

PRIMO CENTER FOR WOMEN AND CHILDREN

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2020**

TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Primo Center for Women and Children:

Report on the Financial Statements

We have audited the accompanying financial statements of Primo Center for Women and Children (PCWC), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 PCWC, as of June 30, 2020, 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

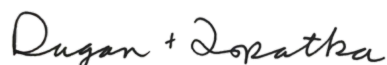
We have previously audited Primo Center for Women and Children's 2019 financial statements, and our report dated January 8, 2020, and expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of, and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 1, 2021, on our consideration of PCWC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Primo Center for Women and Children's internal control over financial reporting and compliance.



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PRIMO CENTER FOR WOMEN AND CHILDREN
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>A S S E T S</u>		
ASSETS:		
Cash	1,053,270	878,861
Unconditional promise to give	1,800,000	142,000
Grants receivable	632,739	925,776
Prepaid expenses	36,122	38,618
Property and equipment, net	1,854,094	1,877,893
Security deposits - rental	50,121	52,217
	<u>5,426,346</u>	<u>3,915,365</u>
Total assets	<u>\$ 5,426,346</u>	<u>\$ 3,915,365</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 162,530	\$ 152,375
Accrued expenses	285,285	306,444
Security deposits	6,500	6,500
Line of credit	247,000	-
Loans payable (net of deferred financing costs of \$-0- and \$746 for 2020 and 2019, respectively)	2,195,554	1,794,566
	<u>2,896,869</u>	<u>2,259,885</u>
Total liabilities	<u>2,896,869</u>	<u>2,259,885</u>
NET ASSETS:		
Without donor restrictions	779,477	1,585,480
With donor restrictions	1,750,000	70,000
	<u>2,529,477</u>	<u>1,655,480</u>
Total net assets	<u>2,529,477</u>	<u>1,655,480</u>
Total liabilities and net assets	<u>\$ 5,426,346</u>	<u>\$ 3,915,365</u>

The accompanying notes are an integral part of this statement.

PRIMO CENTER FOR WOMEN AND CHILDREN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30 2020
(with comparative totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
SUPPORT AND REVENUE:				
Support -				
Foundations, corporations, and religious community	\$ 1,236,415	\$ 2,100,000	3,336,415	3,625,174
Government grants	3,683,490	-	3,683,490	3,139,124
Individuals	35,188	-	35,188	58,518
Total support	4,955,093	2,100,000	7,055,093	6,822,816
Revenue -				
Special event, net of expenses of \$-0- and \$243,760 for 2020 and 2019, respectively)	-	-	-	76,530
Medicaid	560,259	-	560,259	509,000
Rental income - permanent housing	21,659	-	21,659	18,997
Debt forgiveness	179,147	-	179,147	144,147
Interest	8,531	-	8,531	7,707
Miscellaneous	30,809	-	30,809	1,368
Total revenue	800,405	-	800,405	757,749
Net assets released from restrictions - Satisfaction of purpose restrictions	420,000	(420,000)	-	-
Total revenue and support	6,175,498	1,680,000	7,855,498	7,580,565
FUNCTIONAL EXPENSES:				
Program	5,263,377	-	5,263,377	4,105,746
Management and general	1,616,351	-	1,616,351	1,482,639
Fundraising	101,773	-	101,773	186,010
Total functional expenses	6,981,501	-	6,981,501	5,774,395
CHANGE IN NET ASSETS	(806,003)	1,680,000	873,997	1,806,170
NET ASSETS, Beginning of year	1,585,480	70,000	1,655,480	(150,690)
NET ASSETS, End of year	\$ 779,477	\$ 1,750,000	\$ 2,529,477	\$ 1,655,480

The accompanying notes are an integral part of this statement.

PRIMO CENTER FOR WOMEN AND CHILDREN
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 873,997	\$ 1,806,170
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	172,642	163,535
Loss on disposal of fixed assets	-	8,549
Non-cash forgiveness of debt	(179,147)	(144,147)
Changes in assets and liabilities:		
(Increase) in grants receivable	293,037	(223,840)
(Increase) decrease in unconditional promises to give	(1,658,000)	58,000
(Increase) decrease in prepaid expenses	2,496	(35,111)
(Increase) decrease in security deposits - rental	2,096	(29,996)
(Decrease) in accounts payable and accrued expenses	(11,004)	(242,655)
Increase in security deposits payable	-	1,251
Total adjustments	(1,377,880)	(444,414)
Net cash provided by (used in) operating activities	(503,883)	1,361,756
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(148,843)	(198,696)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Decrease) in bank overdraft	-	(100,462)
Draws against line of credit	247,000	-
Proceeds from notes payable	763,632	-
Payments on line of credit	-	(38,500)
Payments on notes payable	(183,497)	(145,237)
Net cash provided by (used in) financing activities	827,135	(284,199)
NET CHANGE IN CASH AND CASH EQUIVALENTS	174,409	878,861
CASH AND CASH EQUIVALENTS, Beginning of year	878,861	-
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,053,270</u>	<u>\$ 878,861</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 19,228</u>	<u>\$ 64,191</u>

The accompanying notes are an integral part of this statement.

PRIMO CENTER FOR WOMEN AND CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative totals for 2019)

	Program Services				Total Program Services	Supporting Services		2020 Total	2019 Total
	Interim Housing	Early Childhood	Kids Connect	Permanent Housing		Management and General	Fundraising		
Salaries and wages	\$ 2,034,904	\$ 194,297	\$ 100,427	\$ 977,736	\$ 3,307,364	\$ 552,467	\$ 87,614	\$ 3,947,445	\$ 3,268,320
Payroll taxes and benefits	345,843	27,340	20,163	155,899	549,245	151,388	12,108	712,741	570,051
Consultants	85,608	1,238	-	-	86,846	309,460	-	396,306	207,372
Accounting/audit and payroll fees	-	-	-	-	-	109,537	-	109,537	110,231
Rent and utilities	529,200	-	-	5,470	534,670	258	-	534,928	533,377
Insurance	-	-	-	-	-	64,596	-	64,596	61,091
Building maintenance and repair	210,146	-	-	3,635	213,781	33,902	-	247,683	140,734
Real estate taxes	-	-	-	18,197	18,197	-	-	18,197	17,305
Office supplies and printing	75,210	-	-	25,319	100,529	92,272	37	192,838	34,647
Program supplies	6,989	206	20	1,562	8,777	6,564	-	15,341	19,208
Client activities	10,902	-	-	317	11,219	2,851	-	14,070	13,047
Food	1,345	-	-	-	1,345	12,671	272	14,288	5,605
Travel	2,691	-	-	8,867	11,558	21,908	-	33,466	103,480
Furniture and equipment rental and purchase	18,731	-	-	2,536	21,267	8,052	-	29,319	62,880
Maintenance and repair	-	-	-	-	-	-	-	-	35
Communications	20,548	-	-	422	20,970	43,081	-	64,051	57,603
Postage and shipping	-	-	-	-	-	-	-	-	461
Conference and meetings	-	-	-	-	-	-	-	-	29,689
Dues, subscriptions and publications	987	1,937	-	15	2,939	103,809	-	106,748	117,473
Depreciation and amortization	-	-	-	172,642	172,642	-	-	172,642	163,535
Bank and credit card fees	-	-	-	-	-	9,078	-	9,078	5,524
Interest	-	-	-	-	-	19,228	-	19,228	64,191
Development expense	1,839	-	-	-	1,839	16,337	939	19,115	103,830
Bad debt	-	-	-	-	-	-	-	-	55,218
Subgrants	-	-	200,626	-	200,626	-	-	200,626	-
Special events	-	-	-	-	-	11,719	803	12,522	243,760
Miscellaneous expense	(485)	-	-	48	(437)	47,173	-	46,736	29,488
Total expenses by function	3,344,458	225,018	321,236	1,372,665	5,263,377	1,616,351	101,773	6,981,501	6,018,155
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	-	-	(243,760)
Total expenses included in the expense section on the statement of activities	<u>\$ 3,344,458</u>	<u>\$ 225,018</u>	<u>\$ 321,236</u>	<u>\$ 1,372,665</u>	<u>\$ 5,263,377</u>	<u>\$ 1,616,351</u>	<u>\$ 101,773</u>	<u>\$ 6,981,501</u>	<u>\$ 5,774,395</u>

The accompanying notes are an integral part of this statement.

PRIMO CENTER FOR WOMEN AND CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Primo Center for Women and Children (PCWC, f/k/a Urban Family and Community Centers) was established on July 1, 1999, pursuant to the merger of the Urban Center at Saint Barnabas (UC) and Christian Community Services (CCS).

CCS was established in 1978 and UC was established in 1979. UC provided food distribution and job development programs to the homeless and destitute in the area. In 1996, the Organization's programs expanded to include a first-stage transitional living shelter for homeless women and children. The shelter was named the Primo Women's Center. CCS provided licensed day care and an after-school program to children residing in the Austin community. Currently, PCWC operates two core programs: a 111-bed interim housing facility for homeless women and children in the Austin community, and a 12-unit permanent supportive housing facility in the Hermosa Community of Chicago. Trauma-informed, wraparound services are provided throughout both programs.

PCWC, located at five facilities in the west and south side of Chicago, provides interim housing and permanent housing for up to 800 children and families. PCWC employs a cadre of clinical staff who, with paraprofessional staff, deliver services in both facilities committed to the highest level of care. The goal of PCWC is to provide comprehensive wraparound services and support in a safe and healthy therapeutic environment. Following an evidenced-based practice model, it is also the goal of PCWC to empower women to take charge of their lives by providing assistance with obtaining goals and objectives and working on abuse issues in the family. PCWC's program is designed to assist clients in starting the process of making a successful homeless, to supportive services, to work transition. PCWC provides comprehensive services onsite, as well as through collaborative community linkages with other service providers in the community, to address the residual effects of homelessness and its impact on the family, such as: substance abuse, mental illness, damaged parent/child relationships, self-esteem issues, and possibly regaining legal custody of children involved in the child welfare system.

These collaborative linkages include referrals for employment, medical care, nutrition education, substance abuse treatment, domestic violence issues, legal and social service advocacy, clothing assistance, financial literacy education, transportation assistance, employment assistance, permanent housing search assistance, structured children's activities, and case management services.

The financial statements were available to be issued on February 1, 2021, with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies applied by management in the preparation of the accompanying financial statements.

Basis of Accounting -

PCWC records its financial transactions and maintains its books and records on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Comparative Financial Information -

The statements of activities and functional expenses include certain prior year, summarized, comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with PCWC's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Presentation-

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Not-for-Profit Organizations*. Under the ASC, PCWC is required to report information regarding two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the PCWC. These net assets may be used at the discretion of management and the board of directors.

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of PCWC and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, PCWC considers all highly liquid instruments, with an original maturity of three months or less, to be cash equivalents.

Grants Receivable -

Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts, when applicable. PCWC provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances which may affect the ability of grantors to meet their obligations. Receivables are considered impaired if full payments are not received in accordance with contractual or grant terms. It is PCWC's policy to generally charge off uncollectible accounts receivable when management determines the receivable will not be collected. At June 30, 2020 and 2019, management established an allowance of \$-0-.

Property and Equipment -

Property and equipment are carried at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related cost in accumulated depreciation. The resulting gain or loss is reflected in the statement of activities.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

PCWC generally capitalizes those assets in excess of \$1,500. Depreciation and amortization of property and equipment are calculated primarily using the straight-line method over periods of 3 to 39 years. Depreciation for the years ended June 30, 2020 and 2019, amounted to \$172,642 and \$163,535, respectively. Property and equipment acquired by PCWC are considered to be owned by PCWC. However, grant-funding sources may maintain equitable interest in the property purchased with grant monies, as well as the right to determine the use of any proceeds from the sale of these assets.

Long-Lived Assets -

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the assets' carrying amount over the fair value of the asset. Fair value is based on market quotes, if available, or is based on valuation techniques. There were no impairment losses recognized during the years ended June 30, 2020 and 2019.

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 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. Accordingly, actual results may vary from those estimates.

Income Tax Status -

PCWC has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

PCWC files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, PCWC is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2017. PCWC does not expect a material net change in unrecognized tax benefits in the next twelve months.

New Accounting Pronouncement -

Effective July 1, 2019, PCWC adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The new guidance requires PCWC to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which PCWC expects to be entitled in exchange for those goods or services. The new guidance also requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cashflows arising from contracts with customers. The adoption of this new guidance was done using the modified retrospective method. PCWC applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncement - (Continued)

Also effective July 1, 2019, PCWC adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provided guidance to assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and determining whether a contribution is conditional. The ASU has been retroactively applied to all periods presented.

The adoption of these new standards did not result in a material impact to PCWC's financial statements. There was no significant effect on the financial statements related to the adoption of these new standards which would require a cumulative adjustment to net assets at the date of adoption under the modified retrospective method.

Revenue Recognition for Contributions and Grants -

PCWC recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give; that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions upon which they depend have been met.

A portion of the PCWC's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized when PCWC has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

PCWC reports gifts of cash and other assets as with donor-restriction revenue if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same period as received are shown as contributions without donor restrictions on the statement of activities.

Revenue Recognition for Program Fees -

PCWC receives rental income from clients who reside in certain residential programs. Rental income is considered a single performance obligation that is recognized over time. Rental income is charged each month, and the monthly fees are recognized ratably over the life of the lease.

PCWC receives program fees from Medicaid billing. PCWC bills its Medicaid revenues based on preapproved rates for clients under PCWC's care. These services are considered a single performance obligation which is satisfied at a point in time. The performance obligation is met, and revenue is recognized, when the services are provided to the clients. Medicaid revenues are billed after services are provided.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses which are allocated based on estimates of time and effort, occupancy, and related expenses which are allocated based on square footage.

Concentrations of Credit Risk -

Financial instruments, which potentially subject PCWC to concentrations of credit risk, consist principally of cash. PCWC places its cash and deposits with high credit quality financial institutions; however, deposits may exceed the federally insured limits.

Reclassifications -

Certain prior year amounts have been reclassified to be consistent with current year presentation.

(2) PROPERTY AND EQUIPMENT:

Property and equipment at June 30, 2020 and 2019, amounted to the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 228,720	\$ 228,720
Building	2,058,483	2,058,483
Building improvements	20,500	20,500
Furniture, fixtures, and equipment	97,134	97,134
Vehicles	34,971	34,971
Leasehold improvements	272,447	-
Software and technology	19,300	-
Constructions in progress	<u>-</u>	<u>142,904</u>
	2,731,555	2,582,712
Less - Accumulated depreciation	<u>(877,461)</u>	<u>(704,819)</u>
Net property and equipment	<u>\$ 1,854,094</u>	<u>\$ 1,877,893</u>

(3) PLEDGES RECEIVABLE:

Included in pledges receivable are the following unconditional promises to give:

	<u>2020</u>	<u>2019</u>
Pledges receivable	\$ 1,800,000	\$ 142,000
Less - Unamortized discounts	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 1,800,000</u>	<u>\$ 142,000</u>
Amounts due in:		
Less than one year	\$ 450,000	\$ 142,000
One to five years	<u>1,350,000</u>	<u>-</u>
	<u>\$ 1,800,000</u>	<u>\$ 142,000</u>

(4) LEASE COMMITMENTS:

PCWC leases space for use by administration and its interim housing program. Monthly payments range from approximately \$4,000 to \$26,000. The last of these leases expires in December 2027.

PCWC also leases three copiers and a phone system with monthly payments that range from approximately \$180 to \$520. The last of these leases expires in June 2023.

Future minimum lease payments are as follows:

<u>Year ending</u> <u>June 30,</u>	
2021	\$ 503,169
2022	432,333
2023	333,812
2024	343,827
2025	354,141
Thereafter	931,105

For the years ended June 30, 2020 and 2019, PCWC paid \$434,952 and \$440,242 in rent, respectively.

(5) LINE OF CREDIT:

PCWC had a line of credit agreement with Bank of America in the amount of \$750,000 due in March 2021. Interest is calculated using the LIBOR daily floating rate plus 2.75 percentage points. As of June 30, 2020 and 2019, the outstanding balance was \$247,000 and \$-0-, respectively.

(5) LINE OF CREDIT: (Continued)

As part of the agreement, PCWC must maintain a minimum of unrestricted, unencumbered liquid assets of not less than \$750,000. As of June 30, 2020, PCWC was in compliance with this requirement.

(6) NOTES PAYABLE:

In December 2014, PCWC obtained and closed on a property subject to the Neighborhood Stabilization program, through a transfer from the City of Chicago. Pursuant to the agreement, the value of the property transferred was \$2,287,203 and is subject to certain conditions for use. In order to pay for the property, PCWC obtained a 10-year loan (considered a “senior loan”) at an interest rate of 5.75% computed on a 360-day basis from the IFF in the amount of \$125,000, and a subordinated interest-free mortgage from the City of Chicago in the amount of \$2,162,203. The subordinated mortgage will be forgiven ratably over a period of 15 years. The outstanding loan balance at June 30, 2020 and 2019, was \$1,360,509 and \$1,504,656, respectively.

The first payment for the IFF mortgage was due on February 1, 2015, and monthly payments were approximately \$730 per month until the mortgage was paid off early during fiscal year 2020. The outstanding loan balance at June 30, 2020 and 2019, was \$-0- and \$117,607, respectively. The loan is shown net of unmodified loan issuance costs of \$-0- and \$746 at June 30, 2020 and 2019, respectively.

In June 2017, PCWC obtained an additional construction loan with a maximum amount of \$94,000 from IFF bearing an interest rate of 6.625%. PCWC made monthly payments of interest and principal of \$2,235, until the loan was paid off early during fiscal year 2020. The outstanding loan balance at June 30, 2020 and 2019, was \$-0- and \$66,636, respectively.

In February 2015, PCWC obtained a program-related investment loan from an organization which was collateralized by equipment and a vehicle. The loan is payable in annual payments of \$28,872, with an interest rate of 5%. The maturity date of the loan is October 2021. The outstanding balance of the loan at June 30, 2020 and 2019, was \$71,413 and \$77,034, respectively.

In May 2017, PCWC obtained a second program-related investment loan from an organization which was collateralized by equipment. The loan was payable in annual payments of \$8,100, with an interest rate of 5%. The loan was paid off during fiscal year 2020. The outstanding balance of the loan at June 30, 2020 and 2019, was \$-0- and \$29,379, respectively.

In May 2020, PCWC obtained a Payroll Protection Program (PPP) loan payable to a bank as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act in the amount of \$763,632. Interest accrues at 1%, with the amount to be repaid in equal installments of principal and interest, beginning at the earlier of the date the SBA remits the loan forgiveness amount, or 10 months after the end of the forgivable covered period, with the final payment due May 2022, consisting of interest and the entirety of the principal. As part of the loan agreement, the entire loan, or a portion can be forgiven. The Organization intends to maximize the forgivable portion of this loan. The Organization has adopted ASC 470 to account for the PPP loan and will record a gain from the forgiven portion of the loan when it is forgiven. The outstanding balance of the loan at June 30, 2020, was \$763,632.

(6) NOTES PAYABLE: (Continued)

Future minimum cash payments are as follows:

2021	21,774
2022	790,320
2023	<u>22,951</u>
	<u>\$ 835,045</u>

(7) CONCENTRATIONS:

PCWC's operations are concentrated in the social service sectors, and as such, PCWC operates in a heavily regulated environment. The operations of PCWC are subject to the administrative directives, rules, and regulations of regulatory agencies including, but not limited to, the City of Chicago and the United States Department of Housing and Urban Development.

For the years ended June 30, 2020 and 2019, PCWC received support from two entities that accounted for approximately 62% and 65% of total revenue, respectively.

(8) FUTURE COMMITTED REVENUE:

PCWC has received the following future committed revenue as of June 30, 2020:

Grants for reimbursable expenses	<u>\$ 1,388,370</u>
----------------------------------	---------------------

(9) RETIREMENT PLAN:

PCWC has a 401(k)-retirement plan, which allows primarily all employees to defer payment of taxes on a portion of their salary by making contributions to the plan through payroll deductions. The Organization makes contributions based on a percentage of participant's eligible compensation. For the years ended June 30, 2020 and 2019, PCWC did not make any contributions.

(10) NET ASSETS WITH DONOR RESTRICTIONS:

	<u>2020</u>	<u>2019</u>
Time restrictions	\$ -	\$ 70,000
Kids Connected	<u>1,750,000</u>	<u>-</u>
Total	<u>\$ 1,750,000</u>	<u>70,000</u>

(11) LIQUIDITY AND AVAILABILITY:

	<u>2020</u>	<u>2018</u>
Financial Assets:		
Cash and equivalents	\$ 1,053,270	\$ 878,861
Grants receivable, net	<u>2,432,739</u>	<u>1,067,776</u>
 Total financial assets	<u>3,486,009</u>	<u>1,946,637</u>
 Less: Assets with donor restrictions	(1,750,000)	(70,000)
 Financial assets available to meet cash needs for general expenditures that are without donor or other restrictions limiting their use within one year	<u>\$ 1,736,009</u>	<u>\$ 1,876,637</u>

PCWC manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability
- incurring unbudgeted costs only when such costs are funded
- maintaining adequate liquid assets to fund near-term operating needs

(12) MANAGEMENT'S RESPONSE TO COVID-19 PANDEMIC:

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. In order to comply with State of Illinois guidelines, PCWC incurred substantial costs. To help cover these costs, PCWC received a Payroll Protection Program Loan as part of the Coronavirus Aid, Relief, and Economic Security Act, as well as additional grants from its funders. In order to continue its counseling services, PCWC converted its counseling services to telehealth. PCWC also saw a decline in its community programs due to the pandemic. PCWC cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact operations and the financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Primo Center for Women and Children:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Primo Center for Women and Children (PCWC) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended and the related notes to the financial statements, and have issued our report thereon dated February 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered PCWC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PCWC's internal control. Accordingly, we do not express an opinion on the effectiveness of PCWC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing
Standards*

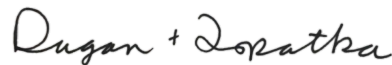
To the Board of Directors of
Primo Center for Women and Children
Page two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PCWC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of PCWC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PCWC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DUGAN & LOPATKA

Warrenville, Illinois
February 1, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE

To the Board of Directors of
Primo Center for Women and Children:

Report on Compliance for Each Major Federal Program

We have audited Primo Center for Women and Children's (PCWC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of PCWC's major federal programs for the year ended June 30, 2020. PCWC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of PCWC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Primo Center for Women and Children's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on PCWC's compliance.

Independent Auditor's Report on Compliance
for Each Major Federal Program and on
Internal Control over Compliance
Required by the Uniform Guidance
To the Board of Directors of
Primo Center for Women and Children
Page two

Opinion on Each Major Federal Program

In our opinion, PCWC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

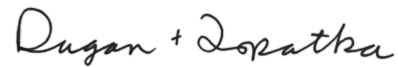
Management of PCWC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PCWC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PCWC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditor's Report on Compliance
for Each Major Federal Program and on
Internal Control over Compliance
Required by the Uniform Guidance
To the Board of Directors of
Primo Center for Women and Children
Page three

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Dugan + Lopatka".

DUGAN & LOPATKA

Warrenville, Illinois
February 1, 2021

PRIMO CENTER FOR WOMEN AND CHILDREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Pass-Through Number	Passed Through to Sub-Recipients	Total Program Expenditures
Department of Housing and Urban Development:					
Continuum of Care	14.267				\$ 320,649
Continuum of Care	14.267	Center for Housing and Health			<u>76,894</u>
					<u>397,543*</u>
CDBG Entitlement Grants Cluster					
Community Development Block Grant- Entitlement Grant	14.218	City of Chicago Dept. Family and Supportive Services	85159		67,060
Community Development Block Grant- Entitlement Grant	14.218	City of Chicago Dept. of Family and Supportive Services	97216		<u>25,629</u>
Total CDBG Entitlement Grants Cluster					<u>92,689</u>
Emergency Solutions Grant	14.231	City of Chicago Dept. of Family and Supportive Services	81532		352,411
Emergency Solutions Grant	14.231	City of Chicago Dept. of Family and Supportive Services	96110		318,603
Emergency Solutions Grant	14.231	City of Chicago Dept. of Family and Supportive Services	118681		<u>204,661</u>
Total Emergency Solutions Grant					<u>875,675</u>
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers	14.871	City of Chicago Dept. of Family and Supportive Services	99977		<u>4,772</u>

PRIMO CENTER FOR WOMEN AND CHILDREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor</u>	<u>Pass- Through Number</u>	<u>Passed Through to Sub-Recipients</u>	<u>Total Program Expenditures</u>
NSPR Rehabilitation Loan	14.276				<u>1,504,656*</u>
Total Department of Housing and Urban Development					<u>2,875,335</u>
Department of Health and Human Services:					
Department of Health and Human Services: MIECHV	93.870	Illinois Dept. of Human Services	8240849HV		<u>181,099</u>
Community Service Block Grant	93.569	City of Chicago Dept. of Family and Supportive Services	85147		419,331
Community Service Block Grant	93.569	City of Chicago Dept. of Family and Supportive Services	94404		<u>612,412</u>
Total Community Service Block Grant					<u>1,031,743</u>
Total Department of Health and Human Services					<u>1,212,842</u>
Department of Homeland Security					
Emergency Food Shelter	97.024	United Way	Phase 36		<u>15,853</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 4,104,030</u>

*Major program

PRIMO CENTER FOR WOMEN AND CHILDREN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Note A - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Primo Center for Women and Children (PCWC) under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Primo Center for Women and Children, it is not intended to, and does not represent, the financial position, changes in net assets, or cash flows of Primo Center for Women and Children.

Note B - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rates:

PCWC did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D - Non-Cash Awards:

PCWC did not have any loan guarantees or insurance at June 30, 2020, and did not receive any federal non-cash awards during the year ended June 30, 2020. PCWC had an outstanding loan totaling \$1,360,509 as of June 30, 2020.

PRIMO CENTER FOR WOMEN AND CHILDREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

PART 1: SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Primo Center for Women and Children (PCWC) were prepared in accordance with GAAP.
2. There were no material weaknesses disclosed during the audit of the financial statements. There were no significant deficiencies related to the audit of the financial statements that are reported.
3. No instances of noncompliance material to the financial statements of PCWC, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no material weaknesses disclosed during the audit of the major federal awards programs. No significant deficiencies related to the audit of the major federal awards program are reported.
5. The auditor's report on compliance for the major federal award programs for PCWC expresses an unmodified opinion on all major federal programs.
6. There are no audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs included:
 - 14.267 Continuum of Care
 - 14.276 NSPR Rehabilitation Loan
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. PCWC was determined not to be a low-risk auditee.

PRIMO CENTER FOR WOMEN AND CHILDREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

PART 2: FINDINGS - FINANCIAL STATEMENTS AUDIT (GAGAS):

There were no audit findings.

PART 3: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

There were no auditing findings in relation to major federal awards programs tested.

PART 4: SUMMARY SCHEDULE OF PRIOR FINDINGS -

There were no audit findings in the prior year