St. Leonard’s Ministries

Consolidated Financial Report
June 30, 2024

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
St. Leonard's Ministries

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, 2024 and 2023, 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, 2024 and 2023, 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Chicago, Illinois
November 27, 2024

St. Leonard's Ministries

Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash	$ 1,143,270	$ 579,812
Restricted cash—reserves and escrow	486,074	453,443
Investments	2,944,369	2,638,001
Accounts receivable	566,159	611,803
Contributions receivable, net	906,684	156,312
Prepaid expenses and other assets	40,955	13,515
Operating lease right-of-use assets, net	3,997	8,539
Property and equipment, net	3,361,636	2,824,778
	$ 9,453,144	$ 7,286,203
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 158,333	$ 121,262
Accrued vacation	116,288	108,403
Accrued wages	125,167	118,436
Operating lease liabilities	4,111	8,667
Loans payable	1,613,737	1,514,938
Other liabilities	10,728	23,504
	2,028,364	1,895,210
Net assets:		
Without donor restrictions	5,246,332	5,186,403
With donor restrictions	2,178,448	204,590
	7,424,780	5,390,993
	$ 9,453,144	$ 7,286,203

See notes to consolidated financial statements.

St. Leonard's Ministries

Consolidated Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions	$ 251,379	$ 1,876,167	$ 2,127,546
Foundation grants	478,038	220,500	698,538
Allocation from United Way/Crusade of Mercy, Inc.	25,000	-	25,000
Fees and grants from governmental agencies	2,881,495	-	2,881,495
Interest income	26,362	-	26,362
Tenant rental income	69,979	-	69,979
Rent subsidy	751,736	-	751,736
Other income	76,856	-	76,856
Net assets released from restrictions	122,809	(122,809)	-
	4,683,654	1,973,858	6,657,512
Expenses:			
Program services	3,734,648	-	3,734,648
Support services:			
Management and general	944,386	-	944,386
Fundraising	247,768	-	247,768
	1,192,154	-	1,192,154
	4,926,802	-	4,926,802
(Decrease) increase in net assets before investment gains	(243,148)	1,973,858	1,730,710
Investment gains, net	303,077	-	303,077
Increase in net assets	59,929	1,973,858	2,033,787
Net assets:			
Beginning of year	5,186,403	204,590	5,390,993
End of year	$ 5,246,332	$ 2,178,448	$ 7,424,780

See notes to consolidated financial statements.

St. Leonard's Ministries

Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions	$ 434,621	$ 103,000	$ 537,621
Foundation grants	257,539	241,800	499,339
Allocation from United Way/Crusade of Mercy, Inc.	29,998	-	29,998
Fees and grants from governmental agencies	2,633,154	10,000	2,643,154
Interest income	15,016	-	15,016
Tenant rental income	61,804	-	61,804
Rent subsidy	659,609	-	659,609
Other income	46,180	-	46,180
Net assets released from restrictions	434,954	(434,954)	-
	4,572,875	(80,154)	4,492,721
Expenses:			
Program services	3,470,500	-	3,470,500
Support services:			
Management and general	891,269	-	891,269
Fundraising	200,184	-	200,184
	1,091,453	-	1,091,453
	4,561,953	-	4,561,953
Increase (decrease) in net assets before investment gains	10,922	(80,154)	(69,232)
Investment gains, net	192,991	-	192,991
Increase (decrease) in net assets	203,913	(80,154)	123,759
Net assets:			
Beginning of year	4,982,490	284,744	5,267,234
End of year	$ 5,186,403	$ 204,590	$ 5,390,993

See notes to consolidated financial statements.

St. Leonard's Ministries

Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

		Support Services			
	Program Services	Management and General	Fundraising	Total	Total
Compensation and benefits	$ 2,675,679	$ 620,566	$ 203,232	$ 823,798	$ 3,499,477
Occupancy	29,915	4,465	-	4,465	34,380
Utilities	141,429	25,960	-	25,960	167,389
Equipment repairs and maintenance	76,151	21,988	1,614	23,602	99,753
Insurance and bonding	82,177	18,133	-	18,133	100,310
Telephone	16,069	5,554	-	5,554	21,623
Internet	10,691	4,802	-	4,802	15,493
Postage and shipping	379	364	324	688	1,067
Supplies	60,953	21,697	-	21,697	82,650
Professional fees	89,147	143,543	20,563	164,106	253,253
Legal fees	-	1,122	-	1,122	1,122
Transportation and automotive	19,683	341	8	349	20,032
Food	59,019	4,023	417	4,440	63,459
Membership dues and subscription	147	5,240	-	5,240	5,387
Outside printing and artwork	2,367	1,892	7,450	9,342	11,709
Conferences, convention and meeting	634	681	-	681	1,315
Specific client assistance	178,422	-	14,160	14,160	192,582
Miscellaneous	26,315	36,558	-	36,558	62,873
Depreciation and amortization	265,471	27,457	-	27,457	292,928
	$ 3,734,648	$ 944,386	$ 247,768	$ 1,192,154	$ 4,926,802

See notes to consolidated financial statements.

St. Leonard's Ministries

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	Support Services: Management and General	Support Services: Fundraising	Support Services: Total	Total
Compensation and benefits	$ 2,468,406	$ 599,404	$ 171,297	$ 770,701	$ 3,239,107
Occupancy	23,437	1,036	-	1,036	24,473
Utilities	118,484	18,448	-	18,448	136,932
Equipment repairs and maintenance	81,911	18,330	2,403	20,733	102,644
Insurance and bonding	77,997	15,613	-	15,613	93,610
Telephone	13,863	4,094	-	4,094	17,957
Internet	11,708	3,288	-	3,288	14,996
Postage and shipping	124	670	163	833	957
Supplies	74,328	13,450	-	13,450	87,778
Professional fees	83,947	161,852	16,105	177,957	261,904
Legal fees	-	5,987	-	5,987	5,987
Transportation and automotive	11,162	345	-	345	11,507
Food	42,744	3,214	-	3,214	45,958
Membership dues and subscription	-	1,923	-	1,923	1,923
Outside printing and artwork	1,391	1,432	10,156	11,588	12,979
Conferences, convention and meeting	3,299	924	-	924	4,223
Specific client assistance	147,658	-	60	60	147,718
Miscellaneous	29,314	21,578	-	21,578	50,892
Depreciation and amortization	280,727	19,681	-	19,681	300,408
	$ 3,470,500	$ 891,269	$ 200,184	$ 1,091,453	$ 4,561,953

See notes to consolidated financial statements.

St. Leonard’s Ministries

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Increase in net assets	**$ 2,033,787**	$ 123,759
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**292,928**	300,408
Proceeds from contributions restricted for long-term purposes	**(1,014,159)**	-
Realized and unrealized gains on investments	**(218,453)**	(119,900)
Reduction in carrying amount of operating lease right-of-use asset	**4,542**	4,904
Cash paid for operating leases	**(4,556)**	(4,776)
Changes in:		
Accounts receivable	**45,644**	(324,502)
Contributions receivable	**(750,372)**	28,490
Prepaid expenses and other assets	**(27,440)**	(3,798)
Accounts payable and accrued expenses	**2,395**	81,569
Accrued vacation	**7,885**	11,807
Accrued wages	**6,731**	19,911
Other liabilities	**(12,776)**	(4,845)
Net cash provided by operating activities	**366,156**	113,027
Cash flows from investing activities:		
Purchases of property and equipment	**(795,110)**	(116,056)
Purchase of investments	**(852,324)**	(255,611)
Proceeds from sale of investments	**764,409**	182,519
Net cash used in investing activities	**(883,025)**	(189,148)
Cash flows from financing activities:		
Payments on capital lease obligation	**-**	(400)
Proceeds from contributions restricted for long-term purposes	**1,014,159**	-
Repayment of loans payable	**(1,201)**	(1,200)
Proceeds from loan payable	**100,000**	-
Net cash provided by (used in) financing activities	**1,112,958**	(1,600)
Change in cash and restricted cash	**596,089**	(77,721)
Cash and restricted cash:		
Beginning of year	**1,033,255**	1,110,976
End of year	**$ 1,629,344**	$ 1,033,255
Reconciliation of cash and restricted cash:		
Cash	**$ 1,143,270**	$ 579,812
Restricted cash	**486,074**	453,443
Total cash and restricted cash	**$ 1,629,344**	$ 1,033,255
Supplemental disclosure of cash flow information:		
Property and equipment included in accounts payable and accrued expenses	**$ 34,676**	$ -

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

St. Leonard’s Ministries (the Agency) is a nonprofit human service organization that is focused on providing a continuum of holistic housing and supports to individuals impacted by incarceration through its St. Leonard’s House (men) and Grace House (women) facilities. The transitional housing, which includes integrated care with medical, mental health, and substance use supports, are intended to support individuals in their re-entry journey. 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), which offers an array of education and workforce development programs to both residents of the transitional housing programs and those impacted by incarceration who live in other community settings. For education, these include a high school completion program, technology training, financial literacy, and credit building. Workforce development includes job readiness classes, culinary arts and constructions skills training, and employment placement. Participants also have access to case management and supportive 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 Agency is currently conducting a capital campaign in order to increase capacity and programmatic initiatives, including renovation of the St. Leonard’s Warren Campus and Grace House facilities, and enhancement of the individualized workforce, education, and re-entry programs.

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 units are leased to qualified very low-income individuals who have completed the program at the Agency.

St. Leonard’s Ministries is affiliated with the Episcopal Diocese of Chicago (the Diocese), which is the sole member of the Agency. The agency is also 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) 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.

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

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 includes amounts representing the balances of the Agency's property and equipment (net of related loans payable). A $1,347,707 board designated fund represents funds under the control of, and to be used for purposes as authorized by, the Agency's board of directors.

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 consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions consist of both time and purpose restrictions. Net assets restricted by donors to be invested in perpetuity are also reflected as net assets with donor restrictions. At June 30, 2024 and 2023, the Agency did not have any net assets required to be invested in perpetuity. Net assets with donor restrictions for a capital campaign total $2,145,967 and $0 as of June 30, 2024 and 2023, respectively. All remaining net assets with donor restrictions totaling $32,481 and $204,590, are time and/or purpose restricted as of June 30, 2024 and 2023, respectively.

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 nonexchange 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.

Board and committee members are considered related parties to the Agency. Total contributions from board and committee members for the years ended June 30, 2024 and 2023 were $1,145,892 and $78,978, respectively.

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 consolidated 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.

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

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 collectibility, and records an allowance for doubtful accounts for potentially uncollectible balances. No allowance for doubtful accounts was recorded as of June 30, 2024 and 2023.

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.

Contributions receivable at June 30, 2024 and 2023, are expected to be collected as follows:

	2024	2023
Within one year	$ 413,952	$ 103,220
In one to five years	541,525	55,600
	955,477	158,820
Less discount to net present value (rates of 4.98% - 8.38%)	(48,793)	(2,508)
	$ 906,684	$ 156,312

No allowance for doubtful contributions was recorded as of June 30, 2024 and 2023.

The Agency has conditional contributions of $120,000 and $5,000 at June 30, 2024 and 2023, respectively, which have not been recognized in the consolidated statements of financial position because the conditions associated with the contributions have not been met.

Contributions receivable includes contributions from board members as of June 30, 2024 totaling $665,127. There were no contributions receivables from board members at June 30, 2023.

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

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

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.

Leases: The Agency follows the lease accounting guidance in Financial Accounting Standards Board (FASB) ASC Topic 842. The Agency determines if an arrangement is a lease at inception of the contract. Under Topic 842, a lease is a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment (i.e., an identified asset) for a period of time in exchange for consideration. The Agency's contracts determined to be a lease or contain a lease include explicitly or implicitly identified assets where the Agency has the right to obtain substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term.

Leases are classified as either operating or financing. The Agency currently has only operating leases. For operating leases, the Agency recognizes a lease liability equal to the present value of the remaining lease payments and lease incentives, and a right-of-use asset equal to the lease liability, subject to certain adjustments, such as for prepaid rents. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise such option. The discount rate used by the Agency is the rate implicit in the lease if that rate is readily determinable. If that rate is not readily determinable, the Agency has made a policy election to use the risk-free rate as the discount rate.

The Agency defines a short-term lease as any lease arrangement with an original lease term of 12 months or less that does not include an option to purchase the underlying asset. The Agency has made a policy election to not recognize right-of-use assets and lease liabilities for short-term leases. As a result, short-term lease payments are recognized as expense on a straight-line basis over the lease term, and variable lease payments are recognized in the period in which the obligation is incurred. The Agency did not have any short-term leases in fiscal years 2024 and 2023.

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.

Defined contribution plan: As of October 2022, the Agency began participation in the Saint Leonard's Ministries 403(b) Retirement Plan (the 403(b) Plan). Under this program, employees may defer portions of their salary, and the Agency may make discretionary nonelective or matching contributions on behalf of its employees. Board-authorized discretionary contributions to the 403(b) Plan were $50,000 for both the years ended June 30, 2024 and 2023.

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.

Reclassification: Certain amounts in the June 30, 2023 consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements. The reclassifications had no effect on the change in net assets or net assets previously reported.

Subsequent events: The Agency has evaluated subsequent events for potential recognition and/or disclosure through November 27, 2024, the date the financial statements were available to be issued.

Note 2. Restricted 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 from the General Partner's adjusted capital contributions, the amount of $50,000, all of which has been funded; and 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 January 2022, at the request of the Agency, IHDA paid out $118,994 to the Agency in reimbursement for excess insurance reserves.

Note 2. Restricted Cash—Reserves and Escrow (Continued)

At June 30, 2024 and 2023, restricted cash deposits are as follows:

	2024				
	Balance, July 1, 2023	Additions	Withdrawals	Interest Earned	Balance, June 30, 2024
Operating reserve	$ 357,838	$ -	$ -	$ 18,971	$ 376,809
Replacement reserve	80,398	8,400	-	4,454	93,252
Insurance and real estate tax escrow	15,207	-	-	806	16,013
	$ 453,443	$ 8,400	$ -	$ 24,231	$ 486,074

	2023				
	Balance, July 1, 2022	Additions	Withdrawals	Interest Earned	Balance, June 30, 2023
Operating reserve	$ 346,419	$ -	$ -	$ 11,419	$ 357,838
Replacement reserve	85,369	8,400	(15,833)	2,462	80,398
Insurance and real estate tax escrow	14,722	-	-	485	15,207
	$ 446,510	$ 8,400	$ (15,833)	$ 14,366	$ 453,443

Note 3. Investments

The composition of investment assets held by the Agency at June 30, 2024 and 2023, are summarized as follows:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Investments:				
Money market funds	$ 23,057	$ 23,057	$ 60,693	$ 60,693
Mutual funds:				
Equities	2,152,165	1,819,822	1,738,885	1,621,967
Fixed income	591,946	616,251	669,459	709,007
Exchange-traded products:				
Fixed income	171,790	200,188	168,964	197,026
Equities	5,411	5,411	-	-
	$ 2,944,369	$ 2,664,729	$ 2,638,001	$ 2,588,693

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 and equities are stated at the daily closing price on the day of valuation. These funds are required to publish their daily net asset value 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, 2024. There have been no changes in the methodology used at June 30, 2024. Investments are the only assets measured at fair value on a recurring basis.

Note 5. Accounts Receivable

Accounts receivable at June 30, 2024 and 2023, consist of amounts due from:

	2024		
	St. Leonard's Ministries	St. Andrew's Court, L.P.	Total
Illinois Department of Corrections (rent subsidies)	$ -	$ 39,942	$ 39,942
Illinois Department of Corrections (other contracts)	41,387	-	41,387
Illinois Department of Human Services	277,152	9,491	286,643
Other government agencies	196,187	-	196,187
Other	2,000	-	2,000
	516,726	49,433	566,159
Allowance for doubtful accounts	-	-	-
	$ 516,726	$ 49,433	$ 566,159

	2023		
	St. Leonard's Ministries	St. Andrew's Court, L.P.	Total
Illinois Department of Corrections (rent subsidies)	$ -	$ 29,652	$ 29,652
Illinois Department of Corrections (other contracts)	49,040	-	49,040
Illinois Department of Human Services	159,526	9,254	168,780
Other government agencies	364,331	-	364,331
	$ 572,897	$ 38,906	$ 611,803

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, 2024 and 2023, the uncollected subsidy receivable amounted to $49,433 and $29,652, respectively.

Note 6. Property and Equipment

Property and equipment at June 30, 2024 and 2023, consists of:

	2024		
	St. Leonard's Ministries	St. Andrew's Court, L.P.	Total
Land	$ 827,860	$ 300,000	$ 1,127,860
Buildings and building improvements	5,138,673	1,471,938	6,610,611
Equipment, furniture and fixtures	468,735	1,250	469,985
Vehicles	84,622	-	84,622
Construction in progress	745,084	-	745,084
	7,264,974	1,773,188	9,038,162
Accumulated depreciation and amortization	(4,441,264)	(1,235,262)	(5,676,526)
	$ 2,823,710	$ 537,926	$ 3,361,636

	2023		
	St. Leonard's Ministries	St. Andrew's Court, L.P.	Total
Land	$ 652,858	$ 300,000	$ 952,858
Buildings and building improvements	5,139,418	1,282,297	6,421,715
Equipment, furniture and fixtures	614,185	191,376	805,561
Vehicles	85,192	-	85,192
Construction in progress	129,135	-	129,135
	6,620,788	1,773,673	8,394,461
Accumulated depreciation and amortization	(4,427,671)	(1,142,012)	(5,569,683)
	$ 2,193,117	$ 631,661	$ 2,824,778

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.

In November 2023, the Agency purchased a residential property situated next door and adjacent to its West Warren Boulevard Campus in Chicago, for a purchase price of $435,000. The building was purchased to provide for future program needs of the Agency. It was funded initially by available cash, with the intent to replenish through public and fundraising resources.

In fiscal year 2022, the Agency entered into various project management contracts and commitments for housing and supportive services building renovations. Total estimated costs for the project are $22,000,000 but can be reduced if total funding sources are lower. The project is expected to be funded by a combination of grants and contributions from government agencies and private donors.

Note 7. Loans Payable

Loans payable at June 30, 2024 and 2023, were as follows:

	2024	2023
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 September 2028, when the remaining unpaid amount is due. The loan is collateralized by the rental property and assignment of rents and leases.	$ 1,513,737	$ 1,514,938
Jewish Council on Urban Affairs (JCUA) loan issued on May 23, 2024 to St. Leonard's Ministries, in the original amount of $100,000, and bearing no interest. No monthly principal payments due, however full balance due at maturity in May 2026.	100,000	-
	$ 1,613,737	$ 1,514,938

Future minimum principal payments for the loans are as follows:

2025	$ 1,200
2026	101,200
2027	1,200
2028	1,200
2029	1,508,937
	$ 1,613,737

Note 8. Leases

The Agency enters into contracts to lease real estate and various equipment. Certain leases include renewal or termination options.

The components of lease expense and supplemental cash flow information related to leases for the years ended June 30, 2024 and 2023, are as follows:

	2024	2023
Operating lease cost	$ 4,556	$ 4,776
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 4,556	$ 4,776
Weighted-average remaining lease term—operating leases	0.8 years	1.8 years
Weighted-average discount rate—operating leases	5.85%	5.85%

Note 8. Leases (Continued)

Maturities of the Agency's lease liabilities as of June 30, 2024 and 2023, are as follows:

	2024	2023
Years ending June 30:		
2024	$ -	$ 4,919
2025	4,201	4,201
	4,201	9,120
Less imputed interest	(90)	(453)
Total lease obligations	$ 4,111	$ 8,667

Note 9. 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, 2024 and 2023, the following financial assets are available to meet annual operating needs for the following fiscal year:

	2024	2023
Financial assets, at year-end:		
Cash	$ 1,143,270	$ 579,812
Cash—reserves and escrow	486,074	453,443
Investments	2,944,369	2,638,001
Accounts receivable	566,159	611,803
Contributions receivable	906,684	156,312
	6,046,556	4,439,371
Less amounts not available to be used for general expenditures within one year:		
Cash—reserves and escrow	(486,074)	(453,443)
Board-designated fund	(1,347,707)	(1,347,707)
Contributions receivable expected to be collected in greater than one year	(541,525)	(55,600)
Cash restricted for capital building campaign	(751,402)	-
Financial assets available to meet cash needs for general expenditures within one year	$ 2,919,848	$ 2,582,621

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 10. Contingencies

The Agency's revenue includes fees and grants from the State of Illinois and government agencies. A significant reduction in 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, 2024

	St. Leonard's Ministries	St. Andrew's Court, L.P.	Eliminations	Total
Assets				
Cash	$ 729,112	$ 414,158	$ -	$ 1,143,270
Restricted cash—reserves and escrow	-	486,074	-	486,074
Investments	2,288,501	655,868	-	2,944,369
Accounts receivable	516,726	49,433	-	566,159
Contributions receivable, net	906,684	-	-	906,684
Due from St. Andrew's Court	9,876	-	(9,876)	-
Prepaid expenses and other assets	40,371	584	-	40,955
Operating lease right-of-use assets, net	3,997	-	-	3,997
Property and equipment, net	2,823,710	537,926	-	3,361,636
Investment in St. Andrew's Court, L.P.	577,506	-	(577,506)	-
	$ 7,896,483	$ 2,144,043	$ (587,382)	$ 9,453,144
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$ 153,087	$ 15,122	$ (9,876)	$ 158,333
Accrued vacation	104,867	11,421	-	116,288
Accrued wages	109,639	15,528	-	125,167
Operating lease liabilities	4,111	-	-	4,111
Loans payable	99,999	1,513,738	-	1,613,737
Other liabilities	-	10,728	-	10,728
	471,703	1,566,537	(9,876)	2,028,364
Net assets:				
Without donor restrictions:				
Operating	1,664,652	1,067,244	(1,067,244)	1,664,652
Invested in capital assets	2,233,973	(489,738)	489,738	2,233,973
Board-designated fund	1,347,707	-	-	1,347,707
	5,246,332	577,506	(577,506)	5,246,332
With donor restrictions	2,178,448	-	-	2,178,448
	7,424,780	577,506	(577,506)	7,424,780
	$ 7,896,483	$ 2,144,043	$ (587,382)	$ 9,453,144

St. Leonard's Ministries

Consolidating Statement of Financial Position
June 30, 2023

	St. Leonard's Ministries	St. Andrew's Court, L.P.	Eliminations	Total
Assets				
Cash	$ 288,576	$ 291,236	$ -	$ 579,812
Restricted cash—reserves and escrow	-	453,443	-	453,443
Investments	2,046,935	591,066	-	2,638,001
Accounts receivable	572,897	38,906	-	611,803
Contributions receivable, net	156,312	-	-	156,312
Due from St. Andrew's Court	8,020	-	(8,020)	-
Prepaid expenses and other assets	11,758	1,757	-	13,515
Operating lease right-of-use assets, net	8,539	-	-	8,539
Property and equipment, net	2,193,117	631,661	-	2,824,778
Investment in St. Andrew's Court, L.P.	427,407	-	(427,407)	-
	$ 5,713,561	$ 2,008,069	$ (435,427)	$ 7,286,203
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$ 111,428	$ 17,854	$ (8,020)	$ 121,262
Accrued vacation	98,853	9,550	-	108,403
Accrued wages	103,620	14,816	-	118,436
Operating lease liabilities	8,667	-	-	8,667
Loans payable	-	1,514,938	-	1,514,938
Other liabilities	-	23,504	-	23,504
	322,568	1,580,662	(8,020)	1,895,210
Net assets:				
Without donor restrictions:				
Operating	2,075,413	857,241	(857,241)	2,075,413
Invested in capital assets	1,763,283	(429,834)	429,834	1,763,283
Board-designated fund	1,347,707	-	-	1,347,707
	5,186,403	427,407	(427,407)	5,186,403
With donor restrictions	204,590	-	-	204,590
	5,390,993	427,407	(427,407)	5,390,993
	$ 5,713,561	$ 2,008,069	$ (435,427)	$ 7,286,203

St. Leonard's Ministries

Consolidating Statement of Activities
Year Ended June 30, 2024

	St. Leonard's Ministries	St. Andrew's Court, L.P.	Eliminations	Total
Revenue and support:				
Contributions	$ 2,127,546	$ -	$ -	$ 2,127,546
Foundation grants	698,538	-	-	698,538
Allocation from United Way/ Crusade of Mercy, Inc.	25,000	-	-	25,000
Fees and grants from governmental agencies	2,881,495	-	-	2,881,495
Interest income	65	26,297	-	26,362
Management fees	103,074	-	(103,074)	-
Tenant rental income	-	69,979	-	69,979
Rent subsidy	-	751,736	-	751,736
Other income	74,122	2,734	-	76,856
Income from St. Andrew's Court, L.P.	150,099	-	(150,099)	-
	6,059,939	850,746	(253,173)	6,657,512
Expenses:				
Program services	3,072,273	662,375	-	3,734,648
Management and general	944,386	103,074	(103,074)	944,386
Fundraising	247,768	-	-	247,768
	4,264,427	765,449	(103,074)	4,926,802
Increase (decrease) in net assets before investment gains	1,795,512	85,297	(150,099)	1,730,710
Investment gains, net	238,275	64,802	-	303,077
Increase (decrease) in net assets	2,033,787	150,099	(150,099)	2,033,787
Net assets:				
Beginning of year	5,390,993	427,407	(427,407)	5,390,993
End of year	$ 7,424,780	$ 577,506	$ (577,506)	$ 7,424,780

St. Leonard's Ministries

Consolidating Statement of Activities
Year Ended June 30, 2023

	St. Leonard's Ministries	St. Andrew's Court, L.P.	Eliminations	Total
Revenue and support:				
Contributions	$ 537,621	$ -	$ -	$ 537,621
Foundation grants	499,339	-	-	499,339
Allocation from United Way/ Crusade of Mercy, Inc.	29,998	-	-	29,998
Fees and grants from governmental agencies	2,643,154	-	-	2,643,154
Interest income	649	14,367	-	15,016
Management fees	92,381	-	(92,381)	-
Tenant rental income	-	61,804	-	61,804
Rent subsidy	-	659,609	-	659,609
Other income	43,716	2,464	-	46,180
Income from St. Andrew's Court, L.P.	20,657	-	(20,657)	-
	3,867,515	738,244	(113,038)	4,492,721
Expenses:				
Program services	2,814,321	656,179	-	3,470,500
Management and general	891,269	92,381	(92,381)	891,269
Fundraising	200,184	-	-	200,184
	3,905,774	748,560	(92,381)	4,561,953
Decrease in net assets before investment gains	(38,259)	(10,316)	(20,657)	(69,232)
Investment gains, net	162,018	30,973	-	192,991
Increase (decrease) in net assets	123,759	20,657	(20,657)	123,759
Net assets:				
Beginning of year	5,267,234	406,750	(406,750)	5,267,234
End of year	$ 5,390,993	$ 427,407	$ (427,407)	$ 5,390,993