

# **St. Leonard's Ministries**

Consolidated Financial Report  
June 30, 2021 and 2020

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**Independent Auditor's Report**

Board of Directors  
St. Leonard's Ministries

**Report on the Financial Consolidated Statements**

We have audited the accompanying consolidated financial statements of St. Leonard's Ministries (the Agency), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 St. Leonard's Ministries as of June 30, 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.

**Other Matters**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, change in net assets, and cash flows of the individual entities and is 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 consolidating information has been subjected to the auditing procedures applied in the audits 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.

*RSM US LLP*

Chicago, Illinois  
November 19, 2021

# St. Leonard's Ministries

## Consolidated Statements of Financial Position June 30, 2021 and 2020

	2021	2020
<b>Assets</b>		
Cash	\$ 1,618,432	\$ 1,579,202
Restricted cash - reserves and escrow	575,466	566,821
Investments	1,881,999	1,739,824
Accounts receivable, net	463,936	337,706
Contributions receivable, net	205,192	141,192
Prepaid expenses	10,076	7,851
Property and equipment, net	3,220,582	3,330,692
	<u>\$ 7,975,683</u>	<u>\$ 7,703,288</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 115,275	\$ 41,849
Accrued vacation	147,868	106,841
Accrued wages	83,425	79,613
Capital lease obligation	8,140	15,233
Loans payable	1,725,471	1,753,048
Forgivable loan	-	363,800
Deferred revenue	33,500	30,948
Other liabilities	36,109	23,195
	<u>2,149,788</u>	<u>2,414,527</u>
Net assets:		
Without donor restrictions:		
Operating	2,128,051	1,670,630
Invested in capital assets	2,062,437	2,129,232
Board designated fund	1,347,707	1,347,707
	<u>5,538,195</u>	<u>5,147,569</u>
With donor restrictions	287,700	141,192
	<u>5,825,895</u>	<u>5,288,761</u>
	<u>\$ 7,975,683</u>	<u>\$ 7,703,288</u>

See notes to consolidated financial statements.

**St. Leonard's Ministries**

**Consolidated Statement of Activities  
Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	2021 Total
Revenue:			
Contributions and donations	\$ 606,039	\$ 50,000	\$ 656,039
Foundation grants	119,450	294,000	413,450
Allocation from United Way/Crusade of Mercy, Inc.	25,828	-	25,828
Fees and grants from governmental agencies	1,713,748	-	1,713,748
Investment income	255,603	-	255,603
Interest income	4,027	-	4,027
Tenant rental income	64,279	-	64,279
Rent subsidy	474,912	-	474,912
Other income	64,623	-	64,623
Gain on extinguishment of debt	363,800	-	363,800
Net assets released from restrictions	197,492	(197,492)	-
	<u>3,889,801</u>	<u>146,508</u>	<u>4,036,309</u>
Expenses:			
Program services	<u>2,721,668</u>	<u>-</u>	<u>2,721,668</u>
Support services:			
Management and general	667,200	-	667,200
Fundraising	110,307	-	110,307
	<u>777,507</u>	<u>-</u>	<u>777,507</u>
	<u>3,499,175</u>	<u>-</u>	<u>3,499,175</u>
<b>Increase in net assets</b>	<b>390,626</b>	<b>146,508</b>	<b>537,134</b>
Net assets:			
Beginning of year	<u>5,147,569</u>	<u>141,192</u>	<u>5,288,761</u>
End of year	<u>\$ 5,538,195</u>	<u>\$ 287,700</u>	<u>\$ 5,825,895</u>

See notes to consolidated financial statements.

# St. Leonard's Ministries

## Consolidated Statement of Activities Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Revenue:			
Contributions and donations	\$ 388,652	\$ 12,500	\$ 401,152
Foundation grants	640,059	62,200	702,259
Allocation from United Way/Crusade of Mercy, Inc.	30,340	-	30,340
Fees and grants from governmental agencies	1,615,886	-	1,615,886
Investment income	48,285	-	48,285
Interest income	6,054	-	6,054
Tenant rental income	62,475	-	62,475
Rent subsidy	493,851	-	493,851
Other income	31,781	-	31,781
Net assets released from restrictions	221,537	(221,537)	-
	<u>3,538,920</u>	<u>(146,837)</u>	<u>3,392,083</u>
Expenses:			
Program services	2,576,125	-	2,576,125
Support services:			
Management and general	590,998	-	590,998
Fundraising	171,214	-	171,214
	<u>762,212</u>	<u>-</u>	<u>762,212</u>
	<u>3,338,337</u>	<u>-</u>	<u>3,338,337</u>
<b>Increase (decrease) in net assets</b>	200,583	(146,837)	53,746
Net assets:			
Beginning of year	4,946,986	288,029	5,235,015
End of year	<u>\$ 5,147,569</u>	<u>\$ 141,192</u>	<u>\$ 5,288,761</u>

See notes to consolidated financial statements.

## St. Leonard's Ministries

### Consolidated Statement of Functional Expenses Year Ended June 30, 2021

	Program Services	Support Services			2021 Total
		Management and General	Fundraising	Total	
Compensation and benefits	\$ 1,906,601	\$ 397,275	\$ 103,965	\$ 501,240	\$ 2,407,841
Occupancy	18,516	1,338	-	1,338	19,854
Utilities	108,647	14,883	-	14,883	123,530
Equipment repairs and maintenance	84,483	15,552	-	15,552	100,035
Insurance and bonding	67,990	14,095	-	14,095	82,085
Telephone	11,981	3,134	-	3,134	15,115
Internet	8,492	3,313	-	3,313	11,805
Postage and shipping	55	1,095	-	1,095	1,150
Supplies	57,222	4,269	-	4,269	61,491
Professional fees	50,707	123,465	-	123,465	174,172
Legal fees	-	20,572	-	20,572	20,572
Transportation and automotive	9,494	99	-	99	9,593
Food	18,295	2,904	-	2,904	21,199
Membership dues and subscription	500	1,695	-	1,695	2,195
Outside printing and artwork	87	87	-	87	174
Conferences, convention and meeting	180	1,787	-	1,787	1,967
Event and other costs	-	-	6,342	6,342	6,342
Specific client assistance	74,539	-	-	-	74,539
Miscellaneous	23,723	40,502	-	40,502	64,225
Depreciation and amortization	267,538	21,135	-	21,135	288,673
Interest expense	12,618	-	-	-	12,618
	<u>\$ 2,721,668</u>	<u>\$ 667,200</u>	<u>\$ 110,307</u>	<u>\$ 777,507</u>	<u>\$ 3,499,175</u>

See notes to consolidated financial statements.



## St. Leonard's Ministries

### Consolidated Statement of Functional Expenses Year Ended June 30, 2020

	Program Services	Support Services			2020 Total
		Management and General	Fundraising	Total	
Compensation and benefits	\$ 1,829,680	\$ 417,266	\$ 169,978	\$ 587,244	\$ 2,416,924
Occupancy	18,420	1,198	-	1,198	19,618
Utilities	112,726	14,153	-	14,153	126,879
Equipment repairs and maintenance	53,386	13,659	-	13,659	67,045
Insurance and bonding	58,884	13,421	-	13,421	72,305
Telephone	11,714	3,965	-	3,965	15,679
Internet	6,279	1,113	-	1,113	7,392
Postage and shipping	426	1,274	-	1,274	1,700
Supplies	40,876	6,926	-	6,926	47,802
Professional fees	44,875	63,030	-	63,030	107,905
Transportation and automotive	9,968	950	-	950	10,918
Food	19,309	4,862	-	4,862	24,171
Membership dues and subscription	800	1,065	-	1,065	1,865
Outside printing and artwork	603	7,848	-	7,848	8,451
Conferences, convention and meeting	510	215	-	215	725
Event and other costs	-	-	1,236	1,236	1,236
Specific client assistance	83,112	-	-	-	83,112
Miscellaneous	26,753	11,638	-	11,638	38,391
Depreciation and amortization	243,269	28,415	-	28,415	271,684
Interest expense	14,535	-	-	-	14,535
	<u>\$ 2,576,125</u>	<u>\$ 590,998</u>	<u>\$ 171,214</u>	<u>\$ 762,212</u>	<u>\$ 3,338,337</u>

See notes to consolidated financial statements.

# St. Leonard's Ministries

## Consolidated Statements of Cash Flows Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 537,134	\$ 53,746
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	288,673	271,684
Realized and unrealized gains on investments	(227,576)	(14,873)
Gain on extinguishment of debt	(363,800)	-
Changes in:		
Accounts receivable	(126,230)	3,478
Contributions receivable	(64,000)	131,837
Prepaid expenses	(2,225)	(688)
Accounts payable and accrued expenses	73,426	33,321
Accrued vacation	41,027	12,182
Accrued wages	3,812	5,825
Deferred revenue	2,552	30,948
Other liabilities	12,914	(2,724)
<b>Net cash provided by operating activities</b>	<b>175,707</b>	<b>524,736</b>
Cash flows from investing activities:		
Purchases of property and equipment	(184,729)	(31,380)
Proceeds from disposals of property and equipment	6,166	-
Purchase of investments	(414,395)	(1,804,413)
Proceeds from sale of investments	499,796	1,737,571
<b>Net cash used in investing activities</b>	<b>(93,162)</b>	<b>(98,222)</b>
Cash flows from financing activities:		
Payments on capital lease obligation	(7,093)	(6,511)
Repayment of loan payable	(27,577)	(39,103)
Proceeds from loan payable	-	363,800
<b>Net cash (used in) provided by financing activities</b>	<b>(34,670)</b>	<b>318,186</b>
<b>Increase in cash and restricted cash</b>	<b>47,875</b>	<b>744,700</b>
Cash and restricted cash :		
Beginning of year	2,146,023	1,401,323
End of year	\$ 2,193,898	\$ 2,146,023
Reconciliation of cash and restricted cash:		
Cash	\$ 1,618,432	\$ 1,579,202
Restricted cash	575,466	566,821
<b>Total cash and restricted cash</b>	<b>\$ 2,193,898</b>	<b>\$ 2,146,023</b>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 12,618	\$ 14,535
Supplemental disclosure of non-cash financing information:		
SBA PPP loan forgiveness	\$ 363,800	\$ -

See notes to consolidated financial statements.

## St. Leonard's Ministries

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

St. Leonard's Ministries (the Agency) is a nonprofit social service agency and a ministry partner of Episcopal Charities and Community Services. The Agency provides residential and case management services to formerly incarcerated adults through its St. Leonard's House (men) and Grace House (women) facilities. The services, which include drug and alcohol counseling, job and medical referral, and providing a neutral environment in which to live, are designed to assist program participants in making a transition to independent living. The Agency reports revenue under annual contracts with state, city and county agencies, as well as other grants and contributions. Operations are conducted from owned and leased facilities in Chicago, Illinois.

The Agency operates the Michael Barlow Center (Center), an employment training facility which provides entry-level skills to participants in order to successfully reintroduce them into the workforce, and other job development and placement services.

The Agency also conducts a permanent supportive housing program for residents on the second floor of a residential project in Chicago known as Harvest Commons Residence.

The consolidated financial statements also include the accounts and activities of St. Andrew's Court, L.P. (the Partnership), an Illinois limited partnership. The Partnership was organized in 1997 for the purpose of constructing and operating a residential rental facility located adjacent to the Agency. The facility's 42 single room occupancy (SRO) units are leased to qualified very low-income individuals who have completed the program at the Agency.

**Basis of presentation:** The consolidated financial statements (the financial statements) are prepared using the accrual basis of accounting and, in accordance with Accounting Standards Codification (ASC) Topic 958, *Reporting of Related Entities by Not-for-Profit Organizations*, the Agency's financial statements consolidate the activities of St. Andrew's Court, L.P., its affiliate. The Agency meets the criteria for consolidation due to its level of control over, and economic interest in, the Partnership. All significant inter-organizational balances and transactions have been eliminated in consolidation.

The Agency maintains its financial accounts in accordance with the principles of fund accounting. This allows resources to be classified for accounting purposes into funds established according to their nature and purpose. For financial reporting purposes, net assets and related activity of the Agency's funds are classified as net assets without donor restrictions and net assets with donor restrictions based on the absence or existence of donor-imposed restrictions.

**Net assets without donor restrictions:** Net assets that are available for the general operating purposes of the Agency are classified as net assets without donor restrictions. Activities in this net asset category include amounts received from government agencies and all expenses associated with the core activities of the Agency. Also included in this category are contributions without donor restrictions, investment income (inclusive of gains and losses on investment activity) and received restricted contributions whose donor-imposed restrictions were met during the fiscal period.

Net assets without donor restrictions also include amounts representing the balances of the Agency's property and equipment (net of related loans payable), separately classified as invested in capital assets, and the board-designated fund.

## St. Leonard's Ministries

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The board designated fund represents funds under the control of, and to be used for purposes as authorized by, the Agency's board of directors. The earnings from the board designated fund were generally reinvested and not used in operations.

**Net assets with donor restrictions:** Net assets with donor restrictions represent assets subject to donor-imposed restrictions which will be met by the Agency's actions or the passage of time and are reclassified to net assets without donor restrictions when the restrictions are met or have expired. These reclassifications are reported in the statements of activities as net assets released from restrictions. At June 30, 2021 and 2020, net assets with donor restrictions are \$287,700 and \$141,192, respectively, and are restricted for future periods and certain purposes. Net assets restricted by donors to be invested in perpetuity are also reflected as net assets with donor restrictions. At June 30, 2021 and 2020, the Agency did not have any net assets required to be invested in perpetuity.

**Revenue recognition:** Contributions and foundation grants are recognized when a donor's unconditional promise to give to the Agency has been received. Fees and grants from governmental agencies are considered non-exchange transactions, follow accounting for conditional contributions, and are reflected in the financial statements as activities without donor restrictions. Governmental revenue is recognized as qualifying expenses are incurred, with any excess funding or amounts received in advance recorded as deferred revenue until utilized. Contributed land and buildings are recorded at estimated fair value, based on appraisals.

Rental income is recognized as revenue on a monthly basis over the term of the lease. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

**Cash:** The Agency maintains its cash balance in a bank account which at times may exceed federally insured limits. The Agency has not experienced any losses in such accounts. Management believes that the Agency is not exposed to any significant credit risk on cash.

**Investments:** Investments are recorded at fair value. The fair values of investments are generally determined based on quoted market prices. Changes in fair value are recorded as realized and unrealized gains (losses) in the statements of activities.

The Agency's investment portfolio is subject to various risks, such as market risk. Because of these risks, changes in fair value of the investments may occur, and such changes could materially affect the Agency's financial statements.

**Accounts receivable:** Accounts receivable, consisting of fees, subsidies and grants due from governmental agencies, are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances, evaluates collectability, and records an allowance for doubtful accounts for potentially uncollectible balances.

**Contributions receivable:** Contributions receivable that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Contributions receivable have been discounted to present value using rates that approximate the risk associated with the ultimate collection of the receivable. The discount is amortized using an effective yield over the expected collection period of the receivable.

Contributions are considered to be available for general expenditures unless specifically restricted by the donors. Contributions restricted by the donors for use in future periods or for specific purposes are reported as increases to net assets with donor restrictions.

## St. Leonard's Ministries

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions receivable at June 30, 2021, are expected to be collected as follows:

2022	\$	113,200
2023		63,000
2024		31,500
		<hr/> 207,700
Discount to present value		(2,508)
	\$	<hr/> <hr/> 205,192

Contributions receivable have been discounted to their net present value using a discount rate of 2% at June 30, 2021.

**Property and equipment:** Purchased property and equipment is reflected at cost. Contributed property is recorded at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Amortization of certain leasehold improvements were provided over three years, representing the lesser of the estimated useful lives of the improvements or the term of the lease.

<u>Depreciable Asset</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	15 - 27.5 years
Leasehold improvements	Term of lease
Equipment, furniture and fixtures	5 - 7 years
Vehicles	3 years

The accounting standards for long-lived assets require that management review the real estate assets' carrying values for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No such events or circumstances exist for the reporting periods presented in the financial statements.

**Income taxes:** The Agency is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and applicable state law. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Agency may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Agency and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Agency files annual information returns in the U.S. federal jurisdiction and the State of Illinois. The Partnership is not subject to federal income tax because its income and losses are includable in the tax returns of its partners but may be subject to certain state taxes.

Management has determined that there are no uncertain tax positions during the reporting periods presented in these financial statements.

Notes to Consolidated Financial Statements

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**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Functional expense:** The costs of providing program and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the functional categories. Such allocations are determined by management on an equitable basis. The expenses that are allocated include utilities, insurance and bonding, depreciation, and amortization, which are allocated based on department headcounts, as well as telephone and internet, which are allocated by equipment usage rates. Compensation and benefits are allocated on the basis of estimates of time and effort.

**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 affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Pending accounting pronouncements:** In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard will be effective for the Agency's June 30, 2023, financial statements, but may be deferred for one year. Early adoption is permitted. The Agency is currently evaluating the impact of this standard on the financial statements.

**Significant events:** In March 2020, the World Health Organization declared the coronavirus outbreak to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had, and are expected to continue to have, an adverse impact on the economy and financial markets. It is unknown how long the current conditions associated with coronavirus will last and what the complete financial effect will be to the Agency.

In addition, it is reasonably possible that estimates made in the financial statements have been, or will be, materially impacted in the near term as a result of these conditions. Further, stock market fluctuations will continue to affect the value of the Agency's investments and those fluctuations at times may be material.

**Subsequent events:** The Agency has evaluated subsequent events for potential recognition and/or disclosure through November 19, 2021, the date the financial statements were available to be issued.

**Note 2. Cash – Reserves and Escrow**

Pursuant to the St. Andrew's Court, L.P. partnership agreement, the Partnership is depositing \$700 per month into a replacement reserve. The reserve, administered by Illinois Housing Development Authority (IHDA), is an interest-bearing account and can be used to fund property improvements and replacements. Also pursuant to the partnership agreement, the Partnership established an operating reserve, in the initial amount of \$471,000. The Partnership is also required to deposit the following:

- (i) From the General Partner's adjusted capital contributions, the amount of \$50,000, all of which has been funded.
- (ii) All excess annual cash flow (as defined). This reserve is administered by IHDA, and all interest earned is to be maintained in the reserve until the amount has reached \$871,256.

## St. Leonard's Ministries

### Notes to Consolidated Financial Statements

#### Note 2. Cash – Reserves and Escrow (Continued)

The Partnership is required to fund, from surplus cash, amounts to be used to pay real estate taxes and insurance, which funds are in the custody of the IHDA. In 2017, IHDA temporarily advanced the Partnership funds from the reserve to provide liquidity for unpaid IDOC receivables. The Partnership may be required to replenish these funds as the IDOC vouchers are reimbursed.

At June 30, 2021 and 2020, restricted cash deposits are as follows:

	2021				Balance, June 30, 2021
	Balance, June 30, 2020	Additions	Withdrawals	Interest Earned	
Operating reserve	\$ 346,102	\$ -	\$ -	\$ 63	\$ 346,165
Replacement reserve	87,047	8,540	-	17	95,604
Insurance and real estate tax escrow	133,672	-	-	25	133,697
	<u>\$ 566,821</u>	<u>\$ 8,540</u>	<u>\$ -</u>	<u>\$ 105</u>	<u>\$ 575,466</u>
	2020				Balance, June 30, 2020
	Balance, July 1, 2020	Additions	Withdrawals	Interest Earned	
Operating reserve	\$ 342,472	\$ -	\$ -	\$ 3,630	\$ 346,102
Replacement reserve	116,020	8,400	(38,410)	1,037	87,047
Insurance and real estate tax escrow	132,292	-	-	1,380	133,672
	<u>\$ 590,784</u>	<u>\$ 8,400</u>	<u>\$ (38,410)</u>	<u>\$ 6,047</u>	<u>\$ 566,821</u>

#### Note 3. Investments

The composition of investment assets held by the Agency at June 30, 2021, is summarized as follows:

	Fair Value	Cost
Investments:		
Money market funds	\$ 12,286	\$ 12,286
Mutual funds: equities	982,843	754,542
Mutual funds: fixed income	382,540	375,811
Exchange-traded products: fixed income	504,330	496,230
	<u>\$ 1,881,999</u>	<u>\$ 1,638,869</u>

**Note 4. Fair Value Disclosures**

The provisions of the Fair Value Measurements Topic of the FASB ASC (the Topic) applies to all assets and liabilities that are being measured and reported at fair value and requires disclosure that establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Topic defines fair value as the price that would be received upon a sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Topic enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Topic requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

**Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

**Level 2:** Other observable inputs, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that can be corroborated by observable market data.

**Level 3:** Unobservable inputs not corroborated by market data that reflect management's best estimate of fair value using its own assumptions that market participants would use in pricing an asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Agency's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Investments in money market funds, mutual funds in equities and fixed income, and exchange traded products in fixed income are stated at the daily closing price on the day of valuation. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Agency are deemed to be actively traded. The fair value of the money market funds, mutual funds and exchange-traded products are entirely Level 1 values at June 30, 2021. There have been no changes in the methodology used at June 30, 2021.

Investments are the only assets measured at fair value on a recurring basis.



## St. Leonard's Ministries

### Notes to Consolidated Financial Statements

#### Note 5. Accounts Receivable

Accounts receivable at June 30, 2021 and 2020, consists of amounts due from:

	2021		
	St. Leonard's Ministries	St. Andrew's Court, L.P.	Total
Illinois Department of Corrections (rent subsidies)	\$ -	\$ 41,806	\$ 41,806
Illinois Department of Corrections (other contracts)	36,225	-	36,225
Illinois Department of Human Services	178,793	-	178,793
Other government agencies	206,941	-	206,941
Other	-	171	171
	421,959	41,977	463,936
Allowance for doubtful accounts	-	-	-
	<u>\$ 421,959</u>	<u>\$ 41,977</u>	<u>\$ 463,936</u>
	2020		
	St. Leonard's Ministries	St. Andrew's Court, L.P.	Total
Illinois Department of Corrections (rent subsidies)	\$ -	\$ 78,875	\$ 78,875
Illinois Department of Corrections (other contracts)	68,209	-	68,209
Illinois Department of Human Services	77,910	-	77,910
Other government agencies	118,573	-	118,573
Other	7,222	171	7,393
	271,914	79,046	350,960
Allowance for doubtful accounts	(5,795)	(7,459)	(13,254)
	<u>\$ 266,119</u>	<u>\$ 71,587</u>	<u>\$ 337,706</u>

The Partnership receives a subsidy from the IDOC of \$42 per unit per day for 12 rental units. IDOC may terminate the contract without cause and penalty with 30 days' notice. At June 30, 2021 and 2020, the uncollected subsidy receivable amounted to \$41,806 and \$78,875, respectively.

## St. Leonard's Ministries

### Notes to Consolidated Financial Statements

#### Note 6. Property and Equipment

Property and equipment at June 30, 2021 and 2020, consists of:

	2021		
	St. Leonard's Ministries	St. Andrew's Court, L.P.	Total
Land	\$ 652,858	\$ 300,000	\$ 952,858
Buildings and building improvements	5,006,903	1,282,297	6,289,200
Equipment, furniture and fixtures	650,868	174,853	825,721
Vehicles	85,192	-	85,192
Construction in progress	38,970	-	38,970
	6,434,791	1,757,150	8,191,941
Accumulated depreciation and amortization	(4,025,203)	(946,156)	(4,971,359)
	<u>\$ 2,409,588</u>	<u>\$ 810,994</u>	<u>\$ 3,220,582</u>
	2020		
	St. Leonard's Ministries	St. Andrew's Court, L.P.	Total
Land	\$ 652,858	\$ 300,000	\$ 952,858
Buildings and building improvements	5,006,903	1,288,463	6,295,366
Equipment, furniture and fixtures	543,634	174,853	718,487
Vehicle	46,667	-	46,667
	6,250,062	1,763,316	8,013,378
Accumulated depreciation and amortization	(3,831,967)	(850,719)	(4,682,686)
	<u>\$ 2,418,095</u>	<u>\$ 912,597</u>	<u>\$ 3,330,692</u>

A 2006 purchase agreement with the City of Chicago acknowledges the Agency's intention to utilize the Grace House property as a women's shelter through December 31, 2024. In addition, the purchase agreement allows for the Agency to request revision of the usage requirement. In the event the property is not utilized as a women's shelter or any other permitted social service activity, the City of Chicago has the right to revert title of the property back to the City of Chicago.

## St. Leonard's Ministries

### Notes to Consolidated Financial Statements

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#### Note 7. Loans Payable

Loans payable at June 30, 2021 and 2020, were as follows:

	2021	2020
Loan payable to IFF (a community development institution which provides loans to other nonprofit organizations) which bears interest currently at 2.49% and is secured by the Center building; the Agency is required to make monthly principal and interest payments through September 2020, the term of the loan, in an amount totaling \$1,479.	\$ -	\$ 4,306
Secured loan agreement with IFF for Gracie's Café leasehold improvements (in October 2016, Gracie's Café was closed and the Center building was substituted for collateral). The loan currently bears interest at 5.25% with monthly principal and interest payments of \$2,803 which began in January 2014. The term of the loan is through December 2028 and provides for changes in the applicable interest rate in December 2023.	208,133	230,205
First mortgage issued in 1997 by IHDA to St. Andrew's Court, L.P., in the original amount of \$1,544,638 and bearing no interest. Monthly principal payments of \$100 are due through January 2030, when the remaining unpaid amount is due. The loan is collateralized by the rental property and assignment of rents and leases.	1,517,338	1,518,537
	<u>\$ 1,725,471</u>	<u>\$ 1,753,048</u>

Future minimum principal payments for the loans are as follows:

2022	\$ 24,459
2023	25,710
2024	27,028
2025	28,418
2026	29,881
Thereafter	1,589,975
	<u>\$ 1,725,471</u>

## St. Leonard's Ministries

### Notes to Consolidated Financial Statements

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#### Note 8. Forgivable Loan

On May 6, 2020, the Agency received loan proceeds in the amount of \$363,800 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The Agency applied for and received forgiveness of the loan on March 23, 2021. The statement of activities for the year ended June 30, 2021 reflects a gain on extinguishment of debt of \$363,800.

#### Note 9. Leases

The Agency leases facility space at a residential project for the Agency's Harvest Commons Residence program, through December 31, 2022. The lease provides for a monthly base rent of \$706 with an annual incremental increase in the base rent of 3%.

Certain equipment is leased under an agreement requiring payments through 2023. This has been recorded in the financial statements as a capital lease.

Future minimum lease payments under these arrangements are as follows:

	Capital Leases	Operating Leases
2022	\$ 8,172	\$ 9,390
2023	681	4,764
Total minimum lease payments	<u>8,853</u>	<u>\$ 14,154</u>
Less amounts representing interest	(713)	
Present value of net minimum lease payments	<u>\$ 8,140</u>	

## St. Leonard's Ministries

### Notes to Consolidated Financial Statements

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#### Note 10. Liquidity

The Agency regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2021, the following financial assets are available to meet annual operating needs of fiscal year 2021:

Financial assets, at year-end:

Cash	\$ 1,618,432
Cash - reserves and escrow	575,466
Investments	1,881,999
Accounts receivable, net	463,936
Contributions receivable	205,192
	<u>4,745,025</u>

Less amounts not available to be used for general expenditures within one year:

Cash - reserves and escrow	(575,466)
Board-designated fund	(1,347,707)
Contributions receivable expected to be collected in greater than one year	<u>(94,500)</u>

Financial assets available to meet cash needs for general expenditures within one year \$ 2,727,352

If needed, cash – reserves and escrow can be made available for certain types of qualifying expenditures that relate to the operations of St. Andrew's Court, L.P. The Agency's board-designated funds could also be made available for general expenditures if needed.

#### Note 11. Contingencies

The Agency's revenue includes approximately \$1,714,000 and \$1,616,000 of fees and grants from State of Illinois and government agencies during 2021 and 2020, respectively. A significant reduction in this level of support, if it were to occur, could have a significant effect on the Agency's programs and activities. A portion of this support is subject to review and final determination by the granting agencies. The Agency does not anticipate any significant adjustment upon final review and determination.

## **Supplementary Information**

## St. Leonard's Ministries

### Consolidating Statement of Financial Position June 30, 2021

	St. Leonard's Ministries	St. Andrew's Court, L.P.	Eliminations	Total
<b>Assets</b>				
Cash	\$ 1,246,768	\$ 371,664	\$ -	\$ 1,618,432
Cash - reserves and escrow	-	575,466	-	575,466
Investments	1,589,379	292,620	-	1,881,999
Accounts receivable, net	421,959	41,977	-	463,936
Contributions receivable, net	205,192	-	-	205,192
Due from St. Andrew's Court	2,046	-	(2,046)	-
Prepaid expenses	8,235	1,841	-	10,076
Property and equipment, net	2,409,588	810,994	-	3,220,582
Investment in St. Andrew's Court, L.P.	515,700	-	(515,700)	-
	<u>\$ 6,398,867</u>	<u>\$ 2,094,562</u>	<u>\$ (517,746)</u>	<u>\$ 7,975,683</u>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 113,067	\$ 4,254	\$ (2,046)	\$ 115,275
Accrued vacation	139,081	8,787	-	147,868
Accrued wages	71,725	11,700	-	83,425
Capital lease obligation	7,466	674	-	8,140
Loans payable	208,133	1,517,338	-	1,725,471
Deferred revenue	33,500	-	-	33,500
Other liabilities	-	36,109	-	36,109
	<u>572,972</u>	<u>1,578,862</u>	<u>(2,046)</u>	<u>2,149,788</u>
Net assets:				
Without donor restrictions:				
Operating	2,128,051	647,252	(647,252)	2,128,051
Invested in capital assets	2,062,437	(131,552)	131,552	2,062,437
Board designated fund	1,347,707	-	-	1,347,707
	<u>5,538,195</u>	<u>515,700</u>	<u>(515,700)</u>	<u>5,538,195</u>
With donor restrictions	287,700	-	-	287,700
	<u>5,825,895</u>	<u>515,700</u>	<u>(515,700)</u>	<u>5,825,895</u>
	<u>\$ 6,398,867</u>	<u>\$ 2,094,562</u>	<u>\$ (517,746)</u>	<u>\$ 7,975,683</u>

## St. Leonard's Ministries

### Consolidating Statement of Financial Position June 30, 2020

	St. Leonard's Ministries	St. Andrew's Court, L.P.	Eliminations	Total
<b>Assets</b>				
Cash	\$ 1,245,752	\$ 333,450	\$ -	\$ 1,579,202
Cash - reserves and escrow	-	566,821	-	566,821
Investments	1,477,139	262,685	-	1,739,824
Accounts receivable, net	266,119	71,587	-	337,706
Contributions receivable	141,192	-	-	141,192
Due from St. Andrew's Court	5,253	-	(5,253)	-
Prepaid expenses	7,099	752	-	7,851
Property and equipment, net	2,418,095	912,597	-	3,330,692
Investment in St. Andrew's Court, L.P.	562,782	-	(562,782)	-
	<u>\$ 6,123,431</u>	<u>\$ 2,147,892</u>	<u>\$ (568,035)</u>	<u>\$ 7,703,288</u>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 30,735	\$ 16,367	\$ (5,253)	\$ 41,849
Accrued vacation	97,408	9,433	-	106,841
Accrued wages	63,348	16,265	-	79,613
Capital lease obligation	13,921	1,312	-	15,233
Loans payable	234,510	1,518,538	-	1,753,048
Forgivable loan	363,800	-	-	363,800
Deferred revenue	30,948	-	-	30,948
Other liabilities	-	23,195	-	23,195
	<u>834,670</u>	<u>1,585,110</u>	<u>(5,253)</u>	<u>2,414,527</u>
Net assets:				
Without donor restrictions:				
Operating	1,670,630	603,214	(603,214)	1,670,630
Invested in capital assets	2,129,232	(40,432)	40,432	2,129,232
Board-designated fund	1,347,707	-	-	1,347,707
	<u>5,147,569</u>	<u>562,782</u>	<u>(562,782)</u>	<u>5,147,569</u>
With donor restrictions	141,192	-	-	141,192
	<u>5,288,761</u>	<u>562,782</u>	<u>(562,782)</u>	<u>5,288,761</u>
	<u>\$ 6,123,431</u>	<u>\$ 2,147,892</u>	<u>\$ (568,035)</u>	<u>\$ 7,703,288</u>



# **St. Leonard's Ministries**

## **Consolidating Statement of Activities** **Year Ended June 30, 2021**

	St. Leonard's Ministries	St. Andrew's Court, L.P.	Eliminations	Total
Revenue and support:				
Contributions and donations	\$ 656,039	\$ -	\$ -	\$ 656,039
Foundation grants	413,450	-	-	413,450
Allocation from United Way/Crusade of Mercy, Inc.	25,828	-	-	25,828
Fees and grants from governmental agencies	1,713,748	-	-	1,713,748
Investment income	225,668	29,935	-	255,603
Interest income	1,717	2,310	-	4,027
Management fees	61,488	-	(61,488)	-
Tenant rental income	-	64,279	-	64,279
Rent subsidy	-	474,912	-	474,912
Other income	51,350	13,273	-	64,623
Gain on extinguishment of debt	363,800	-	-	363,800
Loss from St. Andrew's Court, L.P.	(47,082)	-	47,082	-
	<u>3,466,006</u>	<u>584,709</u>	<u>(14,406)</u>	<u>4,036,309</u>
Expenses:				
Program services	2,151,365	570,303	-	2,721,668
Management and general	667,200	61,488	(61,488)	667,200
Fundraising	110,307	-	-	110,307
	<u>2,928,872</u>	<u>631,791</u>	<u>(61,488)</u>	<u>3,499,175</u>
<b>Increase (decrease) in net assets</b>	<b>537,134</b>	<b>(47,082)</b>	<b>47,082</b>	<b>537,134</b>
Net assets:				
Beginning of year	<u>5,288,761</u>	<u>562,782</u>	<u>(562,782)</u>	<u>5,288,761</u>
End of year	<u>\$ 5,825,895</u>	<u>\$ 515,700</u>	<u>\$ (515,700)</u>	<u>\$ 5,825,895</u>

## St. Leonard's Ministries

### Consolidating Statement of Activities Year Ended June 30, 2020

	St. Leonard's Ministries	St. Andrew's Court, L.P.	Eliminations	Total
Revenue and support:				
Contributions and donations	\$ 401,152	\$ -	\$ -	\$ 401,152
Foundation grants	702,259	-	-	702,259
Allocation from United Way/Crusade of Mercy, Inc.	30,340	-	-	30,340
Fees and grants from governmental agencies	1,615,886	-	-	1,615,886
Investment income	35,901	12,384	-	48,285
Interest income	-	6,054	-	6,054
Management fees	65,932	-	(65,932)	-
Tenant rental income	-	62,475	-	62,475
Rent subsidy	-	493,851	-	493,851
Other income	24,017	7,764	-	31,781
Loss from St. Andrew's Court, L.P.	(17,123)	-	17,123	-
	<u>2,858,364</u>	<u>582,528</u>	<u>(48,809)</u>	<u>3,392,083</u>
Expenses:				
Program services	2,042,406	533,719	-	2,576,125
Management and general	590,998	65,932	(65,932)	590,998
Fundraising	171,214	-	-	171,214
	<u>2,804,618</u>	<u>599,651</u>	<u>(65,932)</u>	<u>3,338,337</u>
<b>Increase (decrease) in net assets</b>	<b>53,746</b>	<b>(17,123)</b>	<b>17,123</b>	<b>53,746</b>
Net assets:				
Beginning of year	<u>5,235,015</u>	<u>579,905</u>	<u>(579,905)</u>	<u>5,235,015</u>
End of year	<u>\$ 5,288,761</u>	<u>\$ 562,782</u>	<u>\$ (562,782)</u>	<u>\$ 5,288,761</u>