

HOUSING FORWARD
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 AND 2020
TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Housing Forward:

Opinion

We have audited the accompanying consolidated financial statements of Housing Forward (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, 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 referred to above present fairly, in all material respects, the financial position of Housing Forward as of December 31, 2021 and 2020, 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 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'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'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'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.


DUGAN & LOPATKA

HOUSING FORWARD AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

<u>A S S E T S</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	997,828	\$ 561,277
Cash held for others	12,919	7,656
Grants receivable	2,280,477	1,697,042
Prepaid expenses	29,100	8,100
	<hr/>	<hr/>
Total current assets	3,320,324	2,274,075
 PROPERTY AND EQUIPMENT, net	 43,417	 49,736
 OTHER ASSETS:		
Earnest Deposits	13,000	-
Security deposits	363,197	322,214
	<hr/>	<hr/>
Total assets	<u>\$3,739,938</u>	<u>\$ 2,646,025</u>
 <u>LIABILITIES AND NET ASSETS</u>		
 CURRENT LIABILITIES:		
Accounts payable	\$ 371,506	\$ 446,336
Agency liability	12,919	7,656
Note payable, current maturity	200,000	264,600
Accrued expenses	290,738	284,980
Refundable advances	492,915	357,989
Deferred revenue	47,250	18,600
	<hr/>	<hr/>
Total current liabilities	1,415,328	1,380,161
 LONG-TERM LIABILITIES		
Deferred Compensation	27,556	10,782
Note payable, net of current maturity	-	271,748
	<hr/>	<hr/>
Total liabilities	1,442,884	1,662,691
 NET ASSETS:		
Without donor restrictions - Undesignated	1,664,416	761,247
- Board designated	200,000	110,000
With donor restrictions	432,638	112,087
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Total net assets	2,297,054	983,334
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Total liabilities and net assets	<u>\$3,739,938</u>	<u>\$ 2,646,025</u>

The accompanying notes are an integral part of this statement.

HOUSING FORWARD AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Public support and other income -						
Contributions	\$ 1,462,346	\$ 491,966	\$ 1,954,312	\$ 1,821,046	\$ 145,000	\$ 1,966,046
Special events	278,032	-	278,032	277,751	-	277,751
Program rent	211,417	-	211,417	193,364	-	193,364
Miscellaneous income	20,123	-	20,123	94,359	-	94,359
In-kind donations of supplies, space and services	472,418	-	472,418	625,897	-	625,897
Total public support and other income	2,444,336	491,966	2,936,302	3,012,417	145,000	3,157,417
Grants from governmental agencies -						
Federal government grants	8,104,816	-	8,104,816	7,130,006	-	7,130,006
State government grants	1,069,669	-	1,069,669	1,046,462	-	1,046,462
Local government grants	1,025,061	-	1,025,061	587,805	-	587,805
Total grants from governmental agencies	10,199,546	-	10,199,546	8,764,273	-	8,764,273
Net assets released from restrictions -						
Satisfaction of purpose restrictions	171,415	(171,415)	-	234,537	(234,537)	-
Total revenues and support	12,815,297	320,551	13,135,848	12,011,227	(89,537)	11,921,690
FUNCTIONAL EXPENSES:						
Program	\$ 10,079,156	\$ -	\$ 10,079,156	\$ 9,839,719	\$ -	\$ 9,839,719
Management and general	1,651,821	-	1,651,821	1,177,905	-	1,177,905
Fundraising	627,499	-	627,499	536,973	-	536,973
Total functional expenses	12,358,476	-	12,358,476	11,554,597	-	11,554,597
CHANGE IN NET ASSETS, before forgiveness of debt	456,821	320,551	777,372	456,630	(89,537)	367,093
Forgiveness of debt	536,348	-	536,348	-	-	-
CHANGE IN NET ASSETS	993,169	320,551	1,313,720	456,630	(89,537)	367,093
NET ASSETS, Beginning of year	871,247	112,087	983,334	414,617	201,624	616,241
NET ASSETS, End of year	\$ 1,864,416	\$ 432,638	\$ 2,297,054	\$ 871,247	\$ 112,087	\$ 983,334

The accompanying notes are an integral part of this statement.

HOUSING FORWARD AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 1,313,720</u>	<u>\$ 367,093</u>
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation	11,319	22,833
Loss on disposal of fixed assets	-	2,608
Forgiveness of note payable	(536,348)	-
Changes in assets and liabilities:		
(Increase) in grants receivable	(583,435)	(916,974)
(Increase) decrease in prepaid expenses	(21,000)	9,144
(Increase) in security deposits	(40,983)	(91,801)
Increase in earnest deposits	(13,000)	-
Increase (decrease) in accounts payable and agency liability	(69,567)	81,743
Increase in accrued expenses	5,758	154,127
Increase in refundable advances	134,926	241,469
Increase in deferred compensation	16,774	10,782
Increase (decrease) in deferred revenue	<u>28,650</u>	<u>(6,300)</u>
Total adjustments	<u>(1,066,906)</u>	<u>(492,369)</u>
Net cash provided by (used in) operating activities	<u>246,814</u>	<u>(125,276)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>(5,000)</u>	<u>(8,677)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	<u>200,000</u>	<u>536,348</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	441,814	402,395
CASH AND CASH EQUIVALENTS, Beginning of year	<u>568,933</u>	<u>166,538</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 1,010,747</u></u>	<u><u>\$ 568,933</u></u>

The accompanying notes are an integral part of this statement.

HOUSING FORWARD AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services							Total Program Services	Supporting Services		Total
	Interim Housing/ Shelter	Supportive Housing	Emergency Assistance	Rental Assistance	Employment Readiness	Medical Respite	Diversion and Outreach		Management and General	Fundraising	
Salaries	\$ 548,578	\$ 527,483	\$ 232,031	\$ 510,630	\$ 126,361	\$ 175,288	\$ 289,650	\$ 2,410,021	\$ 884,491	\$ 301,376	\$ 3,595,888
Other benefits	58,418	98,735	39,473	89,865	11,130	33,194	47,053	377,868	110,270	43,314	531,452
Payroll taxes	46,479	46,695	19,455	43,596	11,376	13,948	24,331	205,880	45,464	25,903	277,247
Total salaries and related expenses	653,475	672,913	290,959	644,091	148,867	222,430	361,034	2,993,769	1,040,225	370,593	4,404,587
Professional fees and contracts	148,613	31,724	11,489	24,450	2,258	413,314	10,564	642,412	151,882	36,186	830,480
Board development	-	-	-	-	-	-	-	-	884	-	884
Occupancy	842,905	18,826	41,072	21,747	16,296	272,523	9,870	1,223,239	59,584	35,264	1,318,087
Food and supplies	20,421	5,101	883	5,131	154	12,383	5,115	49,188	1,105	16,178	66,471
Volunteer and staff development	7,230	4,806	2,007	4,254	441	2,536	2,215	23,489	27,020	3,756	54,265
Equipment repair, rental and replacement	32,505	8,453	5,391	12,604	182	1,332	8,552	69,019	11,318	5,536	85,873
Individual and family assistance	34,118	2,315,511	75,795	1,459,090	-	82,317	20,126	3,986,957	-	-	3,986,957
Grants to sub-recipients	-	410,578	-	275,111	-	-	-	685,689	-	-	685,689
Other expenses	35,280	6,199	1,898	4,422	593	3,540	2,403	54,335	62,825	23,271	140,431
Postage	317	270	1,864	311	24	47	209	3,042	876	17,561	21,479
Printing	2,002	1,538	10,466	1,680	136	384	2,333	18,539	3,709	37,109	59,357
Travel and transportation	31,720	12,385	215	13,340	4,045	4,281	5,779	71,765	1,745	27	73,537
Insurance	13,449	7,837	3,602	9,144	792	1,583	3,958	40,365	12,667	4,292	57,324
Telephone and pagers	2,871	4,089	1,714	4,160	387	988	2,581	16,790	3,636	1,120	21,546
Fund-raising events	-	59	-	136	-	-	-	195	1,412	66,165	67,772
Depreciation	-	-	2,418	-	2,418	-	-	4,836	6,483	-	11,319
In-kind space, supplies and services	195,527	-	-	-	-	-	-	195,527	266,450	10,441	472,418
Total functional expenses	\$ 2,020,433	\$ 3,500,289	\$ 449,773	\$ 2,479,671	\$ 176,593	\$ 1,017,658	\$ 434,739	\$ 10,079,156	\$ 1,651,821	\$ 627,499	\$ 12,358,476

The accompanying notes are an integral part of this statement.

HOUSING FORWARD AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services									Total Program Services	Supporting Services		
	Coordinated Entry	Interim Housing/ Shelter	Support Center	Supportive Housing	Emergency Assistance	Rental Assistance	Employment Readiness	Sojourner House	Outreach and Engagement		Management and General	Fundraising	Total
Salaries	\$ 34,565	\$ 360,992	\$ 51,038	\$ 545,726	\$ 181,821	\$ 313,691	\$ 105,236	\$ 115,007	\$ 139,976	\$ 1,848,052	\$ 876,855	\$ 270,185	\$ 2,995,092
Other benefits	615	43,205	9,078	88,457	28,616	55,306	17,947	20,054	19,754	283,032	127,719	17,874	428,625
Payroll taxes	3,272	34,187	6,708	49,732	17,902	31,106	11,732	10,951	14,239	179,829	21,869	23,966	225,664
Total salaries and related expenses	38,452	438,384	66,824	683,915	228,339	400,103	134,915	146,012	173,969	2,310,913	1,026,443	312,025	3,649,381
Professional fees and contracts	561	73,411	4,484	19,166	16,836	12,780	6,726	7,734	6,166	147,864	18,429	31,743	198,036
Board development	-	-	-	-	-	-	-	-	-	-	4,295	5,018	9,313
Occupancy	-	301,118	8,753	25,389	22,242	13,484	22,008	14,830	10,842	418,666	16,897	6,930	442,493
Food and supplies	66	238,879	1,935	10,547	3,358	6,844	956	1,585	2,347	266,517	5,062	2,205	273,784
Laundry	-	23,031	-	31	-	29	-	-	-	23,091	-	-	23,091
Volunteer and staff development	71	1,649	1,347	2,235	858	1,630	858	1,477	786	10,911	5,036	1,078	17,025
Equipment repair, rental and replacement	131	43,750	1,047	5,381	1,571	7,047	1,571	3,387	1,737	65,622	4,726	2,492	72,840
Individual and family assistance	8	1,027,545	2,543	2,344,894	338,578	795,029	140	60,120	1,265	4,570,122	-	-	4,570,122
Grants to sub-recipients	638,325	-	-	609,788	-	11,930	-	-	-	1,260,043	-	-	1,260,043
Other expenses	85	6,461	3,634	9,651	3,313	5,550	3,291	4,677	2,983	39,645	52,070	26,299	118,014
Postage	10	362	317	307	122	232	122	82	112	1,666	296	11,181	13,143
Printing	11	1,269	1,660	2,549	1,307	1,912	187	92	1,349	10,336	4,462	25,293	40,091
Travel and transportation	17	8,885	1,785	14,304	1,254	8,451	1,365	4,628	2,735	43,424	261	112	43,797
Insurance	-	4,945	3,943	11,612	830	6,217	830	554	4,959	33,890	7,728	3,170	44,788
Telephone and pagers	46	2,687	463	4,362	1,373	2,814	780	1,770	1,350	15,645	4,835	578	21,058
Fund-raising events	-	-	-	-	-	-	-	-	-	-	-	108,849	108,849
Depreciation	-	-	5,981	-	4,089	-	4,089	2,726	-	16,885	5,948	-	22,833
In-kind space, supplies and services	-	448,448	4,299	62,771	-	88,961	-	-	-	604,479	21,417	-	625,896
Total functional expenses	\$ 677,783	\$ 2,620,824	\$ 109,015	\$ 3,806,902	\$ 624,070	\$ 1,363,013	\$ 177,838	\$ 249,674	\$ 210,600	\$ 9,839,719	\$ 1,177,905	\$ 536,973	\$ 11,554,597

HOUSING FORWARD AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

(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 26, 2022, 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, 2021 and 2020, the Organization had designated \$200,000 and \$110,000, respectively 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 -

Pledges receivable are recorded in the fiscal year, in which the pledge has become unconditional and then is classified as either without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions. 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 \$492,915 and \$357,989 in advance under their federal and state contracts and grants as of December 31, 2021 and 2020, 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 \$11,319 and \$22,833 in 2021 and 2020, 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.

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 is consolidated with Housing Forward for financial reporting purposes. Housing Forward is the single member of HF-Broadview, 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 \$375,000 and \$-0- for years ended December 31, 2021 and 2020, respectively, HF-Broadview's total liabilities consist of notes payable totaling approximately \$200,000 and \$-0- for years ended December 31, 2021 and 2020, respectively. HF-Broadview's revenue consist mostly of contributions and totaled approximately \$200,000 and \$-0- for the year ended December 31, 2021 and 2020, respectively.

Use of Estimates -

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

Allocation of Expenses -

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, payroll taxes, professional services, office expenses, occupancy, depreciation 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 990.

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

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 2018. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Recently Issued Accounting Pronouncement -

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), which provides guidance for improving financial reporting over lease transactions. The new guidance requires organizations to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for fiscal periods beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

Reclassification -

Prior year amount has been reclassified to be consist with prior year presentation.

(2) LIQUIDITY AND AVAILABILITY:

	December 31,	
	<u>2021</u>	<u>2020</u>
Financial assets -		
Cash and cash equivalents	\$ 997,828	\$ 561,277
Grant receivable	<u>2,280,477</u>	<u>1,697,042</u>
Total financial assets	3,278,305	2,258,319
Less: Donor imposed restrictions	<u>432,638</u>	<u>112,087</u>
Net financial assets after donor-imposed restrictions	2,845,667	2,146,232
Less: Internal designations - Board advised funds	<u>200,000</u>	<u>110,000</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>\$ 2,645,667</u>	<u>\$ 2,036,232</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 \$491,966 and \$145,000 were received for the years ended December 31, 2021 and 2020, respectively.

(2) LIQUIDITY AND AVAILABILITY: (Continued)

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 169,453	\$ 169,453
Site equipment	16,833	16,833
Leasehold improvements	62,742	57,742
Support Center expansion	<u>284,133</u>	<u>284,133</u>
	533,161	528,161
Less - Accumulated depreciation	<u>(489,744)</u>	<u>(478,425)</u>
	<u>\$ 43,417</u>	<u>\$ 49,736</u>

(4) LEASED FACILITIES:

The Organization leases certain space for its administrative offices under two leases expiring in February 2023 and April 2022. Rent expense paid under the leases amounted to \$125,903 and \$168,840 for the years ended December 31, 2021 and 2020, respectively, which includes \$1,500 monthly for utilities, and is included in occupancy expense in the statement of functional expenses.

The Organization also has a lease for a copier expiring in June, 2023. Rent expense paid under this lease amounted to \$3,370 and \$4,500 for the years ended December 31, 2021 and 2020, respectively.

The Organization has a lease for the Sojourner program that expires in July, 2024. Rent expense paid under this lease amounted to \$49,885 and \$48,550 for the years ended December 31, 2021 and 2020, respectively.

The Organization has leases for the Interim Housing program due to federal and state COVID 19 guidelines that expire in September 2022. Rent expense paid under these leases amounted to \$1,067,625 and 304,587 for the years ended December 31, 2021 and 2020, respectively.

(4) LEASED FACILITIES: (Continued)

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

2022	\$ 945,059
2023	68,365
2024	<u>31,206</u>
	<u>\$ 1,044,630</u>

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, 2022. Rental assistance provided on these properties was approximately \$3,675,741 and \$3,273,000 for the years ended December 31, 2021 and 2020, respectively.

(5) LINE OF CREDIT:

The Organization has a \$1,250,000 line of credit from a bank, bearing interest at prime plus one half percent and due in June, 2023. As of December 31, 2021 and 2020, the Organization has no borrowings.

(6) NOTE PAYABLE:

Note payable consists of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Payroll Protection Program (PPP) loan payable to a bank as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, interest at 1% with the amount to be repaid in equal installments of principal and interest, beginning at the earlier of the date the SBA remits the loan forgiveness amount or 10 months after the end of the forgivable period, with the final payment due April 2022. As part of the loan agreement, the entire loan or a portion can be forgiven. The Organization has adopted ASC 470 to account for the PPP loan and will record a gain from the forgiven portion of the loan when it is forgiven. The Organization has received notice as of March 2021, that their PPP loan has been forgiven in full, and recognized the forgiveness as a gain as of December 31, 2021.	\$ -	\$ 536,348
Note payable to JCUA, a non-profit organization, for predevelopment costs related to HF Broadview LLC, bearing interest at 0%. Due in full upon the earlier of closing on the property or April 2022.	200,000	-
Less - Current portion	<u>200,000</u>	<u>264,600</u>
Long-term portion	<u>\$ -</u>	<u>\$ 271,748</u>

(7) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interim Housing	\$ 95,054	\$ 48,520
Rental assistance	87,194	35,891
HF Broadview LLC	175,390	-
Other	<u>75,000</u>	<u>27,676</u>
	<u>\$ 432,638</u>	<u>\$ 112,087</u>

(8) DONATED SERVICES, SUPPLIES AND SPACE:

Donated services and space in 2021 and 2020 included medical, legal services, food, shelter space and volunteer time totaling \$472,419 and \$625,897, 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.

(9) 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, 2021 and 2020. Contributions to the plan were \$57,258 and \$27,372 for the years ended December 31, 2021 and 2020, respectively.

(10) 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, 2021 and 2020 is \$27,556 and \$10,782, respectively.

(11) CONCENTRATIONS OF GRANTS:

Housing Forward received approximately 40% of its total public support and revenue from U.S. Department of Housing and Urban Development and Coronavirus Relief Fund/American Rescue Plan for the year ended December 31, 2021 and 48% from U.S. Department of Housing and Urban Development and Coronavirus Relief Fund for year ended December 31, 2020.

(12) SUBSEQUENT EVENTS:

In April, 2022, Housing Forward amended their lease agreement for administrative offices for additional space. The monthly payment for the additional space is \$1,629.17 and will expire in February 2023, same time as the original lease for administrative office.