

PRIMO CENTER FOR WOMEN AND CHILDREN

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2021 AND 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, 2021, 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, 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

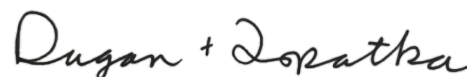
We have previously audited Primo Center for Women and Children's 2020 financial statements, and our report dated February 1, 2021, and expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of, and for the year ended June 30, 2020, 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 March 24, 2022, 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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>A S S E T S</u>		
ASSETS:		
Cash	\$ 955,425	\$ 1,053,270
Unconditional promise to give	1,572,500	1,800,000
Grants receivable	980,221	632,739
Prepaid expenses	11,535	36,122
Property and equipment, net	1,717,987	1,854,094
Security deposits - rental	43,821	50,121
	<u> </u>	<u> </u>
Total assets	<u>\$ 5,281,489</u>	<u>\$ 5,426,346</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 235,102	\$ 162,530
Accrued expenses	284,290	285,285
Security deposits	6,500	6,500
Line of credit	570,000	247,000
Loans payable	1,285,803	2,195,554
	<u> </u>	<u> </u>
Total liabilities	<u>2,381,695</u>	<u>2,896,869</u>
NET ASSETS:		
Without donor restrictions	1,289,794	779,477
With donor restrictions	1,610,000	1,750,000
	<u> </u>	<u> </u>
Total net assets	<u>2,899,794</u>	<u>2,529,477</u>
Total liabilities and net assets	<u>\$ 5,281,489</u>	<u>\$ 5,426,346</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 2021
(with comparative totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
SUPPORT AND REVENUE:				
Support -				
Foundations, corporations, and religious community	\$ 861,087	\$ 260,000	\$ 1,121,087	\$ 3,336,415
Government grants	4,893,811	-	4,893,811	3,683,490
Individuals	<u>656,458</u>	<u>-</u>	<u>656,458</u>	<u>35,188</u>
Total support	<u>6,411,356</u>	<u>260,000</u>	<u>6,671,356</u>	<u>7,055,093</u>
Revenue -				
Medicaid	727,202	-	727,202	560,259
Rental income - permanent housing	25,287	-	25,287	21,659
Debt forgiveness	907,779	-	907,779	179,147
Interest	400	-	400	8,531
Miscellaneous	<u>5,085</u>	<u>-</u>	<u>5,085</u>	<u>30,809</u>
Total revenue	<u>1,665,753</u>	<u>-</u>	<u>1,665,753</u>	<u>800,405</u>
Net assets released from restrictions - Satisfaction of purpose restrictions	<u>400,000</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>8,477,109</u>	<u>(140,000)</u>	<u>8,337,109</u>	<u>7,855,498</u>
FUNCTIONAL EXPENSES:				
Program	6,485,456	-	6,485,456	5,263,377
Management and general	1,359,339	-	1,359,339	1,616,351
Fundraising	<u>121,997</u>	<u>-</u>	<u>121,997</u>	<u>101,773</u>
Total functional expenses	<u>7,966,792</u>	<u>-</u>	<u>7,966,792</u>	<u>6,981,501</u>
CHANGE IN NET ASSETS	510,317	(140,000)	370,317	873,997
NET ASSETS, Beginning of year	<u>779,477</u>	<u>1,750,000</u>	<u>2,529,477</u>	<u>1,655,480</u>
NET ASSETS, End of year	<u>\$ 1,289,794</u>	<u>\$ 1,610,000</u>	<u>\$ 2,899,794</u>	<u>\$ 2,529,477</u>

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 370,317</u>	<u>\$ 873,997</u>
Adjustments to reconcile change in total net assets to net cash (used in) operating activities:		
Depreciation and amortization	184,576	172,642
Non-cash forgiveness of debt	(907,779)	(179,147)
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	(347,482)	293,037
(Increase) decrease in unconditional promises to give	227,500	(1,658,000)
Decrease in prepaid expenses	24,587	2,496
Decrease in security deposits - rental	6,300	2,096
Increase (decrease) in accounts payable and accrued expenses	<u>71,577</u>	<u>(11,004)</u>
Total adjustments	<u>(740,721)</u>	<u>(1,377,880)</u>
Net cash (used in) operating activities	<u>(370,404)</u>	<u>(503,883)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>(48,469)</u>	<u>(148,843)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Draws against line of credit	2,433,000	247,000
Proceeds from notes payable	-	763,632
Payments on line of credit	(2,110,000)	-
Payments on notes payable	<u>(1,972)</u>	<u>(183,497)</u>
Net cash provided by financing activities	<u>321,028</u>	<u>827,135</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(97,845)	174,409
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,053,270</u>	<u>878,861</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 955,425</u></u>	<u><u>\$ 1,053,270</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u><u>\$ 13,306</u></u>	<u><u>\$ 64,191</u></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, 2021
(with comparative totals for 2020)

	Program Services				Total Program Services	Supporting Services		2021 Total	2020 Total
	Interim Housing	Early Childhood	Kids Connect	Permanent Housing		Management and General	Fundraising		
Salaries and wages	\$ 2,426,693	\$ 236,594	\$ 182,102	\$ 957,470	\$ 3,802,859	\$ 587,478	\$ 84,869	\$ 4,475,206	\$ 3,947,445
Payroll taxes and benefits	471,178	36,420	33,503	177,051	718,152	177,249	12,935	908,336	712,741
Consultants	73,603	9,573	9,424	29,729	122,329	160,655	-	282,984	396,306
Accounting/audit and payroll fees	10	-	-	-	10	172,856	-	172,866	109,537
Rent and utilities	642,343	-	-	21,235	663,578	555	-	664,133	534,928
Insurance	-	-	-	-	-	33,710	-	33,710	64,596
Building maintenance and repair	156,026	134	605	22,717	179,482	7,752	-	187,234	247,683
Real estate taxes	-	-	-	18,197	18,197	-	-	18,197	18,197
Office supplies and printing	277,898	-	311	825	279,034	33,772	-	312,806	192,838
Program supplies	387,644	1,323	1,540	259	390,766	-	-	390,766	15,341
Client activities	16,399	299	-	-	16,698	-	-	16,698	14,070
Food	4,467	563	391	1,140	6,561	9,781	-	16,342	14,288
Travel	17,390	-	20	156	17,566	12,289	557	30,412	33,466
Furniture and equipment rental and purchase	5,211	-	-	3,016	8,227	728	-	8,955	29,319
Communications	53,424	-	-	2,845	56,269	525	-	56,794	64,051
Dues, subscriptions and publications	4,560	400	-	150	5,110	21,876	-	26,986	106,748
Depreciation and amortization	-	-	-	184,576	184,576	-	-	184,576	172,642
Bank and credit card fees	504	-	-	75	579	12,002	-	12,581	9,078
Interest	-	-	-	-	-	13,306	-	13,306	19,228
Development expense	15,366	-	-	-	15,366	93,244	23,636	132,246	19,115
Bad debt	-	-	-	-	-	19,200	-	19,200	-
Subgrants	-	-	-	-	-	-	-	-	200,626
Special events	-	-	-	-	-	-	-	-	12,522
Miscellaneous expense	97	-	-	-	97	2,361	-	2,458	46,736
Total expenses by function	<u>\$ 4,552,813</u>	<u>\$ 285,306</u>	<u>\$ 227,896</u>	<u>\$ 1,419,441</u>	<u>\$ 6,485,456</u>	<u>\$ 1,359,339</u>	<u>\$ 121,997</u>	<u>\$ 7,966,792</u>	<u>\$ 6,981,501</u>

The accompanying notes are an integral part of this statement.

PRIMO CENTER FOR WOMEN AND CHILDREN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(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 March 24, 2022, 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, 2020, 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.

Receivables -

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, 2021 and 2020, 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, 2021 and 2020, amounted to \$184,576 and \$172,642, 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, 2021 and 2020.

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 2018. PCWC does not expect a material net change in unrecognized tax benefits in the next twelve months.

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.

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

Revenue Recognition for Contributions and Grants - (Continued)

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.

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.

(2) PROPERTY AND EQUIPMENT:

Property and equipment at June 30, 2021 and 2020, amounted to the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 228,720	\$ 228,720
Building	2,058,483	2,058,483
Building improvements	20,500	20,500
Furniture, fixtures, and equipment	138,405	97,134
Vehicles	42,171	34,971
Leasehold improvements	272,447	272,447
Software and technology	<u>19,300</u>	<u>19,300</u>
	2,780,026	2,731,555
Less - Accumulated depreciation	<u>(1,062,039)</u>	<u>(877,461)</u>
Net property and equipment	<u>\$ 1,717,987</u>	<u>\$ 1,854,094</u>

(3) PLEDGES RECEIVABLE:

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

	<u>2021</u>	<u>2020</u>
Pledges receivable	\$ 1,572,500	\$ 1,800,000
Less - Unamortized discounts	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 1,572,500</u>	<u>\$ 1,800,000</u>
Amounts due in:		
Less than one year	\$ 447,500	\$ 450,000
One to five years	<u>1,125,000</u>	<u>1,350,000</u>
	<u>\$ 1,572,500</u>	<u>\$ 1,800,000</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.

(4) LEASE COMMITMENTS: (Continued)

Future minimum lease payments are as follows:

<u>Year ending</u> <u>June 30,</u>	
2022	\$ 552,333
2023	577,412
2024	594,735
2025	481,449
2026	364,765
Thereafter	566,339

For the years ended June 30, 2021 and 2020, PCWC paid \$546,719 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 June 2022. Interest is calculated using Bank of America's prime rate plus 1.75 percentage points. As of June 30, 2021 and 2020, the outstanding balance was \$570,000 and \$247,000, respectively.

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, 2021, 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, 2021 and 2020, was \$1,216,362 and \$1,360,509, 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, 2021 and 2020, was \$69,441 and \$71,413, respectively.

(6) NOTES PAYABLE: (Continued)

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. PCWC applied for forgiveness on the loan during 2021 and was notified that it was forgiven in full and recognized as debt forgiveness in the statement of activities. The outstanding balance of the loan at June 30, 2021 and 2020, was \$-0- and \$763,632, respectively.

Future minimum cash payments are as follows:

2022	\$ 46,364
2023	<u>23,077</u>
	<u>\$ 69,441</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, 2021 and 2020, PCWC received support from one entity that accounted for approximately 46% of total revenue. For the year ended June 30, 2020 PCWC received support from two entities that accounted for approximately 62% of total revenue.

(8) FUTURE COMMITTED REVENUE:

PCWC has received the following future committed revenue as of June 30, 2021:

Grants for reimbursable expenses	<u>\$ 2,128,676</u>
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(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, 2021 and 2020, PCWC did not make any contributions.

(10) NET ASSETS WITH DONOR RESTRICTIONS:

	<u>2021</u>	<u>2020</u>
Time restrictions	\$ 160,000	\$ -
Home visiting program	100,000	-
Kids Connected	<u>1,350,000</u>	<u>1,750,000</u>
Total	<u>\$ 1,610,000</u>	<u>1,750,000</u>

(11) LIQUIDITY AND AVAILABILITY:

	<u>2020</u>	<u>2020</u>
Financial Assets:		
Cash and equivalents	\$ 955,425	\$ 1,053,270
Unconditional promises to give	1,572,500	1,800,000
Grants receivable, net	<u>980,221</u>	<u>632,739</u>
Total financial assets	<u>3,508,146</u>	<u>3,486,009</u>
Less: Assets with donor restrictions	(1,610,000)	(1,750,000)
Financial assets available to meet cash needs for general expenditures that are without donor or other restrictions limiting their use within one year	<u>\$ 1,898,146</u>	<u>\$ 1,736,009</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, 2021, 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 March 24, 2022.

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) as a basis for designing 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 identify one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item (2021-01) that we consider to be a material weakness.

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 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*.

Primo Center for Women and Children's Response to Findings

PCWC's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. PCWC's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
March 24, 2022



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, 2021. 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, 2021.

Report on Internal Control over Compliance

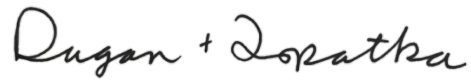
Management of PCWC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PCWC's internal control over compliance with the types of requirements 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 black ink that reads "Dugan + Lopatka". The script is cursive and fluid, with the names connected by a plus sign.

DUGAN & LOPATKA

Warrenville, Illinois
March 24, 2022

PRIMO CENTER FOR WOMEN AND CHILDREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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				\$ 325,400
Continuum of Care	14.267	Center for Housing and Health			81,442
Continuum of Care	14.267	Thresholds			<u>12,941</u>
Total Continuum of Care Grant					<u>419,783</u>
CDBG Entitlement Grants Cluster					
Community Development Block Grant- Entitlement Grant	14.218	City of Chicago Dept. Family and Supportive Services	85159		103,619
Community Development Block Grant- Entitlement Grant	14.218	City of Chicago Dept. Family and Supportive Services	137936		669,094
Community Development Block Grant- Entitlement Grant	14.218	City of Chicago Dept. of Family and Supportive Services	139081		<u>24,125</u>
Total CDBG Entitlement Grants Cluster					<u>796,838*</u>
Emergency Solutions Grant	14.231	City of Chicago Dept. of Family and Supportive Services	81532		489,411
Emergency Solutions Grant	14.231	City of Chicago Dept. of Family and Supportive Services	118681		60,746
Emergency Solutions Grant	14.231	City of Chicago Dept. of Family and Supportive Services	127506		<u>267,567</u>
Total Emergency Solutions Grant					<u>817,724*</u>
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers	14.881	City of Chicago Dept. of Family and Supportive Services	85482		<u>15,965</u>
NSPR Rehabilitation Loan	14.276				<u>1,360,509</u>
Total Department of Housing and Urban Development					<u>3,410,819</u>

PRIMO CENTER FOR WOMEN AND CHILDREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Pass- Through Number	Passed Through to Sub-Recipients	Total Program Expenditures
Department of Health and Human Services: MIECHV	93.870	Illinois Dept. of Human Services	1FCSZV04112		<u>181,099</u>
Community Service Block Grant	93.569	City of Chicago Dept. of Family and Supportive Services	85147		604,987
Community Service Block Grant	93.569	City of Chicago Dept. of Family and Supportive Services	123942		306,655
Community Service Block Grant	93.569	City of Chicago Dept. of Family and Supportive Services	16258		<u>520,014</u>
Total Community Service Block Grant					<u>1,431,656</u>
Total Department of Health and Human Services					<u>1,612,755</u>
Department of Homeland Security:					
Emergency Food Shelter	97.024	United Way	Phase 37		31,070
Emergency Food Shelter	97.024	United Way	CARES Special Funding		60,000
Emergency Food Shelter	97.024	United Way	Phase 38		<u>22,982</u>
Total Department of Homeland Security					<u>114,052</u>
Department of Treasury:					
Coronavirus Relief Fund	21.019	City of Chicago Dept. of Family and Supportive Services	161485		<u>20,437</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u><u>\$ 5,158,063</u></u>

*Major program

PRIMO CENTER FOR WOMEN AND CHILDREN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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, 2021, and did not receive any federal non-cash awards during the year ended June 30, 2021. PCWC had an outstanding loan totaling \$1,216,362 as of June 30, 2021.

PRIMO CENTER FOR WOMEN AND CHILDREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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 was one 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:
 - 14.218 Community Development Block Grant
 - 14.231 Emergency Solutions Grant
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. PCWC was determined to be a low-risk auditee.

PRIMO CENTER FOR WOMEN AND CHILDREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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

2021-001:

Criteria: Under AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit*, a deficiency in internal control exists when the design or operations 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 reasonably possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit*, states that any material adjustment made by an auditor is considered a material weakness.

Condition: There were eight material adjustments made during the audit to materially correct assets, liabilities, and net assets at year end. The adjustments decreased assets by approximately \$370,000, mainly decreasing grants and accounts receivable. The adjustments also decreased accrued expenses by approximately \$170,000. The adjustments to the balance sheet resulted in a decrease in the change in net assets of approximately \$210,000.

Cause: The main adjustment to decrease assets was due to the Organization's outside accountant recording payments for 2020 receivables during 2021 as revenue instead of applying them against the receivables. The main increase to assets was due to the outside accountant of the Organization only recording the payments received and not the full amount of multi-year unconditional promises to give. The main decrease of liabilities was caused by the Organization's outside accountant not considering the beginning balance of the accrual account when making the journal entry to record the accrued expense, resulting in the overstatement of the liability by the beginning of the year balance.

Effect: The financial statements were materially misstated on the accrual basis of accounting before the audit.

Auditor's Recommendation: We recommend that the Organization's outside accountant review prior year balances to ensure transactions related to the previous year are properly recorded when reconciling accounts. In addition we recommend the Organization reviews its grants to determine whether it should be considered an unconditional promise to give.

Management response: We have reorganized our outside accounting team. We will work with them to ensure procedures are in place to properly reconcile accounts and record grants.

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