

**HOUSING FORWARD AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2023 AND 2022**  
**TOGETHER WITH AUDITOR'S REPORT**



Certified Public Accountants

4320 WINFIELD ROAD, SUITE 450  
WARRENVILLE, IL 60555  
630 665 4440

[duganlopatka.com](http://duganlopatka.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Housing Forward and Subsidiaries:

### *Opinion*

We have audited the accompanying consolidated financial statements of Housing Forward and subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Housing Forward and Subsidiaries as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Housing Forward and Subsidiary 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, 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 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 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, 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.

Independent Auditor's Report  
To the Board of Directors of  
Housing Forward and Subsidiaries  
Page three

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

  
DUGAN & LOPATKA

Warrenville, Illinois  
May 21, 2024

HOUSING FORWARD AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022

<u>A S S E T S</u>	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,520,860	\$ 1,375,312
Cash held for others	18,748	21,669
Cash in construction escrows	546,272	-
Grants receivable	2,289,853	2,523,274
Prepaid expenses	156,286	6,929
Total current assets	4,532,019	3,927,184
PROPERTY AND EQUIPMENT, net	13,926,596	479,087
OTHER ASSETS:		
Right of use asset - Operating	226,703	366,326
Right of use asset - Financing	17,188	22,869
Security deposits	454,800	400,903
Total other assets	698,691	790,098
Total assets	\$ 19,157,306	\$ 5,196,369
<u>L I A B I L I T I E S   A N D   N E T   A S S E T S</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 853,902	\$ 785,955
Agency liability	18,748	21,669
Line of credit	950,000	500,000
Note payable, current maturity	-	200,000
Accrued expenses	399,506	343,596
Lease liability, current maturity - Financing	5,681	5,681
Lease liability, current maturity - Operating	123,794	142,142
Refundable advances	583,600	178,439
Deferred revenue	12,450	-
Total current liabilities	2,947,681	2,177,482
LONG-TERM LIABILITIES		
Deferred compensation	48,391	23,302
Lease liability, net of current maturity - Operating	112,310	236,104
Lease liability, net of current maturity - Financing	11,507	17,188
Note payable, net of current maturity	13,446,531	-
Total long-term liabilities	13,618,739	276,594
Total liabilities	16,566,420	2,454,076
NET ASSETS:		
Without donor restrictions - Undesignated	1,270,995	1,537,302
- Board designated	200,000	200,000
With donor restrictions	1,119,891	1,004,991
Total net assets	2,590,886	2,742,293
Total liabilities and net assets	\$ 19,157,306	\$ 5,196,369

The accompanying notes are an integral part of this statement.

HOUSING FORWARD AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Public support and other income -						
Contributions	\$ 1,782,196	\$ 580,471	\$ 2,362,667	\$ 1,176,310	\$ 926,567	\$ 2,102,877
Special events	365,707	-	365,707	340,301	-	340,301
Program rent	226,433	-	226,433	195,419	-	195,419
Miscellaneous income	13,833	50,087	63,920	76,275	-	76,275
In-kind donations	909,732	199,551	1,109,283	502,363	-	502,363
Total public support and other income	<u>3,297,901</u>	<u>830,109</u>	<u>4,128,010</u>	<u>2,290,668</u>	<u>926,567</u>	<u>3,217,235</u>
Grants from governmental agencies -						
Federal government grants	10,187,608	-	10,187,608	9,205,567	-	9,205,567
State government grants	1,723,026	-	1,723,026	1,069,114	-	1,069,114
Local government grants	654,799	-	654,799	1,409,461	-	1,409,461
Total grants from governmental agencies	<u>12,565,433</u>	<u>-</u>	<u>12,565,433</u>	<u>11,684,142</u>	<u>-</u>	<u>11,684,142</u>
Net assets released from restrictions -						
Satisfaction of purpose restrictions	715,209	(715,209)	-	354,214	(354,214)	-
Total revenues and support	<u>16,578,543</u>	<u>114,900</u>	<u>16,693,443</u>	<u>14,329,024</u>	<u>572,353</u>	<u>14,901,377</u>
<b>FUNCTIONAL EXPENSES:</b>						
Program	13,871,168	-	13,871,168	11,517,154	-	11,517,154
Management and general	2,337,811	-	2,337,811	2,238,318	-	2,238,318
Fundraising	635,871	-	635,871	700,666	-	700,666
Total functional expenses	<u>16,844,850</u>	<u>-</u>	<u>16,844,850</u>	<u>14,456,138</u>	<u>-</u>	<u>14,456,138</u>
CHANGE IN NET ASSETS	(266,307)	114,900	(151,407)	(127,114)	572,353	445,239
NET ASSETS, Beginning of year	<u>1,737,302</u>	<u>1,004,991</u>	<u>2,742,293</u>	<u>1,864,416</u>	<u>432,638</u>	<u>2,297,054</u>
NET ASSETS, End of year	<u>\$ 1,470,995</u>	<u>\$ 1,119,891</u>	<u>\$ 2,590,886</u>	<u>\$ 1,737,302</u>	<u>\$ 1,004,991</u>	<u>\$ 2,742,293</u>

The accompanying notes are an integral part of this statement.

HOUSING FORWARD AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (151,407)	\$ 445,239
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation and amortization	47,623	17,260
Noncash portion of lease expense for operating leases	139,623	134,971
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	233,421	(242,797)
(Increase) decrease in prepaid expenses	(149,357)	22,171
(Increase) in security deposits	(53,897)	(37,706)
Decrease in earnest deposits	-	13,000
Increase in accounts payable and agency liability	65,026	423,199
Increase in accrued expenses	55,910	52,858
Increase (decrease) in refundable advances	405,161	(314,476)
(Decrease) on operating lease liabilities	(142,142)	(123,051)
Increase (decrease) in deferred compensation	25,089	(4,254)
Increase (decrease) in deferred revenue	12,450	(47,250)
Total adjustments	<u>638,907</u>	<u>(106,075)</u>
Net cash provided by operating activities	<u>487,500</u>	<u>339,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>(282,920)</u>	<u>(447,395)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Draws on line of credit	450,000	500,000
Principal payments on finance lease liabilities	(5,681)	(5,535)
Payments on notes payable	(200,000)	
Proceeds from notes payable	<u>240,000</u>	<u>-</u>
Net cash provided by financing activities	<u>484,319</u>	<u>494,465</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	688,899	386,234
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,396,981</u>	<u>1,010,747</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,085,880</u>	<u>\$ 1,396,981</u>
NON- CASH INVESTING AND FINANCING ACTIVITIES		
Right of use assets acquired through operating lease	<u>\$ 72,884</u>	<u>\$ 529,702</u>
Fixed assets purchase through notes payable	<u>\$ 13,206,531</u>	<u>\$ -</u>
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 1,520,860	\$ 1,375,312
Cash in construction escrow	546,272	-
Cash held for others	<u>18,748</u>	<u>21,669</u>
Total cash and cash equivalents	<u>\$ 2,085,880</u>	<u>\$ 1,396,981</u>

The accompanying notes are an integral part of this statement.

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

	Program Services							Total Program Services	Supporting Services		Total
	Interim Housing/ Shelter	Supportive Housing	Emergency Assistance	Rental Assistance	WRAP Services	Medical Respite	Diversion and Outreach		Management and General	Fundraising	
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
Other 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
Total salaries and related expenses	939,057	1,279,538	286,781	670,876	741,431	186,877	401,028	4,505,588	1,728,953	331,962	6,566,503
Professional fees and contracts	74,205	71,074	4,918	10,977	61,086	668,201	18,477	908,938	200,216	101,852	1,211,006
Board development	-	-	-	-	-	-	-	-	1,242	-	1,242
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
Food and supplies	61,084	11,278	867	4,373	2,478	4,499	2,604	87,183	5,559	1,412	94,154
Volunteer and staff development	1,871	1,984	400	7,558	754	900	411	13,878	56,334	1,926	72,138
Equipment repair, rental and replacement	4,212	1,015	-	7,294	1,390	1,012	1,002	15,925	25,801	1,276	43,002
Individual and family assistance	108,942	3,177,531	192,386	1,025,144	4,073	904	27,474	4,536,454	1,406	-	4,537,860
Grants to sub-recipients	-	552,477	-	537,975	-	-	74,675	1,165,127	13,599	-	1,178,726
Other expenses	3,652	36,982	1,018	30,439	2,542	621	1,445	76,699	117,093	28,313	222,105
Postage	-	10	-	-	-	-	-	10	529	7,167	7,706
Printing	151	278	-	-	-	1,610	-	2,039	12,502	30,506	45,047
Travel and transportation	12,688	28,641	325	17,182	14,743	36,030	7,437	117,046	9,438	10	126,494
Insurance	41,698	30,071	-	-	-	4,610	-	76,379	64,334	-	140,713
Telephone and pagers	1,592	4,961	435	3,321	2,650	667	2,634	16,260	2,556	513	19,329
Fund-raising events	-	2,600	-	-	-	-	-	2,600	5,265	116,662	124,527
Depreciation	-	-	-	-	-	-	-	-	41,942	-	41,942
In-kind food and professional services	905,917	199,550	-	-	-	-	-	1,105,467	-	3,816	1,109,283
Total functional 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 this statement.



HOUSING FORWARD AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services							Total Program Services	Supporting Services		
	Interim Housing/ Shelter	Supportive Housing	Emergency Assistance	Rental Assistance	WRAP Services	Medical Respite	Diversion and Outreach		Management and General	Fundraising	Total
Salaries	\$ 602,118	\$ 726,241	\$ 216,501	\$ 493,321	\$ 463,967	\$ 137,183	\$ 310,358	\$ 2,949,689	\$ 1,140,375	\$ 405,481	\$ 4,495,545
Other benefits	78,370	132,041	28,173	93,446	49,055	20,959	52,792	454,836	157,509	45,694	658,039
Payroll taxes	45,803	56,032	16,891	37,583	37,551	10,533	22,001	226,394	82,707	30,926	340,027
<b>Total salaries and related expenses</b>	<b>726,291</b>	<b>914,314</b>	<b>261,565</b>	<b>624,350</b>	<b>550,573</b>	<b>168,675</b>	<b>385,151</b>	<b>3,630,919</b>	<b>1,380,591</b>	<b>482,101</b>	<b>5,493,611</b>
Professional fees and contracts	77,099	14,900	8,472	9,273	55,395	636,772	16,604	818,515	170,582	36,221	1,025,318
Board development	-	-	-	-	-	-	-	-	27,797	-	27,797
Occupancy	895,983	91,067	63,473	81,799	119	270,512	1,983	1,404,936	61,287	-	1,466,223
Food and supplies	39,211	3,740	363	16,327	1,681	3,647	7,517	72,486	22,071	5,204	99,761
Volunteer and staff development	-	1,763	405	1,367	2,722	1,051	506	7,814	36,370	1,668	45,852
Equipment repair, rental and replacement	18,383	14,588	2,997	2,715	7,397	388	6,814	53,282	20,436	2,225	75,943
Individual and family assistance	91,911	2,496,169	193,089	1,341,990	1,385	1,647	63,396	4,189,587	1,440	116	4,191,143
Grants to sub-recipients	-	432,627	-	594,264	-	-	-	1,026,891	-	-	1,026,891
Other expenses	857	3,051	731	2,268	1,157	200	1,335	9,599	87,136	24,059	120,794
Postage	73	35	-	-	-	-	27	135	3,756	6,469	10,360
Printing	742	170	2,064	34	170	892	1,534	5,606	7,567	25,384	38,557
Travel and transportation	5,306	19,647	261	20,338	8,023	39,540	6,788	99,903	4,319	67	104,289
Insurance	16,650	-	-	909	-	5,533	-	23,092	49,863	-	72,955
Telephone and pagers	221	2,809	168	2,077	824	132	3,039	9,270	11,628	128	21,026
Fund-raising events	-	-	-	100	101	-	-	201	4,333	111,461	115,995
Depreciation	-	-	-	-	-	-	-	-	17,260	-	17,260
In-kind food and professional services	164,918	-	-	-	-	-	-	164,918	331,882	5,563	502,363
<b>Total functional expenses</b>	<b>\$ 2,037,645</b>	<b>\$ 3,994,880</b>	<b>\$ 533,588</b>	<b>\$ 2,697,811</b>	<b>\$ 629,547</b>	<b>\$ 1,128,989</b>	<b>\$ 494,694</b>	<b>\$ 11,517,154</b>	<b>\$ 2,238,318</b>	<b>\$ 700,666</b>	<b>\$ 14,456,138</b>

The accompanying notes are an integral part of this statement.

HOUSING FORWARD AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Housing Forward (the Organization) 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 West Suburban Cook County.

The consolidated financial statements were available to be issued on May 21, 2024, 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. As of December 31, 2023 and 2022, the Organization had designated \$200,000 as a reserve for future operations.

*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.

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.

Concentrations of Credit Risk -

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

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

Promises to Give -

Promises to give are recorded in the fiscal year, in which the promise to give 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. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Grants Revenue and Receivables -

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization have 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 has received \$583,600 and \$178,439 in advance under their federal and state contracts and grants as of December 31, 2023 and 2022, respectively.

The Organization has received significant financial assistance from federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Organization.

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 ten years. Depreciation expense totaled \$41,942 and \$17,260 in 2023 and 2022, respectively.

Revenue Recognition for Public Support -

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 on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

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 is considered met, and revenue is recognized, at beginning of the month the lessee is using the space.

In-Kind Contributions -

The Organization receives contributed nonfinancial assets that include donated professional services, facilities, and other goods and supplies. 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 consolidated 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.

Deferred Revenue -

Deferred revenue represents payments for special events that are received prior to year end but will not be occurring until the following year.

Basis of Consolidation -

HF-Broadview, LLC and HF-Oak Park, LLC are consolidated with Housing Forward for financial reporting purposes. Housing Forward is the single member of HF-Broadview, LLC and HF-Oak Park, LLC and therefore controls the LLC. All significant intercompany account balances and transactions have been eliminated. HF-Broadview total assets consist of cash and deposits totaling approximately \$614,717 and \$487,000 and property and equipment totaling approximately \$7,253,000 and \$303,000 for years ended December 31, 2023 and 2022, respectively. HF-Broadview's total liabilities consist of notes payable totaling approximately \$7,000,000 and \$200,000 for years ended December 31, 2023 and 2022, respectively. HF-Broadview's revenue consists mostly of contributions and totaled approximately \$560,000 and \$415,000 for the year ended December 31, 2023 and 2022, respectively. HF-Oak Park, LLC total assets consist of property and equipment totaling approximately \$6,500,000 as of December 31, 2023. HF-Oak Park, LLC total liabilities consist of forgivable notes payable of approximately \$6,500,000.

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.

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

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 salaries, benefits, payroll taxes, professional services, office expenses, occupancy, and other, which are allocated on the basis of estimates of time and effort.

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. HF-Broadview, LLC is considered a disregarded entity, since it is a single member LLC and HF-Broadview, LLC is part of the Organization's 990.

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 years before 2020. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Leases -

The Organization determines if an arrangement is a lease or contains a lease at inception of the contract. The Organization's operating leases are presented in operating lease right-of-use assets and current and long-term operating lease liabilities in the accompanying consolidated statement of financial position. The Organization's finance leases are presented in finance lease right-of-use assets and current and long-term finance lease liabilities in the accompanying consolidated statement of financial position.

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

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

Operating lease expense for lease payments is recognized on a straight-line basis over the terms of each lease. Variable lease components could include common area maintenance, real estate taxes and other charges and are recorded as lease expense as incurred. Finance lease expense is recognized in two separate components, the interest expense on the lease liability and amortization of the right-of-use asset.

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

Leases - (Continued)

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

(2) LIQUIDITY AND AVAILABILITY:

	December 31,	
	<u>2023</u>	<u>2022</u>
Financial assets -		
Cash and cash equivalents	\$ 1,520,860	\$ 1,375,312
Grant receivable	<u>2,289,853</u>	<u>2,523,274</u>
Total financial assets	3,810,713	3,898,586
Less: Donor imposed restrictions	<u>1,119,891</u>	<u>1,004,991</u>
Net financial assets after donor-imposed restrictions	2,690,822	2,893,595
Less: Internal designations - Board advised funds	<u>200,000</u>	<u>200,000</u>
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year	<u>\$ 2,490,822</u>	<u>\$ 2,693,595</u>

The Organization receives contributions, some of which are restricted by donors to fund specific programs or projects. Such restricted funds are tracked for use for the identified program or project. Restricted contributions of \$580,471 and \$926,567 were received for the years ended December 31, 2023 and 2022, respectively.

The Organization maintains a separate operating reserve account with a targeted balance of three months of operating and personnel expenses.

Amounts greater than these minimums can be designated by the Finance Committee with approval of the Board of Directors.

The Organization also maintains a separate capital reserve account consistent with expansion plans for the Organization. The balance is reviewed annually by the Finance Committee to determine the appropriateness of the balance in conjunction with the condition of the owned assets.

(3) PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 253,116	\$ 247,116
Site equipment	16,833	16,833
Leasehold improvements	135,032	135,032
Construction in progress	6,942,775	302,977
Land	310,000	
Building	6,533,653	-
Support Center expansion	<u>284,133</u>	<u>284,133</u>
	14,475,542	986,091
Less - Accumulated depreciation	<u>(548,946)</u>	<u>(507,004)</u>
	<u>\$ 13,926,596</u>	<u>\$ 479,087</u>

(4) LINE OF CREDIT:

The Organization had a \$1,250,000 line of credit from a bank, bearing interest at prime plus one half percent (prime was 8.5% as of December 31, 2023) and due in March 2024. In March 2024, the line of credit was renegotiated, and the line of credit mature in July, 2024 with the new limit as \$1,000,000. The interest on the line of credit is prime plus .5% effect March 2024. As of December 31, 2023, and 2022, the Organization has borrowings of \$950,000 and \$500,000, respectively.

(5) RETIREMENT PLAN:

Effective January 1, 2008, the Organization adopted a Simple Retirement Plan for eligible employees. The Organization provided matching contributions of 3% for the years ended December 31, 2023 and 2022. Contributions to the plan were \$44,140 and \$30,114 for the years ended December 31, 2023 and 2022, respectively.

(6) NOTES PAYABLE:

Note payable consists of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Note payable to third party, bearing no interest, due when the Organization has received the funds from Illinois Housing Department Authority on the date of closing.	\$ -	\$ 200,000

(6) NOTES PAYABLE: (Continued)

	<u>2023</u>	<u>2022</u>
Forgivable note payable from the Cook County is secured by a building, bearing no interest and due in one payment in November 2053. If the Organization abides by the terms of the agreement the loan will be forgiven in full at the due date.	\$ 6,464,535	\$ -
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 abides by the terms of the agreement the loan will be forgiven in full at the due date.	240,000	-
Note payable from the IHDA is secured by a building, bearing no interest, with an annual principal payment of the greater of 55% of the surplus cash from the Project or \$1,200 starting on June 1, 2025, and due April 2055.	3,419,869	-
Forgivable note payable from the IHDA is secured by a building, bearing no interest and due in one payment in April 2055. If the Organization abides by the terms of the agreement the loan will be forgiven in full at the due date.	2,849,922	-
Forgivable note payable from Cook County is secured by a building, bearing no interest and due in one payment in April 2055. If the Organization abides by the terms of the agreement the loan will be forgiven in full at the due date.	<u>472,205</u>	<u>-</u>
Less - Current portion	<u>-</u>	<u>200,000</u>
Long-term portion	<u>\$ 13,446,531</u>	<u>\$ -</u>

The Organization received a \$240,000 loan from the Federal Home Loan Bank to be for construction of a 16-unit permanent supporting housing facility for a 15-year retention period. The note is non-interest bearing and principal payments are not required as long as the project in compliance with the loan agreement. If the project remains in compliance at maturity, the note shall be deemed to be paid and discharged, otherwise the entire principal balanced would become payable on demand. The note matures 15 years following the completion of the construction project and is collateralized by real estate held for lease and an assignment of rents and leases.



(6) NOTES PAYABLE: (Continued)

Illinois Housing Development Authority (IHDA) -

The Organization has a zero-interest loan from the IHDA for construction of a 16-unit permanent supportive housing facility. The loan is due on April 1, 2055. The Project has an annual principal payment of the greater of 55% of the surplus cash from the Project or \$1,200 starting on June 1, 2025. The entire outstanding principal balance will be due on the maturity date. The note is collateralized by the Project's properties and assignment of rents and leases. On December 31, 2023, the Project has drawn down \$3,419,869 of the \$4,881,463 available under the loan.

The Organization has a zero-interest loan from the IHDA for construction of a 16-unit permanent supporting housing facility. The loan is due on April 1, 2055. No principal payments are due during the loan term. The note is collateralized by the Project's properties and assignment of rents and leases. Once the note term is complete, and there is no uncured default, the loan will be forgiven in its entirety. On December 31, 2023, the Organization has drawn down \$2,849,922 of the \$2,859,922 available under the loan.

Cook County -

The Organization has a zero-interest loan from Cook County HOME program in the maximum principal amount of \$995,432 for construction of a 16-unit permanent supportive housing facility. As of December 31, 2023 the Organization has drawn \$472,205 of the available funds on the loan. No principal payments are due during the construction phase and then annual principal payments due in the amount of \$9,500, only to the extent the Project has available cash flow after its payment of the required debt service payments to the IHDA loan. The maturity date of the loan is thirty years from the date of issuance of a certificate of occupancy of the residential building. The note is collateralized by a junior mortgage on the Project's property and assignment of rents and leases.

During 2023, the Organization received a \$6,500,000 forgivable payment note from the County of Cook, Illinois through its County ARPA Fixed-Site Emergency Shelter Program to purchase a building for fixed emergency shelter. The note includes \$6,500,000 funded from the American Rescue Plan Act (Coronavirus State and Local Fiscal Recovery program). The note, collateralized by the Organization's property, requires no monthly principal or interest payments and the debt is fully forgiven in November, 2055 provided the Organization does not sell or transfer the property, change its use, as defined in the agreement, or fail to comply with the covenants, conditions and provisions contained in the mortgage, within the 30-year term.

Future minimum principal payments are as follows:

Year ending December 31

2024	\$	-
2025		1,200
2026		1,200
2027		1,200
2028		1,200
Thereafter		<u>13,441,731</u>
Total	\$	<u>13,446,531</u>

(7) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Housing Programs	\$ 199,997	\$ 247,102
Interim Housing	34,398	67,687
Prevention	-	99,799
HF Broadview LLC	<u>885,496</u>	<u>590,403</u>
	<u>\$ 1,119,891</u>	<u>\$ 1,004,991</u>

(8) IN KIND CONTRIBUTIONS:

The Organization received in-kind contributions for the years ended December 31, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Food	\$ 121,133	\$ 91,159
Professional services	<u>988,150</u>	<u>411,204</u>
Total	<u>\$ 1,109,283</u>	<u>\$ 502,363</u>

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

*Food:* valued at the estimated U.S. wholesale prices of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution.

*Professional services:* valued at the fair value based on the current rates for similar professional services.

(9) DEFERRED COMPENSATION AGREEMENTS:

The Company has nonqualified deferred compensation agreements 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 other provisions for payments of benefits. The total deferred compensation payable as of December 31, 2023 and 2022 is \$48,391 and \$23,302, respectively.

(10) CONCENTRATIONS OF GRANTS:

Housing Forward received approximately 54% and 52% of its total public support and revenue from U.S. Department of Housing and Urban Development, Illinois Department of Human and Services, and Cook County for the year ended December 31, 2023 and 2022, respectively.

(11) LEASES:

The Organization leases its facilities located in Illinois under operating leases with non-related parties. The Organization is also responsible for its share of real estate taxes, insurance and maintenance costs for the buildings. The operating leases will expire at various dates through February, 2026.

Additionally, the Organization leases various equipment under finance leases, which expires at various dates until January 2027. Total equipment under the finance lease is \$28,404 before accumulated amortization. The net book value of the leased equipment totaled \$17,187 at December 31, 2023.

The components of lease expenses for the year ending are as follows:

	<u>2023</u>	<u>2022</u>
Finance lease expense -		
Amortization of right-of-use asset	\$ 5,681	\$ 5,536
Interest on lease liability	<u>434</u>	<u>478</u>
Total finance lease expense	<u>\$ 6,115</u>	<u>\$ 6,014</u>
Operating lease expense -		
Operating lease cost	\$ 146,904	\$ 134,971
Variable lease cost	<u>-</u>	<u>20,702</u>
Total operating lease expense	<u>\$ 146,904</u>	<u>\$ 155,673</u>

Future minimum lease payments under noncancelable leases as of December 31, 2023 are as follows:

	<u>Operating</u>	<u>Finance</u>
2024	\$ 129,897	\$ 5,980
2025	100,669	5,980
2026	16,883	5,809
2027	<u>-</u>	<u>326</u>
Total future minimum lease payments	247,449	18,095
Less amount representing interest	<u>(11,345)</u>	<u>(907)</u>
Present value of net minimum lease payments	<u>\$ 236,104</u>	<u>\$ 17,188</u>

(11) LEASES: (Continued)

The following provides additional information related to the Company's leases as of and for the year ended December 31, 2023:

	<u>Operating</u>	<u>Finance</u>
Current portion of lease liabilities	\$ 123,794	\$ 5,681
Long-term portion of lease liabilities	<u>112,310</u>	<u>11,507</u>
Total lease liabilities	<u>\$ 236,104</u>	<u>\$ 17,188</u>
	<u>Operating</u>	<u>Finance</u>
Weighted average lease term	2.87 years	3.95 years
Weighted average discount rate	1.84%	2.11%

Cash paid for amounts included in the measurements of the Organization's leases for the year ended December 31, 2023, is as follows:

Operating cash from operating leases	\$ 149,424
Operating cash flow from finance lease	434
Finance cash flow from finance lease	5,546

Cash paid for amounts included in the measurements of the Organization's leases for the year ended December 31, 2022, is as follows:

Operating cash from operating leases	\$ 141,245
Operating cash flow from finance lease	288
Finance cash flow from finance lease	5,535

The Organization has leases for the Interim Housing program due to federal and state COVID 19 guidelines that have short-term leases. Rent expense paid under these leases amounted to \$896,871 and \$1,041,496 for the years ended December 31, 2023 and 2022, respectively.

The Organization also leased various units for permanent supportive housing that have short-term leases. Rental assistance provided on these properties was approximately \$4,266,000 and \$3,973,000 for the years ended December 31, 2023 and 2022, respectively.

HOUSING FORWARD AND SUBSIDIARIES  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
DECEMBER 31, 2023

	<u>HOUSING FORWARD</u>	<u>HF BROADVIEW</u>	<u>HF Oak Park</u>	<u>Consolidated Totals</u>
<u>A S S E T S</u>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 1,419,503	\$ 68,445	\$ 32,912	\$ 1,520,860
Cash held for others	18,748	-	-	18,748
Cash in construction escrow	-	546,272	-	546,272
Grants receivable	2,284,523	-	5,330	2,289,853
Prepaid expenses	156,286	-	-	156,286
	<u>3,879,060</u>	<u>614,717</u>	<u>38,242</u>	<u>4,532,019</u>
PROPERTY AND EQUIPMENT, net	<u>148,457</u>	<u>7,252,775</u>	<u>6,525,364</u>	<u>13,926,596</u>
OTHER ASSETS:				
Right of use asset - Operating	226,703	-	-	226,703
Right of use asset - Financing	17,188	-	-	17,188
Security deposits	454,800	-	-	454,800
	<u>698,691</u>	<u>-</u>	<u>-</u>	<u>698,691</u>
Total assets	<u>\$ 4,726,208</u>	<u>\$ 7,867,492</u>	<u>\$ 6,563,606</u>	<u>\$ 19,157,306</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 838,474	\$ -	\$ 15,428	\$ 853,902
Agency liability	18,748	-	-	18,748
Line of credit	950,000	-	-	950,000
Accrued expenses	394,506	-	5,000	399,506
Lease liability, current maturity - Financing	5,681	-	-	5,681
Lease liability, current maturity - Operating	123,794	-	-	123,794
Refundable advances	583,600	-	-	583,600
Deferred revenue	12,450	-	-	12,450
	<u>2,927,253</u>	<u>-</u>	<u>20,428</u>	<u>2,947,681</u>
LONG-TERM LIABILITIES				
Deferred Compensation	48,391	-	-	48,391
Lease liability, net of current maturity - Operating	112,310	-	-	112,310
Lease liability, net of current maturity - Financing	11,507	-	-	11,507
Note payable, net of current maturity	-	6,981,996	6,464,535	13,446,531
	<u>172,208</u>	<u>6,981,996</u>	<u>6,464,535</u>	<u>13,618,739</u>
Total long-term liabilities	<u>172,208</u>	<u>6,981,996</u>	<u>6,464,535</u>	<u>13,618,739</u>
Total liabilities	<u>3,099,461</u>	<u>6,981,996</u>	<u>6,484,963</u>	<u>16,566,420</u>
NET ASSETS:				
Without donor restrictions - Undesignated	1,192,352	-	78,643	1,270,995
- Board designated	200,000	-	-	200,000
With donor restrictions	234,395	885,496	-	1,119,891
	<u>1,626,747</u>	<u>885,496</u>	<u>78,643</u>	<u>2,590,886</u>
Total net assets	<u>1,626,747</u>	<u>885,496</u>	<u>78,643</u>	<u>2,590,886</u>
Total liabilities and net assets	<u>\$ 4,726,208</u>	<u>\$ 7,867,492</u>	<u>\$ 6,563,606</u>	<u>\$ 19,157,306</u>

HOUSING FORWARD AND SUBSIDIARIES  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Housing Forward			HF Oak Park	HF Broadview	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	
SUPPORT AND REVENUE:						
Public support and other income -						
Contributions	\$ 1,782,196	\$ 270,471	\$ 2,052,667	-	\$ 310,000	\$ 2,362,667
Special events	365,707	-	365,707	-	-	365,707
Program rent	215,471	-	215,471	10,962	-	226,433
Miscellaneous income	13,615	-	13,615	218	50,087	63,920
In-kind donations of supplies, space and services	216,223	-	216,223	693,509	199,551	1,109,283
Total public support and other income	<u>2,593,212</u>	<u>270,471</u>	<u>2,863,683</u>	<u>704,689</u>	<u>559,638</u>	<u>4,128,010</u>
Grants from governmental agencies -						
Federal government grants	10,152,143	-	10,152,143	35,465	-	10,187,608
State government grants	1,717,696	-	1,717,696	5,330	-	1,723,026
Local government grants	654,799	-	654,799	-	-	654,799
Total grants from governmental agencies	<u>12,524,638</u>	<u>-</u>	<u>12,524,638</u>	<u>40,795</u>	<u>-</u>	<u>12,565,433</u>
Net assets released from restrictions -						
Satisfaction of purpose restrictions	450,664	(450,664)	-	-	-	-
Total revenues and support	<u>15,568,514</u>	<u>(180,193)</u>	<u>15,388,321</u>	<u>745,484</u>	<u>559,638</u>	<u>16,693,443</u>
FUNCTIONAL EXPENSES:						
Program	12,865,482	-	12,865,482	751,841	253,845	13,871,168
Management and general	2,327,111	-	2,327,111	-	10,700	2,337,811
Fundraising	635,871	-	635,871	-	-	635,871
Total functional expenses	<u>15,828,464</u>	<u>-</u>	<u>15,828,464</u>	<u>751,841</u>	<u>264,545</u>	<u>16,844,850</u>
CHANGE IN NET ASSETS	(259,950)	(180,193)	(440,143)	(6,357)	295,093	(151,407)
TRANSFER BETWEEN ENTITIES	(85,000)	-	(85,000)	85,000	-	-
NET ASSETS, Beginning of year	<u>1,737,302</u>	<u>414,588</u>	<u>2,151,890</u>	<u>-</u>	<u>590,403</u>	<u>2,742,293</u>
NET ASSETS, End of year	<u>\$ 1,392,352</u>	<u>\$ 234,395</u>	<u>\$ 1,626,747</u>	<u>\$ 78,643</u>	<u>\$ 885,496</u>	<u>\$ 2,590,886</u>