



Erie Neighborhood House

Financial Statements

June 30, 2020

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors
Erie Neighborhood House
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **ERIE NEIGHBORHOOD HOUSE** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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



Report on Summarized Comparative Information

Other auditors previously audited **ERIE NEIGHBORHOOD HOUSE**'s 2019 financial statements and expressed an unmodified audit opinion on those audited financial statements in their report dated December 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of program expenses and revenue are presented for purposes of additional analysis and are 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 our report dated February 15, 2021, on our consideration of Erie Neighborhood House'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 Erie Neighborhood House'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 Erie Neighborhood House's internal control over financial reporting and compliance.

Sassetti LLC

Oak Park, Illinois
February 15, 2021

ERIE NEIGHBORHOOD HOUSE
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR JUNE 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,437,477	\$ 1,301,068
Investments	2,978,393	3,020,217
Accounts and pledges receivable, net	218,731	117,370
Due from governmental agencies, net	1,363,124	558,424
Prepaid expenses	31,604	38,249
Property and equipment, net	<u>5,018,142</u>	<u>4,600,647</u>
Total Assets	<u>\$ 11,047,471</u>	<u>\$ 9,635,975</u>
LIABILITIES		
Line of credit	\$ -	\$ 654,309
Accounts payable	614,154	142,384
Accrued expenses	252,667	150,898
Deferred revenue	123,552	310,561
Paycheck Protection Program Loan	<u>1,253,800</u>	<u>-</u>
Total Liabilities	<u>2,244,173</u>	<u>1,258,152</u>
NET ASSETS		
Without donor restrictions	7,835,910	7,616,586
With donor restrictions	967,388	761,237
Total net assets	<u>8,803,298</u>	<u>8,377,823</u>
Total Liabilities and Net Assets	<u>\$ 11,047,471</u>	<u>\$ 9,635,975</u>

The accompanying notes are an integral part of these financial statements.

ERIE NEIGHBORHOOD HOUSE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
REVENUE AND OTHER SUPPORT				
Contributions	\$ 987,636	\$ 537,501	\$ 1,525,137	\$ 897,970
Donated goods and services	359,717	-	359,717	3,821,570
Special events	879,924	-	879,924	557,595
United Way of Chicago	127,900	-	127,900	70,000
Fees and grants from governmental agencies	6,536,089	-	6,536,089	5,867,416
Other income and program fees	926,725	-	926,725	695,775
Investment return, net	107,250	-	107,250	132,298
Miscellaneous income	17,421	-	17,421	1,200
Net assets released from restrictions	331,350	(331,350)	-	-
Total Revenue and Other Support	10,274,012	206,151	10,480,163	12,043,824
EXPENSES				
Program services	8,766,940	-	8,766,940	8,094,452
Management and general	476,434	-	476,434	388,751
Management and general - removal of pledges and construction in progress	-	-	-	1,612,475
Fundraising	811,314	-	811,314	701,384
Total Expenses	10,054,688	-	10,054,688	10,797,062
CHANGE IN NET ASSETS	219,324	206,151	425,475	1,246,762
NET ASSETS BEGINNING OF YEAR	7,616,586	761,237	8,377,823	7,131,061
NET ASSETS END OF YEAR	\$ 7,835,910	\$ 967,388	\$ 8,803,298	\$ 8,377,823

The accompanying notes are an integral part of these financial statements.

ERIE NEIGHBORHOOD HOUSE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Supporting Services			Totals	
	Program Services	Management and General	Fundraising	2020	2019
Salaries	\$ 5,141,788	\$ 194,958	\$ 318,461	\$ 5,655,207	\$ 5,248,643
Payroll taxes	373,873	13,519	22,432	409,824	381,374
Insurance benefits	610,542	22,970	40,180	673,692	680,588
Retirement benefits	87,381	3,309	5,378	96,068	87,115
Professional fees	320,113	48,801	55,911	424,825	340,323
In-kind goods and services	325,608	27,369	6,739	359,716	491,570
Contractual services	226,755	3,564	783	231,102	44,092
Program and office supplies	380,148	4,759	3,556	388,463	261,451
Duplicating expense	76,085	5,922	2,659	84,666	82,603
Cultural events	41,417	3,139	689	45,245	53,625
Parent involvement	5,827	-	-	5,827	10,505
Food	159,697	-	-	159,697	215,055
Telephone	27,071	4,787	1,405	33,263	28,547
Postage and shipping	6,397	326	893	7,616	6,987
Insurance - general	45,348	9,269	2,035	56,652	50,019
Occupancy	307,496	69,811	15,331	392,638	363,071
Vehicle expense	3,372	769	169	4,310	5,234
Building and equipment expense	65,207	14,873	10,404	90,484	93,573
Printing and promotion	77,672	24	16,831	94,527	91,639
Meetings, conferences and travel	49,759	2,462	3,709	55,930	84,788
Software expense	1,001	145	32	1,178	128
Staff development	48,749	458	2,019	51,226	21,718
Dues and subscriptions	101,751	7,418	4,392	113,561	81,778
Bank and credit fees	16,026	-	2,242	18,268	36,732
Internet services	17,921	4,053	890	22,864	22,232
Scholarships	16,794	-	-	16,794	37,546
Special events	2,751	2	204,853	207,606	184,765
Direct assistance	82,932	134	81,945	165,011	13,495
Interest	24,005	5,475	1,202	30,682	27,573
Depreciation and amortization	122,813	28,011	6,151	156,975	141,867
Miscellaneous	641	107	23	771	2,196
Removal of pledges and construction in progress	-	-	-	-	1,612,475
Total expenses	\$ 8,766,940	\$ 476,434	\$ 811,314	\$ 10,054,688	\$ 10,803,307

The accompanying notes are an integral part of these financial statements.

ERIE NEIGHBORHOOD HOUSE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 425,475	\$ 1,246,762
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	156,975	141,867
Unrealized and realized gains on investments	(38,276)	(23,561)
Donated securities	(15,016)	-
Donated property and equipment	-	(3,330,000)
Removal of pledges and construction in progress	-	1,612,475
(Increase) decrease in operating assets:		
Accounts and pledges receivable	(129,441)	131,884
Due from governmental agencies	(776,620)	280,763
Prepaid expenses	6,645	10,426
Increase (decrease) in operating liabilities		
Accounts payable	471,770	6,231
Accrued expenses	101,769	(40,852)
Deferred revenue	(187,009)	9,384
	16,272	45,379
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of property and equipment	(574,470)	(444,451)
Purchases of investments	(1,363,554)	(3,205,419)
Proceeds from sales of investments	1,458,670	3,391,125
	(479,354)	(258,745)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit, net	(654,309)	100,809
Proceeds received from Paycheck Protection Program loan	1,253,800	-
	599,491	100,809
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	136,409	(112,557)
Cash and cash equivalents:		
Beginning of year	1,301,068	1,413,625
End of year	\$ 1,437,477	\$ 1,301,068
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS		
Interest paid	\$ 30,681	\$ 27,573
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Since 1870, Erie Neighborhood House (the “Organization”) has provided the most comprehensive support immigrant and low-income families in Chicago need to thrive and has constantly evolved to meet their needs. Today, Erie House is a modern social services nonprofit with programming and resources for children & youth, mental health & community wellness, adult education & training, legal services, and more. Through these programs, Erie House empowers the people they work alongside to build powerful communities.

Erie House provides services to approximately 20,000 participants from locations in West Town and Little Village, and soon will be opening a site in the Near West Side. The organization receives funding through government grants, contributions from individuals, corporations and foundations, and special events.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liabilities for goods and services are incurred, regardless of the timing of cash flows. The accounts of the Organization are maintained in accordance with the principles of fund accounting, whereby resources are classified for accounting and reporting purposes into net assets established according to their nature and purposes. The Organization is required to present its net assets in the following two categories:

Net assets without donor restrictions represents the portion of expendable funds that are available for the daily operations of the Organization, which are not limited by donor restriction as to use but can be designated by the Board of Directors for investment, capital assets, or other activities.

Net assets with donor restrictions consist of donor-restricted contributions for specified projects as well as contributions received with time restrictions. Upon satisfaction of time or purpose restrictions, these donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Change in Accounting Principle – During 2020, the Organization adopted the Financial Accounting Standards Board’s (FASB) ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Organization adopted ASU 2018-08 using a modified prospective method effective July 1, 2019. Under the modified prospective method, this standard only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, the 2019 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of July 1, 2019. There were no material changes to the recognition of contribution revenue during 2020.

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Cash Flows - The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash paid for interest was \$30,681 for the year ended June 30, 2020.

Cash Balances in Excess of Insured Amounts - The Organization maintains its cash in accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses due to these limits.

Revenue Recognition and Receivables – The Organization receives support and revenue from various funding sources in order to support their programs. Grants may be recognized as revenue either when received or based on a cost-reimbursement methodology as stated in the grant agreement, depending on whether it is determined to be conditional or unconditional. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions/barriers on which they depend are substantially met.

Unconditional promises to give are recognized as revenues in the period received. All contributions are available for unrestricted use unless explicit donor stipulations specify how or when the contributions may be used. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows, using risk adjusted interest rates applicable to those years in which the promises are to be received. Contributions of assets other than cash are recorded at their estimated fair value. Management assesses the collectability of promises to give based on historical results and current market conditions.

Receivables, other than pledges receivable, of over 30 days are considered past due. Donor restricted contributions for which the restriction is satisfied in the same year as the contribution is received are accounted for as unrestricted support.

Investments - Investments are reported at fair value determined at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is based on quoted prices in active markets and changes in fair value are recorded as unrealized gains or losses. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Property and Equipment - Property and equipment are recorded at cost or fair value if contributed. It is the Organization's policy to capitalize expenditures for long-lived assets if they are over \$5,000. Repairs and maintenance are charged to expense, and renewals and betterments that extend the useful lives of assets are capitalized.

Depreciation is provided using the straight-line method over the following estimated useful lives:

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	Years
Building	25
Building and leasehold improvements	5-30
Furniture and equipment	5-10
Software	5
Vehicles	7

Impairment of Long-lived Assets - The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. There were no impairment indicators at June 30, 2020.

Accrued Vacation – The Organization accrues unused vacation pay for employees. Vacation is calculated on a fiscal year basis and encouraged to be taken June 30th of each year. However, if an employee is unable to use all of their accrued vacation hours in a fiscal year, the employee may rollover a maximum of three (3) vacation days into the next fiscal year; these will be the first days used in the new fiscal year.

Donated Goods and Services - Donated marketable securities, equipment and other assets converted to cash are recorded as contributions at fair value at the date of donation. Any assets received and not converted to cash are recorded as contributions at their estimated fair values at the date of donation. The Organization received donated goods totaling \$25,047 during the year ended June 30, 2020.

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Total amount of donated services for the year ended June 30, 2020 was \$334,670.

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

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, the Organization has made no provision for income taxes in the accompanying financial statements.

The Organization accounts for any potential interest or penalties related to the possible future liabilities for unrecognized income tax benefits as interest expense or income tax expense, respectively, in the financial statements. There were no income tax related interest or penalties during the year ended June 30, 2020. In addition, the Organization has taken no uncertain tax positions as of June 30, 2020. The Organization’s income taxes are subject to examination by federal and state taxing authorities. There are currently no examinations for any tax periods pending or in progress.

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Functional Expenses - The statement of functional expenses presents the expenses by function and natural classification. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas. Certain categories of expenses are attributed to one or more program or supporting function of the Organization, which were allocated based on annual time and effort studies. Expenses allocated to programs include salaries and benefits of the executive officers, finance, accounting and administrative personnel, depreciation, office rent and maintenance, and repairs.

Prior Year Summarized Comparative Financial Information - The financial statements include certain prior-year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Subsequent Events – The Organization evaluated all significant events or transactions through February 15, 2021, the date that the financial statements were available to be issued. Subsequent to year end, the Organization renewed its line of credit. See Note 9 for details.

2. INVESTMENTS

Investments at June 30, 2020 are summarized as follows:

	Cost	Market Value	Accumulated Unrealized Gain
Mutual funds	\$ 2,456,423	\$ 2,624,534	\$ 168,111
Exchange traded funds	256,574	254,695	(1,879)
Money market	99,164	99,164	-
	<u>\$ 2,812,161</u>	<u>\$ 2,978,393</u>	<u>\$ 166,232</u>

Investment income consisted of the following for the year ended June 30, 2020:

Interest and dividends	\$ 80,874
Net realized and unrealized gains	38,276
Investment fees	(11,900)
	<u>\$ 107,250</u>

Investment securities are exposed to various risks including interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

3. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1

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

Level 2

Inputs to the valuation methodology include:

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

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

Level 3

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. There have been no changes in methodologies for the year ended June 30, 2020.

Investments in mutual funds are accounted for at fair value on a recurring basis and are accounted for as level 1 inputs.

The Organization's money market funds are classified within Level 1 and valued based on quoted market prices and are deemed to be actively traded. There have been no transfers between the levels during the year ended June 30, 2020.

Fair value of investments recorded on a recurring basis at June 30, 2020 were as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed income	\$ 971,613	\$ -	\$ -	\$ 971,613
Equity securities	1,652,921	-	-	1,652,921
Money market	99,164	-	-	99,164
Exchange traded funds				
Fixed income	89,991	-	-	89,991
Equity securities	164,704	-	-	164,704
Total investments held	\$ 2,978,393	\$ -	\$ -	\$ 2,978,393

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4. ACCOUNTS AND PLEDGES RECEIVABLE

Accounts and pledges receivable reflect amounts receivable from non-governmental sources. Pledges are recorded as promises to give in the period in which the promise is received. The Organization has recorded an allowance for uncollectible receivables of \$53,080 related to pledges receivable as of June 30, 2020. Accounts and pledges receivable expected to be collected within one year are \$218,731 as of June 30, 2020.

5. DUE FROM GOVERNMENTAL AGENCIES

The Organization has entered into contracts with the City of Chicago through the Department of Family and Support Services as well as other state and local government agencies. The contracts provide for reimbursement of subsidized childcare services based on a per diem rate limited to a specified maximum.

Management assesses the allowance for doubtful amounts due from governmental agencies based on historical results and specific information from the agencies. As of June 30, 2020, no allowance is deemed necessary. Vouchers submitted for covered expenses, services and advances and other government grants receivable are as follows at June 30, 2020:

After School Matters	\$	2,576
City of Chicago Department of Health		1,516
City of Chicago Department of Planning and Development		849
Chinese Mutual Aid Association		96,541
La Casa Norte		23,856
Department of Children and Family Services		45,582
Department of Family Support Services		121,955
Illinois Coalition for Immigrant and Refugee Rights		56,613
Illinois Department of Commerce & Economic Opportunity		215,104
Illinois Criminal Justice Information Authority		199,760
Illinois Department of Human Services		202,442
Illinois Board of Education		481
The Resurrection Project		189,970
Chicago Public Schools, Board of Education		205,879
Total due from governmental agencies	\$	1,363,124

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020:

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Land	\$ 3,420,860
Property held for development	100,000
Building	615,090
Building and leasehold improvements	1,117,855
Furniture and equipment	173,866
Construction in progress	524,470
Software	143,611
Vehicles	46,244
	6,141,996
Total property and equipment	6,141,996
Less: accumulated depreciation	(1,123,854)
	\$ 5,018,142

Depreciation and amortization expense for the year ended June 30, 2020 was \$156,975.

7. PROPERTY HELD FOR DEVELOPMENT

Under the terms of a joint-venture termination agreement with another non-profit entity, the Organization received two adjacent properties located in the Little Village neighborhood of Chicago during 2010. The Organization recorded this transfer of property at the approximate fair value at the time of the transfer. It is the present intention of the Organization to develop the properties and the balance in the Construction in progress account reflects various demolition and architect fees. The properties, which are valued at approximately \$100,000, are recorded under property and equipment as property held for development.

8. LIQUIDITY AND AVAILABLE RESOURCES

The following table reflects certain of The Organization's financial assets as of June 30, 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or are classified as assets held in perpetual trust.

Cash and cash equivalents	\$ 1,437,477
Investments	2,978,393
Receivables	1,581,855
Total financial assets available within one year	5,997,725
Less: Amounts unavailable for general expenditure within on year, due to donor restricted investment	500,000
Total financial assets available to management for general expenditure within one year	\$ 5,497,725

The Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, the Organization has a \$3,000,000 line of credit available as of the date of these financial statements.

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

9. LINE OF CREDIT

On November 16, 2018, the Organization entered into a line of credit agreement with a bank with maximum limit of \$2,000,000 and an interest rate of the sum of the overnight London Inter-Bank Offered Rate (LIBOR) of 0.08% as of June 30, 2020 plus 1.75%. Collateral on this line of credit is substantially all assets of the Organization, including cash, receivables, properties, and investments. The line expired on November 15, 2019. There was no outstanding balance on the line of credit as of June 30, 2020. The line of credit was renewed on February 12, 2021 and increased to \$3,000,000.

10. PAYCHECK PROTECTION PROGRAM

On April 16, 2020, the Organization entered into a loan agreement with a commercial bank for \$1,253,800, pursuant to the Paycheck Protection Program (the "PPP") of the CARES Act, which was enacted March 27, 2020. The application for these funds required the Organization in good faith to certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization.

Under the terms of the loan, the Organization may be eligible for full or partial loan forgiveness. The unforgiven portion of the loan is payable over two years at an annual interest rate of 1%, with a deferral of payments for the first ten months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, there can be no assurance that the Organization will be eligible for forgiveness of the loan, in whole or in part.

Should the loan not be forgiven either in whole or in part, payments, including accrued interest, is due starting ten months after the origination date and matures on April 16, 2022.

11. RESTRICTIONS ON NET ASSETS

The net assets with donor restrictions consist of donor-restricted contributions for specified projects as well as contributions received with time restrictions. The net assets with donor restrictions consist of the following at June 30, 2020:

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Foundation and Non-profit Grants:	
UnidosUS - Health	\$ 25,900
Lloyd A. Fry Foundation - Pathways to Success grant	17,500
IMC Charitable Foundation - Childcare	100,000
Robert R. McCormick Foundation - Reads	37,500
Herbalife Nutrition Foundation - Health program	50,000
Unidos Comcast - YOU	35,000
Barker Welfare Foundation - General operations	12,500
Michael Reese Health Trust - Domestic violence programs	30,000
Capital and Campaign Funding:	
Individual and Board Contributions	81,488
Community Relief Funds - individual and corporate gifts	77,500
Investments with donor restrictions	500,000
	<u>\$ 967,388</u>

Foundation and non-profit grants were received during the year ended June 30, 2020 to be expended in subsequent periods. Investments in the amount of \$500,000 are restricted as of June 30, 2020. The earnings on the assets of this fund may be used to fund operations.

Net assets were released from restrictions for the following during the year ended June 30, 2020:

Program services	\$ 331,350
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12. CONTRIBUTIONS

Contributions were received from the following sources during the year ended June 30, 2020:

Individuals	\$ 297,175
Congregations	1,133
Foundations, corporations and trusts	1,226,829
Total Contributions	\$ 1,525,137

13. CONCENTRATIONS

The Organization received approximately 17% of its revenue and other support from the U.S. Department of Health and Human Services, which was passed through either the Illinois Department of Human Services or the City of Chicago Department of Family and Support Services.

14. CONDITIONAL GRANTS

Conditional grants are grants that include a specific condition in order to earn the revenue. Conditional grants are not recorded in revenue until the condition of the grant is met (generally, when the service is provided). The Organization has conditional grants from the following state and local government agencies to provide early education, child care, employment training, legal

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

protection and advocacy. These grants are available to be used during fiscal year 2021 on qualifying expenses.

Illinois Department of Commerce & Economic Opportunity	\$ 569,440
Illinois Secretary of State	75,000
After School Matters	11,624
Chicago Dept. of Housing	8,480
Community Development Block Grant	41,755
Cook County - Justice Advisory Council	34,075
Department of Children & Family Services	178,500
Department of Family & Support Services	3,679,820
Department of Human Services	385,534
Illinois Criminal Justice Information Authority	553,228
	\$5,537,456

15. RETIREMENT PLAN

The Organization has a 403(b) retirement plan which covers eligible employees. Employees are eligible to make elective deferrals up to Internal Revenue Service limits, immediately upon being hired. Employees that work more than 1,000 hours per year become eligible for matching contributions up to 2.5%, one year after their hire date.

Retirement plan expense for the year ended June 30, 2020, was \$96,070.

16. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2020, the Organization received donations of \$123,565 from members of management and the board of directors.

17. LEASES

The Organization leases certain property for its immigrant resource center in the Little Village neighborhood. The lease term is through December 31, 2021. Rent expense for the year ended June 30, 2020 was \$55,718. Future minimum payments are as follows:

For the year ending June 30,	Amount
2021	\$33,155
Total	\$33,155

18. CONTINGENCY

The Organization has received significant revenues from federal, state and city agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. Management believes that any disallowance would not be material to the financial statements.

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

19. WALLACE FOUNDATION

The Organization received funds from the Wallace Foundation during July 2011 that are to be held in perpetuity. However, these funds are available for current use. These unrestricted funds are to be used to support the general mission of the Organization and those activities necessary to ensure the quality of programs or the stability of the Organization. These funds can be used as an internal line of credit but must be restored back to \$125,000 as of the close of the following fiscal year. Funds may require repayment to the Wallace Foundation if the Organization fails to comply with the terms of the agreement, significant organization leadership changes occur, or upon the dissolution of the Organization. The balance in this account was \$125,000 at June 30, 2020.

20. UNION

In May of 2018, the employees of the Organization voted in favor for the formation of a union. Management and the union have reached an agreement effective December 31, 2019. The contract runs through January 31, 2023. The Organization's staff (representing approximately 90% of the Organization's employees), except for confidential employees, managerial employees, guards, and supervisors, are members of the American Federation of State, County and Municipal Employees, Council 31, AFSCME.

21. UNCERTAINTIES AND COVID-19

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the Legislation that directs federal emergency disaster response.

The Organization received an influx of funds from individual donors as well as from foundation and corporate funders. A community relief campaign was held to raise funds for local families in need of emergency assistance due to the pandemic. In total, approximately \$158,000 was raised for the community relief fund. Assistance in the amount of approximately \$81,000 was paid out to families in the year ended June 30, 2020.

The Organization cannot predict how legal and regulatory responses to concerns about COVID-19 or other major public health issues will impact the Organization. As of the report date, the Organization has closed its centers at times due to COVID cases. The total magnitude, timing, and duration of such potential financial impacts cannot be reasonably estimated at this time.

22. FUTURE ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. Early adoption is permitted. The updated standard will be effective for the Organization's June 30, 2021 financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency

ERIE NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require that all leases, including operating leases, be included on the balance sheet as a "right of use" asset with an offsetting liability for the payments remaining on the lease. The new guidance will be effective for the Organization's year ending June 30, 2023, with early application permitted.

The Organization is currently evaluating the impact of the adoption of the above standards on its financial statements.

SUPPLEMENTARY INFORMATION

ERIE NEIGHBORHOOD HOUSE
SCHEDULE OF PROGRAM EXPENSES AND REVENUES
YEAR ENDED JUNE 30, 2020

	Adult Program	Early Childhood Education	Legal Services	Health and Leadership	School Age	Workforce Development	Youth	Projecto Cuidate	Program Totals
Expenses									
Salaries	885,272	2,368,296	567,399	322,756	560,035	177,467	256,799	3,764	5,141,788
Payroll taxes	65,105	170,689	39,961	24,134	41,756	12,999	18,996	233	373,873
Insurance benefits	106,775	279,743	66,374	37,211	67,289	22,031	31,119	-	610,542
Retirement benefits	15,246	40,056	9,477	5,392	9,618	3,152	4,440	-	87,381
Professional fees	76,519	97,477	41,072	56,172	23,621	7,794	17,458	-	320,113
Donated goods and services	21,792	198,404	13,017	7,328	60,651	4,371	20,045	-	325,608
Contractual services	33,002	76,322	10,195	954	3,187	40,736	797	61,562	226,755
Program and office supplies	93,901	120,495	78,427	45,608	25,072	3,720	12,925	-	380,148
Duplicating expense	18,288	26,330	10,199	10,550	4,380	4,858	1,480	-	76,085
Cultural events	8,173	6,270	1,493	1,375	20,823	852	2,431	-	41,417
Parent involvement	-	5,827	-	-	-	-	-	-	5,827
Food	3,328	112,617	-	4,548	33,470	71	5,663	-	159,697
Telephone	6,850	10,794	2,388	1,302	3,799	776	1,162	-	27,071
Postage and shipping	272	751	4,960	87	200	53	74	-	6,397
Insurance - general	7,212	18,514	9,118	2,482	4,469	1,480	2,073	-	45,348
Occupancy	54,320	139,445	33,202	18,691	35,073	11,149	15,616	-	307,496
Vehicle expense	598	1,536	366	206	371	123	172	-	3,372
Building and equipment expense	11,572	29,707	7,073	3,982	7,171	2,375	3,327	-	65,207
Printing and promotion	60,863	16,068	336	384	12	4	5	-	77,672
Meetings, conference and travel	8,229	10,223	5,399	2,887	15,477	1,278	6,266	-	49,759
Software	163	605	69	39	70	23	32	-	1,001
Staff development	30,092	7,665	2,193	692	2,668	4,728	711	-	48,749
Dues and subscriptions	26,745	23,491	33,024	10,986	3,948	1,274	2,283	-	101,751
Bank, credit and investment fees	2,844	7,301	1,738	979	1,762	584	818	-	16,026
Internet services	3,229	8,171	1,928	1,085	1,954	647	907	-	17,921
Scholarships	-	-	-	-	-	-	16,794	-	16,794
Special events	2,742	5	1	1	1	-	1	-	2,751
Direct assistance	9,598	482	19,496	216	65	45,961	7,114	-	82,932
Interest expense	4,260	10,936	2,604	1,466	2,640	874	1,225	-	24,005
Miscellaneous	83	387	51	28	51	17	24	-	641
Depreciation	21,795	55,951	13,322	7,499	13,507	4,473	6,266	-	122,813
Total Expenses	1,578,868	3,844,558	974,882	569,040	943,140	353,870	437,023	65,559	8,766,940
Revenues and Other Support									
Contributions	165,170	625	47,500	251,000	3,000	79,500	120,324	-	667,119
Donated goods and services	496	143,735	-	-	47,454	-	13,923	-	205,608
Special events	785	-	-	-	-	2,500	3,229	-	6,514
United Way of Chicago	-	20,500	-	20,500	-	28,700	-	-	69,700
Fees and grants from governmental agencies	1,028,085	3,187,871	336,227	217,272	889,842	205,089	241,144	-	6,105,530
Other income and program fees	173,291	143,371	293,702	226,397	78,847	1,915	-	-	917,523
Miscellaneous income	-	-	-	-	-	-	-	-	30
Total Revenues and Other Support	1,367,827	3,496,102	677,429	715,169	1,019,143	317,734	378,620	0	7,972,024

The accompanying notes are an integral part of these financial statements.

ERIE NEIGHBORHOOD HOUSE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CDFA Number</u>	<u>Pass Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Passed through City of Chicago			
Department of Family and Support Services			
Early Head Start	*	93.600	99995 / 113808 \$ 349,968
Head Start	*	93.600	33337 / 113808 <u>769,697</u>
Subtotal - Head Start			1,119,665
Passed through Illinois Department of Human Services			
Temporary Assistance for Needy Families	93.558	FCSYR04815	<u>153,677</u>
Total U.S. Department of Health and Human Services			1,273,342
U.S. Department of Education			
Passed through Chinese Mutual Aid Association			
Adult Education - Basic Grants to State	84.002	N/A	<u>175,308</u>
Total U.S. Department of Education			175,308
U.S. Department of House and Urban Development			
Passed through City of Chicago			
Department of Public Health			
Community Development Block Grants/ Entitlement Grants	14.218	89806	45,119
Passed through City of Chicago			
Department of Planning and Development			
Community Development Block Grants/ Entitlement Grants	14.218	94146	<u>12,923</u>
Total U.S. Department of Health and Human Services			58,042
U.S. Department of Labor			
Direct Programs:			
WIOA Cluster			
WIA Youth Activities	17.259	17-635003	38,874
WIA Dislocated Worker Formula Grants	17.278	17-635003	57,169
WIA Adult Program	17.258	17-635003	<u>36,463</u>
Total U.S. Department of Labor			132,506

See Notes to Schedule of Federal Awards

ERIE NEIGHBORHOOD HOUSE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2020

U.S. Department of Agriculture

Passed through Illinois State Board of Education Child and Adult Care Food Program	10.558	64108810051	158,493
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Total U.S. Department of Agriculture			158,493
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U.S. Department of Homeland Security

Direct Program: Citizenship Education and Training	97.010	17CICET00040	13,991
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Total U.S. Department of Homeland Security			13,991
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U.S. Department of Justice

Passed through Illinois Criminal Justice Information Authority Crime Victim Assistance	16.575	217303	118,772
Crime Victim Assistance	16.575	217382	160,302

Total Illinois Criminal Justice Information Authority			279,074
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Total Expenditures of Federal Awards			\$ 2,090,756
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* Audited as a major program

See Notes to Schedule of Federal Awards

ERIE NEIGHBORHOOD HOUSE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Erie Neighborhood House under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Erie Neighborhood House, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Erie Neighborhood House Pass-through entity identifying numbers are presented where available.

The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Basis of Accounting

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Payments to Subrecipients

Erie Neighborhood House provided no Federal awards to sub-recipients during the year ended June 30, 2020.

Non - Cash Assistance

Erie Neighborhood House neither received nor disbursed Federal awards in the form of non-monetary assistance during the year ended June 30, 2020.

Insurance, Loans, and Loan Guarantees

During the year ended June 30, 2020, Erie Neighborhood House received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.



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

Board of Directors
Erie Neighborhood House
Chicago, Illinois

We have audited, in accordance with the 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 Erie Neighborhood House (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Erie Neighborhood House's internal control over financial reporting (internal control) as a basis for designing 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 Erie Neighborhood House's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Erie Neighborhood House's financial statements are free from 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 statements. However, providing an opinion on compliance

with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Sassetti LLC

February 15, 2021
Oak Park, Illinois

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

Board of Directors
Erie Neighborhood House
Chicago, Illinois

Report on Compliance for Each Major Federal Program

We have audited Erie Neighborhood House's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Erie Neighborhood House's major federal programs for the year ended June 30, 2020. Erie Neighborhood House'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 Erie Neighborhood House'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 Erie Neighborhood House'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 of Erie Neighborhood House's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Erie Neighborhood House 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 Erie Neighborhood House'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 the 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 Erie Neighborhood House'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 a 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. 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sassetti LLC

February 15, 2021

Oak Park, Illinois

ERIE NEIGHBORHOOD HOUSE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2020

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified? Yes X No

Significant deficiency (ies) identified? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards Section

Dollar threshold used to determine Type A programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Type of auditor's report on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness (es) identified? Yes X No

Significant deficiency (ies) identified? Yes X No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes X No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
93.600	Head Start

ERIE NEIGHBORHOOD HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NONE