

**HOUSING OPPORTUNITIES
AND MAINTENANCE FOR THE
ELDERLY, INC.**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2022 AND 2021



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HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Housing Opportunities and Maintenance for the Elderly, Inc.
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Housing Opportunities and Maintenance for the Elderly, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 that Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility

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 auditors' 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 consolidated 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 Organization'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 Organization'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.



CliftonLarsonAllen LLP

Oak Brook, Illinois
February 16, 2023

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 114,412	\$ 101,969
Investments	2,419,958	2,944,915
Accounts and Support Receivables	44,520	44,212
Pledge Receivables	124,050	105,000
Prepaid Expenses	10,406	21,479
Total Current Assets	2,713,346	3,217,575
PROPERTY AND EQUIPMENT, Net	3,340,450	3,540,106
NONCURRENT ASSETS		
Pledge Receivables, Less Current Pledge Receivables Above	35,000	100,000
Total Noncurrent Assets	35,000	100,000
OTHER ASSETS		
Escrow Accounts	32,786	51,841
Security Deposits	2,500	2,500
Loan Fees, Net	7,540	7,855
Total Other Assets	42,826	62,196
Total Assets	\$ 6,131,622	\$ 6,919,877
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 56,732	\$ 100,963
Current Portion of Long-Term Debt	8,250	219,150
Accrued Expenses	28,382	44,602
Total Current Liabilities	93,364	364,715
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	2,708,603	2,717,541
Total Liabilities	2,801,967	3,082,256
NET ASSETS		
Without Donor Restrictions:		
Board-Designated Wintrust Reserve	56,903	101,062
Board-Designated Wintrust General Reserve	-	1,249
Board-Designated Program Reserve (Fifth Third)	10	10
Board-Designated New Building Reserve (Fifth Third)	80,078	15,157
Board-Designated Investments (Bernstein)	2,419,958	2,822,772
General, Undesignated	577,128	641,793
Total Net Assets Without Donor Restrictions	3,134,077	3,582,043
With Donor Restrictions	195,578	255,578
Total Net Assets	3,329,655	3,837,621
Total Liabilities and Net Assets	\$ 6,131,622	\$ 6,919,877

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 284,126	\$ -	\$ 284,126	271,341	\$ -	\$ 271,341
Grants	441,550	57,500	499,050	453,329	255,578	708,907
Bequests	332,500	-	332,500	490,056	-	490,056
Rent from Housing Facilities and Rental Subsidies	617,277	-	617,277	615,462	-	615,462
Government Contracts	77,924	-	77,924	90,714	-	90,714
Net Investment Income (Loss)	(481,017)	-	(481,017)	374,669	-	374,669
Special Events	59,527	-	59,527	49,434	-	49,434
In-Kind Rent	78,478	-	78,478	98,456	-	98,456
In-Kind Donation	-	-	-	20,848	-	20,848
Gain on Forgiveness of Paycheck Protection Program Loan	210,900	-	210,900	180,200	-	180,200
Service Fees	15,000	-	15,000	-	-	-
Other Income	61,168	-	61,168	61,428	-	61,428
Net Assets Released from Restrictions	117,500	(117,500)	-	82,924	(82,924)	-
Total Revenues and Other Support	<u>1,814,933</u>	<u>(60,000)</u>	<u>1,754,933</u>	<u>2,788,861</u>	<u>172,654</u>	<u>2,961,515</u>
EXPENSES						
Program Services	1,759,113	-	1,759,113	1,841,152	-	1,841,152
Management and General	258,793	-	258,793	303,951	-	303,951
Fundraising Expenses	244,993	-	244,993	236,435	-	236,435
Total Expenses	<u>2,262,899</u>	<u>-</u>	<u>2,262,899</u>	<u>2,381,538</u>	<u>-</u>	<u>2,381,538</u>
CHANGE IN NET ASSETS	(447,966)	(60,000)	(507,966)	407,323	172,654	579,977
Net Assets - Beginning of Year	<u>3,582,043</u>	<u>255,578</u>	<u>3,837,621</u>	<u>3,174,720</u>	<u>82,924</u>	<u>3,257,644</u>
NET ASSETS - END OF YEAR	<u>\$ 3,134,077</u>	<u>\$ 195,578</u>	<u>\$ 3,329,655</u>	<u>\$ 3,582,043</u>	<u>\$ 255,578</u>	<u>\$ 3,837,621</u>

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022						2021						
	Intergenerational Housing	Community Programs	Total Program Services	Management and General	Fundraising Expenses	Total	Intergenerational Housing	Community Programs	Total Program Services	Management and General	Fundraising Expenses	Total	
Employment Costs:													
Salaries	\$ 440,687	\$ 303,820	\$ 744,507	\$ 23,025	\$ 152,933	\$ 920,465	\$ 553,494	\$ 288,140	\$ 841,634	\$ 85,078	\$ 126,508	\$ 1,053,220	
Payroll Taxes	33,275	22,779	56,054	669	11,564	68,287	39,813	21,389	61,202	6,154	9,266	76,622	
Other Benefits	30,745	31,005	61,750	26,006	10,276	98,032	34,941	30,039	64,980	11,973	12,321	89,274	
Subcontractors	83,676	-	83,676	-	-	83,676	108,234	-	108,234	-	-	108,234	
Other	837	1,832	2,669	2,926	773	6,368	1,423	1,357	2,780	941	512	4,233	
Program Supplies	979	67,554	68,533	83	-	68,616	-	50,960	50,960	-	-	50,960	
COVID-19 Assistance to Elderly	-	75	75	-	-	75	-	4,348	4,348	-	-	4,348	
Depreciation Expense	228,197	2,305	230,502	-	-	230,502	234,249	5,658	239,907	-	-	239,907	
Telephone and Internet	17,111	11,313	28,424	1,297	2,619	32,340	17,362	8,085	25,447	1,444	1,761	28,652	
Maintenance and Security	91,941	4,990	96,931	1,484	1,921	100,336	74,074	4,479	78,553	1,367	1,729	81,649	
Residential Services	76,350	287	76,637	-	-	76,637	62,190	-	62,190	66	82	62,338	
General and Administrative	6,987	2,230	9,217	22,635	7,005	38,857	9,688	10,699	20,387	29,192	13,913	63,492	
Outside Services	8,436	26,004	34,440	156,367	23,962	214,769	45,151	22,222	67,373	150,606	39,247	257,226	
Fundraising and Promotion	-	-	-	-	6,003	6,003	-	-	-	-	6,300	6,300	
Transportation	4,974	56,072	61,046	279	495	61,820	2,042	46,266	48,308	-	12	48,320	
Rent	2,028	28,899	30,927	8,619	11,154	50,700	1,505	22,295	23,800	6,398	8,280	38,478	
Insurance	37,708	39,214	76,922	15,322	14,499	106,743	33,745	33,091	66,836	10,018	13,199	90,053	
Utilities	86,138	1,066	87,204	318	412	87,934	67,935	1,973	69,908	529	684	71,121	
Bad Debt Expense	-	8,838	8,838	(698)	-	8,140	-	3,871	3,871	-	-	3,871	
Interest Expense	-	-	-	461	-	461	-	-	-	-	-	-	
Special Events	761	-	761	-	1,377	2,138	434	-	434	185	2,621	3,240	
Total	\$ 1,150,830	\$ 608,283	\$ 1,759,113	\$ 258,793	\$ 244,993	\$ 2,262,899	\$ 1,286,280	\$ 554,872	\$ 1,841,152	\$ 303,951	\$ 236,435	\$ 2,381,538	

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (507,966)	\$ 579,977
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	230,502	239,907
Amortization of Loan Fees	315	314
Provision for Bad Debts	8,140	3,871
Gain on Sale of Fixed Assets	(500)	(1,200)
Net Realized and Unrealized (Gain) Loss on Investments	555,348	(341,424)
Gain on Forgiveness of Paycheck Protection Program Loan	(210,900)	(180,200)
(Increase) Decrease in:		
Account Receivables	(8,448)	(5,135)
Pledge Receivables	45,950	(205,000)
Prepaid Expenses	11,073	1,694
Escrow Accounts	19,055	966
Increase (Decrease) in:		
Accounts Payable	(44,231)	5,538
Accrued Expenses	(16,220)	(29,851)
Deferred Revenue	-	(6,000)
Net Cash Provided by Operating Activities	82,118	63,457
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(716,899)	(646,794)
Proceeds From Sale of Investments, Net	686,508	378,215
Purchase of Property and Equipment	(46,875)	(200,800)
Proceeds on Sale of Property and Equipment	16,529	33,605
Net Cash Used by Investing Activities	(60,737)	(435,774)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	-	210,900
Principal Payments on Long-Term Debt	(8,938)	(8,250)
Net Cash Provided (Used) by Financing Activities	(8,938)	202,650
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,443	(169,667)
Cash and Cash Equivalents - Beginning of Year	101,969	271,636
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 114,412	\$ 101,969

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Housing Opportunities and Maintenance for the Elderly, Inc. (the Organization) is a nonprofit that helps Chicago's low-income seniors to live independent and socially engaged lives. Founded in 1982, the Organization owns and manages three affordable, intergenerational apartment buildings, helps low-income seniors in Chicago maintain their independence by providing a home upkeep and repair service, shopping bus, moving assistance, and caring volunteers.

Facilities

The Organization rents its business office under a long-term lease at 1419 W. Carroll Avenue, Floor 2, Chicago, IL 60607.

The Organization owns, manages, and maintains three affordable buildings on the north side of Chicago dedicated to intergenerational living: Pat Crowley House, 1537 W. Rosemont Ave., Chicago (1983); Nathalie Salmon House, 7320 N. Sheridan Rd., Chicago (1994); and Blackhawk Manor, 4959 W. Medill, Chicago (2004). These buildings offer rental housing opportunities as follows:

- Private Apartments: Nathalie Salmon House and Blackhawk Manor offer a total of 35 apartments for seniors and five apartments for families with children.
- Good Life Senior Residences: Pat Crowley House and Nathalie Salmon House offer a total of 27 seniors the opportunity to live in community, sharing meals together family-style while having their own rooms with a private or shared bath. The buildings accommodate 10 Resident Assistants (including two in studios at Nathalie Salmon House) who help with housekeeping and laundry, as well as share creative and social activities with the older adults. Pat Crowley House includes one family with children as well.

Presentation of Financial Statements

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. These also include net assets subject to designations that may be imposed or removed at the discretion of the Organization's board of directors (board).

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or by the passage of time. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of September 30, 2022 and 2021, the Organization has no resources with perpetual restrictions.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all short-term investments with an initial maturity of less than three months to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in the bank may exceed FDIC insurable limits.

Investments

Investments are carried at fair value which generally represents quoted market price as of the last business day of the fiscal year. Realized and unrealized gains and losses are reflected in the statement of activities. The Organization's investments in overlay portfolios are valued by using the net asset value (NAV) per share (or its equivalent), as a practical expedient.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables from rents, contracts, and others. As of September 30, 2022 and 2021, an allowance for uncollectible amounts was not considered necessary.

Pledge Receivables

Pledge receivables which represent unconditional promises to give are recognized as support when the promise is received. Pledge receivables expected to be collected in less than one year are reported at net realizable value. Those expected to be collected in more than one year are recorded at fair value at the date of promise. Receivables are stated at the amount management expects to collect from balances outstanding. Management closely monitors outstanding balances throughout the year and writes off all balances that are considered uncollectable. The Organization believes that all pledge receivables at September 30, 2022 and 2021 will be fully collected. Accordingly, no allowance for doubtful accounts is recorded.

Revenue Recognition

The Organization receives monthly rental income from residence housing tenants. Additionally, the Organization also provides various services for the elderly including repair services, moving assistance, and shopping transportation. Revenue is recognized over time as housing and services are provided. Revenue is deferred when payments are received in advance of housing and services provided.

Contributions are recognized when the donor makes a gift to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment, and Depreciation

The Organization capitalizes all expenditures for property and equipment costing \$1,000 or more that have an estimated useful life of more than one year. All property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets as follows:

Equipment and Vehicles	3 to 7 Years
Furniture and Fixtures	3 to 10 Years
Buildings and Improvements	10 to 40 Years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Loan Fees

Loan fees are amortized over the term of the mortgage loan using the straight-line method. Accumulated amortization at September 30, 2022 and 2021 was \$4,398 and \$4,083, respectively.

Donated Services, Materials, and Supplies

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Donated materials and supplies are recorded at fair market value. For the years ended September 30, 2022 and 2021, the Organization received \$78,478 and \$119,304, respectively, in donated services, materials, or supplies.

Functional Expense Allocation

Functional expenses have been allocated between program services, management and general, and fundraising based on an analysis of personnel time and space utilized for the related activities. Those expenses subject to allocation include employee salaries, occupancy, utilities, supplies, and miscellaneous other expenses.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Board-Designated Net Assets

The board has designated a portion of net assets in 2022 and 2021 as the following:

- Building Reserve (Wintrust Reserve) designated for improving and replacing capital equipment and other facilities improvements.
- Special Projects Reserve (Wintrust General) designed to cover costs of special projects that could not be financed from normal sources of revenue.
- Program Reserve (Fifth Third) designated for a program that might have an unforeseen expense that was not in the budget that if not funded could negatively impact the program or services provided.
- Operating Reserve designated to ensure the smooth running of the Organization.
- Investments Reserve (Bernstein) designated to cover expenses that during the course of normal fiscal year would not be able to be funded.

All remaining excess funds are allocated to the designated investment fund. These designations are at the board's discretion and all or any part of these designations may be re-designated for the general purpose of the Organization.

Income Tax Status

The Organization is a nonprofit organization exempt from paying corporate federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). It has been classified as an organization that is not a private foundation under the IRC and charitable contributions by donors are tax deductible.

The Organization has evaluated its tax positions and determined it has no uncertain tax positions for the years ended September 30, 2022 and 2021.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standard

Contributed Nonfinancial Assets

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This update increases transparency about the measurement and use of nonfinancial assets by recognizing gifts-in-kind to be presented as a separate line in the statement of activities and disclosing key information. The Organization adopted ASU 2020-07 for the year ended September 30, 2022.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Accounting Pronouncements

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for the Organization for fiscal year 2023. Early adoption is permitted.

Liquidity

The Organization's financial assets available for general expenditures within one year of the statement of financial position date are as follows:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 114,412	\$ 101,969
Investments	2,419,958	2,944,915
Account Receivables	44,520	44,212
Pledge Receivables Due Within One Year	124,050	105,000
Less:		
Board-Designated Funds	(2,556,949)	(2,940,250)
Donor-Restricted Funds	<u>(113,078)</u>	<u>(143,078)</u>
Total Financial Assets Available to Meet Cash		
Needs for General Expenditures Within One Year	<u>\$ 32,913</u>	<u>\$ 112,768</u>

The Organization has board-designated reserves of \$2,556,949 and \$2,940,250 at September 30, 2022 and 2021, respectively, which are sufficient to meet general expenditures within one year of the 2022 and 2021 statement of financial position dates. The Organization's policy requires board approval for the use of these reserves. These reserve funds are held in money market and equity investment accounts and may be withdrawn at any time. The Organization does not currently have a formal policy as to how liquidity is managed.

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework of GAAP. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The measurement framework defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Fair values of assets and liabilities measured on a recurring basis at September 30, 2022 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments:				
Exchange Traded Funds	\$ 492,339	\$ 492,339	\$ -	\$ -
Mutual Funds:				
Large Blend	827,155	827,155	-	-
Large Value	70,350	70,350	-	-
Large Growth	43,189	43,189	-	-
Mid-Term Bond	228,242	228,242	-	-
Mid-Growth	40,724	40,724	-	-
Small Value	44,826	44,826	-	-
Emerging Market	39,155	39,155	-	-
World Bond	216,171	216,171	-	-
Total Assets	<u>2,002,151</u>	<u>\$ 2,002,151</u>	<u>\$ -</u>	<u>\$ -</u>
Money Market Funds	417,807			
Total	<u>\$ 2,419,958</u>			

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of assets and liabilities measured on a recurring basis at September 30, 2021 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments:				
Exchange Traded Funds	\$ 548,591	\$ 548,591	\$ -	\$ -
Mutual Funds:				
Large Blend	907,488	907,488	-	-
Large Value	77,095	77,095	-	-
Large Growth	54,937	54,937	-	-
Mid-Term Bond	230,301	230,301	-	-
Mid-Growth	54,498	54,498	-	-
Small Value	52,711	52,711	-	-
Emerging Market	45,517	45,517	-	-
World Bond	216,582	216,582	-	-
High Yield Bond	60,227	60,227	-	-
Total Assets	<u>2,247,947</u>	<u>\$ 2,247,947</u>	<u>\$ -</u>	<u>\$ -</u>
Money Market Funds	696,968			
Total	<u>\$ 2,944,915</u>			

Fair value for Level 1 investments include investments in mutual and other exchange traded funds, which are listed on a national market or exchange, and are valued at the last sales price, or if there is no sale and the markets are still considered active, at the last transaction price before year-end.

NOTE 3 INVESTMENTS

Investments as of September 30, 2022 are as follows:

	Cost	Market	Appreciation
Investments:			
Money Market Funds	\$ 416,146	\$ 417,807	\$ 1,661
Exchange Traded Funds	443,422	492,339	48,917
Mutual Funds:			
Large Blend	974,098	827,155	(146,943)
Large Value	82,229	70,350	(11,879)
Large Growth	57,744	43,189	(14,555)
Mid-Term Bond	270,917	228,242	(42,675)
Mid-Growth	50,901	40,724	(10,177)
Small Value	43,600	44,826	1,226
Emerging Market	50,089	39,155	(10,934)
World Bond	256,361	216,171	(40,190)
Total Assets	<u>\$ 2,645,507</u>	<u>\$ 2,419,958</u>	<u>\$ (225,549)</u>

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 3 INVESTMENTS (CONTINUED)

Investments as of September 30, 2021 are as follows:

	<u>Cost</u>	<u>Market</u>	<u>Appreciation</u>
Investments:			
Money Market Funds	\$ 696,910	\$ 697,046	\$ 136
Exchange Traded Funds	377,049	548,591	171,542
Mutual Funds:			
Large Blend	745,932	907,488	161,556
Large Value	68,868	77,095	8,227
Large Growth	40,745	54,937	14,192
Mid-Term Bond	225,528	230,222	4,694
Mid-Growth	37,033	54,498	17,465
Small Value	36,199	52,711	16,512
Emerging Market	39,457	45,517	6,060
World Bond	213,678	216,582	2,904
High Yield Bond	55,433	60,228	4,795
Total Assets	<u>\$ 2,536,832</u>	<u>\$ 2,944,915</u>	<u>\$ 408,083</u>

Investment income is summarized as follows:

	<u>2022</u>	<u>2021</u>
Interest and Dividends	\$ 74,331	\$ 33,245
Realized and Unrealized Gains, Net of Fees	(555,348)	341,424
Total Investment Income (Loss)	<u>\$ (481,017)</u>	<u>\$ 374,669</u>

NOTE 4 PLEDGE RECEIVABLES

Pledge receivables as of September 30, 2022 and 2021 consist of time and purpose-restricted contributions from donors to support the ongoing operations of the Organization. Pledge receivables consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Pledges Receivable Due:		
In Less than One Year	\$ 124,050	\$ 105,000
In One to Five Years	35,000	100,000
Total Pledges Receivable	<u>\$ 159,050</u>	<u>\$ 205,000</u>

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
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NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 676,828	\$ 676,828
Buildings and Improvements	6,124,288	6,102,385
Furniture and Fixtures	322,218	377,970
Equipment and Automobiles	773,979	894,157
Construction in Progress	-	1,000
Total	<u>7,897,313</u>	<u>8,052,340</u>
Less: Accumulated Depreciation	<u>(4,556,863)</u>	<u>(4,512,234)</u>
Property and Equipment, Net	<u>\$ 3,340,450</u>	<u>\$ 3,540,106</u>

NOTE 6 ESCROW ACCOUNTS

The Blackhawk Manor (IDHA) Escrow account consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
Resources for Repair and Maintenance	\$ 24,455	\$ 13,451
Insurance Escrow	5,993	34,052
Real Estate Tax Escrow	2,338	4,338
Total	<u>\$ 32,786</u>	<u>\$ 51,841</u>

The Organization makes monthly deposits into the insurance and repairs and maintenance escrow accounts.

NOTE 7 NOTES PAYABLE

Notes payable consisted of the following as of September 30:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Interest-free note payable to the city of Chicago, single payment, maturing on May 12, 2033, collateralized by a first mortgage on the related building and land (Natalie Salmon House).	\$ 2,518,854	\$ 2,518,854
Interest-free note payable to the Illinois Housing Development Authority, due in monthly payments of \$688, maturing in September of 2046, secured by the related land and building (Blackhawk Manor).	197,999	206,937
Paycheck Protection Program loan - See below	-	210,900
Total	<u>2,716,853</u>	<u>2,936,691</u>
Less: Current Portion	<u>(8,250)</u>	<u>(219,150)</u>
Long-Term Portion	<u>\$ 2,708,603</u>	<u>\$ 2,717,541</u>

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 NOTES PAYABLE (CONTINUED)

On June 12, 2020, the Organization received a loan in the amount of \$180,200 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program. This amount was received and forgiven by the U.S. Small Business Administration (SBA) during the year ended September 30, 2021. The revenue from this matter is included in the accompanying statements of activities included on the gain on forgiveness of paycheck protection program loan line item. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organizations financial position.

On February 25, 2021, the Organization received a second loan in the amount of \$210,900 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program. This amount was received and forgiven by the U.S. Small Business Administration (SBA) during the year ended September 30, 2022. The revenue from this matter is included in the accompanying statements of activities included on the gain on forgiveness of paycheck protection program loan line item. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organizations financial position.

Future scheduled maturities of long-term debt are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 8,250
2024	8,250
2025	8,250
2026	8,250
2027	8,250
Thereafter	<u>2,675,603</u>
Total	<u><u>\$ 2,716,853</u></u>

No interest expense was recognized on these loans during 2022 or 2021.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following at September 30, 2022:

	Beginning Balance	Increases/ (Decreases)	Ending Balance
General, Undesignated	\$ 641,793	\$ (64,665)	\$ 577,128
Board-Designated Wintrust Reserve	101,062	(44,159)	56,903
Board-Designated Wintrust			
General Reserve	1,249	(1,249)	-
Board-Designated Program Reserve (Fifth Third)	10	-	10
Board-Designated New Building Reserve (Fifth Third)	15,157	64,921	80,078
Board-Designated Investments (Bernstein)	2,822,772	(402,814)	2,419,958
Total Net Assets Without Donor Restrictions	<u>\$ 3,582,043</u>	<u>\$ (447,966)</u>	<u>\$ 3,134,077</u>

Net assets without donor restrictions consisted of the following at September 30, 2021:

	Beginning Balance	Increases/ (Decreases)	Uses of Board- Designated Funds	Ending Balance
General, Undesignated	\$ 818,113	\$ (176,320)	\$ -	\$ 641,793
Board-Designated Wintrust Reserve	101,523	99,900	(100,361)	101,062
Board-Designated Wintrust				-
General Reserve	1,249	29,122	(29,122)	1,249
Board-Designated Program Reserve (Fifth Third)	-	32,929	(32,919)	10
Board-Designated New Building Reserve (Fifth Third)	-	51,604	(36,447)	15,157
Board-Designated Investments (Bernstein)	2,253,835	782,491	(213,554)	2,822,772
Total Net Assets Without Donor Restrictions	<u>\$ 3,174,720</u>	<u>\$ 819,726</u>	<u>\$ (412,403)</u>	<u>\$ 3,582,043</u>

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Parmelee Grant for Housing Fuel and Gas	\$ 38,078	\$ 38,078
Blowitz Ridgeway Foundation	-	10,000
Total Subject to Expenditure for Specified Purpose	<u>38,078</u>	<u>48,078</u>
Subject to Expenditure for Specified Time:		
Nuveen	-	2,500
Russell & Josephine Kott Memorial Charitable Trust	-	20,000
The Chicago Community Trust	50,000	100,000
Gerald A. & Karen A. Kolchowsky Foundation	50,000	75,000
John R Houlsby Foundation	-	10,000
Barker Welfare Foundation	12,500	-
Service Club of Chicago	25,000	-
Andrew & Alice Fischer Charitable Trust	20,000	-
Total Subject to Expenditure for Specified Time	<u>157,500</u>	<u>207,500</u>
 Total	 <u>\$ 195,578</u>	 <u>\$ 255,578</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

	<u>2022</u>	<u>2021</u>
The Chicago Community Trust	\$ 50,000	\$ -
Parmelee Grant for Housing Fuel and Gas	-	21,221
COVID-19 Response Fund	-	61,703
Blowitz Ridgeway Foundation	10,000	-
Gerald A. & Karen A. Kolchowsky Foundation	25,000	-
John R Houlsby Foundation	10,000	-
Russell & Josephine Kott Memorial Charitable Trust	20,000	-
Nuveen	2,500	-
Total	<u>\$ 117,500</u>	<u>\$ 82,924</u>

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 10 REVENUE, CONTRACT ASSETS, AND LIABILITIES

The following table shows the Organization's annual revenues from contracts with customers disaggregated according to the timing of the transfer of goods or services:

	<u>2022</u>	<u>2021</u>
Revenue Recognized Over Time:		
Tenant Rent	\$ 529,004	\$ 524,934
Shopping Bus Fees	42,151	27,714
Moving and Upkeep and Repair Fees and Reimbursements	18,517	32,514
Fee for Service: One Roof Chicago	15,000	-
Total Revenue Recognized Over Time	<u>\$ 589,672</u>	<u>\$ 585,162</u>

There were no contract assets or liabilities in both years ended September 30, 2022 and 2021, from advance payments received. As of September 30, 2020, there were no contract assets and deferred revenue from advance payments received was \$6,000.

NOTE 11 CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the year ended September 30:

	<u>2022</u>	<u>2021</u>
Legal and Other Professional Services	\$ -	\$ 20,848
Rent	78,478	98,456
Total Contributed Nonfinancial Assets	<u>\$ 78,478</u>	<u>\$ 119,304</u>

All contributed nonfinancial assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated asset.

Contributed supplies, equipment and legal services were valued at the estimated fair value and utilized in the Organization's operations and programs.

NOTE 12 OPERATING LEASE COMMITMENTS

The Organization is committed under a lease agreement for office space through July 2023. The lease provides for a base monthly rental plus a percentage of the property taxes based on the Organization's proportionate share of the lease space. Rent expense was \$50,701 and \$38,479 for the years ended September 30, 2022 and 2021, respectively.

Additionally, the Organization has a noncancelable operating bus lease that expired in September 2022. An extension of the lease was signed for October 1, 2022, through March 1, 2023 until the new agreement is signed and executed. Rental expense under this lease was \$19,630 and \$18,180 in the years ended September 30, 2022 and 2021, respectively.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
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SEPTEMBER 30, 2022 AND 2021

NOET 12 OPERATING LEASE COMMITMENTS (CONTINUED)

Future minimum payments on these leases are as follows:

<u>Year Ending September 30,</u>	<u>Office Space</u>
2023	\$ 38,667

NOTE 13 RETIREMENT PLAN

The Organization has a contributory, defined contribution retirement plan covering full-time employees who have met certain requirements as to length of service. Annual contributions to the plan are made at the discretion of the board. Total retirement plan expense for the years ended September 30, 2022 and 2021 was \$13,300 and \$15,521, respectively.

NOTE 14 RELATED PARTY TRANSACTIONS

At September 30, 2022 and 2021, the Organization received \$15,570 and \$9,411, respectively, in individual contributions from its board members.

NOTE 15 SIGNIFICANT CONCENTRATIONS

GAAP requires disclosure of information about current vulnerabilities due to certain concentrations. These matters include the following:

Concentration of Revenue

The Organization receives a substantial amount of its revenues from individual donors. During 2022, the Organization received \$332,500 from one individual donor, which is approximately 19% of total revenue and support. During 2021, the Organization received \$363,592 from one individual donor, which was approximately 12% of total revenue and support.

NOTE 16 SUBSEQUENT EVENTS

Management evaluated subsequent events through February 16, 2023, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2022, but prior to February 16, 2023 that provided additional evidence about conditions that existed at September 30, 2022, have been recognized in the financial statements for the year ended September 30, 2022. Events or transactions that provided evidence about conditions that did not exist at September 30, 2022, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended September 30, 2022.



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