Center on Halsted

Financial Report
June 30, 2021

Contents

Independent Auditor's Report

Board of Directors
Center on Halsted

Report on the Financial Statements
We have audited the accompanying financial statements of the Center on Halsted which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center on Halsted as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center on Halsted's fiscal year 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

Chicago, Illinois
May 12, 2022

Center on Halsted

Statement of Financial Position
June 30, 2021 (With Comparative Totals for 2020)

	2021	2020
Assets		
Cash	**$ 402,630**	$ 464,183
Investments	**6,146,206**	4,647,591
Grants and other receivables	**713,341**	656,575
Pledges receivable, net	**199,561**	500,857
Prepaid expenses and deposits	**105,932**	127,449
Property and equipment, net	**17,567,965**	17,955,316
Cash held for Brave Space Alliance	**126,982**	1,017,969
Other assets	**453,833**	456,766
	$ 25,716,450	$ 25,826,706
Liabilities and Net Assets		
Accounts payable	**$ 32,264**	$ 40,146
Accrued expenses	**118,997**	114,434
Line of credit	**780,000**	1,600,000
Paycheck Protection Program loan	**-**	724,882
Cash held for Brave Space Alliance	**126,982**	1,017,969
Deferred revenue	**73,792**	27,232
Deferred rent liability	**100,653**	94,423
Advances on tenant contract	**2,200,000**	2,400,000
Long-term debt	**1,730,907**	1,730,907
	5,163,595	7,749,993
Net assets:		
Without donor restrictions:		
Undesignated	**13,905,302**	12,704,683
Board designated	**6,043,899**	4,597,591
Total without donor restrictions	**19,949,201**	17,302,274
With donor restrictions	**603,654**	774,439
	20,552,855	18,076,713
	$ 25,716,450	$ 25,826,706

See notes to financial statements.

Center on Halsted

Statement of Activities
Year Ended June 30, 2021 (With Comparative Totals for 2020)

	Without donor restrictions	With donor restrictions	**Total 2021**	Total 2020
Revenue:				
Individual contributions, net	$ 1,010,474	$ 9,886	**$ 1,020,360**	$ 1,254,627
Foundation and corporate contributions, net	872,266	210,155	**1,082,421**	1,138,739
Government grants	2,383,622	-	**2,383,622**	2,115,247
Program service fees	245,743	-	**245,743**	229,797
Investment income designated for current operations	-	-	**-**	140,000
Special events, net of direct expenses of $40,953 and $71,493 for 2021 and 2020, respectively	322,409	-	**322,409**	326,604
Rental income	466,222	-	**466,222**	484,313
Other income	40,190	-	**40,190**	33,907
Net contributions released from restrictions	396,590	(396,590)	**-**	-
	5,737,516	(176,549)	**5,560,967**	5,723,234
Expenses:				
Program services	4,260,311	-	**4,260,311**	4,346,196
Management and general	700,709	-	**700,709**	699,664
Development	198,877	-	**198,877**	178,079
	5,159,897	-	**5,159,897**	5,223,939
Increase (decrease) in net assets before other items	577,619	(176,549)	**401,070**	499,295
Other items:				
Depreciation	(569,443)	-	**(569,443)**	(554,288)
Investment return, net of investment expense of $37,402 and $33,264 for 2021 and 2020, respectively	1,446,360	27,307	**1,473,667**	(87,755)
Gain on extinguishment of Paycheck Protection Program loan	730,923	-	**730,923**	-
Employee Retention Tax Credit	511,468	-	**511,468**	-
Loss on pledges	(50,000)	(21,543)	**(71,543)**	(24,046)
	2,069,308	5,764	**2,075,072**	(666,089)
Increase (decrease) in net assets	2,646,927	(170,785)	**2,476,142**	(166,794)
Net assets:				
Beginning of year	17,302,274	774,439	**18,076,713**	18,243,507
End of year	$ 19,949,201	$ 603,654	**$ 20,552,855**	$ 18,076,713

See notes to financial statements.

Center on Halsted

Statement of Functional Expenses
Year Ended June 30, 2021 (With Comparative Totals for 2020)

	Program Services									
	HIV Services	Behavioral Health Services	Youth Services	Youth Housing Initiative	Education & Victim Advocacy	Culinary Arts Services	Community Programming Services	Senior Services	Volunteer Services	Total Programs
Salaries and wages	$ 840,638	$ 339,641	$ 332,639	$ 182,667	$ 291,370	$ 214,993	$ 235,992	$ 352,308	$ 33,604	$2,823,852
Payroll taxes and fringe benefits	154,176	62,034	60,601	35,181	55,241	39,210	43,147	64,472	6,049	520,111
	994,814	401,675	393,240	217,848	346,611	254,203	279,139	416,780	39,653	3,343,963
Professional fees	34,556	66,030	53,516	7,090	6,269	8,141	68,955	9,649	7,499	261,705
Supplies	17,379	460	1,426	4,359	909	1,479	421	1,865	-	28,298
Food	-	402	2,452	75	-	2,249	-	986	9,927	16,091
Occupancy	10,813	10,286	44,044	4,089	6,065	6,330	66,725	24,980	1,451	174,783
Rent	-	-	-	12,000	-	-	-	117,120	-	129,120
Telephone	6,295	958	3,902	92	993	549	5,791	275	126	18,981
Postage	198	199	804	19	111	116	1,219	60	26	2,752
Printing and copying	839	648	90	-	-	-	-	-	-	1,577
Insurance	3,105	2,954	12,648	303	1,742	1,817	19,161	1,856	417	44,003
Advertising and promotional	109,123	359	228	-	220	231	163	-	-	110,324
Dues and subscriptions	-	100	500	-	-	488	48	2,447	-	3,583
Conferences, meetings and travel	175	503	4,560	201	1,278	-	83	579	-	7,379
Software and equipment rental	7,577	4,023	14,407	3,016	5,487	2,070	22,191	7,251	474	66,496
Interest	1,354	1,288	5,515	132	760	792	8,354	396	182	18,773
Program events	-	-	-	-	-	-	492	-	-	492
Repairs and maintenance	3,673	2,009	8,605	206	1,325	1,237	13,036	1,617	283	31,991
	1,189,901	491,894	545,937	249,430	371,770	279,702	485,778	585,861	60,038	4,260,311
Depreciation and amortization	19,462	18,513	79,273	1,899	10,918	11,393	120,096	100,451	2,611	364,616
	$1,209,363	$ 510,407	$ 625,210	$ 251,329	$ 382,688	$ 291,095	$ 605,874	$ 686,312	$ 62,649	$4,624,927

See notes to financial statements.

Center on Halsted

Statement of Functional Expenses (Continued)
Year Ended June 30, 2021 (With Comparative Totals for 2020)

		Supporting Services				
	Total Programs	Management and General	Development	Total Supporting Services	**2021 Total**	2020 Total
Salaries and wages	$ 2,823,852	$ 223,651	$ 104,844	$ 328,495	**$ 3,152,347**	$ 3,294,857
Payroll taxes and fringe benefits	520,111	108,241	20,650	128,891	**649,002**	625,801
	3,343,963	331,892	125,494	457,386	**3,801,349**	3,920,658
Professional fees	261,705	110,764	51,841	162,605	**424,310**	300,259
Supplies	28,298	19,705	3,486	23,191	**51,489**	67,605
Food	16,091	-	-	-	**16,091**	27,705
Occupancy	174,783	107,181	6,620	113,801	**288,584**	361,535
Rent	129,120	-	-	-	**129,120**	145,423
Telephone	18,981	9,302	575	9,877	**28,858**	32,931
Postage	2,752	1,958	2,431	4,389	**7,141**	9,121
Printing and copying	1,577	2,444	475	2,919	**4,496**	5,621
Insurance	44,003	30,787	1,892	32,679	**76,682**	66,198
Advertising and promotional	110,324	486	-	486	**110,810**	9,260
Dues and subscriptions	3,583	13,566	465	14,031	**17,614**	23,101
Conferences, meetings and travel	7,379	3,005	-	3,005	**10,384**	20,279
Software and equipment rental	66,496	35,059	3,476	38,535	**105,031**	93,975
Interest	18,773	13,420	829	14,249	**33,022**	68,315
Program events	492	200	-	200	**692**	24,010
Repairs and maintenance	31,991	20,940	1,293	22,233	**54,224**	47,943
	4,260,311	700,709	198,877	899,586	**5,159,897**	5,223,939
Depreciation and amortization	364,616	192,912	11,915	204,827	**569,443**	554,288
	$ 4,624,927	$ 893,621	$ 210,792	$ 1,104,413	**$ 5,729,340**	$ 5,778,227

See notes to financial statements.

Center on Halsted

Statement of Cash Flows
Year Ended June 30, 2021 (With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities:		
Increase (decrease) in net assets	**$ 2,476,142**	$ (166,794)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Amortization of advances on tenant contract	**(200,000)**	(200,000)
Depreciation and amortization	**569,443**	554,288
Increase (decrease) in allowance for doubtful accounts	**43,893**	(4,029)
Realized gain on investments	**(197,236)**	(53,474)
Unrealized (gain) loss on investments	**(1,208,227)**	90,577
Legal fee amortization	**2,933**	2,932
Gain on extinguishment of Paycheck Protection Program loan	**(724,882)**	-
Changes in:		
Grants and other receivables	**(56,766)**	(66,087)
Pledges receivable	**257,403**	104,597
Prepaid expenses and deposits	**21,517**	(15,074)
Accounts payable	**(7,882)**	(135,309)
Cash held for Brave Space Alliance (see Note 1)	**(890,987)**	1,017,969
Accrued expenses	**4,563**	(101,166)
Deferred revenue and deferred rent liability	**52,790**	14,554
Net cash provided by operating activities	**142,704**	1,042,984
Cash flows from investing activities:		
Additions to property and equipment	**(182,092)**	(50,146)
Proceeds from sale of investments	**815,389**	567,475
Purchases of investments	**(908,541)**	(566,822)
Net cash used in investing activities	**(275,244)**	(49,493)
Cash flows from financing activities:		
Proceeds Paycheck Protection Program loan	**-**	724,882
Net repayments under line of credit	**(820,000)**	(250,000)
Net cash (used in) provided by financing activities	**(820,000)**	474,882
(Decrease) increase in cash	**(952,540)**	1,468,373
Cash:		
Beginning of year	**1,482,152**	13,779
End of year	**$ 529,612**	$ 1,482,152
Cash	**$ 402,630**	$ 464,183
Cash held for Brave Space Alliance	**126,982**	1,017,969
Total	**$ 529,612**	$ 1,482,152
Supplemental disclosure of cash flow information:		
Interest paid	**$ 33,022**	$ 68,315
Supplemental disclosure of non-cash financing information:		
Gain on extinguishment of Paycheck Protection Program loan	**$ 724,882**	$ -

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Center on Halsted (the Center) is the Midwest's most comprehensive community center dedicated to advancing the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) community and securing the health and well-being of LGBTQ people. Located in the heart of Chicago, Illinois' Lakeview neighborhood, more than 1,000 individuals visit the Center every day. Community members participate in the diverse programs and services offered ranging from cooking classes, volleyball and theatrical performances to HIV testing, behavioral and group therapy. The 175,000 square foot, silver LEED certified Center first opened its doors in 2007, building on the success of its preceding organization, Horizons Community Services, which was founded in 1973 as a resource for Chicago's growing LGBTQ community. The Center's facility also includes offices and meeting space for community organizations, program specific space for youth and senior adults, gallery space featuring exhibits from local LGBTQ artists, a 161-seat theater, a gymnasium, and a rooftop garden along with ground level retail space and related underground parking. The Center also offers a housing program with wraparound services for LGBTQIA youth experiencing homelessness in Chicago's Greater Grand Crossing community.

The Center, an Illinois nonprofit corporation, is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

Basis of presentation: The financial statements have been prepared in accordance with accounting principles applicable to nonprofit organizations in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Classification of net assets:

Net assets without donor restrictions are available for support of the Center's operations and are not subject to donor-imposed restrictions. The Center has a board designated endowment fund, which is included in without donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions that may or will be met either by actions of the Center or the passage of time. This classification also includes amounts for which the principal must remain intact per donor request with the investment income on the principal used for specified purposes or general operations.

Cash: The Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts and management believes the Center is not exposed to any significant credit risk on cash.

Grants and other receivables: Grants and other receivables consist primarily of reimbursements due from various governmental agencies and client fees due from individuals. These receivables are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Center's historical collection experience. At June 30, 2021, the Center had no allowance for doubtful accounts related to grants and other receivables.

Program service fees: Revenues from services charged for the Center's various programs are recognized when earned, which is the date the service is provided to the client.

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

Contributions: Contributions are recognized as revenue in the period an unconditional gift or promise to give is received. Conditional contributions are recognized as revenues when all the conditions on which the contribution depend are met, and any advances received before the conditions are met are treated as unearned advances. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions, which increases this net asset class. If satisfaction of donor restrictions occurs in the same year as revenue recognition, contributions are recorded directly as revenue without donor restrictions. If the donor restriction is met in a subsequent year, net assets with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as net contributions released from restrictions.

The Center recognizes revenues from bequests when the Center has an irrevocable right to the gift, such as when the bequest has been through probate and declared valid.

Unconditional pledges are recorded net of a present value discount for any installments to be received at a date more than one year in the future. The allowance for uncollectible contributions is based upon management's analysis of various factors including prior collection history, type of contribution and nature of fundraising activities. A loss on pledges or bad debt expense is recorded when pledges with donor restrictions or without donor restrictions, respectively, are reserved for in the allowance.

Government grants: The Center records revenue under government grant agreements based on their respective terms. Government grants are primarily conditional contributions which are recognized when the barriers have been substantially met (generally when qualifying expenses have been incurred and all other grant requirements have been met). The Center has elected the simultaneous release policy for government grants, which allows the Center to recognize restricted, conditional contributions directly in net assets without donor restrictions when the barrier is met. The Center has received conditional commitments, which generally represent unexpended government grants, amounting to $715,546 which have not been recognized, because the Center has not yet met the related barriers. These amounts will be subject to recognition as the Center incurs qualifying expenses and performs its duties under the terms of the grant agreements. The Center receives a substantial amount of its operating support from government grants.

Rental income: The Center recognizes revenue from the rental of certain meeting and conference rooms as the revenue is earned which is at the date of or over the period of rental. The Center recognizes revenue from a long-term rental contract with a tenant ratably over the life of the lease.

Deferred revenue: Cash received in advance for the rental of meeting space, future events at the Center, and grants is recorded as deferred revenue.

Investments: Investments are presented in the financial statements at fair value in accordance with U.S. GAAP. The fair value of investments is generally determined based on quoted market price or estimated fair value.

Investment income, realized gains (losses), and change in unrealized gains (losses) are reflected in the statement of activities, net of internal and external investment costs. Investments received as contributions are recorded at fair value at the date of receipt. The Center's investment portfolio is subject to various risks, such as interest rate, credit and overall market volatility. Because of these risks, it is possible that changes in the fair value of investments may occur and that such changes could materially affect the Center's financial statements.

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

Property and equipment: Property and equipment are stated at cost, except for donated assets, which are recorded at fair value at the time of receipt. The Center capitalizes additions and improvements to existing property and equipment over $1,200 and having a useful life of more than one year. General maintenance and repairs are charged to expense. Leasehold improvements are amortized over the shorter of estimated useful life or lease period. Depreciation is being provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are:

Buildings	40 years
Furniture and fixtures	7 years
Computer equipment	5 years
Computer software	3 years
Leasehold Improvements	15 years

Cash held for Brave Space Alliance: The Center serves as fiscal sponsor for Brave Space Alliance (the Alliance), a nonprofit corporation in Chicago, Illinois that provides programming and services for LGBTQ individuals on the South and West sides of the city. As fiscal sponsor, the Center receives money on behalf of the Alliance and issues payment for expenses incurred by the Alliance from those monies. No revenues or expenses are reflected on the statement of activity for these transactions as the Center does not have variance power over the monies received and it does not have control over the Alliance. Accordingly, the amount of cash the Center holds for the Alliance is reported as both an asset and a liability on the statement of financial position. The Center receives a fee of 5 percent of donations collected for the Alliance through May 31, 2021, and 1 percent of collected donations from June 1, 2021, through December 31, 2021. This fee is reported as revenue on the statement of activity. The Alliance received an exemption from income tax under Section 501(c)(3) of the Internal Revenue Code during the year ended June 30, 2021, and the fiscal sponsor agreement will terminate on December 31, 2021.

Other assets: Included in other assets are contributions of works of art and other similar non-depreciable items that have been recognized at their estimated fair value at the date of receipt based upon appraisals or similar valuations. In addition, the Center previously incurred legal costs in conjunction with a long-term rental contract with the tenant. The Center capitalized these costs and began amortizing them over the term of the lease beginning July 2007.

Functional allocation of expenses: The costs of providing program and other activities have been presented herein on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that are common to program services, management and general, and development are allocated based on management's determination.

The expenses allocated and methodology include the following:

Expense	**Method of Allocation**
Salaries, taxes and benefits	Time and effort
Professional fees	Square footage
Occupancy/rent	Square footage
Telephone/postage	Square footage
Insurance	Square footage
Software and equipment rental	Square footage
Interest	Square footage
Repairs and maintenance	Square footage
Depreciation	Square footage

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

Use of estimates: In preparing financial statements in conformity with U.S. GAAP, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure 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.

Comparative data: The financial statements include certain prior year summarized comparative information in total but not in the level of detail required for a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Income taxes: The accounting standard on 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 Center 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 Center 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 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities during the year.

The Center files Forms 990 in the U.S. federal jurisdiction and the State of Illinois.

New accounting pronouncement: In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaced most existing revenue recognition guidance in U.S. GAAP. The Center adopted the standard in its fiscal year 2021 financial statements using the modified retrospective method of implementation. The adoption of this standard did not have a material effect on the financial statements.

Recent accounting pronouncement: In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Clarifications to this ASU were issued by the FASB in July 2018 under ASU 2018-10, *Codification Improvements to Topic 842, Leases* and ASU 2018-11, *Leases (Topic 842); Targeted Improvements*. These changes will be effective for the Center's June 30, 2023 financial statements.

The Center is currently evaluating the impact of the adoption of the above standard on its financial statements.

Risks and uncertainties: In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. Throughout the year ended June 30, 2021, the Center continued to modify some of its activities at the direction of state and local governmental authorities. Management continues to evaluate the potential impact that the resulting economic uncertainties will have on the Center's activities.

Subsequent events: The Center has evaluated subsequent events for potential recognition and/or disclosure through May 12, 2022, the date the financial statements were available to be issued.

Note 2. Note 2. Pledges Receivable

Expected collection of pledges receivable (net of present value discount) as of June 30, 2021, are as follows:

	Horizons / Annual	Capital	Total
Up to one year	$ 124,259	$ 17,108	$ 141,367
One to two years	49,930	6,741	56,671
More than two years	-	59,521	59,521
	174,189	83,370	257,559
Allowance for uncollectible pledges	(7,998)	(50,000)	(57,998)
	$ 166,191	$ 33,370	$ 199,561

Horizons / Annual pledges receivable include $125,000 of gifts of $10,000 or more. The Center considers these pledges to be fully collectible.

Note 3. Availability and Liquidity

The following reflects the Center's financial assets as of June 30, 2021, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts not available include amounts set aside for long term investing in the board designated endowment fund.

Financial assets at year-end:	
Cash and cash equivalents	$ 402,630
Investments	6,146,206
Grants and other receivables	713,341
Pledges receivable	199,561
	7,461,738
Less amounts not available for general expenditures within one year, due to:	
Pledges to be received after one year - Capital	16,262
Donor time restrictions - Horizon/Annual	49,930
Donor purpose restrictions	237,462
Amounts required to be maintained in perpetuity	225,000
Board designated endowment	6,043,899
	6,572,553
Financial assets available to meet cash needs for general expenditures within one year	$ 889,185

The Center's goal is to maintain sufficient financial assets to meet 60 days of general operating expenses. General expenses average $430,000 per month. To meet obligations and cash liquidity needs, the Center maintains a revolving line of credit (Note 10). The purpose of the line of credit is to cover working capital expenses while waiting to collect on donor and government receivables.

Note 4. Fair Value Measurements

The accounting standard on fair value measurements provides a framework for measuring fair value under U.S. GAAP. The accounting standard defines fair value, establishes a framework for measuring fair value, sets out a fair value hierarchy and expands disclosures about fair value measurements. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the accounting standard as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the accounting standard are described below:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. During the year ended June 30, 2021, there were no transfers between levels of investments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

Equities and equity mutual funds: Valued at the closing price reported on the active market on which the funds are traded.

Money market funds, fixed income and commodity mutual funds: Valued at the net asset value (NAV) of shares held at year-end.

Note 4. Fair Value Measurements (Continued)

The following table sets forth the fair value of investments in certain entities that calculate NAV per share:

	June 30, 2021 Fair Value	2021 Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Investment:				
Money market funds (b)	$ 163,769	$ -	(a)	(a)
Fixed income mutual funds (c)	1,162,552	-	(a)	(a)
Fixed income mutual funds (d)	44,365	-	(a)	(a)
Fixed income mutual funds (e)	102,952	-	(a)	(a)
Commodity mutual funds (f)	434,753	-	(a)	(a)

(a) Investments may be redeemed each day the New York Stock Exchange is open with no advanced notice required.
(b) Represents investments in funds that invest in cash, U.S. Government securities and repurchase agreements that are fully collateralized by either cash or U.S. Government securities.
(c) Represents investments in funds that invest primarily in investment grade debt securities.
(d) Represents investments in funds that invest primarily in debt securities tied economically to non-U.S. countries.
(e) Represents investments in funds that invest primarily in below investment grade debt securities.
(f) Represents investments in funds that invest in commodity linked-derivative instruments and fixed income securities.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Center’s investments are considered to be Level 1.

Note 5. Investments

Investments at June 30, 2021, consist of:

Money market funds	$ 163,769
Fixed income mutual funds	1,309,869
Commodity mutual funds	434,753
Equity mutual funds	4,237,815
	$ 6,146,206

For the year ended June 30, 2021, the Center did not classify any investment return as investment income designated for current operations. Investment return, net of investment expense, was $1,473,667.

Note 6. Property and Equipment

Property and equipment at June 30, 2021, consist of:

Land	$ 6,762,611
Building	14,959,298
Leasehold improvements	1,423,771
Furniture and fixtures	1,546,037
Computer equipment	669,988
Computer software	136,798
	25,498,503
Accumulated depreciation and amortization	(7,930,538)
	$ 17,567,965

Leasehold improvements are in connection with certain program space for senior services (Note 16).

Depreciation and amortization expense for the year ended June 30, 2021, totaled $569,443, including $94,755 for leasehold improvements.

Note 7. Other Assets

Other assets at June 30, 2021, consist of works of art and other non-depreciable items totaling $204,535 and legal costs relating to a long-term rental contract with the tenant. The unamortized balance of the legal costs at June 30, 2021, is $249,298 which is net of accumulated amortization of $41,061.

Note 8. Net Assets

Net assets with donor restrictions for the year ended June 30, 2021, are as follows:

Specific purpose:	
HIV Services	$ 82,500
Senior Services	70,000
Youth Services	37,500
Hoover-Leppen Theatre	27,307
Culinary Arts Services	20,155
	237,462
Passage of time:	
Pledges receivable	141,192
Restricted in perpetuity:	
Wallace Foundation	125,000
Hoover-Leppen Theatre endowment	100,000
	225,000
	$ 603,654

Note 8. Net Assets (Continued)

The Center expects to meet specific purpose restrictions within the next fiscal year.

The Wallace Foundation amount is restricted by the donor to be used as an internal line of credit to support the expansion of programs and help with cash needs when there are delays in payments from external funders. Based on the agreement, the funds used each year are to be repaid from net assets without donor restrictions by the end of the subsequent fiscal period after borrowing the funds. For this reason, the $125,000 from the Wallace Foundation will remain in net assets with donor restrictions permanently.

In fiscal year 2020, the Center received a pledge of $100,000 to fund a permanent endowment for the Hoover-Leppen Theatre (Theatre). As of June 30, 2021, $75,000 of the pledge was received in cash and added to the Center's endowment fund (Note 15). The remaining $25,000 is included in pledges receivable on the statement of net position. The donor stipulates the annual returns on the endowment are to be used to support maintenance and improvements of the Theatre, but allows that if the Center's Board of Directors determines in the future it is impossible or impracticable to use the annual returns for that purpose, the funds can be used for a purpose(s) the Board deems to be as similar as practical.

Net assets released from net assets with donor restrictions are as follows:

Satisfaction of purpose restriction:	
HIV Services	$ 60,000
Behavioral Health Services	20,000
Senior Services	66,668
Youth Services	12,500
Culinary Arts Services	30,000
Passage of time:	
Pledges receivable	207,422
	$ 396,590

Note 9. Employee Benefit Plan

During 2018, Center on Halsted started a tax-deferred 403(b) plan. Eligible employees in the plan include those who work at least 20 hours per week. The assets are held for each employee in an account maintained by Principal Investment. This is a discretionary contribution plan approved by the Board. There were no Plan contributions as of June 30, 2021.

Note 10. Line of Credit

The Center has a revolving line of credit agreement with Bank of America. The Center is able to borrow up to $3,100,000 which includes $250,000 letter of credit in connection with the tenant contract (Note 14). The line of credit contains a variable rate of interest equal to the BBA LIBOR daily floating rate plus 1.75 percentage points. At June 30, 2021, the rate was 1.85 percent. The line of credit is collateralized by equipment, receivables and the Center's investments. At June 30, 2021, the Center had $780,000 of borrowings outstanding under the line of credit. The line expires on June 5, 2022, at which time management expects to renew the line of credit.

Note 11. Paycheck Protection Program Loan

In May 2020, the Center received a $724,882 loan from the Paycheck Protection Program, a loan program administered through the Small Business Administration (SBA), in conjunction with the Coronavirus Aid, Relief and Economy Security Act (CARES Act). The Center determined it was eligible for the loan as the COVID-19 pandemic caused financial uncertainty and anticipated decreases in normal cash inflows. The loan accrued interest at 1 percent with a maturity date of May 8, 2022. The loan was fully forgiven in March 2021. The amount forgiven is presented as a gain on extinguishment of debt on the statement of activities. The amount forgiven includes principal of $724,882 and interest of $6,041.

Note 12. Employee Retention Tax Credit

The Center recorded an Employee Retention Tax Credit (ERC) of $511,468 in the other items section on its statement of activities. The ERC provides for a credit against certain payroll taxes for qualifying wages and was established by the CARES Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Center determined it was eligible for the ERC in 2020 and 2021 as its operations were partially suspended to comply with City of Chicago and State of Illinois guidelines during the COVID-19 pandemic.

Note 13. Long-Term Debt

Long-term debt at June 30, 2021, consists of a note payable to the City of Chicago at no interest, originally in the amount of $2,740,000, which was amended on June 28, 2007, to a revised amount due of $1,730,907 due to a soil remediation credit. The note was renewed on July 6, 2018. The note is now due and payable in its entirety on August 1, 2028, and is collateralized by the Center's property.

Note 14. Advances on Tenant Contract

The Center entered into a lease contract for retail space, including the parking garage, at the Center for a term of 99 years commencing July 22, 2007, when the Center delivered possession of the premises to the tenant. Per the lease agreement, the tenant paid $5,000,000 to the Center as a prepayment for the first 25 years of base rents. The prepaid rent has been reported as advances on tenant contract on the statement of financial position and is being amortized over the prepayment period. The amortized amount of $200,000 for the fiscal year 2021 is recorded in rental income on the statement of activities. The unamortized amount as of June 30, 2021, was $2,200,000.

Note 15. Endowment Fund

The Center's endowment fund includes donor restricted endowment funds and board designated endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Center has interpreted the State of Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Center classified as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not required by the donor to be maintained in perpetuity is classified as net assets with donor restrictions until those amounts have been appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed in UPMIFA. In accordance with UPMIFA earnings on donor-restricted endowment funds are appropriated by Board action.

The Center's endowment net assets composition by type of fund is as follows for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated	$ 6,043,899	$ -	$ 6,043,899
Donor restricted	-	102,307	102,307
	$ 6,043,899	$ 102,307	$ 6,146,206

The changes in endowment net assets for the Center were as follows for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2020	$ 4,597,591	$ 50,000	$ 4,647,591
Contributions received in cash	-	25,000	25,000
Investment return:			
Capital gain distributions	7,313	138	7,451
Realized gains on investment sales	193,581	3,655	197,236
Unrealized gain	1,185,838	22,389	1,208,227
Dividends	96,285	1,818	98,103
Investment fees	(36,709)	(693)	(37,402)
Endowment net assets, June 30, 2021	$ 6,043,899	$ 102,307	$ 6,146,206

Note 15. Endowment Fund (Continued)

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to earn a long-term real return (net of management fees and inflation) of 5 percent per annum and provide an income stream to the Center of up to 4 percent per year. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved by exceeding policy target indexes (listed below) net of fees. The policy target index is designed to indicate the returns that a passive investor would earn by consistently following the asset allocation policy. The Center targets a diversified asset allocation in accordance with the overall risk and return objectives of the portfolio. The Center also reviews its portfolio and, with the help of asset managers, tries to avoid investments in the securities of companies that actively and directly pursue corporate practices or policies that are harmful to or violate the rights of LGBTQ persons. The asset class and range is as follows:

Asset Class	Minimum	Target	Maximum	
Equity	50%	65%	80%	Large Cap, Mid Cap Stock, Emerging
Fixed income	18%	28%	38%	Core Fixed Income, High Yield, Foreign
Alternative investments	0%	7%	14%	Commodities (Tangible Assets)
Cash	0%	0%	15%	

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Center has a policy of providing a cash income stream to the organization of up to 4 percent of the prior three calendar years' average net asset value of the board designated portion of the endowment fund, defined as the value of the board designated portion of the fund net of any collateralized debt. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through contributions and investment returns. During the year ended June 30, 2021, no income was spent from the endowment.

The Center will annually appropriate not more than 5 percent of the fair market value of the donor restricted portion of the endowment, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year for which the appropriation for expenditure is made, for the purpose of maintaining and improving the Hooven-Leppen Theatre at the Center. During the period the endowment has been in existence for less than three years, the average will be taken for the length of time the endowment has been in existence. This policy is in accordance with the endowment agreement.

Note 16. Halsted GP, LLC and Senior Program Space

In April 2013, the Center entered into an agreement with Heartland Housing, Inc., an unaffiliated nonprofit organization located in Chicago, to form a development partnership to co-develop the “3600 N. Halsted project” and formed Halsted GP, LLC (LLC) with the intent to develop 79 affordable housing apartments for seniors. The Center has a 25 percent interest in the LLC, which is the general partner with a 0.01 percent interest in Halsted Limited Partnership (the Partnership). The LLC is consolidated with Heartland Housing, Inc. for financial statement purposes. The project was completed in August 2014 and opened in September 2014, at which time it was fully leased.

The Center has entered into a 15-year lease with the Partnership for program space in the project, effective December 2014, with monthly rental payments of $7,815 for 15 years escalating 3 percent each year. In fiscal year 2021, the monthly payments had escalated to $9,332.

At June 30, 2021, the future minimum payments under the lease are as follows:

2022	$ 113,949
2023	117,367
2024	120,888
2025	124,515
2026	128,250
Thereafter	479,588
Total	$ 1,084,557

The Center also entered into a support services agreement with the Partnership. Per the agreement, the Partnership will pay the Center an annual fee of $15,000 which increases annually by 3 percent each year and expires on December 31, 2023, with a 5-year extension possible. Payment of the fee is contingent on the Partnership having available cash flow. The Center has not accrued a receivable for the fees due to its contingent nature.