St. Leonard’s Ministries

Consolidated Financial Report
June 30, 2022 and 2021

Contents

Independent Auditor's Report

Board of Directors
St. Leonard's Ministries

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of St. Leonard's Ministries (the Agency), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of June 30, 2022 and 2021, 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 (GAAS). 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 the Agency 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 Financial Statements
Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 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 the Agency'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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.

Supplementary Information
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 30, 2022

St. Leonard's Ministries

Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash	**$ 664,466**	$ 1,618,432
Restricted cash—reserves and escrow	**446,510**	575,466
Investments	**2,445,009**	1,881,999
Accounts receivable, net	**287,301**	463,936
Contributions receivable, net	**184,802**	205,192
Prepaid expenses	**9,717**	10,076
Property and equipment, net	**3,009,130**	3,220,582
	$ 7,046,935	$ 7,975,683
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 39,693**	$ 115,275
Accrued vacation	**96,596**	147,868
Accrued wages	**98,525**	83,425
Capital lease obligation	**400**	8,140
Loans payable	**1,516,138**	1,725,471
Deferred revenue	**-**	33,500
Other liabilities	**28,349**	36,109
	1,779,701	2,149,788
Net assets:		
Without donor restrictions:		
Operating	**1,695,681**	2,128,051
Invested in capital assets	**1,939,102**	2,062,437
Board designated fund	**1,347,707**	1,347,707
	4,982,490	5,538,195
With donor restrictions	**284,744**	287,700
	5,267,234	5,825,895
	$ 7,046,935	$ 7,975,683

See notes to consolidated financial statements.

St. Leonard's Ministries

Consolidated Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions	$ 364,426	$ 65,000	$ 429,426
Foundation grants	180,200	259,800	440,000
Allocation from United Way/Crusade of Mercy, Inc.	35,001	-	35,001
Fees and grants from governmental agencies	2,078,285	8,000	2,086,285
Interest income	1,329	-	1,329
Tenant rental income	57,339	-	57,339
Rent subsidy	548,862	-	548,862
Other income	22,017	-	22,017
Net assets released from restrictions	335,756	(335,756)	-
	3,623,215	(2,956)	3,620,259
Expenses:			
Program services	3,020,761	-	3,020,761
Support services:			
Management and general	763,806	-	763,806
Fundraising	130,314	-	130,314
	894,120	-	894,120
	3,914,881	-	3,914,881
Decrease in net assets before investment losses	(291,666)	(2,956)	(294,622)
Investment losses, net	(264,039)	-	(264,039)
Decrease in net assets	(555,705)	(2,956)	(558,661)
Net assets:			
Beginning of year	5,538,195	287,700	5,825,895
End of year	$ 4,982,490	$ 284,744	$ 5,267,234

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	Total
Revenue:			
Contributions	$ 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
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)	-
	3,634,198	146,508	3,780,706
Expenses:			
Program services	2,721,668	-	2,721,668
Support services:			
Management and general	667,200	-	667,200
Fundraising	110,307	-	110,307
	777,507	-	777,507
	3,499,175	-	3,499,175
Increase in net assets before investment income	135,023	146,508	281,531
Investment income, net	255,603	-	255,603
Increase in net assets	390,626	146,508	537,134
Net assets:			
Beginning of year	5,147,569	141,192	5,288,761
End of year	$ 5,538,195	$ 287,700	$ 5,825,895

See notes to consolidated financial statements.

St. Leonard's Ministries

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Support Services: Management and General	Support Services: Fundraising	Support Services: Total	Total
Compensation and benefits	$ 2,126,548	$ 511,609	$ 122,234	$ 633,843	$ 2,760,391
Occupancy	19,938	2,736	-	2,736	22,674
Utilities	118,983	17,894	-	17,894	136,877
Equipment repairs and maintenance	75,134	18,243	-	18,243	93,377
Insurance and bonding	69,649	13,220	-	13,220	82,869
Telephone	11,414	2,439	-	2,439	13,853
Internet	10,686	4,238	-	4,238	14,924
Postage and shipping	208	549	-	549	757
Supplies	50,669	7,367	-	7,367	58,036
Professional fees	59,961	106,285	-	106,285	166,246
Legal fees	-	19,460	-	19,460	19,460
Transportation and automotive	14,772	100	-	100	14,872
Food	24,449	3,540	-	3,540	27,989
Membership dues and subscription	500	4,354	-	4,354	4,854
Outside printing and artwork	1,628	2,912	-	2,912	4,540
Conferences, convention and meeting	2,421	877	-	877	3,298
Specific client assistance	130,427	-	8,080	8,080	138,507
Miscellaneous	29,535	18,811	-	18,811	48,346
Depreciation and amortization	268,744	29,172	-	29,172	297,916
Interest expense	5,095	-	-	-	5,095
	$ 3,020,761	$ 763,806	$ 130,314	$ 894,120	$ 3,914,881

See notes to consolidated financial statements.

St. Leonard's Ministries

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

		Support Services			
	Program Services	Management and General	Fundraising	Total	2021 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
	$ 2,721,668	$ 667,200	$ 110,307	$ 777,507	$ 3,499,175

See notes to consolidated financial statements.

St. Leonard's Ministries

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
(Decrease) increase in net assets	$ (558,661)	$ 537,134
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	297,916	288,673
Realized and unrealized losses (gains) on investments	264,039	(227,576)
Gain on extinguishment of debt	-	(363,800)
Changes in:		
Accounts receivable	176,635	(126,230)
Contributions receivable	20,390	(64,000)
Prepaid expenses	359	(2,225)
Accounts payable and accrued expenses	(75,582)	73,426
Accrued vacation	(51,272)	41,027
Accrued wages	15,100	3,812
Deferred revenue	(33,500)	2,552
Other liabilities	(7,760)	12,914
Net cash provided by operating activities	47,664	175,707
Cash flows from investing activities:		
Purchases of property and equipment	(86,464)	(184,729)
Proceeds from disposals of property and equipment	-	6,166
Purchase of investments	(1,820,696)	(414,395)
Proceeds from sale of investments	993,647	499,796
Net cash used in investing activities	(913,513)	(93,162)
Cash flows from financing activities:		
Payments on capital lease obligation	(7,740)	(7,093)
Repayment of loans payable	(209,333)	(27,577)
Net cash used in financing activities	(217,073)	(34,670)
(Decrease) increase in cash and restricted cash	(1,082,922)	47,875
Cash and restricted cash:		
Beginning of year	2,193,898	2,146,023
End of year	$ 1,110,976	$ 2,193,898
Reconciliation of cash and restricted cash:		
Cash	$ 664,466	$ 1,618,432
Restricted cash	446,510	575,466
Total cash and restricted cash	$ 1,110,976	$ 2,193,898
Supplemental disclosure of cash flow information:		
Interest paid	$ 5,095	$ 12,618
Supplemental disclosure of non-cash financing information:		
SBA PPP loan forgiveness	$ -	$ 363,800

See notes to consolidated financial statements.

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.

On June 11, 2022, the Board of Directors of the Agency amended the articles of incorporation and bylaws of the Agency. The amendments include the Agency acting as an independent nonprofit corporation, removes the Episcopal Diocese of Chicago (the Diocese) as the sole member of the Agency and removes certain Diocesan ex-officio members from the Agency's Board of Directors. The Diocese has not yet voted on or formally approved the amendments. The Agency remains a ministry partner of Episcopal Charities and Community Services.

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.

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, 2022 and 2021, net assets with donor restrictions are $284,744 and $287,700, 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, 2022 and 2021, 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 investment income (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. No allowance for doubtful accounts was recorded as of June 30, 2022 and 2021.

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.

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

Contributions receivable at June 30, 2022 and 2021, are expected to be collected as follows:

	2022	2021
2023	$ 112,477	$ 113,200
2024	74,833	63,000
2025	-	31,500
	187,310	207,700
Discount to present value	(2,508)	(2,508)
	$ 184,802	$ 205,192

Contributions receivable have been discounted to their net present value using a discount rate of 2% at June 30, 2022 and 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. The Agency capitalizes all expenditures for property and equipment over $500.

Depreciable Asset	Estimated Useful Life
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.

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 pronouncement: 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 and subsequently issued amendments, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 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. The Agency is currently evaluating the impact of this standard on the consolidated financial statements.

Subsequent events: The Agency has evaluated subsequent events for potential recognition and/or disclosure through November 30, 2022, the date the consolidated 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.

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.

In January 2022, at the request of the Agency, IHDA paid out $118,994 to the Agency in reimbursement for excess insurance reserves.

Note 2. Cash—Reserves and Escrow (Continued)

At June 30, 2022 and 2021, restricted cash deposits are as follows:

	2022				
	Balance, June 30, 2021	Additions	Withdrawals	Interest Earned	Balance, June 30, 2022
Operating reserve	$ 346,165	$ -	$ -	$ 254	$ 346,419
Replacement reserve	95,604	8,400	(18,696)	61	85,369
Insurance and real estate tax escrow	133,697	-	(118,994)	19	14,722
	$ 575,466	$ 8,400	$ (137,690)	$ 334	$ 446,510

	2021				
	Balance, June 30, 2020	Additions	Withdrawals	Interest Earned	Balance, June 30, 2021
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
	$ 566,821	$ 8,540	$ -	$ 105	$ 575,466

Note 3. Investments

The composition of investment assets held by the Agency at June 30, 2022 and 2021, are summarized as follows:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Investments:				
Money market funds	$ 366,507	$ 366,507	$ 12,286	$ 12,286
Mutual funds: equities	1,263,605	1,285,580	982,843	754,542
Mutual funds: fixed income	652,885	682,753	382,540	375,811
Exchange-traded products: fixed income	162,012	183,499	504,330	496,230
	$ 2,445,009	$ 2,518,339	$ 1,881,999	$ 1,638,869

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, 2022. There have been no changes in the methodology used at June 30, 2022.

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

Note 5. Accounts Receivable

Accounts receivable at June 30, 2022 and 2021, consists of amounts due from:

	2022		
	St. Leonard's Ministries	St. Andrew's Court, L.P.	Total
Illinois Department of Corrections (rent subsidies)	$ -	$ 44,604	$ 44,604
Illinois Department of Corrections (other contracts)	24,955	-	24,955
Illinois Department of Human Services	124,146	-	124,146
Other government agencies	93,425	-	93,425
Other	-	171	171
	$ 242,526	$ 44,775	$ 287,301

	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

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, 2022 and 2021, the uncollected subsidy receivable amounted to $44,604 and $41,806, respectively.

Note 6. Property and Equipment

Property and equipment at June 30, 2022 and 2021, consists of:

	2022		
	St. Leonard's Ministries	St. Andrew's Court, L.P.	Total
Land	$ 652,858	$ 300,000	$ 952,858
Buildings and building improvements	5,044,709	1,282,297	6,327,006
Equipment, furniture and fixtures	722,663	190,686	913,349
Vehicles	85,192	-	85,192
	6,505,422	1,772,983	8,278,405
Accumulated depreciation and amortization	(4,225,242)	(1,044,033)	(5,269,275)
	$ 2,280,180	$ 728,950	$ 3,009,130

	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
Vehicle	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)
	$ 2,409,588	$ 810,994	$ 3,220,582

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.

Note 7. Loans Payable

Loans payable at June 30, 2022 and 2021, were as follows:

	2022	2021
Secured loan agreement with IFF for Gracie's Café leasehold improvements (in October 2016, Gracie's Café was closed). The loan bore interest at 5.25%, with monthly principal and interest payments of $2,803. The loan was fully paid off in November 2021.	$ -	$ 208,133
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 an assignment of rents and leases.	1,516,138	1,517,338
	$ 1,516,138	$ 1,725,471

Future minimum principal payments for the loans are as follows:

2023	$ 1,200
2024	1,200
2025	1,200
2026	1,200
2027	1,200
Thereafter	1,510,138
	$ 1,516,138

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. Commitments

Construction commitments: In fiscal year 2022, The Agency entered into various project management contracts and commitments for Housing and Supportive Services Building Renovations. The total cost of the construction project is expected to be approximately $3,800,000. These projects are expected to be funded by a combination of grants from government agencies and private donor contributions.

Leases: The Agency leases facility space at a residential project for the Agency's Harvest Commons Residence program, through December 31, 2022. The lease provided for a monthly base rent of approximately $700 with an annual incremental increase in the base rent of 3%. Total future minimum lease payments for the lease are $4,764 at fiscal year-end.

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, 2022 and 2021, the following financial assets are available to meet annual operating needs for the following fiscal year:

	2022	2021
Financial assets, at year-end:		
Cash	$ 664,466	$ 1,618,432
Cash—reserves and escrow	446,510	575,466
Investments	2,445,009	1,881,999
Accounts receivable, net	287,301	463,936
Contributions receivable	184,802	205,192
	4,028,088	4,745,025
Less amounts not available to be used for general expenditures within one year:		
Cash—reserves and escrow	(446,510)	(575,466)
Board-designated fund	(1,347,707)	(1,347,707)
Contributions receivable expected to be collected in greater than one year	(74,833)	(31,500)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,159,038	$ 2,790,352

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 $2,086,000 and $1,714,000 of fees and grants from state of Illinois and government agencies during 2022 and 2021, 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, 2022

	St. Leonard's Ministries	St. Andrew's Court, L.P.	Eliminations	Total
Assets				
Cash	$ 458,064	$ 206,402	$ -	$ 664,466
Cash—reserves and escrow	-	446,510	-	446,510
Investments	1,884,917	560,092	-	2,445,009
Accounts receivable, net	242,526	44,775	-	287,301
Contributions receivable, net	184,802	-	-	184,802
Due from St. Andrew's Court	7,053	-	(7,053)	-
Prepaid expenses	8,242	1,475	-	9,717
Property and equipment, net	2,280,180	728,950	-	3,009,130
Investment in St. Andrew's Court, L.P.	406,750	-	(406,750)	-
	$ 5,472,534	$ 1,988,204	$ (413,803)	$ 7,046,935
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$ 31,622	$ 15,124	$ (7,053)	$ 39,693
Accrued vacation	88,511	8,085	-	96,596
Accrued wages	84,767	13,758	-	98,525
Capital lease obligation	400	-	-	400
Loans payable	-	1,516,138	-	1,516,138
Other liabilities	-	28,349	-	28,349
	205,300	1,581,454	(7,053)	1,779,701
Net assets:				
Without donor restrictions:				
Operating	1,695,681	747,428	(747,428)	1,695,681
Invested in capital assets	1,939,102	(340,678)	340,678	1,939,102
Board designated fund	1,347,707	-	-	1,347,707
	4,982,490	406,750	(406,750)	4,982,490
With donor restrictions	284,744	-	-	284,744
	5,267,234	406,750	(406,750)	5,267,234
	$ 5,472,534	$ 1,988,204	$ (413,803)	$ 7,046,935

St. Leonard's Ministries

Consolidating Statement of Financial Position
June 30, 2021

	St. Leonard's Ministries	St. Andrew's Court, L.P.	Eliminations	Total
Assets				
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)	-
	$ 6,398,867	$ 2,094,562	$ (517,746)	$ 7,975,683
Liabilities and Net Assets				
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
	572,972	1,578,862	(2,046)	2,149,788
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
	5,538,195	515,700	(515,700)	5,538,195
With donor restrictions	287,700	-	-	287,700
	5,825,895	515,700	(515,700)	5,825,895
	$ 6,398,867	$ 2,094,562	$ (517,746)	$ 7,975,683

St. Leonard's Ministries

Consolidating Statement of Activities
Year Ended June 30, 2022

	St. Leonard's Ministries	St. Andrew's Court, L.P.	Eliminations	Total
Revenue and support:				
Contributions of cash and cash equivalents	$ 429,426	$ -	$ -	$ 429,426
Foundation grants	440,000	-	-	440,000
Allocation from United Way/Crusade of Mercy, Inc.	35,001	-	-	35,001
Fees and grants from governmental agencies	2,086,285	-	-	2,086,285
Interest income	989	340	-	1,329
Management fees	77,142	-	(77,142)	-
Tenant rental income	-	57,339	-	57,339
Rent subsidy	-	548,862	-	548,862
Other income	7,119	14,898	-	22,017
Loss from St. Andrew's Court, L.P.	(108,950)	-	108,950	-
	2,967,012	621,439	31,808	3,620,259
Expenses:				
Program services	2,419,036	601,725	-	3,020,761
Management and general	763,806	77,142	(77,142)	763,806
Fundraising	130,314	-	-	130,314
	3,313,156	678,867	(77,142)	3,914,881
(Decrease) increase in net assets before investment losses	(346,144)	(57,428)	108,950	(294,622)
Investment losses, net	(212,517)	(51,522)	-	(264,039)
(Decrease) increase in net assets	(558,661)	(108,950)	108,950	(558,661)
Net assets:				
Beginning of year	5,825,895	515,700	(515,700)	5,825,895
End of year	$ 5,267,234	$ 406,750	$ (406,750)	$ 5,267,234

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 of cash and cash equivalents	$ 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
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	-
	3,240,338	554,774	(14,406)	3,780,706
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
	2,928,872	631,791	(61,488)	3,499,175
Increase (decrease) in net assets before investment income	311,466	(77,017)	47,082	281,531
Investment income, net	225,668	29,935	-	255,603
Increase (decrease) in net assets	537,134	(47,082)	47,082	537,134
Net assets:				
Beginning of year	5,288,761	562,782	(562,782)	5,288,761
End of year	$ 5,825,895	$ 515,700	$ (515,700)	$ 5,825,895