PILLARS COMMUNITY HEALTH

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pillars Community Health
La Grange Park, Illinois

Report on Financial Statements

We have audited the accompanying financial statements of Pillars Community Health (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of operations, changes in net assets, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Organization'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 Organization'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.

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Board of Directors
Pillars Community Health

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pillars Community Health as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 31 to 38 is presented for the purpose of additional analysis, and is not a required part of the financial statements. Supplemental information consists of schedules of revenues and expenses for Proviso Mental Health Commission, Illinois Coalition Against Sexual Assault Programs, Illinois Coalition Against Domestic Violence Programs and Cook County Department of Planning and Development. 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 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
February 25, 2022

PILLARS COMMUNITY HEALTH
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,602,843	$ 2,475,689
Patient Service Receivable	717,043	819,931
Grants Receivable	1,021,912	2,140,725
Pledges Receivable	144,999	170,000
Prepaid Expenses	97,000	107,367
Inventory	-	12,216
Total Current Assets	4,583,797	5,725,928
INVESTMENTS		
Investment in ProviderCo, LLC	40,000	40,000
Investment in Behavioral Health Consortium of Illinois, LLC	35,000	35,000
Investments	4,706,015	4,070,278
Investments Held in Trust by Others	2,371,344	1,817,712
Total Investments	7,152,359	5,962,990
PROPERTY AND EQUIPMENT, Net	5,110,602	5,149,905
Total Assets	$ 16,846,758	$ 16,838,823
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 175,331	$ 501,560
Accrued Payroll, Vacation, and Related Expenses	1,131,501	1,436,947
Accrued Expenses	181,083	284,633
Deferred Revenue	441,437	336,359
Current Portion of Long-Term Debt	169,819	162,072
Refundable Advances	-	1,036,073
Total Current Liabilities	2,099,171	3,757,644
NONCURRENT LIABILITIES		
Long-Term Portion of Debt, Net of Unamortized Debt Issuance Costs	1,561,627	1,727,744
Security Deposits	12,234	-
Deferred Rent	-	12,452
Total Noncurrent Liabilities	1,573,861	1,740,196
Total Liabilities	3,673,032	5,497,840
NET ASSETS		
Without Donor Restrictions:		
Undesignated	5,678,019	4,872,971
Board Designated	4,063,610	3,214,000
With Donor Restrictions	3,432,097	3,254,012
Total Net Assets	13,173,726	11,340,983
Total Liabilities and Net Assets	$ 16,846,758	$ 16,838,823

See accompanying Notes to Financial Statements.

PILLARS COMMUNITY HEALTH
STATEMENTS OF OPERATIONS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE		
Support and Revenue:		
Contributions	$ 437,230	$ 363,028
Special Events, Net	72,358	239,845
Shop Sales, Net	1,233	280,165
Federal, State, Coalition, Township, and Local Grants	8,618,610	12,738,206
Other Grants	164,285	227,162
Patient Service Revenue	6,963,311	6,684,490
Net Assets Released from Restrictions Used for Operations	2,098,761	1,191,426
Total Revenue	18,355,788	21,724,322
EXPENSES		
Program Services	13,451,933	17,781,298
Support Services:		
Management and General	3,820,436	3,553,575
Philanthropy	377,582	363,842
Total Expenses	17,649,951	21,698,715
OPERATING INCOME	705,837	25,607
OTHER REVENUE (EXPENSE)		
Dividends and Interest	91,120	119,277
Realized Gain on Investments	148,546	105,337
Unrealized Gain on Investments	306,904	85,491
Miscellaneous	183,617	28,338
Gain (Loss) on Disposal of Fixed Assets	218,634	(68,260)
Total Other Revenue	948,821	270,183
EXCESS OF REVENUES OVER EXPENSES	$ 1,654,658	$ 295,790

See accompanying Notes to Financial Statements.

PILLARS COMMUNITY HEALTH
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Excess of Revenue over Expenses	$ 1,654,658	$ 295,790
NET ASSETS WITH DONOR RESTRICTIONS		
Grants and Contributions	1,723,214	1,356,887
Net Assets Released from Restrictions	(2,098,761)	(1,191,426)
Change in Value of Investments Held in Trust by Others	553,632	20,329
Increase in Net Assets With Donor Restrictions	178,085	185,790
CHANGE IN NET ASSETS	1,832,743	481,580
Net Assets - Beginning of Year	11,340,983	10,859,403
NET ASSETS - END OF YEAR	$ 13,173,726	$ 11,340,983

See accompanying Notes to Financial Statements.

PILLARS COMMUNITY HEALTH
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services								Supporting Services		
	Behavioral Health Services	Sexual Assault Services	Domestic Violence Services	Early Childhood Education	Medical Health	Dental Services	Shops Services	Total Program Services	Management and General	Philanthropy	Total
Salaries and Wages	$ 3,521,461	$ 596,083	$ 935,303	$ 121,644	$ 2,517,515	$ 441,346	$ 51,666	$ 8,185,018	$ 2,068,203	$ 219,786	$ 10,473,007
Payroll Taxes and Benefits	795,608	136,712	226,186	20,144	472,582	71,707	11,430	1,734,369	368,640	48,192	2,151,201
Client Assistance and Transportation	33,999	746	34,868	303	6,138	1,130	1	77,185	3,086	495	80,766
Clinical Providers	47,584	-	-	-	170,664	1,290	-	219,538	27,400	-	246,938
Depreciation	124,608	15,981	49,397	18,899	77,770	17,771	-	304,426	70,868	12,043	387,337
Information Technology and Telecommunications	322,204	65,272	78,149	16,817	250,794	49,283	-	782,519	279,748	20,535	1,082,802
Professional Development, Licenses, Dues, and Subscriptions	24,508	2,179	3,847	147	39,625	4,610	-	74,916	45,760	4,802	125,478
Insurance	31,286	3,775	12,237	3,519	33,836	4,599	-	89,252	21,006	3,125	113,383
Interest Expense	4,936	9,524	21,570	-	-	-	-	36,030	47,091	-	83,121
Occupancy	313,101	34,061	158,052	27,614	197,508	61,766	-	792,102	285,200	28,088	1,105,390
Professional Fees and Outside Services	27,927	200	8,000	-	244,745	12,710	-	293,582	461,394	2,500	757,476
Supplies	133,094	28,941	35,201	15,682	319,231	81,891	50	614,090	127,340	33,719	775,149
Other Expenses	221,456	2,498	4,834	-	16,295	3,212	611	248,906	14,700	4,297	267,903
Total Functional Expenses	$ 5,601,772	$ 895,972	$ 1,567,644	$ 224,769	$ 4,346,703	$ 751,315	$ 63,758	$ 13,451,933	$ 3,820,436	$ 377,582	$ 17,649,951

See accompanying Notes to Financial Statements.

PILLARS COMMUNITY HEALTH
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services									Supporting Services		
	Behavioral Health Services	Addiction Services	Sexual Assault Services	Domestic Violence Services	Early Childhood Education	Medical Health	Dental Services	Shops Services	Total Program Services	Management and General	Philanthropy	Total
Salaries and Wages	$ 3,426,762	$ 378,681	$ 611,594	$ 849,818	$ 1,474,174	$ 1,516,154	$ 583,587	$ 203,811	$ 9,044,581	$ 2,199,957	$ 208,557	$ 11,453,095
Payroll Taxes and Benefits	783,029	76,104	135,782	215,704	314,477	309,417	105,806	55,137	1,995,456	437,011	52,612	2,485,079
Bad Debt	5,519	-	-	-	-	14,000	-	-	19,519	-	-	19,519
Client Assistance and Transportation	86,290	2,790	19,319	41,845	192,496	6,284	703	2,938	352,665	3,570	246	356,481
Clinical Providers	156,849	8,290	-	2,236	41,585	278,008	28,918	-	515,886	30,945	-	546,831
Depreciation	111,770	25,207	14,345	30,000	59,809	56,640	26,291	18,974	343,036	36,023	9,058	388,117
Information Technology and Telecommunications	309,921	34,154	42,161	79,209	104,255	185,967	67,689	24,648	848,004	178,000	16,649	1,042,653
Donated Services and Supplies	-	-	-	-	-	10,000	-	-	10,000	-	20,637	30,637
Professional Development, Licenses, Dues, and Subscriptions	36,101	2,373	4,478	7,889	101,969	34,209	11,741	145	198,905	36,836	2,169	237,910
Insurance	33,359	4,852	4,627	9,597	15,283	27,364	6,333	4,243	105,658	13,798	2,238	121,694
Interest Expense	27,102	9,700	4,812	667	49,647	139	-	-	92,067	1,263	31	93,361
Occupancy	245,234	35,761	33,252	146,881	254,616	149,474	84,514	44,285	994,017	117,970	25,214	1,137,201
Professional Fees and Outside Services	27,026	5,479	245	187	173,172	26,317	2,648	425	235,499	343,630	-	579,129
Payments to Subrecipients	-	-	-	-	1,972,705	-	-	-	1,972,705	-	-	1,972,705
Supplies	117,513	10,634	50,449	56,733	371,740	146,252	61,510	10,485	825,316	148,237	22,633	996,186
Other Expenses	105,688	30,044	7,376	7,354	23,326	1,205	1,299	51,692	227,984	6,335	3,798	238,117
Total Functional Expenses	$ 5,472,163	$ 624,069	$ 928,440	$ 1,448,120	$ 5,149,254	$ 2,761,430	$ 981,039	$ 416,783	$ 17,781,298	$ 3,553,575	$ 363,842	$ 21,698,715

See accompanying Notes to Financial Statements.

PILLARS COMMUNITY HEALTH
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,832,743	$ 481,580
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	387,337	388,117
Gain (Loss) on Disposal of Fixed Assets	(218,634)	68,260
Recognition of Refundable Advances	(1,036,073)	(1,091,025)
Unrealized and Realized Gains on Investments	(455,450)	(190,828)
Change in Value of Investments Held in Trust by Others	(553,632)	(20,329)
Donated Stock	(45,939)	(5,793)
Changes in Assets and Liabilities:		
Patient Service Receivables	102,888	(104,707)
Inventory	12,216	45,000
Grants and Pledges Receivable	1,143,814	(640,885)
Prepaid Expenses	10,367	124,032
Accounts Payable	(326,229)	(352,002)
Accrued Payroll, Vacation, and Related Expenses	(305,446)	467,666
Accrued Expenses	(103,768)	125,143
Refundable Advances	-	2,127,098
Deferred Revenue	105,078	(12,762)
Net Cash Provided by Operating Activities	549,272	1,408,565
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	1,511,141	4,626,559
Proceeds from Sale of Property and Equipment	802,691	-
Purchases of Investments and Dividend Reinvestments	(1,645,489)	(4,678,503)
Purchases of Property and Equipment	(932,091)	(200,720)
Net Cash Used by Investing Activities	(263,748)	(252,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(158,370)	(146,436)
NET INCREASE IN CASH AND CASH EQUIVALENTS	127,154	1,009,465
Cash and Cash Equivalents - Beginning of Year	2,475,689	1,466,224
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,602,843	$ 2,475,689
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ 83,121	$ 93,361

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Pillars Community Health (the Organization) is a nonprofit organization incorporated in the state of Illinois which traces its history through its predecessor organizations to 1921 and was formed on January 1, 2018 as the result of a merger. The Organization provides health, social, and educational services to build strong healthy communities. The Organization operates a Federally Qualified Health Center (FQHC), a Community Mental Health Center (CMHC) which is licensed to provide substance use prevention and recovery and substance abuse disorder (SUPR/SUD) services, a Child Development Center with Head Start and Early Head Start programs (through September 2020), Domestic Violence and Sexual Assault, and other Social Service Programs which provide and coordinate quality, comprehensive health and human services to people in the western suburbs of Chicago, with an emphasis on those with limited access to care. The activities are primarily funded by contributions from individuals and private foundations, support from federal and local grants, clinical revenues including Medicaid, sales of items donated to The Community Shop (through June 2020), and investment income.

Funds raised are used for programs developed by the Organization as follows:

- Within its FQHC, health center services include:
  - Coordinated preventive and acute medical care, chronic illness care and management, health education to patients ages 0-90, and prenatal care.
  - Integrated psychiatric and behavioral health services.
  - Dental services including comprehensive preventive and restorative oral health care and oral health education provided by dentists and a dental hygienist.
  - Care coordination and benefits assistance services.
  - Services as a Health Care for the Homeless Health Resources and Services Administration grantee.
  - Coronavirus Disease (COVID-19) testing and vaccination services.

  The health center operates a 340B pharmacy assistance program as a covered entity and has Federal Public Health Service deemed status with respect to certain health or health-related claims, including medical malpractice claims, for itself and its covered individuals.

- Behavioral Health Services – The Organization is a Community Mental Health Provider and a SUPR Substance Use Disorder Provider licensed by the state of Illinois and some of these services are accredited by the Commission on Accreditation of Rehabilitation Facilities. The Organization provides outpatient and community-based services to help clients develop strategies to manage the symptoms related to their mental health and/or substance use disorders. This includes individual, family, and group therapy, recovery-focused services, crisis services, community support and/or substance use disorder services, community independent living arrangement services, employment services, a childhood bereavement program, and other supportive services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

- The Child and Family Development Center supports the growth and development of children ages 0-5 in a strong positive learning environment that provides supportive services to over 600 children and their families. Programs include state-funded day care and federally-funded Head Start and Early Head Start. In September 2019, the Organization made the strategic decision to end Early Childhood Education Services when the Head Start and Early Head Start funding ended on September 30, 2020. Services continued through the end of the school year ended in June 2020.

- The Organization's Domestic and Sexual Violence Programs manage two 24-hour telephone hotlines for domestic violence and sexual assault survivors, respectively, as well as medical and legal advocacy and support services for survivors of sexual assault and domestic violence. Constance Morris House is a comprehensive residential shelter including case management, health care, and legal advocacy for shelter residents. The program also performs outreach, awareness, and prevention activities in the communities that the Organization serves.

- The Community Healthcare Network (Network) is a health care safety net program for low income, uninsured adults ages 19-64. Services include primary care, mental health services, specialty care referrals to a network of volunteer providers, pharmacy services and access to hospital-based laboratory, diagnostic, and inpatient services, if needed. The Organization is the enrollment site, a primary care site, and the managing entity for the Network, which is collaboration between AMITA Health Adventist La Grange Medical Center, Community Memorial Foundation, and multiple volunteer specialists.

The fiscal year for the Organization ends on June 30. Significant accounting policies followed by the Organization are presented below:

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Use of Estimates in Preparing Financial Statements

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. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess of Revenue over Expenses

The statement of operations includes excess of revenue over expenses. Changes in net assets that are excluded from the excess of revenue over expenses, consistent with industry practice, include unrealized gains and losses on debt securities, contributions of long-lived assets (including assets acquired using contributions restricted by donors for the purpose of acquiring such assets), contributions with donor restrictions and grants for the acquisition of long-lived assets.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect significant receivables, payables, and other liabilities.

The Organization reports information regarding its financial position and activities, based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a capital reserve, an operating reserve, and a board designated quasi-endowment unrestricted fund.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation.

Cash and Cash Equivalents

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization accounts for investments at fair value, based on quoted market prices. Unrealized gains or losses on such securities are based on the change in market value of the assets from the beginning to the end of the fiscal year. Realized gains or losses are based on the proceeds received less the fair market value as of the previous year or original cost if it was purchased during the year. Unrealized gains and losses are included in the excess of revenue over expenses.

Investments Held in Trust by Others

The Organization has funds held in a perpetual trust by others from which income is received based on the Organization's ownership share. The interest in the trust is stated at the estimated fair value of the assets based on the percentage of the trust designated to the Organization applied to the total fair value of the trust, which is based primarily on quoted market prices of the trust's underlying assets. The Organization's share of the trust's assets is included in the statement of financial position as investments held in trust by others and is classified as net assets with donor restrictions.

Investment in Behavioral Health Consortium of Illinois, LLC

As of June 30, 2021 and 2020, the Organization had an 8.33% ownership of Behavioral Health Consortium of Illinois, LLC (the LLC). The purposes of the LLC is to establish and operate a network of clinically-integrated behavioral health service providers in Cook County and its surrounding communities who will serve as preferred providers to CountyCare and other third-party payors; to share best practices for the provision of high quality behavioral health services; to achieve efficiencies among the members; and to provide behavioral health services over a broader continuum of care inclusive of the social determinants of health. Members of the LLC are subject to an operating agreement which places limits on the transfer, sale, and pledging of units, including the first right of refusal by the LLC and other members in the event a member wishes to sell or dispose of its units. Withdrawal from the LLC requires written notice provided at least 180 days prior to the withdrawal date.

As the Organization does not have the ability to exercise significant influence on the activities of Behavioral Health Consortium of Illinois, LLC, the investment is accounted for under the cost method and valued at $35,000.

Investment in ProviderCo, LLC

As of June 30, 2021 and 2020, the Organization had a 3.45% ownership of ProviderCo, LLC. The ProviderCo, LLC is a 50% owner of the Illinois Health Practice Alliance, which is an independent practice association of behavioral health providers in Illinois. As the Organization does not have the ability to exercise significant influence on the activities of ProviderCo, LLC, the investment is accounted for under the cost method and valued at $40,000.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Service Receivable

Patient accounts receivable are reported at their transaction price from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. The Organization grants credit without collateral to its patients, most of whom are residents in the communities that it serves and are either insured under third-party payor agreements or uninsured. Patient accounts receivable are reduced for explicit and implicit price concessions. In establishing its estimate of collectability of accounts receivable, the Organization analyzes its past history and collection patterns of its major payor revenue sources. These estimates are adjusted as appropriate for volume, service mix and rate changes.

For receivables associated with self-pay patients (which include patients without insurance who are not covered by the Organization's sliding fee discount program and patients with deductible and copayments balances due for which third-party coverages exists for part of the bill), the Organization records an implicit price concession in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted are considered a change in estimate of the implicit price concession.

Pledges and Contributions Receivable

Unconditional promises to give contributions are recorded as revenue when the promises are received. Pledges expected to be collected in periods greater than one year are discounted to their estimated present value. There were no long-term pledges at June 30, 2021 or 2020. Management assesses the collectability of pledges receivable based on historical experience. When amounts are determined to be uncollectible, they are written off and charged to bad debt expense.

Grants Receivable

Grants receivable consists of costs under the grant agreements that were incurred prior to year-end, for which payment has not been received.

Costs incurred recoverable under grants are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectible grants expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. There was no allowance for doubtful accounts at June 30, 2021 or 2020.

Inventory

Inventory held at the resale shop is comprised solely of donated goods and is appraised and recorded at fair market value at year-end.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment purchases of $5,000 or more are stated at cost. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of the property are capitalized. Assets received as donations are stated at the fair value at the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	27.5 to 50 Years
Building Improvements	5 to 50 Years
Furniture and Fixtures	5 Years
Machinery and Equipment	5 Years

Impairment of Long-Lived Assets

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

Recognition of Support and Revenues

Grants are recognized as revenue when earned. Expense-driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met. Grant funds received prior to the incurrence of the qualifying expenses are deferred.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 operations as net assets released from restrictions.

Grant revenues are recognized in the period in which they are expended for cost reimbursement agreements. Amounts received under these grants that have not yet been expended are recorded as deferred revenue. Grants advanced and not expended by the end of the grant or contract period are refundable to the grantor. Certain organizations involved in exchange transactions may specify monies be used in a specific future period and, as such, they are initially recorded as deferred revenue, and are then recognized in the period for which they were designated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Goods and Services

The Organization recognizes donated services of specialized skills which would need to be purchased if they were not donated as in-kind contributions in the statement of operations. Donated health care and professional services amounted to $-0- for the years ended June 30, 2021 and 2020. The Organization also receives a significant amount of donated services from unpaid volunteers who assist in its programs in the furtherance of its purposes. No amounts have been recognized in the statement of operations for unpaid volunteers. The Organization received donated supplies for operations. Donated supplies amounted to $-0- and $30,637 for the years ended June 30, 2021 and 2020, respectively.

Sliding Fee Adjustments (Charity Care)

The Organization is a nonprofit health care provider established to meet the health care needs of its community. The Organization has a policy of providing care to uninsured patients who meet certain criteria under its policies at amounts less than its established rates, or without charge. If the free care exception does not apply patients are requested to pay a minimum fee for each visit, although no patient is denied services because of inability to pay.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Organization allocates its expenses between program and support services. Expenses that can be identified with a specific program or support service are allocated directly according to the benefits provided. Costs not directly attributable to a function, including depreciation, interest, and other occupancy costs are allocated by various statistical bases as determined by management.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation. The Organization determined that it was not required to record a liability related to uncertain tax positions.

Reclassification

Certain prior year amounts have been reclassified, where appropriate, to conform to the current year method of presentation. These reclassifications had no impact to the total assets, liabilities, net assets or change in net assets previously presented.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

ASU 2014-09

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Organization adopted ASU 2014-09 beginning July 1, 2020 using a full retrospective approach. ASU 2014-09 requires organizations to exercise more judgment and recognize revenue using a five-step process. As such the standard requires an organization to recognize revenue when the organization transfers control of promised goods and services to the customer (patient). An organization is also required to disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with patients. Under ASU 2014-09, the estimated uncollectible amounts due from patients are considered a change in estimate of the implicit price concession and are generally considered a direct reduction to patient service revenue. The Organization also assessed the impact of ASU 2014-09 for programs that are subject to variable consideration and concluded that accounting for these programs under ASU 2014-09 is consistent with the historical accounting practices. Adoption of the new standard did not materially impact the financial position, results of operations, or cash flows of the Organization and there was no cumulative effect of a change in accounting principle recorded as a result of adoption.

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement.* The ASU removes and modifies disclosure requirements retrospectively for nonpublic entities. The Organization implemented the ASU in fiscal year 2021. See Note 13.

Pending Accounting Standards

Leases

In February 2016, FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for the Organization for the fiscal year ending June 30, 2023.

NOTE 2 PATIENT SERVICE REVENUE AND RECEIVABLES

Patient service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government payors), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party after the services are performed. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time are recognized based on actual charges incurred in relation to total expected (or actual) charges. the Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patient service revenue from primary and preventative care, care coordination fees and capitation revenue. The Organization measures the performance obligation at the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the completion of the outpatient service. Revenue for performance obligations satisfied at a point in time, pharmacy services, is generally recognized when goods are provided to our patients and the Organization does not believe it is required to provide additional goods or services related to that sale.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured and under-insured patients in accordance with the Organization’s policy and/or implicit price concessions provided to uninsured and under-insured patients. The Organization determines its estimates of explicit price concessions based on contractual agreements, its discount policy, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

The opening and closing contract balances with customers were as follows:

	Patient Service Receivable
Balance as of July 1, 2019	$ 715,224
Balance as of June 30, 2020	819,931
Balance as of June 30, 2021	717,043

Agreements with third-party payors typically provide for payments at amounts less than established charges. Contractual adjustments under third-party reimbursement programs principally represent the differences between the Organization’s billings at list price and the amounts reimbursed by Medicare, Medicaid, commercial insurance carriers, and certain other third-party payors; they also include any differences between estimated retroactive third-party reimbursement settlements for prior years and subsequent final settlements. A summary of the payment arrangements with major third-party payors follows:

NOTE 2 PATIENT SERVICE REVENUE AND RECEIVABLES (CONTINUED)

Medicare

The Health Center is paid a Prospective Payment System (PPS) rate for FQHCs under Medicare Part B for outpatient services rendered to Medicare program beneficiaries. The rates vary according to patient classification systems and are based on clinical, diagnostic, and other factors. Under the FQHC PPS, Medicare pays FQHCs based on the lesser of their actual charges or the PPS rate for FQHC services furnished to a beneficiary for a medically necessary, face-to-face FQHC visit. The Organization is paid 80% of the established FQHC rate, with the beneficiary being responsible for the remaining 20%, or alternatively, the remaining 20% is billed to Medicaid for qualifying patients (dual eligible). The FQHC PPS base rate is adjusted for each FQHC site by the FQHC geographic adjustment factor (GAF), based on the geographic cost indices (GPCIs) used to adjust payment under the Medicare Physician Fee Schedule (MPFS).

The Organization is reimbursed at the PPS rate with final settlement related to Medicare bad debts and vaccines provided during the Medicare year determined after submission of annual cost reports by the Organization and audits thereof by the Centers for Medicare and Medicaid (CMS) fiscal intermediary. Historically, these settlement amounts have not been material.

Medicaid

The Organization is paid for services rendered to Medicaid program beneficiaries based on rates established by the Illinois Department of Healthcare and Family Services. Health Center rates are adjusted annually based on the Medicare Economic Index. The prospectively determined rates for the Health Center are not subject to retroactive adjustment.

Managed Care Organizations

The Organization also provides health care services under various agreements with health maintenance organizations (HMOs) and preferred provider organizations (PPOs). The terms of each contract vary, but typically include a negotiated discount offered by the Organization for services provided to contracted HMO and PPO patients.

Other

The Organization has payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement under these agreements includes discounts from established charges and prospectively determined rates.

NOTE 2 PATIENT SERVICE REVENUE AND RECEIVABLES (CONTINUED)

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization’s compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization’s historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price, were not significant in 2021 and 2020.

Generally, patients who are covered by third-party payors are responsible for related deductibles that vary in amount. The Organization also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. Specifically, the Organization has a policy of providing care to patients who meet certain criteria under its Sliding Fee Discount Program at amounts less than its established rates. However, all patients are requested to pay a nominal fee for each visit, and no patient is denied services because of inability to pay. Discounts under the Sliding Fee Discount Program are considered explicit price concessions. the Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. the Organization estimates the cost of providing charity care by applying a cost-to-gross charges ratio to the gross uncompensated charges associated with providing charity care to patients.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended June 30, 2021 and 2020. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

NOTE 2 PATIENT SERVICE REVENUE AND RECEIVABLES (CONTINUED)

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and other uninsured balances (for example, copays, and deductibles). The implicit price concessions included in estimating the transaction price represents the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, other insurance, or patient) have different reimbursement/payment methodologies;
- Length of patient's service;
- Method of reimbursement (fee for service or capitation);
- the Organization's line of business that provided the service such as medical, dental, and behavioral health visits.

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Organization does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

For the years ended June 30, 2021 and 2020, the Organization recognized revenue of $6,963,311 and $6,684,490, respectively, from goods and services that transfer to the customer over time (outpatient visits).

The following summarizes the composition of the patient accounts receivable by payor and patient service revenue by payor, for the years ended June 30:

	2021	2020
Receivables:		
Medicaid and Medicaid Managed Care	74%	78%
Medicare	9%	6%
Other Third Parties Including Commercial	9%	8%
Self-Pay	8%	8%
Total Receivables, Net	100%	100%
Revenue:		
Medicaid and Medicaid Managed Care	75%	76%
Medicare	10%	3%
Other Third Parties Including Commercial	13%	16%
Self-Pay	2%	5%
Total Patient Services Revenue, Net	100%	100%

NOTE 3 LIQUIDITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programmatic activities as well as the conduct of services undertaken to support those activities to be general expenditures. The Organization also utilizes a line of credit (see Note 8).

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2021	2020
Cash and Cash Equivalents	$ 2,602,843	$ 2,475,689
Patient Service Receivable	717,043	819,931
Grants and Pledges Receivable	1,166,911	2,310,725
Investments	4,706,015	4,070,278
Less:		
Board-Designated Net Assets	(4,063,610)	(3,214,000)
Net Assets With Donor Restrictions	(1,060,753)	(1,436,300)
Financial Assets Available for Use Within One Year to Meet Cash Needs for General Expenditures	$ 4,068,449	$ 5,026,323

NOTE 4 GRANTS RECEIVABLE

Grants receivable represents amounts due from various governmental and charitable entities for services to be provided by the Organization. The Organization's grants receivable consisted of the following restricted amounts at June 30:

	2021	2020
Head Start	$ -	$ 515,404
Health Resources and Services Administration	395,114	1,089,443
State of Illinois Department of Human Services	191,648	38,861
Illinois Coalition Against Sexual Assault	278,576	243,800
Illinois Coalition Against Domestic Violence	38,274	76,069
Other	118,300	177,148
Total Grants Receivables	$ 1,021,912	$ 2,140,725

NOTE 5 INVESTMENTS

Investments consisted of the following as of June 30:

	2021	2020
Money Market Funds	$ 263,560	$ 189,335
Equity Securities	1,545,957	1,122,986
Fixed Income Securities	2,896,498	2,757,957
Investment in Behavioral Health Consortium of Illinois, LLC	35,000	35,000
Investments in ProviderCo, LLC	40,000	40,000
Investments Held in Trust by Others	2,371,344	1,817,712
Total Investments	$ 7,152,359	$ 5,962,990

NOTE 6 PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30 is as follows:

	2021	2020
Land	$ 716,686	$ 891,686
Building and Improvements	8,284,621	9,048,711
Furniture and Equipment	2,568,067	2,662,762
Vehicles	65,713	65,713
Capital Work in Progress	644,381	-
Total	12,279,468	12,668,872
Less: Accumulated Depreciation	7,168,866	7,518,967
Property and Equipment, Net	$ 5,110,602	$ 5,149,905

Capital work in progress noted above is related to a building purchased for the expansion of services and which was still in progress as of June 30, 2021. This project is anticipated to be completed in the second quarter of the fiscal year ending June 30, 2023.

NOTE 7 BOARD-DESIGNATED FUNDS

The board has designated the following net assets without donor restrictions as of June 30:

	2021	2020
Capital Reserve	$ 791,390	$ 400,000
Operating Reserve	1,649,589	1,500,000
Board Designated Quasi-Endowment Unrestricted Fund	1,622,631	1,314,000
Total Board-Designated Funds	$ 4,063,610	$ 3,214,000

NOTE 8 LINE OF CREDIT

The Organization has a $1,000,000 revolving credit agreement with FNBC Bank & Trust. The line of credit bears interest at the greater of prime rate plus 0.50% or 4.75%. There were no borrowings outstanding as of June 30, 2021 and 2020. Borrowings under this line of credit are collateralized by substantially all business assets. The agreement expires on March 5, 2022.

NOTE 9 LEASES

The Organization had an operating lease agreement for office space located in LaGrange Park, Illinois. The lease expired in March 2021. The lease called for monthly escalating rental payments over the lease term as well as provided for rent abatement for the first four months of the lease. Rental expense was recorded on a straight-line basis over the lease term. Deferred rent, as a result of escalating payments and abatements, totaled $-0- and $12,452 at June 30, 2021 and 2020, respectively. This lease became a month-to-month lease after the expiration date. The Organization also has various operating leases for office equipment expiring through the year ending June 30, 2025. Lease expense during the fiscal years ended June 30, 2021 and 2020 was $177,450 and $215,688, respectively.

The future minimum rental payments required under the above lease are as follows:

Year Ending June 30,	Amount
2022	$ 75,866
2023	75,866
2024	59,711
2025	13,433
Total	$ 224,876

NOTE 10 LONG-TERM DEBT

Long-term debt at June 30 is as follows:

Description	2021	2020
Note payable to FNBC Bank & Trust. Note was refinanced on May 5, 2020 with monthly installments of $8,588, including interest at 4.125%, with a final balloon payment of $632,908. The note is collateralized by certain property owned by the Organization and is due on May 25, 2025.	$ 901,789	$ 965,666
Note payable to IFF with a principal amount of $1,500,000. Monthly payments of $11,920, including interest at 5%. This note is collateralized by certain properties owned by the Organization and is due on June 1, 2028.	843,387	941,582
Total	1,745,176	1,907,248
Less: Unamortized Debt Issuance Costs	(13,730)	(17,432)
Less: Current Portion	(169,819)	(162,072)
Total Long-Term Debt	$ 1,561,627	$ 1,727,744

The balance of the above debt matures as follows for the years ending June 30:

NOTE 10 LONG-TERM DEBT (CONTINUED)

Year Ending June 30,	Amount
2022	$ 169,819
2023	178,463
2024	186,955
2025	811,113
2026	126,020
Thereafter	272,806
Total	$ 1,745,176

NOTE 11 REFUNDABLE ADVANCES

A summary of refundable advances at June 30 is as follows:

	2021	2020
Paycheck Protection Program	$ -	$ 908,975
Provider Relief Funds	-	127,098
Total	$ -	$ 1,036,073

On April 15, 2020, the Organization received proceeds in the amount of $2,000,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). Under the terms of the PPP Loan, the Organization was eligible to apply for forgiveness subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. As such, the Organization classified this loan as a conditional contribution for accounting purposes. The Organization recognized $908,975 and $1,091,025 of federal government grant revenue during the years ended June 30, 2021 and 2020, respectively, by satisfying performance barriers related to the PPP loan. During the year ended June 30, 2021 the Organization applied for and received full forgiveness on the PPP Loan.

The U.S. Small Business Administration may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization’s financial position.

The Organization also received funding from the general distribution of the Provider Relief Fund established by the CARES Act, which was signed into law on March 27, 2020. $127,098 of funding was received during the year ended June 30, 2020 and was used to reimburse the Organization for costs related to preventing, preparing for, and responding to coronavirus along with lost revenues. This funding was recognized as revenue during the year ended June 30, 2021.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net asset balances were comprised of the following at June 30:

	2021	2020
Subject to Expenditure for Specified Purpose:		
Domestic Violence Program	$ 327,817	$ 549,313
Capital Initiative Program	211,252	211,252
Medical Services Program	120,293	260,417
Dental Services Program	156,576	154,911
Mental Health Services	125,711	130,337
Other	92,009	102,975
Not Subject to Spending Policy or Appropriation:		
Beneficial Interest in Trust	2,371,344	1,817,712
Other Donor Restricted	27,095	27,095
Total Net Assets With Donor Restrictions	$ 3,432,097	$ 3,254,012

For the years ended June 30, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished are as follows for the years ended June 30:

	2021	2020
Domestic Violence	$ 506,771	$ 275,696
Capital Initiative	-	25,532
Electronic Health Record Initiative	-	25,000
Medical Services	475,601	336,697
Dental Services	351,153	216,807
Mental Health Services	523,842	199,276
Other	241,394	112,418
Total	$ 2,098,761	$ 1,191,426

NOTE 13 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America define fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Accounting principles generally accepted in the United States of America establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following is a description of the valuation methodologies used for assets measured at fair value.

The fair values of exchange traded funds (ETF), bond funds, and stock mutual funds (Level 1 assets) are based on quoted market prices for identical assets in active markets. There are no Level 2 assets at June 30, 2021 and 2020.

The value of the Beneficial Interest in Trust represents an irrevocable right to receive distributions in perpetuity from a trust that is managed by a third-party. The Organization does not have variance power over the trust's portfolio. The beneficial interest in trust is stated at fair value, which is based on the percentage of the trust designated to the Organization applied to the total fair value of the trust, which is based on quoted market prices of the underlying assets when available (Level 3 assets). Changes in the fair value of the underlying assets, as determined by the trustees that hold and manage these assets, are recognized in the statement of operations and changes in net assets in the period in which they occur.

The following table summarizes the valuation methods and inputs used to determine fair value at June 30, 2021 and 2020 for assets measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs).

	Fair Value at June 30, 2021	Valuation Technique	Significant Unobservable Inputs Used	Range Weighted Avg
Beneficial Interest in Trust	$ 2,371,344	Percentage of the Trust Designated to the Organization	Fair Value of Underlying Assets	N/A

	Fair Value at June 30, 2020	Valuation Technique	Significant Unobservable Inputs Used	Range Weighted Avg
Beneficial Interest in Trust	$ 1,817,712	Percentage of the Trust Designated to the Organization	Fair Value of Underlying Assets	N/A

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements. These processes include obtaining the trust's monthly statements and analyzing the changes in fair value from period to period.

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2021 and 2020:

Balance at June 30, 2019	$ 1,797,383
Total Unrealized Losses	20,329
Balance at June 30, 2020	1,817,712
Total Unrealized Gains	553,632
Balance at June 30, 2021	$ 2,371,344

Unrealized gains (losses) reported above for the years ended June 30, 2021 and 2020 are reported in the change in fair value of investments held in trust by others in the statement of changes in net assets.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

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

Fair values of assets measured on a recurring basis at June 30 are as follows:

	2021			
	Total	Level 1	Level 2	Level 3
Investments:				
Money Market Funds	$ 263,560	$ 263,560	$ -	$ -
Equity Securities	1,545,957	1,545,957	-	-
Fixed Income Securities	2,896,498	2,896,498	-	-
Beneficial Interest in Trust	2,371,344	-	-	2,371,344
Total Assets at Fair Value	7,077,359	$ 4,706,015	$ -	$ 2,371,344
Investments Held at Cost	75,000			
Total Investments	$ 7,152,359			

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

	2020			
	Total	Level 1	Level 2	Level 3
Investments:				
Money Market Funds	$ 189,335	$ 189,335	$ -	$ -
Equity Securities	1,122,986	1,122,986	-	-
Fixed Income Securities	2,757,957	1,980,398	777,559	-
Beneficial Interest in Trust	1,817,712	-	-	1,817,712
Total Assets at Fair Value	5,887,990	$ 3,292,719	$ 777,559	$ 1,817,712
Investments Held at Cost	75,000			
Total Investments	$ 5,962,990			

NOTE 14 COMMITMENTS AND CONTINGENCIES

The Organization maintains cash in certain financial institutions for which the balances exceeded federally insured limits during the year. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term, and that such changes could materially affect the Organization and the amounts reported in the statement of operations.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. This coverage has not changed significantly from the previous year. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Grants

The Organization has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a review or audit by the grantor may become a liability of the Organization. Such amounts will be recognized in the period they become known.

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Regulatory Environment Including Fraud and Abuse Matters

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, and reimbursement for fee for services and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with imposition of significant fines and penalties, as well as significant repayments for fee for services previously billed. Management believes that the Organization is in compliance with fraud and abuse and other applicable government laws and regulations. While no regulatory inquiries that are expected to have a material adverse effect on the Organization have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Other

The U.S. Department of Health and Human Services approves components of the Organization's annual budget.

Medical Malpractice Insurance Coverage and Claims

The Organization's Health Center is covered under the provision of the Federal Tort Claims Act (FTCA) for malpractice for services provided within the scope of the FQHC. The FTCA is a government-funded program which allows federally qualified health centers to be covered for malpractice. The agency also carries GAP insurance for health center activities that may fall outside the scope of the FQHC as well as liability insurance for counselors and social workers who provide services outside the scope of the FQHC.

Concentrations

Federal grant awards from two agencies represented 24% and 46% of public support during 2021 and 2020, respectively.

Approximately 9% and 23% of the Organization's workforce is covered by a collective bargaining agreement as of the years ended June 30, 2021 and 2020, respectively. The agreement is in effect through February 28, 2022.

COVID-19

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its fiscal 2022 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continue to occur subsequent to year-end and are still developing.

NOTE 15 RETIREMENT PLAN

The Organization has two retirement plans. The nonunion plan is a safe harbor plan with a 1% match on the first 3% of employee contributions and a 1/2% match on the next 1% of employee contributions for a maximum match of 4%. The union plan has a match of up to 2% on the first 2% of employee contributions. Both plans allow eligible employees to contribute up to 80% of their salary. Total expense for matching contributions was $107,752 and $191,197 for the years ended June 30, 2021 and 2020.

NOTE 16 SUBSEQUENT EVENTS

Management evaluated subsequent events through February 25, 2022, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2021, but prior to February 25, 2022, that provided additional evidence about conditions that existed at June 30, 2021, have been recognized in the financial statements for the year ended June 30, 2021. Events or transactions that provided evidence about conditions that did not exist at June 30, 2021, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2021.

PILLARS COMMUNITY HEALTH
SCHEDULE OF REVENUES AND EXPENSES
PROVISO MENTAL HEALTH COMMISSION
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Behavioral Health	Domestic Violence	Total
REVENUES			
Service Fees	$ 45,000	$ 98,103	$ 143,103
Total Revenues	45,000	98,103	143,103
EXPENSES			
Staff Salaries and Fringe Benefits	36,580	39,001	75,581
Fringe Benefits	8,326	10,618	18,944
Supplies	378	1,783	2,161
IT/Tech Support	1,398	3,382	4,780
Telecommunications	799	7,298	8,097
Occupancy	3,061	24,870	27,931
Local Transportation	51	60	111
Conferences and Meetings	2	3	5
Furniture and Equipment-Purchase and Maintenance	391	570	961
Insurance	353	436	789
Depreciation and Amortization	1,571	16,491	18,062
Allocated Support Services	41,768	21,473	63,241
Total Expenses	94,678	125,985	220,663
SURPLUS/DEFICIT	$ (49,678)	$ (27,882)	$ (77,560)

PILLARS COMMUNITY HEALTH
SCHEDULE OF REVENUES AND EXPENSES
PROVISO MENTAL HEALTH COMMISSION
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Behavioral Health	Domestic Violence	Total
REVENUES			
Service Fees	$ 62,879	$ 93,501	$ 156,380
Total Revenues	62,879	93,501	156,380
EXPENSES			
Staff Salaries and Fringe Benefits	41,632	66,170	107,802
Fringe Benefits	9,818	17,932	27,750
Professional/Contractual Services	17,370	1,911	19,281
Supplies	576	2,473	3,049
Telecommunications	2,055	1,993	4,048
Occupancy	2,986	5,689	8,675
Local Transportation	297	1,208	1,505
Conferences and Meetings	10	544	554
Furniture and Equipment-Purchase and Maintenance	383	425	808
Insurance	606	644	1,250
Depreciation and Amortization	3,346	2,050	5,396
Allocated Support Services	13,982	14,691	28,673
Total Expenses	93,061	115,730	208,791
SURPLUS/DEFICIT	$ (30,182)	$ (22,229)	$ (52,411)

PILLARS COMMUNITY HEALTH
SCHEDULE OF REVENUES AND EXPENSES
ILLINOIS COALITION AGAINST SEXUAL ASSAULT
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Total Sexual Assault	General	VOCA Advocacy	VAWA Satellite	VAWA Prevention	ICJIA CESE	VAWA RPE COVID-19	Other Sexual Assault
REVENUES								
ICASA/General	$ 197,888	$ 197,888	$ -	$ -	$ -	$ -	$ -	$ -
ICASA/VOCA	660,892	-	660,892	-	-	-	-	-
ICASA/Satellite	60,000	-	-	60,000	-	-	-	-
ICASA/Prevention	40,004	-	-	-	40,004	-	-	-
ICASA/MEMBER TRAVEL General	4,872	-	-	-	-	4,872	-	-
ICASA/MEMBER TRAVEL VAWA	5,121	-	-	-	-	-	5,121	-
Lyons Township Mental Health Commission	11,210	-	-	-	-	-	-	11,210
Cook County Hospitals	13,333	-	-	-	-	-	-	13,333
Released from Restriction	935	-	-	-	-	-	-	935
United Way	7,745	-	-	-	-	-	-	7,745
Other Revenue	50	-	-	-	-	-	-	50
Total Revenues	1,002,050	197,888	660,892	60,000	40,004	4,872	5,121	33,273
EXPENSES								
Personnel/Fringes	739,451	115,552	515,095	47,088	26,536	4,872	-	30,308
Contractual	129,516	34,665	28,679	2,153	5,990	-	-	58,029
Travel	762	22	236	-	-	-	-	504
Supplies	22,711	7,106	6,003	4	306	-	5,121	4,171
Equipment Purchases and Maintenance	6,231	5,071	-	-	-	-	-	1,160
Indirect Costs	183,957	35,472	110,879	10,755	7,172	-	-	19,679
Dues, Licenses, and Fees	1,562	-	-	-	-	-	-	1,562
Total Expenses	1,084,190	197,888	660,892	60,000	40,004	4,872	5,121	115,413
SURPLUS/DEFICIT	$ (82,140)	$ -	$ -	$ -	$ -	$ -	$ -	$ (82,140)

PILLARS COMMUNITY HEALTH
SCHEDULE OF REVENUES AND EXPENSES
ILLINOIS COALITION AGAINST SEXUAL ASSAULT
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Total Sexual Assault	General	VOCA Advocacy	VAWA Satellite	VAWA Prevention	Member Travel	Member Travel VAWA	Member Travel Sisters of Charity	VOCA One Time	Other Sexual Assault
REVENUES										
ICASA/General	$ 226,035	$ 226,035	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ICASA/VOCA	664,946	-	664,946	-	-	-	-	-	-	-
ICASA/Satellite	60,000	-	-	60,000	-	-	-	-	-	-
ICASA/Prevention	42,223	-	-	-	42,223	-	-	-	-	-
ICASA/MEMBER TRAVEL General	1,866	-	-	-	-	1,866	-	-	-	-
ICASA/MEMBER TRAVEL VAWA	39	-	-	-	-	-	39	-	-	-
ICASA/MEMBER TRAVEL Sister of Charity	91	-	-	-	-	-	-	91	-	-
ICASA/One Time	4,470	-	-	-	-	-	-	-	4,470	-
Lyons Township Mental Health Commission	33,006	-	-	-	-	-	-	-	-	33,006
Cook County Hospitals	40,000	-	-	-	-	-	-	-	-	40,000
Released from Restriction	750	-	-	-	-	-	-	-	-	750
United Way	9,019	-	-	-	-	-	-	-	-	9,019
Other Revenue	10,812	-	-	-	-	-	-	-	-	10,812
Total Revenues	1,093,257	226,035	664,946	60,000	42,223	1,866	39	91	4,470	93,587
EXPENSES										
Personnel/Fringes	747,376	160,649	461,833	44,700	30,700	-	-	-	-	49,494
Contractual	86,497	15,518	61,034	1,920	189	-	-	-	-	7,836
Travel	42,523	1,894	7,014	2,489	-	1,866	39	91	-	29,130
Supplies	40,000	7,223	15,873	946	3,765	-	-	-	-	12,193
Equipment Purchases and Maintenance	10,482	1,373	-	-	-	-	-	-	4,470	4,639
Indirect Costs	183,948	39,378	119,192	9,945	7,569	-	-	-	-	7,864
Dues, Licenses, and Fees	1,561	-	-	-	-	-	-	-	-	1,561
Total Expenses	1,112,387	226,035	664,946	60,000	42,223	1,866	39	91	4,470	112,717
SURPLUS/DEFICIT	$ (19,130)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (19,130)

PILLARS COMMUNITY HEALTH
SCHEDULE OF REVENUES AND EXPENSES
ILLINOIS COALITION AGAINST DOMESTIC VIOLENCE
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Total Domestic Violence	#215301 VOCA Grants	IDHS General Revenue Match	Other Domestic Violence
REVENUES				
Contributions	$ -	$ -	$ -	$ -
United Way	6,745	-	-	6,745
Program Income	1,368,340	565,433	141,411	661,496
Other Revenue	100	-	-	100
Released from Restriction	520,776	-	-	520,776
Total Revenues	1,895,961	565,433	141,411	1,189,117
EXPENSES				
Salaries	935,303	350,478	114,041	470,784
Fringe Benefits/Taxes	226,186	86,198	27,370	112,618
Program Supplies	26,157	3,686	-	22,471
Staff Travel	130	-	-	130
Contractual Services	136,318	9,656	-	126,662
Occupancy	158,052	6,267	-	151,785
Telecommunications	47,453	6,569	-	40,884
Training and Education	576	-	-	576
Miscellaneous Costs	32,678	-	-	32,678
Indirect Costs	333,108	102,579	-	230,529
Total Expenses	1,895,961	565,433	141,411	1,189,117
SURPLUS/DEFICIT	$ -	$ -	$ -	$ -

PILLARS COMMUNITY HEALTH
SCHEDULE OF REVENUES AND EXPENSES
ILLINOIS COALITION AGAINST DOMESTIC VIOLENCE
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Total Domestic Violence	#215301 VOCA Grants	IDHS General Revenue Match	COVID-19 Response Foundation Grants	Other Domestic Violence
REVENUES					
Contributions	$ 1,100	$ -	$ -	$ -	$ 1,100
United Way	9,019	-	-	-	9,019
Program Income	1,338,851	567,875	128,078	4,902	637,996
Other Revenue	5,555	-	-	-	5,555
Released from Restriction	286,705	-	-	-	286,705
Total Revenues	1,641,230	567,875	128,078	4,902	940,375
EXPENSES					
Salaries	849,818	339,194	99,437	-	411,187
Fringe Benefits/Taxes	215,704	86,645	28,641	-	100,418
Program Supplies	23,992	7,822	-	-	16,170
Staff Travel	4,244	-	-	-	4,244
Contractual Services	16,488	14,078	-	-	2,410
Occupancy	146,881	8,952	-	-	137,929
Telecommunications	38,133	9,392	-	-	28,741
Training and Education	4,497	-	-	-	4,497
Miscellaneous Costs	37,044	-	-	4,902	32,142
Indirect Costs	304,429	101,792	-	-	202,637
Total Expenses	1,641,230	567,875	128,078	4,902	940,375
SURPLUS/DEFICIT	$ -	$ -	$ -	$ -	$ -

PILLARS COMMUNITY HEALTH
SCHEDULE OF REVENUES AND EXPENSES
COOK COUNTY DEPARTMENT OF PLANNING AND DEVELOPMENT
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Project # 2004-037	Project # 1904-067	Project # CV-11	Project # E20-11
REVENUES				
Program Income	$ 14,502	$ 3,683	$ 10,750	$ 15,821
Total Revenues	14,502	3,683	10,750	15,821
EXPENSES				
Staff Salaries	14,502	3,683	-	-
Transportation	-	-	-	45
Shelter Maintenance and Repairs	-	-	-	15,776
Hotel or Motel Vouchers	-	-	10,000	-
Administrative Costs	-	-	750	-
Total Expenses	14,502	3,683	10,750	15,821
SURPLUS/DEFICIT	$ -	$ -	$ -	$ -

PILLARS COMMUNITY HEALTH
SCHEDULE OF REVENUES AND EXPENSES
COOK COUNTY DEPARTMENT OF PLANNING AND DEVELOPMENT
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Project # 1804-062	Project # 1904-067	Project # E18-11	Project # E19-12
REVENUES				
Program Income	$ 4,500	$ 13,075	$ 181	$ 19,000
Total Revenues	4,500	13,075	181	19,000
EXPENSES				
Staff Salaries	4,500	13,075	-	-
Shelter Maintenance and Repairs	-	-	-	19,000
Supplies	-	-	181	-
Total Expenses	4,500	13,075	181	19,000
SURPLUS/DEFICIT	$ -	$ -	$ -	$ -

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