

**HOUSING FORWARD**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2017 AND 2016**  
**TOGETHER WITH AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Housing Forward:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Housing Forward, which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Housing Forward, as of December 31, 2017 and 2016, 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.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of PTMHC program revenue and expenses and the schedule of Community Mental Health Board of Oak Park Township program revenue and expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 9, 2018 on our consideration of Housing Forward's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Housing Forward's internal control over financial reporting and compliance.

  
DUGAN & LOPATKA

HOUSING FORWARD  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016

<u>A S S E T S</u>	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 341,584	\$ 546,210
Grants receivable	589,633	259,964
Prepaid expenses	31,504	2,362
	<hr/>	<hr/>
Total current assets	962,721	808,536
 PROPERTY AND EQUIPMENT, net	 97,645	 52,392
<b>OTHER ASSETS:</b>		
Security deposits	109,453	84,585
	<hr/>	<hr/>
Total assets	<u>\$ 1,169,819</u>	<u>\$ 945,513</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 211,519	\$ 55,738
Accrued expenses	103,272	72,434
Refundable advances	52,207	49,269
Deferred revenue	51,800	30,325
	<hr/>	<hr/>
Total current liabilities	418,798	207,766
 <b>NET ASSETS:</b>		
Unrestricted - Undesignated	541,463	509,374
- Board designated	110,000	61,940
Temporarily restricted	99,558	166,433
	<hr/>	<hr/>
Total net assets	751,021	737,747
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Total liabilities and net assets	<u>\$ 1,169,819</u>	<u>\$ 945,513</u>

The accompanying notes are an integral part of this statement.

**HOUSING FORWARD**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Public support -						
Contributions	\$ 707,827	\$ 195,000	\$ 902,827	\$ 640,314	\$ 258,000	\$ 898,314
United Way	52,600	-	52,600	52,600	-	52,600
Special events	241,304	-	241,304	275,433	-	275,433
Program rent	145,895	-	145,895	92,413	35,891	128,304
Interest	633	-	633	1,748	-	1,748
Miscellaneous income	187,296	-	187,296	22,821	-	22,821
In-kind donations of space	102,475	-	102,475	132,200	-	132,200
In-kind donations of supplies and services	353,568	-	353,568	377,788	-	377,788
Total public support	<u>1,791,598</u>	<u>195,000</u>	<u>1,986,598</u>	<u>1,595,317</u>	<u>293,891</u>	<u>1,889,208</u>
Fees and grants from governmental agencies -						
CDBG Cook County	42,418	-	42,418	49,549	-	49,549
ESG Cook County	351,372	-	351,372	98,245	-	98,245
ESG Oak Park	142,808	-	142,808	111,143	-	111,143
CDBG Oak Park	31,316	-	31,316	26,536	-	26,536
DHS - Illinois	156,004	-	156,004	102,138	38,671	140,809
FEMA	52,370	-	52,370	49,687	-	49,687
HUD	3,301,888	-	3,301,888	1,710,914	-	1,710,914
HUD - South Suburban PADS	161,228	-	161,228	77,776	-	77,776
Community Mental Health Board of Oak Park Township	60,796	-	60,796	51,365	-	51,365
Serve Illinois Commission - AmeriCorps	141,442	-	141,442	130,421	-	130,421
Veteran Affairs	146,107	-	146,107	136,348	-	136,348
Proviso Township Mental Health Commission	40,772	-	40,772	31,848	-	31,848
Pillars Community Services	-	-	-	34,496	-	34,496
CDBG - City of Berwyn	8,000	-	8,000	10,000	-	10,000
CEDA CSBG	48,280	-	48,280	-	-	-
Oak Park Township	21,030	-	21,030	-	-	-
Other	-	-	-	14,200	-	14,200
Total fees and grants	<u>4,705,831</u>	<u>-</u>	<u>4,705,831</u>	<u>2,634,666</u>	<u>38,671</u>	<u>2,673,337</u>
Net assets released from restrictions -						
Satisfaction of purpose restrictions	261,875	(261,875)	-	191,129	(191,129)	-
Total revenues and support	<u>6,759,304</u>	<u>(66,875)</u>	<u>6,692,429</u>	<u>4,421,112</u>	<u>141,433</u>	<u>4,562,545</u>

The accompanying notes are an integral part of this statement.

HOUSING FORWARD  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>			<u>2016</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
FUNCTIONAL EXPENSES:						
Program	\$ 5,903,739	\$ -	\$ 5,903,739	\$ 3,770,795	\$ -	\$ 3,770,795
Management and general	452,066	-	452,066	358,818	-	358,818
Fundraising	323,350	-	323,350	316,954	-	316,954
Total functional expenses	<u>6,679,155</u>	<u>-</u>	<u>6,679,155</u>	<u>4,446,567</u>	<u>-</u>	<u>4,446,567</u>
CHANGE IN NET ASSETS	80,149	(66,875)	13,274	(25,455)	141,433	115,978
NET ASSETS, Beginning of year	<u>571,314</u>	<u>166,433</u>	<u>737,747</u>	<u>596,769</u>	<u>25,000</u>	<u>621,769</u>
NET ASSETS, End of year	<u>\$ 651,463</u>	<u>\$ 99,558</u>	<u>\$ 751,021</u>	<u>\$ 571,314</u>	<u>\$ 166,433</u>	<u>\$ 737,747</u>

The accompanying notes are an integral part of this statement.

HOUSING FORWARD  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 13,274</u>	<u>\$ 115,978</u>
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation	33,817	49,000
Changes in assets and liabilities:		
(Increase) in grants receivable	(329,669)	(16,316)
(Increase) decrease in prepaid expenses	(29,142)	7,495
(Increase) in security deposits	(24,868)	(18,845)
Increase in accounts payable	155,781	23,264
Increase in accrued expenses	30,838	9,648
Increase in refundable advances	2,938	49,269
Increase in deferred revenue	<u>21,475</u>	<u>15,295</u>
Total adjustments	<u>(138,830)</u>	<u>118,810</u>
Net cash provided by (used in) operating activities	<u>(125,556)</u>	<u>234,788</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>(79,070)</u>	<u>-</u>
Net cash used in investing activities	<u>(79,070)</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(204,626)	234,788
CASH AND CASH EQUIVALENTS, Beginning of year	<u>546,210</u>	<u>311,422</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 341,584</u>	<u>\$ 546,210</u>

The accompanying notes are an integral part of this statement.

HOUSING FORWARD  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services								Total Program Services	Supporting Services		
	Coordinated Entry	PADS Shelter	Support Center	Supportive Housing	Emergency Assistance	Rapid Re-Housing	Employment Readiness	Outreach and Engagement		Management and General	Fundraising	Total
Salaries	\$ 200,979	\$ 107,544	\$ 151,585	\$ 564,281	\$ 159,863	\$ 96,066	\$ 84,699	\$ 231,743	\$ 1,596,760	\$ 169,909	\$ 192,639	\$ 1,959,308
Other benefits	11,153	8,228	18,092	90,768	18,746	19,751	12,579	27,314	206,631	22,350	16,703	245,684
Payroll taxes	15,599	9,332	12,746	45,816	13,458	7,937	6,985	18,512	130,385	13,090	15,969	159,444
Total salaries and related expenses	227,731	125,104	182,423	700,865	192,067	123,754	104,263	277,569	1,933,776	205,349	225,311	2,364,436
Professional fees and contracts	3,033	4,532	4,032	10,501	5,639	1,607	3,142	5,580	38,066	25,387	3,555	67,008
Board development	-	-	-	-	-	-	-	-	-	3,246	-	3,246
Occupancy	3,008	1,690	23,295	1,754,716	59,557	304,237	12,590	6,688	2,165,781	11,900	2,729	2,180,410
Food and supplies	609	15,521	3,249	5,141	5,026	1,578	4,673	1,676	37,473	12,470	1,134	51,077
Laundry	-	26,630	-	-	-	-	-	-	26,630	-	-	26,630
Volunteer and staff development	6,242	2,902	165	470	331	61	909	550	11,630	14,524	1,626	27,780
Equipment repair, rental and replacement	1,759	806	1,772	5,298	4,226	438	3,609	2,042	19,950	5,486	1,390	26,826
Individual and family assistance	-	10,294	1,749	67,394	17,066	4,328	189	198	101,218	-	-	101,218
Grants to sub-recipients	587,412	-	-	387,893	-	-	-	2,607	977,912	402	-	978,314
Other expenses	1,346	2,223	23,754	5,870	5,443	781	4,199	2,919	46,535	120,645	7,526	174,706
Postage	-	-	-	-	-	-	-	-	-	2,117	5,721	7,838
Printing	7,857	2,609	44	422	334	141	563	669	12,639	2,264	8,628	23,531
Travel and transportation	11,636	5,274	2,659	14,274	3,061	2,947	4,036	4,406	48,293	6,944	252	55,489
Insurance	-	-	-	(12)	-	-	-	-	(12)	15,696	848	16,532
Telephone and pagers	407	720	565	3,601	5,196	567	3,955	1,622	16,633	2,991	497	20,121
Fund-raising events	-	-	-	-	-	-	-	-	-	-	64,133	64,133
Depreciation	-	-	7,159	-	7,178	-	7,178	-	21,515	12,302	-	33,817
In-kind supplies and services	-	296,462	7,858	-	19,664	-	13,126	6,115	343,225	10,343	-	353,568
In-kind space	-	102,475	-	-	-	-	-	-	102,475	-	-	102,475
Total functional expenses	\$ 851,040	\$ 597,242	\$ 258,724	\$ 2,956,433	\$ 324,788	\$ 440,439	\$ 162,432	\$ 312,641	\$ 5,903,739	\$ 452,066	\$ 323,350	\$ 6,679,155

The accompanying notes are an integral part of this statement.



HOUSING FORWARD  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services								Supporting Services			Total
	Coordinated Entry	PADS Shelter	Support Center	Supportive Housing	Emergency Assistance	Rapid Re-Housing	Employment Readiness	Outreach and Engagement	Total Program Services	Management and General	Fundraising	
Salaries	\$ 8,681	\$ 113,166	\$ 138,837	\$ 445,345	\$ 120,434	\$ 44,093	\$ 113,674	\$ 208,862	\$ 1,193,092	\$ 118,869	\$ 188,884	\$ 1,500,845
Other benefits	641	10,886	17,725	67,860	6,907	7,215	11,498	22,339	145,071	24,353	15,993	185,417
Payroll taxes	563	8,543	11,822	33,710	9,718	3,305	8,492	14,520	90,673	8,903	14,184	113,760
<b>Total salaries and related expenses</b>	<b>9,885</b>	<b>132,595</b>	<b>168,384</b>	<b>546,915</b>	<b>137,059</b>	<b>54,613</b>	<b>133,664</b>	<b>245,721</b>	<b>1,428,836</b>	<b>152,125</b>	<b>219,061</b>	<b>1,800,022</b>
Professional fees and contracts	-	3,500	-	-	-	-	-	150	3,650	60,516	-	64,166
Board development	-	-	-	-	-	-	-	-	-	12,997	259	13,256
Occupancy	-	2,693	23,989	1,149,857	42,769	44,911	4,501	5,667	1,274,387	17,720	4,622	1,296,729
Food and supplies	797	10,452	2,319	1,988	1,354	153	901	1,926	19,890	6,334	1,422	27,646
Laundry	-	15,852	-	2,924	-	-	-	-	18,776	-	-	18,776
Volunteer and staff development	-	1,989	659	256	255	64	1,193	2,233	6,649	11,654	1,320	19,623
Equipment repair, rental, and replacement	2,407	3,203	953	2,409	3,339	199	530	1,848	14,888	7,588	1,759	24,235
Individual and family assistance	-	3,981	2,996	45,033	50,428	735	25	1,596	104,794	-	-	104,794
Grants to sub-recipients	-	-	-	296,657	-	-	-	-	296,657	8,960	-	305,617
Other expenses	-	1,827	3,151	9,061	2,023	408	1,756	7,912	26,138	13,396	6,890	46,424
Postage	-	-	-	-	-	-	-	-	-	1,537	6,680	8,217
Printing	-	1,538	161	134	351	-	153	801	3,138	2,202	9,440	14,780
Travel and transportation	28	8,326	2,506	18,476	2,502	259	5,179	5,130	42,406	5,733	506	48,645
Insurance	-	-	-	585	-	-	-	-	585	12,379	848	13,812
Telephone and pagers	2,192	933	786	3,271	2,736	405	2,399	1,506	14,228	2,462	651	17,341
Fund-raising events	-	-	-	-	-	-	-	-	-	-	63,496	63,496
Depreciation	-	-	33,043	-	-	-	-	-	33,043	15,957	-	49,000
In-kind supplies and services	-	322,255	8,955	-	6,953	-	2,168	10,199	350,530	27,258	-	377,788
In-kind space	-	132,200	-	-	-	-	-	-	132,200	-	-	132,200
<b>Total functional expenses</b>	<b>\$ 15,309</b>	<b>\$ 641,344</b>	<b>\$ 247,902</b>	<b>\$ 2,077,566</b>	<b>\$ 249,769</b>	<b>\$ 101,747</b>	<b>\$ 152,469</b>	<b>\$ 284,689</b>	<b>\$ 3,770,795</b>	<b>\$ 358,818</b>	<b>\$ 316,954</b>	<b>\$ 4,446,567</b>

The accompanying notes are an integral part of this statement.

HOUSING FORWARD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

(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 financial statements were available to be issued on April 9, 2018, 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 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2017 and 2016, the Organization had no permanently restricted net assets. As of December 31, 2017, the Organization had designated \$110,000 as a reserve for future operations. As of December 31, 2016, the Organization had designated \$48,000 as a reserve for future operations and \$13,940 for expenses in relation to Emergency Assistance and Employment Readiness.

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 -

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional 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. Conditional promises to give are not included as support until the conditions are substantially met.

Grants Receivable -

Contract revenue from government agencies is recognized as the services are performed.

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 \$1,000. 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 \$33,818 and \$49,000 in 2017 and 2016, respectively.

Restricted and Unrestricted Revenue and Support -

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants.

Deferred Revenue -

Deferred revenue represents payments for special events that are received prior to year end but will not be occurring until 2018.

Use of Estimates -

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

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

Functional Allocation of Expenses -

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on units of service. Support costs are allocated to a program based on total program costs.

Income Taxes -

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

The Organization files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2014. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Reclassification -

Prior year amounts have been reclassified to be consistent with current year presentation.

(2) PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 178,234	\$ 137,507
Site equipment	16,833	16,833
Leasehold improvements	42,988	4,644
Support Center expansion	<u>245,082</u>	<u>245,082</u>
	483,137	404,066
Less - Accumulated depreciation	<u>(385,492)</u>	<u>(351,674)</u>
	<u>\$ 97,645</u>	<u>\$ 52,392</u>

(3) LEASED FACILITIES:

The Organization leases certain space for its administrative offices under two leases expiring in February, 2020 and April, 2020. Rent expense paid under the leases amounted to \$75,581 and \$63,497 for the years ended December 31, 2017 and 2016, respectively, which includes \$1,500 monthly for utilities, and is included in occupancy expense in the statement of functional expenses.

(3) LEASED FACILITIES: (Continued)

The Organization also has a lease for a copier expiring in June, 2018. Rent expense paid under this lease amounted to \$11,513 and \$7,707 for the years ended December 31, 2017 and 2016, respectively.

The Organization pays monthly rental payments for transitional housing and rapid re-housing units.

The Organization also leased various units for permanent supportive housing. The leases expire at various dates through December, 2018. Rental assistance provided on these properties was approximately \$2,009,000 and \$1,185,000 for the years ended December 31, 2017 and 2016, respectively.

Minimum lease payments due for the years ending December 31 are as follows:

2018	\$ 1,042,279
2019	113,680
2020	<u>26,502</u>
	<u>\$ 1,182,461</u>

(4) LINE OF CREDIT:

The Organization had a \$250,000 line of credit from a bank, bearing interest at prime plus one percent and due in July, 2019. As of December 31, 2017 and 2016, the Organization has no borrowings.

(5) TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of a portion of contributions received during a specific year, which are generally to be spent within the subsequent year on specific programs.

Temporarily restricted net assets consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Supportive services	\$ 34,119	\$ 85,000
Program rent	35,891	35,891
Supportive housing	-	38,671
Healthy Families	25,000	-
Other	<u>4,548</u>	<u>6,871</u>
	<u>\$ 99,558</u>	<u>\$ 166,433</u>

(6) DONATED SERVICES, SUPPLIES AND SPACE:

Donated services in 2017 and 2016 included medical, legal services, food and volunteer time totaling \$353,568 and \$377,788, respectively, which are reflected in the statement of activities as in-kind contributions and program expenses.

The Organization receives donated clothing and other personal care items from various donors. Such donations have not been recorded because the value of such items cannot be reasonably determined.

The Organization uses various congregations in the local area to serve the community. The congregations provide shelter space throughout the year, with the majority occurring during the months of September through May. These congregations have not charged the Organization for use of space under any form of rental agreement. The annual lease value of this space, based upon the market value in the area, was \$102,475 and \$132,200 for the years ended December 31, 2017 and 2016, respectively. These amounts are included as in-kind contributions and program expenses in the statement of activities.

(7) 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, 2017 and 2016. Contributions to the plan were \$15,066 and \$16,414 for the years ended December 31, 2017 and 2016, respectively.

(8) CONCENTRATIONS OF GRANTS:

Housing Forward received approximately 49% and 37% of its total public support and revenue from U.S. Department of Housing and Urban Development for the years ended December 31, 2017 and 2016, respectively.

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Gwen S. Henry

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

To the Board of Directors of  
Housing Forward:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Housing Forward which comprise the statement of financial position as of December 31, 2017 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 9, 2018.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Housing Forward's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Forward's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Forward's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

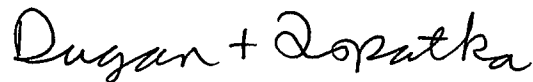
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Housing Forward's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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



DUGAN & LOPATKA

Wheaton, Illinois  
April 9, 2018



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Gwen S. Henry

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

To the Board of Directors of  
Housing Forward:

### *Report on Compliance for Each Major Federal Program*

We have audited Housing Forward's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Housing Forward's major federal programs for the year ended December 31, 2017. Housing Forward's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Housing Forward's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Forward's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Housing Forward's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Housing Forward complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

***Report on Internal Control over Compliance***

Management of Housing Forward is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Forward's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Housing Forward's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditor's Report on Compliance  
for Each Major Federal Program and on  
Internal Control over Compliance  
Required by Uniform Guidance  
Page three

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



DUGAN & LOPATKA

Wheaton, Illinois  
April 9, 2018

HOUSING FORWARD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Pass- Through Number	Passed Through to Sub-Recipients	Total Program Expenditures
Department of Housing and Urban Development:					
Continuum of Care	14.267	South Suburban PADS	17-18		\$ 111,834
Continuum of Care	14.267	South Suburban PADS	16-17		49,394
Continuum of Care	14.267	Alliance to End Homelessness	IL0629L5T111500		647,108
Continuum of Care	14.267	Alliance to End Homelessness	IL0629L5T111601		82,554
Continuum of Care	14.267	Alliance to End Homelessness	IL0628L5T111500		10,850
Continuum of Care	14.267	Alliance to End Homelessness	IL0670L5T111600		17,207
Continuum of Care	14.267				889,366
Continuum of Care	14.267				633,279
Continuum of Care	14.267				508,026
Continuum of Care	14.267				448,194
Continuum of Care	14.267				65,304
Total Continuum of Care				\$ 978,314	<u>3,463,116*</u>
Community Development Block Grant	14.218	Village of Oak Park	B16-4		11,620
Community Development Block Grant	14.218	Cook County Department of Planning and Development	1604-045		17,500
Community Development Block Grant	14.218	Cook County Department of Planning and Development	1704-044		24,918
Community Development Block Grant	14.218	Village of Oak Park	B17-4		3,041
Community Development Block Grant	14.218	Village of Oak Park	B17-5		3,905
Community Development Block Grant	14.218	Village of Oak Park	B16-5		12,750
Community Development Block Grant	14.218	City of Berwyn	2016-628		<u>8,000</u>
Total Community Development Block Grant					<u>81,734</u>

HOUSING FORWARD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Pass- Through Number	Passed Through to Sub-Recipients	Total Program Expenditures
Emergency Shelter Grants Program	14.231	Village of Oak Park	S17-2		\$ 5,602
Emergency Shelter Grants Program	14.231	Village of Oak Park	S17-3		4,517
Emergency Shelter Grants Program	14.231	Village of Oak Park	S17-4		23,873
Emergency Shelter Grants Program	14.231	Village of Oak Park	S17-5		4,302
Emergency Shelter Grants Program	14.231	Village of Oak Park	S16-2		19,162
Emergency Shelter Grants Program	14.231	Village of Oak Park	S16-3		16,090
Emergency Shelter Grants Program	14.231	Village of Oak Park	S16-4		52,457
Emergency Shelter Grants Program	14.231	Village of Oak Park	S16-5		16,805
Emergency Shelter Grants Program	14.231	Cook County Department of Planning and Development	E16-08		58,406
Emergency Shelter Grants Program	14.231	Cook County Department of Planning and Development	E17-08		56,063
Emergency Shelter Grants Program	14.231	Cook County Department of Planning and Development	E16-16		165,484
Emergency Shelter Grants Program	14.231	Cook County Department of Planning and Development			53,815
Emergency Shelter Grants Program	14.231	Cook County Department of Planning and Development	E15-09		<u>17,604</u>
Total Emergency Shelter Grants Program					<u>494,180*</u>
Total Department of Housing and Urban Development				\$ 978,314	<u>4,039,030</u>
Department of Veterans Affairs:					
VA Homeless Providers Grant and Per Diem Program	64.024				44,530
VA Homeless Providers Grant and Per Diem Program	64.024				<u>101,577</u>
Total VA Homeless Providers Grant and Per Diem Program				<u>-</u>	<u>146,107</u>

HOUSING FORWARD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Pass- Through Number	Passed Through to Sub-Recipients	Total Program Expenditures
Corporation for National & Community Service: Americorps	94.006	Illinois Department of Public Health	16AC179543		108,671
Americorps	94.006	Illinois Department of Public Health	17AC190452		<u>32,771</u>
Total Americorps				<u>-</u>	<u>141,442</u>
Department of Health and Human Services: Community Service Block Grant	93.569	CEDA	17-499-001	-	48,280
Homeland Security: Emergency Food and Shelter National Board Program	97.024	United Way of Metropolitan Chicago		<u>-</u>	<u>52,370</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 978,314</u>	<u>\$ 4,427,229</u>

\*Major program

HOUSING FORWARD  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Note A - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Housing Forward under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Housing Forward, it is not intended to and does not represent the financial position, changes in net assets, or cash flows of Housing Forward.

Note B - Summary of Significant Accounting Policies:

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

Note C - Indirect Cost Rates:

Housing Forward did elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D - Non-Cash Awards:

Housing Forward did not have any outstanding federal loans or loan guarantees or insurance at December 31, 2017, and did not receive any federal non-cash awards during the year ended December 31, 2017.

HOUSING FORWARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

PART 1: SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Housing Forward were prepared in accordance with GAAP.
2. There were no material weaknesses disclosed during the audit of the financial statements. No significant deficiencies related to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Housing Forward, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no material weaknesses in internal control over compliance disclosed during the audit of the major federal programs. No significant deficiencies related to the audit of the major federal awards programs are reported.
5. The auditor's report on compliance for the major federal award programs for Housing Forward expresses an unmodified opinion on all major federal programs.
6. There are no audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs included:
  - 14.267 Continuum of Care
  - 14.231 Emergency Shelter Grants Program
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Housing Forward was determined to be a low-risk auditee.

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

There were no audit findings or questioned costs.

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

There were no audit findings or questioned costs.



HOUSING FORWARD  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**2016-001**

**Continuum of Care, CFDA # 14.267**

*Condition:* There were two individual's files that were missing the documentation of annual rent contribution calculations.

*Auditor recommendations:* The case managers should complete a rent calculation for each individual regardless of income amount. The program supervisor and case manager should also have a procedure to monitor the completeness of participant files in regards to the initial and annual rent calculations.

*Current Status:* Corrected

HOUSING FORWARD  
SCHEDULE OF PTMHC PROGRAM REVENUE AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Employment Readiness</u>	<u>Support Center</u>	<u>Permanent Supportive Housing</u>	<u>Total</u>
Support and revenue:				
Contract revenue	<u>\$ 6,007</u>	<u>\$ 17,833</u>	<u>\$ 16,933</u>	<u>\$ 40,773</u>
Expenses:				
Salaries and related expenses	<u>6,007</u>	<u>17,833</u>	<u>16,933</u>	<u>40,773</u>
Excess revenue (expenses) over revenue (expenses)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HOUSING FORWARD  
SCHEDULE OF COMMUNITY MENTAL HEALTH BOARD OF  
OAK PARK TOWNSHIP PROGRAM REVENUE AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

Support and revenue:	
Contract revenue	<u>\$    45,797</u>
Expenses:	
Salaries and related expenses	34,917
Staff travel	780
Pass through expenses	2,607
Miscellaneous	<u>7,493</u>
Total expenses	<u>45,797</u>
Excess expenses over revenue	<u><u>\$          -</u></u>