

Faith Community Homes
Financial Statements
Years ended June 30, 2021 and June 30, 2020

Faith Community Homes
Review Report
Years Ended June 30, 2021 and June 30, 2020

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James C. Perkins, CPA P.C.
Certified Public Accountant
615 N. Beverly
Arlington Heights, IL 60004
Phone (847) 392-5675, Fax (847) 590-8698
james@jcpcpa.co

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Faith Community Homes
Arlington Heights, IL

I have reviewed the accompanying Statements of Financial Position of Faith Community Homes (a nonprofit organization) as of June 30, 2021 and June 30, 2020, and the related Statements of Activities and Changes in Net Assets, Statements of Cash Flows and the Notes to the Financial Statements for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

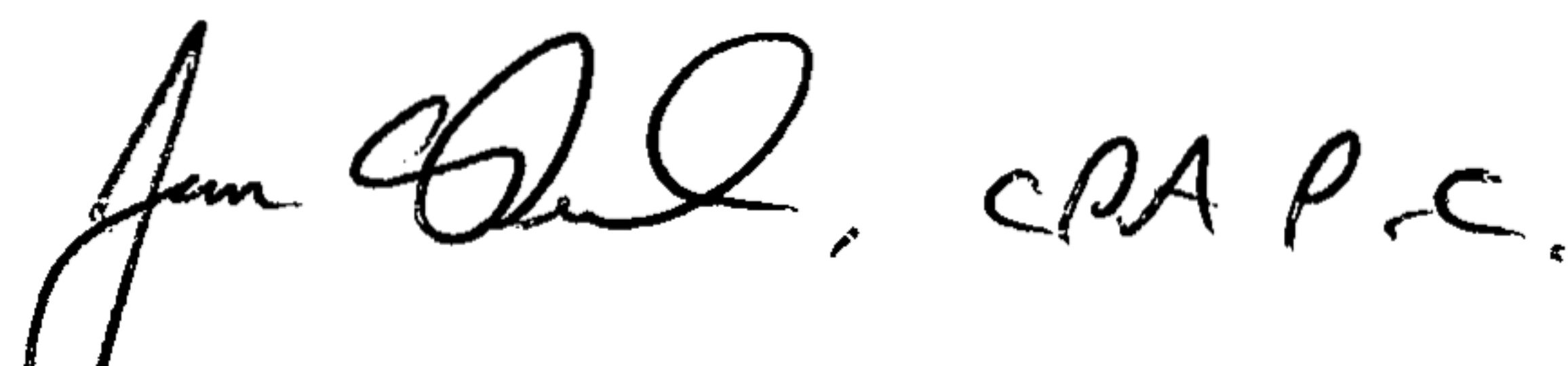
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United State of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.


Arlington Heights, IL
August 23, 2021

Faith Community Homes
Statements of Financial Position
June 30, 2021 and June 30, 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets, without donor restrictions		
Cash	\$113,627	\$178,204
Certificates of Deposit	100,174	
Grant receivable	26,853	6,662
Rent deposits	<u>1,500</u>	<u>5,925</u>
Total Current Assets, without donor restrictions	242,154	190,791
 Funds with donor restrictions		
Cash	<u>26,884</u>	<u>35,883</u>
Total Funds with donor restrictions	26,884	35,883
 Fixed assets, net of accumulated depreciation of \$5,857 and \$5,271	 <u>-</u>	 <u>587</u>
Total Assets	<u>\$269,038</u>	<u>\$227,261</u>
 Liabilities and Net Assets		
Liabilities		
Accrued Liabilities	\$1,931	\$1,961
Deferred Grant	<u>4,000</u>	
Total Liabilities	5,931	1,961
 Net Assets		
With donor restrictions	26,884	35,883
Without donor restrictions	<u>236,223</u>	<u>189,417</u>
Total Net Assets	<u>263,107</u>	<u>225,300</u>
 Total Liabilities and Net Assets	<u>\$269,038</u>	<u>\$227,261</u>

See accompanying notes and independent accountant's review report.

Faith Community Homes
Statements of Activities and Changes in Net Assets
For the years ended June 30, 2021 and June 30, 2020

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Revenue				
Participating churches	\$64,365		\$64,365	\$62,783
Grant income	55,302	\$6,000	61,302	45,287
Donations received	158,559	-	158,559	151,821
In kind revenue	58,667		58,667	66,103
Interest income	200	1	201	1,198
Total Revenue	337,093	6,001	343,094	327,192
Program services	227,636	15,000	242,636	246,302
Fundraising expenses	21,921		21,921	23,155
Management and general activity	40,730		40,730	42,789
Total supporting services	290,287	15,000	305,287	312,246
Change in net assets	46,806	(8,999)	37,807	14,946
Net assets - beginning	189,417	35,883	225,300	210,354
Net assets - ending	<u>\$236,223</u>	<u>\$26,884</u>	<u>\$263,107</u>	<u>\$225,300</u>

See accompanying notes and independent accountant's review report.

Faith Community Homes
Statements of Cash Flow
For the years ended June 30, 2021 and June 30, 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net income for the period	\$37,807	\$14,946
Depreciation	586	1,172
Adjustments to reconcile change in net assets to cash used in operating activities:		
Grant receivable	(20,191)	4,088
Loans receivables from families		1,348
Rent deposits	4,425	1,048
Accrued liabilities	(30)	45
Deferred grant	<u>4,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	26,597	22,646
Cash and cash equivalents - beginning of period	214,087	191,441
Cash and cash equivalents - end of period	<u><u>\$240,685</u></u>	<u><u>\$214,087</u></u>

See accompanying notes and independent accountant's review report.

Faith Community Homes
Statements of Functional Expenses
For the years ended June 30, 2021 and June 30, 2020

-----2021-----2020-----

Expense	Program	Fundraising	Admin	TOTAL	Program	Fundraising	Admin	TOTAL
Salaries & related expenses	\$84,067	\$6,227	\$12,454	\$102,748	\$81,652	\$6,045	\$12,090	\$99,787
Volunteer time	15,000		22,000	37,000	19,500	-	23,500	43,000
Fundraising expenses		4,673		4,673	-	7,011	-	7,011
Rental support	106,238			106,238	91,382	-	-	91,382
Other family support	8,377			8,377	23,289	-	-	23,289
Rent expenses	12,200			12,200	12,200	-	-	12,200
Depreciation			586	586	-	-	1,172	1,172
Write off of loans/rent deposits	5,925	-	-	5,925	5,296	-	-	5,296
Marketing	2,314	7,013		9,327	1,514	5,648	-	7,162
Administrative	929	929	957	2,815	995	995	1,027	3,017
Computer	2,545	1,562	1,610	5,717	2,343	1,202	1,239	4,784
Office	2,896	1,516	1,562	5,974	3,641	2,254	2,322	8,217
Insurance	1,721		1,560	3,281	3,355	-	1,271	4,626
Other	424		-	424	1,136	-	169	1,305
Total expenses	<u>\$242,635</u>	<u>\$21,921</u>	<u>\$40,730</u>	<u>\$305,286</u>	<u>\$246,302</u>	<u>\$23,155</u>	<u>\$42,789</u>	<u>\$312,246</u>

See accompanying notes and independent accountant's review report.

Faith Community Homes

Notes to Financial Statements

1. Summary of significant accounting policies

This summary of significant accounting policies of Faith Community Homes (FCH) is presented to assist in understanding the organization's financial statements. The financial statements and notes are representations of the organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

a. Description of business

FCH is a not-for-profit organization. FCH was incorporated on July 22, 2003 in the state of Illinois. FCH provides rental support and financial counseling to low income Illinois families in Arlington Heights, Palatine and Schaumburg/Hoffman Estates. FCH is primarily supported by local churches and governmental agencies.

b. Basis of presentation

The financial statements are presented on an accrual basis. FCH has adopted Accounting Standards Update (AUS) 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities". Under these pronouncements, FCH is required to report information regarding its financial position and activities according to two classes of net assets: With Donor Restrictions and Without Donor Restrictions. (See additional description below.) In addition, FCH is required to present Statements of Cash Flow and Statements of Functional Expenses. There were no material transitional differences reported during this adoption.

c. Cash

Cash - without donor restrictions and Cash – with donor restrictions consists of amounts in a checking account, money market account, savings account and certificates of deposit.

d. Grant receivable

Grant receivable is for amounts owed from local government agencies for the periods ending June 30, 2021 and June 30, 2020. FCH received a \$5,000 grant from the Village of Schaumburg on April 4, 2020 for the period March 1, 2020 through February 28, 2021. Eight months of this grant was deferred and is netted against the other grant receivables as of June 30, 2020.

e. Rent deposits

Rent deposits are paid to the landlords of the supported families. All rent deposits are expected to be refunded at the end of the respective leases.

Faith Community Homes

Notes to Financial Statements

f. Property and equipment

Property and equipment is the company website. It is stated at cost and is depreciated on a straight-line basis over its estimated useful life. All other purchases and donations of furniture and equipment is expensed due to materiality.

g. Investments

FCH has no investment accounts.

h. Deferred grant

FCH received a \$6,000 grant from the Village of Schaumburg on May 18, 2021 for the period March 1, 2021 through February 28, 2022. Eight months of this grant is deferred as of June 30, 2021.

i. Revenue

Revenue is received in the form of grants from local municipalities and contributions from local churches and individual donors. Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give with due dates extending beyond one year are discounted, although there were none reported as of June 30, 2021 or June 30, 2020.

j. Income taxes

FCH has been approved as a tax-exempt organization under the Internal Revenue Code section 501(c)(3). Accordingly, no provision for income taxes is made in the financial statements.

k. Classification of net assets

Net assets of FCH are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of FCH. Certain restrictions may be needed to be maintained in perpetuity. Examples of funds with donor

Faith Community Homes Notes to Financial Statements

restrictions are funds donated for the specific use of the car ministry, textbooks for the families' children or support for a specific family in the program.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

The balance in these categories is noted on the statements of financial position in the Net Assets section. The activity for the years is separately reported on the Statements of Activities and Changes in Net Assets.

1. Use of estimates

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

2. In kind service income and expenses

FCH is required to include "In Kind Service Income" and "In Kind Service Expense" in the financial statements. This income/expense includes the following with an estimate made by management on the values of the services or property.

	<u>2021</u>	<u>2020</u>
Volunteer time from mentors (Hours @ \$25/hour)	\$20,000	\$26,000
Board volunteers (Hours @ \$25/hour)	17,000	17,000
Office space in Palatine	11,000	11,000
Gift cards/certificates for families	6,067	4,268
Social Media/Website volunteer	2,500	1,500
Household & School Supplies/Clothes for families	1,100	1,030
Services donated by local businesses	1,000	500
Food donations for families	- 0 -	3,000
Service time from many volunteers (Hours @ \$15/hour)	- 0 -	1,000
Office Supplies	- 0 -	600
Automobiles	<u>- 0 -</u>	<u>205</u>
 Total In Kind Income & Expenses	 <u>\$58,667</u>	 <u>\$66,103</u>

3. Related party transactions

A member of the Board of Directors provides printing services to FCH through the member's company. The total amount of printing services purchased by FCH from the member during the year ended 2021 was \$6,906 and during the year 2020 was \$6,729. There were no amounts owed this member as of June 30, 2021 or June 30, 2020.

Faith Community Homes

Notes to Financial Statements

A member of the Board of Directors is employed as an officer at Village Bank and Trust. FCH uses Village Bank and Trust for their banking requirements. All transactions between FCH and the bank are executed as independent, arm's length transactions. The cash balances held at Village Bank and Trust are reported on the Statements of Financial Position. The amounts paid for the banking services and amounts earned as interest income are not material to the financial statements.

4. Subsequent events

Subsequent events have been evaluated through the date of the Independent Accountant's Report, which is the date the financial statements were available to be issued.

In 2020 and 2021, the world is experiencing a COVID-19 pandemic. The result is far reaching effects on individuals, businesses, and governments. FCH was able to mitigate the effects of the pandemic through its successful efforts to raise funds from all sources including additional grants received from the state of Illinois. FCH has been and will be working to raise funds through newly created fundraising activities and does have adequate resources to continue operations for the foreseeable future.

On May 27, 2021, the board of directors voted to change the name of FCH to FamilyForward. This name change will be implemented during fiscal year 2021/22.

5. Liquidity and availability of financial assets

FCH manages its financial assets to meet its current obligations through an annual budget and regular review of financial information at board meetings. It has adequate resources to fund short term reductions in revenue and maintain its services. At June 30, 2021, FCH had \$240,654 available to meet needs for general expenditures which is approximately 104% of FCH's annual expenditures consisting of cash and cash equivalents of \$213,801 and grants receivable of \$26,853. At June 30, 2020, FCH had \$184,866 available to meet needs for general expenditures which was approximately 77% of FCH's annual expenditures consisting of cash and cash equivalents of \$178,204 and grants receivable of \$6,662. None of these financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of FCH in the next 12 months. In addition, FCH maintains funds with donor restrictions. These funds are used for the specific purpose as determined by the donor.

6. Fair value of assets

Generally accepted accounting principles provide a uniform framework for the definition, measurement and disclosure of fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability. FCH does not have any assets that would require valuation under this pronouncement.

Faith Community Homes

Notes to Financial Statements

7. Functional allocation of expenditures

The costs of providing the programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. If evident from the type of expense it is charged directly to the program or supporting service. Other costs, such as the executive director, office expenditures, volunteer time, etc. are allocated based on the time spent by the executive director or the impact of the expenditure on the program or supporting service.

8. Adoption of new accounting standard

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three to two - net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by FCH, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for FCH's year ending June 30, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassification or restatements to net assets or change in net assets.