

HOUSING FORWARD
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020 AND 2019
TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Housing Forward:

We have audited the accompanying financial statements of Housing Forward (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

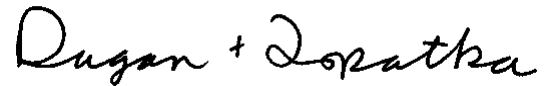
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

To the Board of Directors of
Housing Forward
Page two

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, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Dugan + Lopatka". The script is cursive and fluid.

DUGAN & LOPATKA

Warrenville, Illinois
June 23, 2021

HOUSING FORWARD
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Public support and other income -						
Contributions	\$ 1,764,262	\$ 145,000	\$ 1,909,262	\$ 783,279	\$ 318,000	\$ 1,101,279
United Way	56,784	-	56,784	41,496	-	41,496
Special events	277,751	-	277,751	261,112	-	261,112
Program rent	193,364	-	193,364	218,970	-	218,970
Interest	462	-	462	435	-	435
Miscellaneous income	93,897	-	93,897	34,053	-	34,053
In-kind donations of space	46,818	-	46,818	113,805	-	113,805
In-kind donations of supplies and services	579,079	-	579,079	491,040	-	491,040
Total public support and other income	3,012,417	145,000	3,157,417	1,944,190	318,000	2,262,190
Grants from governmental agencies -						
CDBG Cook County	43,326	-	43,326	16,980	-	16,980
ESG Cook County	83,188	-	83,188	313,162	-	313,162
Cook County Health	208,507	-	208,507	188,499	-	188,499
ESG Oak Park	106,354	-	106,354	110,917	-	110,917
CDBG Oak Park	30,004	-	30,004	28,034	-	28,034
Village of Oak Park grants	11,050	-	11,050	25,653	-	25,653
FRAP Oak Park	178,389	-	178,389	43,983	-	43,983
DHS - Illinois	596,039	-	596,039	421,357	-	421,357
FEMA	545,320	-	545,320	-	-	-
HUD	4,269,060	-	4,269,060	3,871,047	-	3,871,047
HUD - South Suburban PADS	130,688	-	130,688	166,242	-	166,242
IHDA	442,448	-	442,448	432,180	-	432,180
Community Mental Health Board of Oak Park Township	37,158	-	37,158	77,717	-	77,717
Serve Illinois Commission - AmeriCorps	113,289	-	113,289	119,842	-	119,842
Proviso Township Mental Health Commission	77,063	-	77,063	65,459	-	65,459
CDBG - City of Berwyn	8,500	-	8,500	8,500	-	8,500
Coronavirus Relief Fund	1,299,699	-	1,299,699	-	-	-
ESG Cicero	191,697	-	191,697	155,826	-	155,826
All Chicago	110,320	-	110,320	-	-	-
CARES Grants	143,103	-	143,103	-	-	-
Oak Park Township	69,726	-	69,726	25,964	-	25,964
River Forest Township	3,250	-	3,250	6,000	-	6,000
Other	66,095	-	66,095	29,162	-	29,162
Total grants from governmental agencies	8,764,273	-	8,764,273	6,106,524	-	6,106,524
Net assets released from restrictions -						
Satisfaction of purpose restrictions	234,537	(234,537)	-	167,267	(167,267)	-
Total revenues and support	12,011,227	(89,537)	11,921,690	8,217,981	150,733	8,368,714

The accompanying notes are an integral part of this statement.

HOUSING FORWARD
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
FUNCTIONAL EXPENSES:						
Program	\$ 9,839,719	\$ -	\$ 9,839,719	\$ 7,149,838	\$ -	\$ 7,149,838
Management and general	1,177,905	-	1,177,905	824,733	-	824,733
Fundraising	536,973	-	536,973	365,808	-	365,808
Total functional expenses	<u>11,554,597</u>	<u>-</u>	<u>11,554,597</u>	<u>8,340,379</u>	<u>-</u>	<u>8,340,379</u>
CHANGE IN NET ASSETS	456,630	(89,537)	367,093	(122,398)	150,733	28,335
NET ASSETS, Beginning of year	<u>414,617</u>	<u>201,624</u>	<u>616,241</u>	<u>537,015</u>	<u>50,891</u>	<u>587,906</u>
NET ASSETS, End of year	<u>\$ 871,247</u>	<u>\$ 112,087</u>	<u>\$ 983,334</u>	<u>\$ 414,617</u>	<u>\$ 201,624</u>	<u>\$ 616,241</u>

The accompanying notes are an integral part of this statement.

HOUSING FORWARD
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 367,093	\$ 28,335
Adjustments to reconcile change in total net assets to net cash (used in) operating activities:		
Depreciation	22,833	37,993
Loss on disposal of fixed assets	2,608	-
Changes in assets and liabilities:		
(Increase) in grants receivable	(916,974)	(122,010)
Decrease in prepaid expenses	9,144	7,366
(Increase) in security deposits	(91,801)	(47,688)
Increase in accounts payable and agency liability	81,743	14,304
Increase in accrued expenses	154,127	20,755
Increase (decrease) in refundable advances	241,469	(224,158)
Increase (decrease) in deferred revenue	(6,300)	19,600
Total adjustments	<u>(503,151)</u>	<u>(293,838)</u>
Net cash (used in) operating activities	<u>(136,058)</u>	<u>(265,503)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>(8,677)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	<u>536,348</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	391,613	(265,503)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>166,538</u>	<u>432,041</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 558,151</u>	<u>\$ 166,538</u>

The accompanying notes are an integral part of this statement.

HOUSING FORWARD
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	Diversion and Outreach		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

The accompanying notes are an integral part of this statement.

HOUSING FORWARD
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services									Total Program Services	Supporting Services		Total
	Coordinated Entry	Interim Housing/ Shelter	Support Center	Supportive Housing	Emergency Assistance	Rental Assistance	Employment Readiness	Sojourner House	Outreach and Engagement		Management and General	Fundraising	
Salaries	\$ 205,439	\$ 105,405	\$ 161,698	\$ 494,040	\$ 169,097	\$ 158,086	\$ 63,774	\$ 42,553	\$ 188,005	\$ 1,588,097	\$ 619,707	\$ 189,631	\$ 2,397,435
Other benefits	19,251	13,201	39,505	109,716	36,667	42,435	15,854	7,027	37,041	320,697	64,503	14,981	400,181
Payroll taxes	18,068	7,662	13,235	42,994	14,119	14,332	6,446	3,091	14,324	134,271	38,828	16,513	189,612
Total salaries and related expenses	242,758	126,268	214,438	646,750	219,883	214,853	86,074	52,671	239,370	2,043,065	723,038	221,125	2,987,228
Professional fees and contracts	5,052	3,608	8,113	17,973	23,845	8,857	8,256	4,531	5,165	85,400	11,941	45,696	143,037
Board development	-	-	-	-	-	-	-	-	-	-	10,450	-	10,450
Occupancy	3,297	2,460	32,837	25,335	22,800	8,767	22,800	5,836	9,840	133,972	11,470	4,758	150,200
Food and supplies	614	23,081	5,032	3,752	4,297	1,927	1,295	1,887	2,519	44,404	1,525	1,371	47,300
Laundry	-	40,141	569	20	-	-	-	-	-	40,730	-	-	40,730
Volunteer and staff development	4,384	283	3,720	2,138	475	764	418	149	890	13,221	3,719	1,235	18,175
Equipment repair, rental and replacement	7,055	210	5,107	2,356	1,546	2,728	1,046	6,462	3,335	29,845	953	1,495	32,293
Individual and family assistance	-	4,244	6,764	2,233,442	60,648	618,834	40	60,549	2,107	2,986,628	-	-	2,986,628
Grants to sub-recipients	583,591	-	-	396,995	-	-	-	-	-	980,586	-	-	980,586
Other expenses	7,425	2,057	15,101	13,387	5,772	3,524	5,725	2,312	4,353	59,656	21,028	12,319	93,003
Postage	726	445	504	1,245	363	696	320	1,398	311	6,008	652	3,421	10,081
Printing	3,040	807	2,049	1,573	1,112	530	1,076	682	1,161	12,030	1,873	18,050	31,953
Travel and transportation	7,727	4,048	3,083	23,291	2,100	5,871	1,442	78	6,225	53,865	5,253	587	59,705
Insurance	1,148	877	11,573	9,034	-	3,135	-	-	3,507	29,274	4,103	1,693	35,070
Telephone and pagers	447	1,015	796	3,873	2,964	1,457	2,530	1,589	1,037	15,708	1,086	509	17,303
Fund-raising events	-	-	-	-	-	-	-	-	-	-	250	53,549	53,799
Depreciation	-	-	6,470	-	11,267	-	11,267	2,504	-	31,508	6,485	-	37,993
In-kind space, supplies and services	-	550,725	29,692	-	1,705	-	1,816	-	-	583,938	20,907	-	604,845
Total functional expenses	\$ 867,264	\$ 760,269	\$ 345,848	\$ 3,381,164	\$ 358,777	\$ 871,943	\$ 144,105	\$ 140,648	\$ 279,820	\$ 7,149,838	\$ 824,733	\$ 365,808	\$ 8,340,379

The accompanying notes are an integral part of this statement.

HOUSING FORWARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

(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 June 23, 2021, 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 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, 2020 and 2019, the Organization had designated \$110,000 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 -

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 \$357,989 and \$116,520 in advance under their federal and state contracts and grants as of December 31, 2020 and 2019, 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 \$22,833 and \$37,993 in 2020 and 2019, 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 Revenue -

Program revenue 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 are 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.

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.

Allocation of Expenses -

The 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.

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 2017. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

(2) LIQUIDITY AND AVAILABILITY:

	December 31,	
	<u>2020</u>	<u>2019</u>
Financial assets -		
Cash and cash equivalents	\$ 550,495	\$ 163,109
Grant receivable	<u>1,697,042</u>	<u>780,068</u>
Total financial assets	2,247,537	943,177
Less: Donor imposed restrictions	<u>112,087</u>	<u>201,624</u>
Net financial assets after donor-imposed restrictions	2,135,450	741,553
Less: Internal designations -		
Board advised funds	<u>110,000</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>\$ 2,025,450</u>	<u>\$ 631,553</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 \$145,000 and \$318,000 were received for the years ended December 31, 2020 and 2019, 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 169,453	\$ 178,234
Site equipment	16,833	16,833
Leasehold improvements	57,742	49,065
Support Center expansion	<u>284,133</u>	<u>284,133</u>
	528,161	528,265
Less - Accumulated depreciation	<u>(478,425)</u>	<u>(461,765)</u>
	<u>\$ 49,736</u>	<u>\$ 66,500</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 \$168,840 and \$113,680 for the years ended December 31, 2020 and 2019, 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 \$4,500 and \$9,931 for the years ended December 31, 2020 and 2019, respectively.

The Organization has a lease for the Sojourner program that expires in July, 2024. Rent expense paid under this lease amounted to \$48,550 and \$20,000 for the years ended December 31, 2020 and 2019, respectively.

The Organization has leases for the Interim Housing program due to federal and state COVID 19 guidelines that expire in September 2021. Rent expense paid under these leases amounted to \$304,587 and \$-0- for the years ended December 31, 2020 and 2019, respectively.

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

2021	\$ 1,021,632
2022	147,436
2023	68,365
2024	<u>31,206</u>
	<u>\$ 1,268,639</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, 2021. Rental assistance provided on these properties was approximately \$3,273,000 and \$2,761,000 for the years ended December 31, 2020 and 2019, respectively.

(5) LINE OF CREDIT:

The Organization has a \$500,000 line of credit from a bank, bearing interest at prime plus one percent and due in July, 2022. As of December 31, 2020 and 2019, the Organization has no borrowings.

(6) NOTES PAYABLE:

Notes payable consists of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</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 intends to maximize the forgivable portion of this loan. 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.	\$ 536,348	\$ -
Less - Current portion	<u>264,600</u>	<u>-</u>
Long-term portion	<u>\$ 271,748</u>	<u>\$ -</u>

Aggregate maturities required on notes payable as of December 31, 2020, are due in future years as follows:

2021	\$ 264,600
2022	<u>271,748</u>
	<u>\$ 536,348</u>

(7) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Support center	\$ 48,520	\$ 123,000
Sojourner House	6,567	17,733
Program rent	35,891	35,891
Other	<u>21,109</u>	<u>25,000</u>
	<u>\$ 112,087</u>	<u>\$ 201,624</u>

(8) DONATED SERVICES, SUPPLIES AND SPACE:

Donated services in 2020 and 2019 included medical, legal services, food and volunteer time totaling \$579,079 and \$491,040, 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 \$46,818 and \$113,805 for the years ended December 31, 2020 and 2019, respectively. These amounts are included as in-kind contributions and program expenses in the statement of activities.

(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, 2020 and 2019. Contributions to the plan were \$27,372 and \$24,154 for the years ended December 31, 2020 and 2019, respectively.

(10) CONCENTRATIONS OF GRANTS:

Housing Forward received approximately 48% of its total public support and revenue from U.S. Department of Housing and Urban Development and Coronavirus Relief Fund for the year ended December 31, 2020 and 48% from U.S. Department of Housing and Urban Development for year ended December 31, 2019.

(11) SUBSEQUENT EVENTS:

In April 2021, Housing Forward created and became the member of a single member LLC called HF Broadview, LLC. In 2021 and forward, HF Broadview will be consolidated with Housing Forward.

In March 2021, the Housing Forward was notified by the Small Business Administration (SBA) that its Payroll Protection Program loan was forgiven in the full amount of \$536,348. Housing Forward will record the loan forgiveness as revenue for the year ended December 31, 2021.

(12) MANAGEMENT'S RESPONSE TO EFFECTS OF COVID-19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As a part of these mitigation measures, the Organization was required to change the way it provided housing and services to its clients. In order to be in compliance with State of Illinois guidelines, the Organization had to shift from using emergency shelters to housing clients in hotels. With this change in operations the Organization incurred increased costs of housing. In order to help cover these costs the Organization has received additional grants from its funders and donors.

The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the financial statements in fiscal year 2021.