presentation of financial statements," the Organization reports 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.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions and providing services less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION (Continued)

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of donated assets, either temporarily or permanently, until the donor restriction expires, the net assets are restricted.

The consolidated financial statements include certain prior year comparative information in total but not by net asset class or functional allocation, or with additional disclosure detail. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2023 from which the information was derived.

REVENUE RECOGNITION

Contributions and promises to give

In accordance with FASB ASC 958-605-25 "Not-for-Profit Entities Revenue Recognition" contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair market values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met. In addition, FASB ASC 958-605 requires not-for-profit organizations to distinguish between contributions received that increase net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire. The Organization has elected the simultaneous release policy for government grants, which allows the organization to recognize restricted conditional contributions directly in net assets without donor restrictions when the condition is met, which is generally when qualifying expenditures have been incurred.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises, consisting mostly of grants from government agencies and foundations, are recognized when the barriers have been substantially met (generally when qualifying expenses have been incurred and all other grant requirements have been met). The Organization has received conditional promises to give, which generally represent unexpended government grants, amounting to approximately \$11,500,000, which have not been recognized because the Organization has not yet met the related barriers. These amounts will be subject to recognition as the Organization incurs qualifying expenses and performs its duties under the terms of the grant agreements.

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (Continued)

Revenue from Leases

As a part of its programmatic activities, the Organization leases housing space to individuals who qualify under certain qualifications for rental assistance and reduced rent. These leasing arrangements are operating lease agreements with terms that are short term in nature and regularly reviewed for the individual's qualification within the program. The lease agreements provide for variable rentals based on the income and other qualification factors of the individuals.

Revenue from Contracts with Customers

The Organization derives a portion of its revenue from sources that involve contracts with customers. Those sources are ticket sales from special events. Revenues from special events are recognized as the cost of direct benefits to donors, and contribution revenue is recognized for the difference. Revenues are recognized when control of these services is transferred to its customers in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. All revenue from contracts with customers are recognized at a point in time when services are rendered. The Organization does not have any significant financing components as all payments are received within the year of services being performed. Revenue from these revenue streams can be impacted by the events held and the disposable income of the individuals and corporations in the local community. The Organization has elected to use the portfolio approach practical expedient. The Organization's contracts with customers contain similar terms and as a result, the Organization has elected to apply its revenue recognition policies to a portfolio of contracts with similar characteristics. The Organization does not expect the results of doing so to differ materially from applying the guidance to individual contracts. No impairment losses were incurred in the years ended December 31, 2024 and 2023 with respect to contract assets arising from contracts with customers.

In-kind Contributions

The Organization receives significant in-kind contributions related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. The Organization received the following contributions of nonfinancial assets for the year ending December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Food	\$ 90,170	\$ 121,133
Professional services	<u>254,787</u>	<u>988,150</u>
	<u><u>\$ 344,957</u></u>	<u><u>\$ 1,109,283</u></u>

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs and administration, but these donated services are not reflected in the consolidated financial statements because they do not meet the requirements for inclusion. During the year ended December 31, 2024 the Organization received approximately 6,640 hours of volunteer services valued at approximately \$183,000.

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET ASSETS WITHOUT DONOR IMPOSED RESTRICTIONS

Net assets without donor restrictions are those funds presently available for use by or on behalf of the Organization, including amounts available for general and administrative expenses. These net assets without donor restrictions may also include board-designated amounts. There were board-designated amounts of \$200,000 as of December 31, 2024 and 2023, respectively, as a reserve for future operations.

DONOR IMPOSED RESTRICTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions which increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Net assets with donor restrictions are available for the following:

	<u>2024</u>	<u>2023</u>
Purpose restrictions, available for spending:		
Housing program	\$ 174,686	\$ 199,997
Interim housing	14,738	34,398
WRAP Program	245,237	60,000
Capital campaign	590,952	-
	<u>\$ 1,025,613</u>	<u>\$ 294,395</u>
Time restrictions, some of which may also be subject to purpose restrictions:		
Restricted for use in 2025	52,269	-
	<u>\$ 1,077,882</u>	<u>\$ 294,395</u>

Net assets released from restriction due the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Restriction satisfied by expenditures	<u>\$ 918,231</u>	<u>\$ 1,600,705</u>

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EXPENSE RECOGNITION AND ALLOCATION

The Organization allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs, depreciation, insurance, professional fees, and all other costs, which are allocated based on actual usage. Additionally, advertising costs are expensed as incurred. Total advertising expense for the years ended December 31, 2024 and 2023 was \$22,953 and \$16,244 respectively. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Construction escrows are reserved for in an amount sufficient for payment of future construction. Assets reserved for as described above are presented as restricted cash on the statement of financial position.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,182,691	\$ 1,472,469
Cash - restricted		
Cash held for others - OPHC	25,128	18,748
Construction escrows	<u>151,139</u>	<u>546,272</u>
	<u>\$ 1,358,958</u>	<u>\$ 2,037,489</u>

CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash. The Organization places its cash and deposits with high credit quality financial institutions; however, deposits exceed the federally insured limited in some accounts from time to time.

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTS RECEIVABLE

Accounts receivable consists of client rents and do not bear interest. Due to the short-term nature and immaterial balance of receivables, the Organization does not record an allowance for lifetime credit losses that are expected to be incurred as of the date that a receivable is originated.

GRANTS AND CONTRIBUTIONS RECEIVABLE

The Organization receives significant financial assistance from several government agencies in the form of grants. The disbursement of funds received under these grants generally requires compliance with terms and conditions specified in the grant agreements. Disbursements are typically on a reimbursement basis; therefore, if the Organization does not incur sufficient qualified expenses, a portion of the grant may not be received. In the case of an advance payment of grant funds, a portion may become a liability to the Organization. Management individually reviews all grant receivable balances and based on an assessment of grantor's current funding status estimates the portion, if any, of the balance that will not be collected.

Included in grants and contributions receivable as of December 31, 2024 are the following unconditional promises to give:

Amounts due in:	
Less than one year	\$ 2,719,568
One to five years	442,926
Less: Allowance for uncollectible pledges	(13,288)
Less: Unamortized discount	<u>(18,558)</u>
	<u><u>\$ 3,130,648</u></u>

INVESTMENTS

Investments are stated at fair value at the statement of financial position date. Investments consist of mutual funds with a cost basis of \$55,000 and \$45,000 as of December 31, 2024 and 2023, respectively.

PREPAID EXPENSES

Prepaid expenses consist of software services and gala expenses.

FIXED ASSETS

Fixed assets are stated at cost. Depreciation is calculated on a straight-line basis over the estimated lives of the related assets. The Organization has adopted a policy to capitalize assets using a \$5,000 threshold. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIXED ASSETS (Continued)

Major classifications of property and equipment and their respective lives are summarized below:

	<u>Lives in Years</u>	<u>2024</u>	<u>2023</u>
Land		\$ 310,000	\$ 310,000
Leashold improvements	7 - 15	164,807	135,032
Buildings	39	15,651,038	6,533,653
Furniture and fixtures	5 - 7	430,045	90,701
Machinery and equipment	5 - 7	226,271	179,248
Software	3	113,596	-
Construction in progress	-	284,132	7,226,908
		<u>\$ 17,179,889</u>	<u>\$ 14,475,542</u>

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in income.

REFUNDABLE ADVANCE

During the year, the Organization received conditional promise and advance of funds from the Illinois Department of Human Services, Illinois Housing Development Authority, Department of Children and Family Services, Cook County Department of Public Health, and Cook County Health and Hospitals System.

Refundable advances for the year ended December 31, 2024 were as follows:

	<u>Advance</u>	<u>Expenditures</u>	<u>Refundable Advance</u>
Illinois Department of Human Services	\$ 801,084	\$ 504,301	\$ 296,783
Illinois Housing Development Authority	364,530	364,530	-
Department of Children and Family Services	3,739	-	3,739
Cook County Department of Public Health	750,486	624,352	126,134
Cook County Health and Hospitals Systems	115,911	-	115,911
	<u>\$ 2,035,750</u>	<u>\$ 1,493,183</u>	<u>\$ 542,567</u>

DEFERRED COMPENSATION AGREEMENT

The Organization has a nonqualified deferred compensation agreement with a certain key employee. The agreements generally provide benefits either in a lump sum or in annual installments over a period of 5 to 10 years as elected by the employee following an employee retirement age of 67. The agreements provide for the payments of benefits to surviving beneficiaries and contain certain other provisions for payments of benefits.

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

The Organization is generally exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state statutes. Accordingly, no provision for income tax expense is included in the accompanying consolidated financial statements. The Organization has adopted the provision of ASC Topic 740, Income Taxes, relating to the accounting for uncertainty in income taxes. The Organization files information returns in the U.S. federal jurisdiction, and the State of Illinois. Management is not aware of any uncertain tax positions.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 18, 2025, the date which the consolidated financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization considers all expenditures related to its ongoing program activities, as well as the services undertaken to support those activities to be general expenditures. The Organization regularly monitors liquidity required to meet its operation needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to the financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources. The following table show the total financial assets held by the Organization and the amounts of which could readily be made available within one year of December 31, 2024 and 2023 to meet general expenditures:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,182,691	\$ 1,472,469
Accounts receivable	12,192	-
Other receivables	16,585	-
Grants and contributions receivable, net	<u>3,130,648</u>	<u>2,289,853</u>
Total financial assets	4,342,116	3,762,322
Less those unavailable for general expenditures within one year due to:		
Contractual or donor imposed restrictions		
Restricted by donor with time or purpose restriction	(1,077,882)	(294,395)
Board designations		
Amounts set aside for liquidity reserve	<u>(200,000)</u>	<u>(200,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,064,234</u>	<u>\$ 3,267,927</u>

The board of directors has directed certain funds to a capital fund reserve which is intended to be used for expansion plans for the Organization. However, these reserves may be drawn upon, if necessary, to meet unexpected liquidity needs in the event of financial distress with a vote of the board of directors. Additionally, the Organization maintains a \$900,000 line of credit, as discussed in more detail in Note E.

HOUSING FORWARD AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, 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 under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

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.

Mutual funds are valued at the quoted net asset value (NAV) published by the fund as supported in an active market. There have been no changes in methodologies used at December 31, 2024 and 2023.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are 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.

Assets at fair value as of December 31, 2024 consist of:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 65,036	\$ -	\$ -	\$ 65,036

Assets at fair value as of December 31, 2023 consist of:

	Level 1	Level 2	Level 3	Total
Mutual funds	48,391	\$ -	\$ -	\$ 48,391

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE E – BANK LOAN PAYABLE

The Organization maintained a line of credit with Hinsdale Bank and Trust that provided for maximum borrowings as of December 31, 2024 of \$900,000 due March 25, 2025. The line of credit was renewed on March 25, 2025 at a maximum principal of \$900,000. The line of credit provided for maximum borrowings as of December 31, 2023 of \$1,250,000. Interest is payable at prime plus .5% (for an effective rate of 8% and 9% as of December 31, 2024 and 2023, respectively).

NOTE F – LONG TERM DEBT

Long-term debt for the year ended December 31, 2024 consist of:

	<u>2024</u>	<u>2023</u>
An Illinois Housing Development Authority zero-interest loan payable maturing April 2055 with annual principal payment of the greater of 55% of the surplus cash or \$1,200 starting on June 2025. The entire principal balance will be due on the maturity date. The loan is collateralized by the properties and assignment of rents and leases.	\$ 4,772,923	\$ 3,419,869
A zero-interest Jewish Council on Urban Affairs subsidiary loan payable maturing May 2026. The entire principal balance will be due on the maturity date.	200,000	-
A zero-interest Cook County HOME program loan payable maturing April 2054. Principal payments due in the amount of \$9,500, only to the extent the Organization has available cash flow after its repayment of the required debt service payments to the IHDA loan. The loan is collateralized by a junior mortgage on the property and assignment of rents and leases.	<u>994,432</u>	<u>472,205</u>
	5,967,355	3,892,074
Less current portion	<u>(201,200)</u>	-
Long-term portion	<u><u>\$ 5,766,155</u></u>	<u><u>\$ 3,892,074</u></u>

Future maturities for long-term debt consist of:

Year-ending December 31,	
2025	\$ 201,200
2026	1,200
2027	1,200
2028	1,200
2029	1,200
Subsequent years	<u>5,761,355</u>
	<u><u>\$ 5,967,355</u></u>

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – FORGIVABLE LONG-TERM DEBT

Forgivable notes for the year ended D consist of:

	<u>2024</u>	<u>2023</u>
Forgivable note payable from the Federal Home Loan Bank is secured by a building bearing no interest and due in one payment in March 2038 if the Organization does not abide by the terms of the agreement.	\$ 240,000	\$ 240,000
Forgivable note payable from the County of Cook is secured by a building bearing no interest and due in one payment in November 2053 if the Organization does not abide by the terms of the agreement.	6,464,535	6,464,535
Forgivable note payable from the Illinois Department Housing Authority is secured by a building bearing no interest and due in one payment in April 2055 if the Organization does not abide by the terms of the agreement.	<u>2,859,922</u>	<u>2,849,922</u>
Long-term portion	<u>\$ 9,564,457</u>	<u>\$ 9,554,457</u>

The terms for forgiveness of the notes above are as follows:

The agreement with the Federal Home Loan Bank maturing March 2038 sets forth a retention period of 15 years during which the Organization will manage and operate the HF Broadview Project as rental housing whereby 16 units are designated for very low-income households as defined by the agreement. If the Organization maintains compliance throughout the retention period, the note shall be deemed to be paid and discharged. The note is collateralized by real estate held for lease and an assignment of rents and leases.

The agreement with the County of Cook maturing November 2053. sets forth a retention period of 30 years during which the Organization will manage and operate the HF Oak Pak Project as a Fixed-site Emergency Shelter Program in terms with the grant agreement. If the Organization maintains compliance throughout the retention period, the note shall be deemed to be paid and discharged. The note is collateralized by real estate held by the Project.

The agreement with the Illinois Housing Development Authority maturing April 2055. sets forth a retention period of 32 years during which the Organization will manage and operate the HF Broadview Project as rental housing in terms with the grant agreement. If the Organization maintains compliance throughout the retention period, the note shall be deemed to be paid and discharged. The note is collateralized by real estate held for lease.

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H – SPECIAL EVENTS AND FUNDRAISING

SPECIAL EVENTS

The Organization has various special events. Significant special events are reported net of costs of direct benefit to donors. Peripheral or incidental special events report revenue net of direct expense.

Detail of special events for the year ended December 31, 2024 is as follows:

	Gross Revenue	Less: Direct Costs	Net Revenue
Have a Heart Gala	\$ 289,305	\$ 90,120	\$ 199,185
Trivia	6,164	562	5,602
	<u>\$ 295,469</u>	<u>\$ 90,682</u>	<u>\$ 204,787</u>

FUNDRAISING EXPENSES

In addition to various special events and fund raisers, the Organization conducted a capital campaign during the year.

NOTE I – RETIREMENT PLAN

The Organization maintains a simple retirement plan for eligible employees. The Organization provided matching contributions of 3% for the years ended December 31, 2024 and 2023. Contributions to the plan were \$49,766 and \$44,140 for the years ended December 31, 2024 and 2023, respectively.

NOTE J – LEASE COMMITMENTS

The Organization has entered into various lease commitments on a building and certain equipment used for its activities. The current terms of the leases provide for annual rents of \$171 payable monthly, increasing to \$6,788 throughout the life of the leases. The Organization may also be responsible for operating expenses and real estate taxes, which exceed the base year defined in the lease. The expiration dates of the leases range from February 2026 to July 2029. Lease agreements do not contain any material residual value guarantees or material restrictive covenants. The amount of operating lease expense included in the consolidated statements of functional expenses relating to this lease obligation was \$159,643 and \$157,713 for the years ended December 31, 2024 and 2023, respectively.

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

Weighted Average Remaining Lease Term			
Operating leases	3.5 Years	4.5 Years	
Finance leases	2.03 Years	3.03 Years	
Weighted Average Discount Rate			
Operating leases	3.53%	3.53%	
Finance leases	2.12%	2.12%	

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J – LEASE COMMITMENTS (Continued)

The maturities of lease liabilities as of December 31, 2024 are as follows:

Year-ending December 31,	Operating	Finance
2025	\$ 156,271	\$ 5,980
2026	73,962	5,809
2027	58,697	327
2028	60,313	-
2029	35,742	-
Total lease payments	384,985	12,116
Less: Interest	(31,947)	(609)
Present value of lease liabilities	<u>\$ 353,038</u>	<u>\$ 11,507</u>

The maturities of lease liabilities as of December 31, 2023 are as follows:

Year-ending December 31,	Operating	Finance
2024	\$ 129,897	\$ 5,980
2025	100,669	5,980
2026	16,883	5,809
2027	-	326
Total lease payments	247,449	18,095
Less: Interest	(11,345)	(907)
Present value of lease liabilities	<u>\$ 236,104</u>	<u>\$ 17,188</u>

NOTE K – CONCENTRATION IN SUPPORT RECEIVED

The Organization received approximately 56% and 54% of its support from U.S. Department of Housing and Urban Development, Illinois Department of Human Services, and Cook County for the year ended December 31, 2024 and 2023, respectively. In the event that this support were to be eliminated, it is likely that the Organization would need to restructure its current operations and overall business.

NOTE L – PRIOR PERIOD ADJUSTMENT

The accompanying consolidated financial statements have been restated to correct an error for grant revenue and grants and contributions receivable that should have been recognized during the year ended December 31, 2023 in accordance with FASB ASC 95-605-25 "Not-for-Profit Entities Revenue Recognition" as described in Note B. The effect of this restatement was an increase in grant revenue and increase in grants and contributions receivable of \$60,000 as of December 31, 2023. In addition, reclassifications occurred to certain prior year amounts in order to conform with the current year classifications. The reclassifications have no effect on reported changes in net assets.

HOUSING FORWARD AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

ASSETS

	Housing Forward	HF Broadview	HF Oak Park	Eliminations	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 968,888	\$ 59,083	\$ 154,720	\$ -	\$ 1,182,691
Cash held for others	25,128	-	-	-	25,128
Cash in construction escrow	-	151,139	-	-	151,139
Accounts receivable	-	12,192	-	-	12,192
Grants and contributions receivable, net	2,596,446	-	109,834	-	2,706,280
Other receivables	16,585	-	-	-	16,585
Due from affiliates	69,375	-	25,372	(94,747)	-
Prepaid expenses	35,326	-	5,218	-	40,544
	<u>3,711,748</u>	<u>222,414</u>	<u>295,144</u>	<u>(94,747)</u>	<u>4,134,559</u>
FIXED ASSETS					
Property and equipment	941,001	9,675,140	6,563,748	-	17,179,889
Less: Accumulated depreciation	(597,755)	(23,826)	(186,716)	-	(808,297)
	<u>343,246</u>	<u>9,651,314</u>	<u>6,377,032</u>	<u>-</u>	<u>16,371,592</u>
OTHER ASSETS					
Investments - deferred compensation	65,036	-	-	-	65,036
Deposits	135,648	-	-	-	135,648
Grants and contributions receivable, net of current portion included above	424,368	-	-	-	424,368
Operating lease right-of-use-assets	346,464	-	-	-	346,464
Financing lease right-of-use-assets	11,507	-	-	-	11,507
	<u>983,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>983,023</u>
TOTAL ASSETS	<u>\$ 5,038,017</u>	<u>\$ 9,873,728</u>	<u>\$ 6,672,176</u>	<u>\$ (94,747)</u>	<u>\$ 21,489,174</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES					
Accounts payable	\$ 736,056	\$ 32,395	\$ 59,288	\$ -	\$ 827,739
Accrued expenses	525,243	-	86,892	-	612,135
Funds held for others	25,128	-	-	-	25,128
Deposits	-	175	5,000	-	5,175
Deferred revenue	71,044	-	-	-	71,044
Line of credit	900,000	-	-	-	900,000
Refundable advances	542,567	-	-	-	542,567
Due to affiliates	-	94,747	-	(94,747)	-
Current portion of operating lease liabilities	145,983	-	-	-	145,983
Current portion of finance lease liabilities	5,681	-	-	-	5,681
Current portion of long-term debt	-	1,200	200,000	-	201,200
	<u>2,951,702</u>	<u>128,517</u>	<u>351,180</u>	<u>(94,747)</u>	<u>3,336,652</u>
LONG-TERM OBLIGATIONS					
Deferred compensation	65,036	-	-	-	65,036
Long-term debt, net of current portion included above	-	5,766,155	-	-	5,766,155
Forgivable long-term debt	-	3,099,922	6,464,535	-	9,564,457
Operating lease liabilities, net of current portion	207,055	-	-	-	207,055
Finance lease liabilities, net of current portion	5,826	-	-	-	5,826
	<u>277,917</u>	<u>8,866,077</u>	<u>6,464,535</u>	<u>-</u>	<u>15,608,529</u>
NET ASSETS					
Without donor restrictions	730,516	879,134	(143,539)	-	1,466,111
With donor restrictions	1,077,882	-	-	-	1,077,882
	<u>1,808,398</u>	<u>879,134</u>	<u>(143,539)</u>	<u>-</u>	<u>2,543,993</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,038,017</u>	<u>\$ 9,873,728</u>	<u>\$ 6,672,176</u>	<u>\$ (94,747)</u>	<u>\$ 21,489,174</u>

The accompanying notes are an integral part of these financial statements

HOUSING FORWARD AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Housing Forward			HF Broadview		HF Oak Park	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		Without Donor Restrictions	Total
REVENUES AND SUPPORT							
Contributions	\$ 1,942,315	\$ 871,425	\$ 2,813,740	\$ 5,000	\$ -	\$ -	\$ 2,818,740
Grants	14,333,928	565,000	14,898,928	210,265	195,498	195,498	15,304,691
Program rental revenue	88,554	265,293	353,847	19,602	124,221	124,221	497,670
Special events, net	204,787	-	204,787	-	-	-	204,787
Investment income, net	10,418	-	10,418	-	-	-	10,418
In-kind contributions	280,437	-	280,437	64,520	-	-	344,957
Miscellaneous income	279,160	-	279,160	47,237	5,030	5,030	331,427
Net assets released from restriction	918,231	(918,231)	-	-	-	-	-
	<u>18,057,830</u>	<u>783,487</u>	<u>18,841,317</u>	<u>346,624</u>	<u>324,749</u>		<u>19,512,690</u>
EXPENSES							
Program services	14,176,125	-	14,176,125	326,679	369	369	14,503,173
Management and general	3,599,766	-	3,599,766	26,307	546,562	546,562	4,172,635
Fundraising services	943,775	-	943,775	-	-	-	943,775
	<u>18,719,666</u>	<u>-</u>	<u>18,719,666</u>	<u>352,986</u>	<u>546,931</u>		<u>19,619,583</u>
CHANGE IN NET ASSETS	(661,836)	783,487	121,651	(6,362)	(222,182)	(222,182)	(106,893)
NET ASSETS, BEGINNING OF YEAR (as restated)	1,392,352	294,395	1,686,747	885,496	78,643	78,643	2,650,886
NET ASSETS, END OF YEAR	<u>\$ 730,516</u>	<u>\$ 1,077,882</u>	<u>\$ 1,808,398</u>	<u>\$ 879,134</u>	<u>\$ (143,539)</u>	<u>\$ (143,539)</u>	<u>\$ 2,543,993</u>

The accompanying notes are an integral part of these financial statements



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

To the Board of Directors of
Housing Forward and Subsidiary
1851 S 9th Ave
Chicago, IL 60153

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Housing Forward and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2024 and 2023, and the related consolidated statement of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Housing Forward and Subsidiary 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 Housing Forward and Subsidiary internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Forward and Subsidiary internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Forward and Subsidiary consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Housing Forward and Subsidiary's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Forward and Subsidiary's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Housing Forward and Subsidiary's response was not subjected to other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purposes of this Report

This report of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PORTE BROWN LLC
Certified Public Accountants

A handwritten signature in cursive script that reads "Porte Brown LLC".

Elk Grove Village, Illinois
June 18, 2025

CORRECTIVE ACTION PLAN

Finding 2024-001

Financial Statement Finding

Condition: Material adjusting journal entries were necessary for the consolidated financial statements to be recorded in accordance with GAAP. The Organization had instances in which the application of GAAP was not accurately applied which resulted in material adjustments to the consolidated financial statements.

Corrective Action Plan: The Organization will review its year-end closing processes to ensure the consolidated financial statements are in accordance with GAAP.

Anticipated Completion Date: December 31, 2025

Responsible Individual: Misti Faust, CFO