

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2025 AND 2024**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Association House of Chicago and Affiliate  
Chicago, Illinois

### Report on the Audits of the Consolidated Financial Statements

#### ***Opinion***

We have audited the consolidated financial statements of Association House of Chicago and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Association House of Chicago and Affiliate, as of June 30, 2025 and 2024, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Association House of Chicago and Affiliate and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Association House of Chicago and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

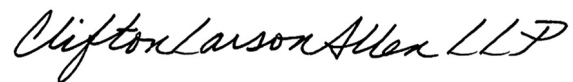
- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association House of Chicago and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Association House of Chicago and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors  
Association House of Chicago and Affiliate

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2026, on our consideration of Association House of Chicago and Affiliate'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 Association House of Chicago and Affiliate'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 Association House of Chicago and Affiliate's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
May 20, 2026

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 570,848	\$ 143,718
Restricted Cash	600,333	-
Government Grants Receivable, Net	2,140,394	1,511,414
Other Receivables	1,054,910	547,146
Prepaid Expenses and Other Assets	1,572,337	320,388
Right-of-Use Asset	14,595	49,627
Board Designated Investments	19,721,182	17,913,682
Total Current Assets	25,674,599	20,485,975
<b>PROPERTY AND EQUIPMENT, NET</b>	37,022,531	3,033,195
Total Assets	\$ 62,697,130	\$ 23,519,170
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Checks Issued in Advance	\$ 802,634	\$ 685,988
Accrued Payroll	668,264	564,698
Other Accruals	689,510	252,944
Due to Related Parties	76,763	-
Current Portion of Long-Term Debt	1,547,087	-
Current Portion of Bonds Payable	356,000	347,000
Current Lease Liability	15,931	37,099
Borrowings Under Line of Credit Agreement	2,979,504	1,784,499
Total Current Liabilities	7,135,693	3,672,228
<b>NONCURRENT LIABILITIES</b>		
Long-Term Lease Liability	-	16,452
Long-Term Accrued Interest	2,049,325	-
Long-Term Debt, Net	7,896,394	-
Bonds Payable, Net	2,562,035	2,904,877
Total Noncurrent Liabilities	12,507,754	2,921,329
Total Liabilities	19,643,447	6,593,557
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	9,151,922	(2,090,154)
Non-Controlling Interests	12,573,975	-
Board-Designated	19,721,182	17,913,682
Total Net Assets Without Donor Restrictions	41,447,079	15,823,528
With Donor Restrictions	1,606,604	1,102,085
Total Net Assets	43,053,683	16,925,613
Total Liabilities and Net Assets	\$ 62,697,130	\$ 23,519,170

See accompanying Notes to Consolidated Financial Statements.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 1,299,984	\$ 3,459,095	\$ 4,759,079
Direct Program Revenue:			
Fees and Grants from Governmental Agencies	17,982,324	469,104	18,451,428
Program Service Fees	183,204	-	183,204
Other Revenue:			
Miscellaneous Income	303,697	-	303,697
Investment Income, Net	2,515,539	-	2,515,539
Rental Income	1,524,908	-	1,524,908
Contribution of Net Assets Received from Acquisition	24,926,487	-	24,926,487
Net Assets Released from Restrictions	3,423,680	(3,423,680)	-
Total Revenues and Other Support	52,159,823	504,519	52,664,342
<b>EXPENSES</b>			
Program Services:			
Child Welfare	4,201,715	-	4,201,715
Community Health and Workforce Development	2,861,725	-	2,861,725
High School	1,893,201	-	1,893,201
Behavioral Health	9,288,740	-	9,288,740
Affordable Housing	4,494,814	-	4,494,814
Other Programs	145,162	-	145,162
Total Program Services	22,885,357	-	22,885,357
Supporting Services:			
Management and General	2,955,901	-	2,955,901
Fundraising	695,014	-	695,014
Total Supporting Services	3,650,915	-	3,650,915
Total Expenses	26,536,272	-	26,536,272
<b>CHANGES IN NET ASSETS</b>	25,623,551	504,519	26,128,070
Net Assets - Beginning of Year	15,823,528	1,102,085	16,925,613
<b>NET ASSETS - END OF YEAR</b>	\$ 41,447,079	\$ 1,606,604	\$ 43,053,683

See accompanying Notes to Consolidated Financial Statements.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 154,407	\$ 1,583,220	\$ 1,737,627
Direct Program Revenue:			
Fees and Grants from Governmental Agencies	15,463,824	425,849	15,889,673
Program Service Fees	217,759	-	217,759
Other Revenue:			
Miscellaneous Income	43,713	-	43,713
Investment Income, Net	3,176,640	-	3,176,640
Rental Income	92,205	-	92,205
Net Assets Released from Restrictions	<u>1,921,790</u>	<u>(1,921,790)</u>	<u>-</u>
Total Revenues and Other Support	<u>21,070,338</u>	<u>87,279</u>	<u>21,157,617</u>
<b>EXPENSES</b>			
Program Services:			
Child Welfare	3,939,885	-	3,939,885
Community Health and Workforce Development	1,947,571	-	1,947,571
High School	1,812,462	-	1,812,462
Behavioral Health	8,536,593	-	8,536,593
Other Programs	171,893	-	171,893
Total Program Services	<u>16,408,404</u>	<u>-</u>	<u>16,408,404</u>
Supporting Services:			
Management and General	2,225,962	-	2,225,962
Fundraising	544,110	-	544,110
Total Supporting Services	<u>2,770,072</u>	<u>-</u>	<u>2,770,072</u>
Total Expenses	<u>19,178,476</u>	<u>-</u>	<u>19,178,476</u>
<b>CHANGES IN NET ASSETS</b>	1,891,862	87,279	1,979,141
Net Assets - Beginning of Year	<u>13,931,666</u>	<u>1,014,806</u>	<u>14,946,472</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 15,823,528</u>	<u>\$ 1,102,085</u>	<u>\$ 16,925,613</u>

See accompanying Notes to Consolidated Financial Statements.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 26,128,070	\$ 1,979,141
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,903,838	443,744
Bad Debt Expense (Recovery)	(180,270)	355,152
Amortization of Right-of-Use Asset	34,511	35,551
Amortization of Deferred Bond Costs and Fair Market Value Adjustment	725,699	13,158
Loss on Sale of Property and Equipment	104,637	-
Net Realized and Unrealized Gain on Board-Designated Investments	(2,127,282)	(2,928,378)
Contribution of Net Assets Received from Acquisition	(24,926,487)	-
Effects of Changes in Operating Assets and Liabilities:		
Government Grants Receivable	(448,710)	119,014
Other Receivables	839,549	68,986
Prepaid Expenses and Other Assets	(945,447)	(65,723)
Accounts Payable and Other Accruals	(81,900)	15,588
Accrued Payroll	103,566	73,342
Net Cash Provided by Operating Activities	1,129,774	109,575
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Board-Designated Investments	(4,608,783)	(8,717,889)
Proceeds from Sales and Maturities of Board-Designated Investments	4,928,565	9,071,108
Cash Assumed in Acquisition	1,040,743	-
Proceeds from Sale of Property and Equipment	605,000	-
Purchases of Property and Equipment	(2,340,227)	(326,208)
Net Cash Provided (Used) by Investing Activities	(374,702)	27,011
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Borrowings on Line of Credit	1,195,005	246,415
Payments on Finance Lease	(37,099)	(35,551)
Principal Payments on Long-Term Debt	(538,515)	-
Principal Payments on Bonds Payable	(347,000)	(336,000)
Net Cash Provided (Used) by Financing Activities	272,391	(125,136)
<b>NET INCREASE IN CASH</b>	1,027,463	11,450
Cash - Beginning of Year	143,718	132,268
<b>CASH - END OF YEAR</b>	\$ 1,171,181	\$ 143,718
Cash	\$ 570,848	\$ 143,718
Restricted Cash - Real Estate Tax and Insurance Escrows	92,418	-
Restricted Cash - Replacement Reserves	88,351	-
Restricted Cash - Other Reserves	154,717	-
Restricted Cash - Operating Reserves	264,847	-
Total	\$ 1,171,181	\$ 143,718

See accompanying Notes to Consolidated Financial Statements.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2025**

	Program Services						Supporting Services				Total
	Child Welfare	Community Health and Workforce Development	High School	Behavioral Health	Affordable Housing	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 2,182,262	\$ 1,344,205	\$ 988,276	\$ 5,568,482	\$ 225,152	\$ 812,428	\$ 11,120,805	\$ 1,657,418	\$ 427,904	\$ 2,085,322	\$ 13,206,127
Employee Health	237,108	168,058	103,144	683,865	38,118	118,545	1,348,838	114,026	43,078	157,104	1,505,942
Payroll Taxes and Other Benefits	209,759	149,275	77,623	550,075	163,836	84,870	1,235,438	147,711	44,495	192,206	1,427,644
Total Salaries and Related Expenses	2,629,129	1,661,538	1,169,043	6,802,422	427,106	1,015,843	13,705,081	1,919,155	515,477	2,434,632	16,139,713
Professional Fees and Services	322,819	12,316	41,403	1,307,221	248,405	-	1,932,164	312,998	2,671	315,669	2,247,833
Supplies	10,518	169,994	25,067	113,086	5,875	35,946	360,486	15,908	7,976	23,884	384,370
Telephone and Communications	7,631	3,175	5,648	22,762	33,477	6,999	79,692	3,444	360	3,804	83,496
Postage and Shipping	401	-	1,042	234	-	-	1,677	2,548	1,960	4,508	6,185
Occupancy	1,228	5,066	1,417	61,138	610,843	428,708	1,108,400	39,912	6,568	46,480	1,154,880
Headquarters Facility Occupancy - Allocated	214,045	261,925	493,946	793,782	-	(1,980,989)	(217,291)	184,753	32,538	217,291	-
Outside Printing	-	-	-	-	-	-	-	-	609	609	609
Local Transportation	169,247	42,981	8,171	111,450	-	1,011	332,860	2,951	367	3,318	336,178
Conferences and Training	270	16,183	29,424	4,874	1,215	45	52,011	11,942	190	12,132	64,143
Subscriptions and Membership Dues	2,776	14,814	2,316	37,841	-	-	57,747	6,929	5,610	12,539	70,286
Foster Care Payments	740,034	-	-	-	-	-	740,034	-	-	-	740,034
Specific Assistance	28,879	640,151	41,691	106,862	-	-	817,583	90	-	90	817,673
Awards and Gifts	905	315	11,257	2,544	-	-	15,021	1,941	-	1,941	16,962
Equipment Expenses	-	-	-	3,062	301	-	3,363	1,000	132	1,132	4,495
Interest	501	613	1,156	6,842	976,111	83,903	1,069,126	187,054	10,572	197,626	1,266,752
Bad Debt Expense (Recovery)	-	(35,228)	31,090	(280,398)	104,266	-	(180,270)	-	-	-	(180,270)
Annual Gala Expenses	57	910	175	489	-	-	1,631	9,149	83,992	93,141	94,772
Miscellaneous	61,596	43,660	10,918	87,351	728,341	170,338	1,102,204	256,127	25,992	282,119	1,384,323
Total Expenses Before Depreciation	4,190,036	2,838,413	1,873,764	9,181,562	3,135,940	(238,196)	20,981,519	2,955,901	695,014	3,650,915	24,632,434
Depreciation	11,679	23,312	19,437	107,178	1,358,874	383,358	1,903,838	-	-	-	1,903,838
Total Expenses by Function	\$ 4,201,715	\$ 2,861,725	\$ 1,893,201	\$ 9,288,740	\$ 4,494,814	\$ 145,162	\$ 22,885,357	\$ 2,955,901	\$ 695,014	\$ 3,650,915	\$ 26,536,272

See accompanying Notes to Consolidated Financial Statements.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2024**

	Program Services					Supporting Services				Total
	Child Welfare	Community Health and Workforce Development	High School	Behavioral Health	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,976,336	\$ 887,567	\$ 828,000	\$ 4,844,415	\$ 729,946	\$ 9,266,264	\$ 1,158,577	\$ 331,735	\$ 1,490,312	\$ 10,756,576
Employee Health	220,492	119,154	97,602	582,912	104,594	1,124,754	94,200	35,501	129,701	1,254,455
Payroll Taxes and Other Benefits	190,906	88,097	72,868	485,696	75,775	913,342	113,652	33,177	146,829	1,060,171
Total Salaries and Related Expenses	2,387,734	1,094,818	998,470	5,913,023	910,315	11,304,360	1,366,429	400,413	1,766,842	13,071,202
Professional Fees and Services	300,833	984	37,213	899,432	62,942	1,301,404	252,521	-	252,521	1,553,925
Supplies	13,207	198,180	22,892	64,504	36,313	335,096	14,344	4,066	18,410	353,506
Telephone and Communications	6,637	2,790	4,439	28,002	5,371	47,239	905	178	1,083	48,322
Postage and Shipping	743	-	1,473	635	-	2,851	1,729	469	2,198	5,049
Occupancy	567	-	150	40,769	368,070	409,556	1,644	-	1,644	411,200
Headquarters Facility Occupancy - Allocated	204,146	225,203	510,452	757,147	(1,904,201)	(207,253)	176,213	31,040	207,253	-
Outside Printing	4,829	5,326	12,042	17,766	-	39,963	4,174	1,829	6,003	45,966
Local Transportation	124,413	43,501	17,691	107,798	1,148	294,551	3,632	137	3,769	298,320
Conferences and Training	3,303	6,555	9,309	12,177	260	31,604	15,487	994	16,481	48,085
Subscriptions and Membership Dues	310	11,408	939	18,721	1,409	32,787	26,219	2,790	29,009	61,796
Foster Care Payments	688,969	-	-	-	-	688,969	-	-	-	688,969
Specific Assistance	134,055	222,107	55,729	98,159	908	510,958	1,400	-	1,400	512,358
Awards and Gifts	2,578	1,146	14,424	3,626	-	21,774	1,225	-	1,225	22,999
Equipment Expenses	-	500	-	53	-	553	-	-	-	553
Equipment Rental	495	470	944	2,820	77	4,806	470	-	470	5,276
Interest	2	16	-	5,622	93,318	98,958	118,898	-	118,898	217,856
Bad Debt Expense	-	53,735	110,208	156,467	34,742	355,152	-	-	-	355,152
Annual Gala Expenses	144	1,791	-	-	-	1,935	7,344	88,758	96,102	98,037
Miscellaneous	62,811	64,992	14,119	367,096	180,379	689,397	233,328	13,436	246,764	936,161
Total Expenses Before Depreciation	3,935,776	1,933,522	1,810,494	8,493,817	(208,949)	15,964,660	2,225,962	544,110	2,770,072	18,734,732
Depreciation	4,109	14,049	1,968	42,776	380,842	443,744	-	-	-	443,744
Total Expenses by Function	\$ 3,939,885	\$ 1,947,571	\$ 1,812,462	\$ 8,536,593	\$ 171,893	\$ 16,408,404	\$ 2,225,962	\$ 544,110	\$ 2,770,072	\$ 19,178,476

See accompanying Notes to Consolidated Financial Statements.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

For more than 125 years, Association House of Chicago (AHC) has worked with Chicagoans who need tools to lead better lives. Today, AHC is based in the Humboldt Park community and offers programming locally and city-wide to a multicultural, mostly Latino and African American, population of all ages. AHC provides immediate assistance and helps participants gain independence through programs across four service areas: child welfare, community health and workforce development, Association House High School, and behavioral health services. These bilingual, evidence-based programs, conducted by seasoned staff in a caring, welcoming environment, give motivated participants a cohesive safety net to turn to throughout life.

Below is a more detailed description of each service area:

**Child Welfare Services**

A team of professionals protects children in Department of Children and Family Services custody from abuse and neglect and works with families to create safe homes. As the only bilingual foster care provider in the community, our services include child advocacy, parenting education and coaching, home visitation, therapy, and case management. Licensed child welfare staff cares for children affected by trauma, and provides a coordinated network of child-centered, family-focused, and community-based prevention services. We help keep children in their own homes with appropriate support, when possible. We find loving homes through guardianship and adoption, when needed. Intact Family Services prevents the unnecessary separation of children from their families by identifying family problems and risk factors and assisting families in obtaining the education and support they need.

**Community Health and Workforce Development**

For more than a century, AHC has opened the doors of opportunity to the community. We offer programs in response to community needs for education, interventions for health issues, and economic improvement, all of which empower individuals to create actionable goals and advance their knowledge, well-being, and financial opportunity. Association House's integrative approach to workforce development helps participants meet their basic needs, while gaining education and developing hard and soft skills to improve their employability and achieve economic stability. We provide access to workforce development opportunities focused on financial careers, digital literacy training, and assistance with resumes and job placement. Staff is also available to offer support for public benefits screening and emergency food assistance. The Community Health focused programs provide direct, community-focused education, and services through programs that address persistent health and wellness needs, and implements preventive and intervention strategies to promote physical, social, and emotional well-being. We strive to increase health and wellness at every age by providing health and nutrition education and HIV prevention, education, and testing. Staff is certified to provide Youth and Adult Mental Health First Aid training to the community partners and the public.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Nature of Operations (Continued)**

Association House High School

For many young people, Association House High School is a better chance to earn a high school diploma. With small class sizes and a focus on individual learning, 100 students find academic success, sometimes for the first time. The small school setting provides a creative and caring environment for re-enrolled students; as a result, 91% of eligible seniors graduated. Mentoring and tutoring services are provided to ensure that students are well prepared for graduation and to help create pathways for college, trade school, or viable employment. Additionally, the Family Literacy Program provides on-site childcare, early childhood education, and parenting training to parent students.

Specialized programming is available for 16-year-olds, during and after school to encourage engagement and retention. This year, 34 students graduated from the program, overcoming great odds with hard work and high energy to make their dreams come true. Association House High School operates in collaboration with Youth Connection Charter Schools (YCCS), Alternative Schools Network, and the Chicago Public Schools.

Behavioral Health Services

Caring and dedicated bilingual staff provide an array of culturally competent and pioneering prevention, treatment, residential, and educational services to persons with mental and physical health needs, substance abuse and addictions, and developmental disabilities. Children, youth, and adults find the help they deserve and the hope they need. Evidence-based programs enhanced with strong partnerships through research and training institutions are offered in English and Spanish. Highly trained and licensed professional staff, including therapists, a psychiatrist, nurses, certified community educators, case managers, and counselors offer integrated care. Our integrated health services program helps clients find a health-home to address their multiple conditions. A medical professional provides regular, integrated primary and mental health monitoring, medication management, education, and support. We are a leader in innovative juvenile justice and violence prevention initiatives and services, which include case management, school-based counseling, and re-entry services for at-risk and system involved youth.

Other Programs

Other programs consist of other smaller programs that do not warrant separate reporting.

Effective October 1, 2024, AHC acquired control of Latin United Community Housing Association (LUCHA) through an organizational restructuring, with certain conditions and obligations undertaken by AHC with respect to the continuation of the mission of LUCHA. As part of the governance transition, the bylaws were amended to name AHC as the Sole Member of LUCHA, there are to be five board of directors whom all shall be appointed by AHC, along with appointments of directors and officers. Legal and other transaction costs associated with the governance transition shall be allocated to AHC, whereas the assets and liabilities of LUCHA and its subsidiaries are unaffected by the governance transition.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Nature of Operations (Continued)**

Latin United Community Housing Association (LUCHA) is a nonprofit organization that was founded in 1982 to provide decent and affordable housing, housing services, and education to low- and moderate-income residents. LUCHA fosters community stability in areas lacking adequate housing by empowering residents through education and participation and by providing them with technical assistance. LUCHA promotes affordable housing development by rehabilitating and managing housing, advocating for resources, investing in communities, and by combating housing abandonment. LUCHA is dedicated to conserving, restoring and expanding the City of Chicago's multi- and single-family housing stock in order to provide housing opportunities for lower income residents.

LUCHA typically funds housing redevelopment projects using Low-Income Housing Tax Credits (LIHTC) financing entities that are organized as Limited Partnerships. A different partnership is established for each project. LUCHA owns 100% of the stock of a corporation which is also established for each project to serve as the General Partner of the Limited Partnership. Through capital contributions, an unrelated entity becomes the Limited Partner and acquires substantially all of the ownership shares (typically 99.99%). As owner of the General Partner, LUCHA exercises control over and assumes significant responsibilities for the management and operation of each Limited Partnership.

The Projects qualified for and were allocated LIHTC pursuant to Internal Revenue Code (IRC) (Section 42) which regulates the use of the Projects as to occupant eligibility and unit gross rents, among other requirements. Generally, the Projects must meet the provisions to those regulations during each of 15 consecutive years in order to remain qualified to receive the credits. In addition, the subsidiaries have executed an Extended Use Regulatory Agreement and declaration of restrictive covenants which required the continuing utilization of the Projects pursuant to Section 42 for a minimum number of years, even if the subsidiary disposes of the Project.

LUCHA's subsidiaries, all of which have been consolidated, consist of the following:

**Madres Unidas Limited Partnership**

This entity was formed for the purpose of acquiring, constructing, holding, and operating a 36-unit apartment complex known as Madres Unidas, a project intended primarily for low- and moderate-income tenants in Chicago, Illinois. LUCHA owns a 100% interest in Madres Unidas Development Corporation, the sole General Partner with a 0.01% interest. On December 31, 2021, LUCHA acquired the 99.9% Limited Partner interest from the National Equity Fund.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Nature of Operations (Continued)**

**HPR Preservation Limited Partnership**

This entity owns and operates an apartment complex with 65 units, which is known as Humboldt Park Residences. Effective December 20, 2020, LUCHA owns a 79% interest in HPR GP, LLC, the General Partner in the entity. Center for Changing Lives owns the remaining 21% of HPR GP, LLC. The two unrelated entities collectively own a 0.010% General Partner interest, CREA Humboldt Park Residences, LLC owns the 99.989% Limited Partner interest and CREA SLP, LLC owns the 0.001% Special Limited Partner interest. The Partnership has received an allocation of LIHTC from the State of Illinois totaling \$3,815,110. Capital contributions from the Limited Partner totaled \$3,475,539 and capital contributions totaled \$100 from the General Partner. As of June 30, 2025, \$521,316 in contributions remained receivable.

**Tierra Linda Limited Partnership**

This entity was formed for the purpose of acquiring, constructing, holding, and operating a 45-unit apartment complex known as Tierra Linda. The closing of the acquisition of the project by the Partnership from LUCHA occurred on June 22, 2017 and construction was finished by December 31, 2018. LUCHA owns a 100% interest in Tierra Linda, LLC, the Sole General Partner with a 0.01% interest. An affiliate of the National Equity Fund owns a 99.9% Limited Partner interest. The Partnership has received an allocation of LIHTC from the state of Illinois totaling \$10,000,000. Capital contributions from the Limited Partner totaled \$10,209,710 and capital contributions totaled \$1,630,100 from the General Partner, including a land donation that LUCHA received from the City of Chicago.

**Borinquen Bella Limited Partnership**

This entity was formed for the purpose of acquiring, constructing, holding, and operating a 47-unit apartment complex known as Borinquen Bella. LUCHA owns a 100% interest in Borinquen Bella Development Corporation, the sole General Partner with a 0.01% interest. An affiliate of the National Equity Fund owns a 99.9% Limited Partner interest. The Partnership has received an allocation of LIHTC from the State of Illinois totaling \$8,500,010. The development was purchased subject to an existing loan from the Illinois Housing Development Authority's Trust fund totaling \$458,122 and The City of Chicago provided secondary financing in the amount of \$3,568,141.

LUCHA's wholly owned subsidiaries include the following:

**LUCHA Encuentro LLC**

On May 26, 2023, a Limited Liability Company named LUCHA Encuentro LLC was established with LUCHA as its Sole Member. LUCHA Encuentro LLC is one of three Members of Encuentro Square I GP LLC, with a 35% Member interest and a \$35 capital contribution. Encuentro Square I GP LLC is the General Partner of Encuentro Square I LP, which owns and operates a 22-unit affordable housing development in Chicago, Illinois.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Nature of Operations (Continued)**

**LUCHA Encuentro II LLC**

On May 30, 2023, a Limited Liability Company named LUCHA Encuentro II LLC was established with LUCHA as its Sole Member. LUCHA Encuentro II LLC is one of three Members of Encuentro Square II GP LLC, with a 35% Member interest and a \$35 capital contribution. Encuentro Square II GP LLC is the General Partner of Encuentro Square II LP, which owns and operates a 67-unit affordable housing development in Chicago, Illinois.

**LUCHA SPE Holdings, LLC**

On January 9, 2025, a Limited Liability Company named LUCHA SPE Holdings, LLC was established with LUCHA as its Sole Member. LUCHA SPE Holdings, LLC holds certain property that was purchased during 2025 for the purpose of developing the property as affordable housing.

**Business Combinations**

The Agency accounts for business acquisitions using the acquisition method of accounting and records any identifiable definite-lived intangible assets separate from goodwill. Intangible assets are recorded at their fair value based on estimates as of the date of acquisition. Goodwill is recorded as the residual amount of the purchase price consideration less the fair value assigned to the individual identifiable assets acquired and liabilities assumed as of the date of acquisition. An inherent contribution received in the acquisition is reported separately on its own line item in non-operating income as the residual amount of the fair value assigned to the individual identifiable assets acquired and liabilities assumed as of the date of acquisition less the purchase price consideration.

**Elected Private Company Alternative Goodwill Policy – Goodwill is Amortized**

The Agency has elected the alternative accounting for goodwill by private companies and not-for-profit entities as its accounting policy. The Agency has elected to amortize goodwill on a straight-line basis over 10 years and test for impairment at the entity level. Entities making the alternative accounting for goodwill election are also able to make an accounting policy election allowing them to test goodwill for impairment only when a triggering event occurs and perform the goodwill impairment evaluation as of the end of each reporting period, instead of annually. When impairment is likely, the Agency calculates goodwill impairment as the Agency's carrying value including goodwill that exceeds its fair value. There was no impairment of goodwill.

**Elected Private Company Alternative for Intangible Assets**

The Agency has also elected the alternative accounting for identifiable intangible assets in a business combination as its accounting policy. As a result, noncompete agreements and customer-related intangible assets are not recognized separately from goodwill unless the customer-related intangible assets are capable of being sold or licensed independently from the other assets of the business.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Business Combination Accounting for Contract Assets and Contract Liabilities**

The Agency has adopted FASB ASU No. 2021-08, Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires an acquirer to recognize and measure contract assets and liabilities acquired in a business combination in accordance with Topic 606 rather than adjust them to fair value at the acquisition date. The adoption did not have a material impact on the consolidated financial statements.

**Acquisition of LUCHA**

On October 1, 2024, AHC completed an acquisition transaction and became the sole corporate member of LUCHA. This acquisition resulted in AHC acquiring all the assets and assuming all the liabilities of LUCHA with the purpose being to acquire their operations and continue the overall mission of LUCHA. All activity of the consolidated subsidiary since the date of acquisition is included in the operating results presented for the year ended June 30, 2025, on the accompanying consolidated statement of activities and changes in net assets. The acquisition was completed without the transfer of any consideration to the seller.

The Agency accounted for the acquisition using the purchase method of accounting. The purchase price was allocated to tangible assets acquired and liabilities assumed based on their estimated fair value at the acquisition date. The excess of the underlying net assets acquired over the consideration transferred was reported on the accompanying consolidated statement of activities and changes in net assets as an inherent contribution received in the acquisition. The contribution received from this acquisition totaled \$24,926,487 and is reported in the accompanying consolidated statement of activities and changes in net assets as contribution of net assets received from acquisition. As LUCHA did not have any net assets with donor restrictions as of the acquisition date, the full amount of the inherent contribution received in the acquisition was recognized within the Agency's change in net assets without donor restrictions. The inherent contribution received was recorded after management concluded that the valuation procedures and resulting measurements were appropriate.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at their estimated fair values as of October 1, 2024:

Cash and Restricted Cash	\$ 1,040,743
Other Receivables	1,347,313
Prepaid Expenses and Other Assets	306,502
Property and Equipment, Net	34,262,584
Total Assets Acquired	36,957,142
Accounts Payable and Accrued Expenses	2,761,200
Long-Term Debt	9,269,455
Total Liabilities Assumed	12,030,655
Contribution of Net Assets	
Received from Acquisition	\$ 24,926,487

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Acquisition of LUCHA (Continued)**

The allocation of purchase price for the acquisition is preliminary determined by management based on various market and income analyses and recent asset appraisals. The tangible assets and liabilities were valued by management. The real property assets were valued by an independent third-party appraisal specialist. The fair value of the assumed debt was valued by an independent third-party and determined using an option-adjusted discounted cash flows analysis. Transaction costs related to the acquisition amounted to \$70,238 and were expensed as incurred in the Agency's statement of activities and changes in net assets. There was no contingent consideration included in this transaction. There were no contingent assets acquired or liabilities assumed in this transaction.

The fair value of the assets acquired include trade receivables with a cost basis of \$363,711 that are not purchased financial assets with credit deterioration. The gross amount due under the contracts is \$420,461, of which \$56,790 is expected to be uncollectible. The Agency has not recognized an allowance on the fair value of the trade receivables acquired. The Agency did not acquire any other class of receivables as a result of the acquisition.

The Agency has elected to use both practical expedients provided under the purchase method of accounting for the valuation of acquired contract assets and contract liabilities from contracts with customers, with no material impact to the consolidated financial statements.

The preliminary fair value allocations may be revised during the one-year allocation period as management obtains additional information about the estimated fair values of the acquired assets, identify and quantify assumed liabilities and finalize working capital amounts related to the acquisition.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of AHC and LUCHA, (collectively referred to as the Agency. Prior to the acquisition of LUCHA by AHC, on October 1, 2024, AHC operated as a single entity, and the financial statements for the year ended June 30, 2024 reflect only the activities of AHC. The financial statements for the year ended June 30, 2025 are presented on a consolidated basis. AHC has both a direct and indirect economic interest in LUCHA through shared leadership and resources. All significant intercompany transactions and balances have been eliminated in consolidation.

**Consolidated Financial Statement Presentation**

The consolidated financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to nonprofit organizations.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Consolidated Financial Statement Presentation (Continued)**

Accounting principles generally accepted in the United States of America establish standards for general purpose external consolidated financial statements issued by nonprofit organizations. It requires that net assets and related revenue, expenses, gains, and losses be classified into classes of net assets, based upon the existence or absence of donor-imposed restrictions. A description of the net asset classes applicable to the Agency is as follows:

*Undesignated Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions including the carrying value of all land, buildings, and equipment. Items that increase or decrease this net asset category include amounts received from government agencies, program service fees, and expenses of the Agency. In addition to these exchange transactions, changes in this category of net assets include certain types of philanthropic support, namely contributions without donor restrictions and foundation grants, investment income, restricted contributions and foundation grants whose donor-imposed restrictions were met during the fiscal period.

*Board-Designated Net Assets Without Donor Restrictions* – The Agency has established a board-designated endowment fund, a portion of which will be available annually to fund board approved projects. The board of directors (the board) retains control over the net assets without donor restrictions it has designated.

*Net Assets With Donor Restrictions* – Net assets subject to donor-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, where 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. These amounts are then reclassified to undesignated net assets without donor restrictions.

The Agency has a \$125,000 donor-restricted cash reserve fund reflected as part of net assets with donor restrictions as of June 30, 2025 and 2024. The donor has stipulated that the \$125,000 and any earnings be maintained in perpetuity. Any amounts drawn from the fund are to be repaid as of the close of the following fiscal year.

**Use of Estimates in Preparing Consolidated Financial Statements**

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash, Cash Equivalents, and Restricted Cash**

For purposes of the consolidated statements of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2025 or 2024.

The Agency maintains its cash balances in bank accounts which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts. Management believes that the Agency is not exposed to any significant credit risk on cash.

Restricted cash reported within the consolidated statements of financial position as of June 30:

	2025	2024
Real Estate Tax and Insurance Escrows	\$ 92,418	\$ -
Replacement Reserves	88,351	-
Other Reserves	154,717	-
Operating Reserves	264,847	-
Total Restricted Cash	\$ 600,333	\$ -

**Government Grant Receivables and Other Receivables**

Receivables are primarily uncollateralized government obligations stated at the invoice amounts that generally are payable within 30 days of the billing date. Payments of receivables are applied to the specific invoices identified on the funding source's remittance advice, or if unspecified, to the earliest unpaid invoice. Unconditional promises to give cash or property are reported at fair value on the date the pledge is received. The allowance for doubtful accounts for grants and other receivables is based on estimates made by management, historical collection experience, expected future collections, and analysis of individual accounts. If actual amounts collected are lower than management's estimates, the Agency's financial result could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for current expected credit losses. Government Grant Receivables, Net and Other Receivables were \$1,985,580 and \$616,132 at July 1, 2023, respectively.

**Investments**

Investments with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities and changes in net assets as increases and decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Contributions of securities from donors are initially recorded at fair value at the time the gift is made.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

In determining fair value, the Agency uses various valuation approaches within the accounting principles generally accepted in the United States of America fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Accounting principles generally accepted in the United States of America establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Accounting principles generally accepted in the United States of America define levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* – Valuations based on adjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

**Property and Equipment**

Purchases in excess of \$5,000 are capitalized by the Agency. Property and equipment is stated at cost or fair market value at the time of donation, less accumulated depreciation and amortization. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	10 to 40 Years
Furniture and Equipment	3 to 7 Years
Transportation Equipment	3 to 7 Years
Land Improvements	15 Years

**Long-Lived Assets**

The Agency evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Agency evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Bond Costs**

Financing costs incurred in connection with the tax-exempt bonds (see Note 10) have been deferred and are being amortized using the straight-line method, which approximates the effective interest method, over the term of the related bonds.

**Debt Issuance Costs and Fees**

Debt issuance costs, deferred financing fees, and deferred tax credit costs are amortized over the terms of their respective mortgage loans and tax credit allocation periods using the straight-line method.

GAAP requires that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

**Revenue Recognition**

The Agency derives its revenues primarily from government contracts, program service fees, contributions, and donated services. Recognition of revenue for the Agency's most significant revenue streams is as follows:

**Government Contracts and Program Service Fees**

The Agency receives a significant portion of its operating funds from grants and awards that are primarily exchange transactions. These funds are reported as without donor restricted support as the grants reimburse the Agency for services provided. Government grants received in advance are recorded initially as deferred revenue and are then recognized as revenue as earned, which generally occurs when services are provided and expenses are incurred. Program service fees consists primarily of revenue received from the state of Illinois which is paid based on a contracted rate per day. As this funding is provided under contract from the funders, all of the related revenue is recognized over time as the performance obligations are either performed or satisfied. Funds earned and not yet received generate contract assets, which are included in the accompanying consolidated statements of financial position as government grants receivable, net and other receivables, see Note 2. Funds received and not yet earned generate contract liabilities, which are included in the accompanying consolidated statements of financial position as other accruals. Contract liabilities at June 30, 2025, 2024, and 2023 are \$122,295, \$193,756, and \$179,072 respectively.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Contributions

Contributions are recognized as revenue when the donor makes a promise to give that is, in substance, unconditional. Contributions received are recorded as with or without donor restricted support depending on the existence and/or nature of donor restrictions. All 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 consolidated statements of activities as net assets released from restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Agency with specific assistance programs, campaign solicitations, and various committee assignments. No amounts have been reflected in the financial statements for such donated services because they do not meet the criteria for recognition. The Agency records contributions for services requiring specific expertise as defined by accounting principles generally accepted in the United States of America if the service received would have otherwise been incurred by the Agency.

Rental Income

Rental income is recognized for rentals as it accrues. Advance receipts of rental income are deferred or classified as liabilities until earned.

**Leases**

The Agency, as lessors, lease multifamily residential units, generally with a lease term of one year. While the leases typically include renewal options, the economic terms of the lease do not make it reasonably certain that a renewal option would be exercised. Under Accounting Standards Codification (ASC) Topic 842, *Leases*, the Agency classifies leases as operating leases and elect not to separate the lease component, comprised of monthly rents from tenants, from the associated nonlease components, comprised of fees related to utility costs. The Agency accounts for the combined lease and nonlease components under ASC 842. Lease income for the years ended June 30, 2025 and 2024, totaled \$1,524,908 and \$92,205 respectively. Based on the remaining terms of the Lease Agreements, the Agency expects to receive lease payments totaling \$1,950,683 during the year ending June 30, 2026.

The rental property is generally leased to tenants under one-year noncancelable operating leases. Rental revenue is recognized on a straight-line basis over the terms of the leases. Rental payments received in advance are deferred until earned.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Costs**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and categorized by natural classification within the consolidated statements of functional expenses. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Operating expenses directly identified with a functional area are charged to that area and, where those expenses affect more than one area, they are allocated to the respective areas on the basis of ratios estimated by management. Occupancy costs are allocated to programs conducted from the Agency's owned facility based on the actual square footage occupied.

**Advertising Costs**

Advertising costs are expensed when incurred.

**Income Taxes**

AHC and LUCHA are nonprofit organizations as described in Section 501(c)(3) of the Internal Revenue Code (IRC). Each qualifies for the charitable contribution deductions under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations under Section 509(a)(1). The subsidiaries consolidated with LUCHA are not exempt from federal and state taxes, but net operating loss carry-forwards exist. These arise from pass-throughs from the limited partnerships. A deferred tax credit is not recognized for financial reporting purposes because the ultimate benefit to be realized, if any, is not considered material. The limited partnerships are not taxpaying entities. All taxable income or loss passes through to, and is reportable by, the general and limited partners on their respective income tax returns.

The Agency has determined that it is not required to record a liability related to uncertain tax positions as of June 30, 2025 and 2024.

**Non-Controlling Interests**

This amount represents the aggregate positive balance of equity interests held by other unrelated entities in the non-wholly owned limited partnerships that are included in the LUCHA consolidation and are reported as unrestricted net assets.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Liquidity**

The Agency's financial assets available for general expenditures within one year of the consolidated statements of financial position date are as follows:

	2025	2024
Financial Assets at Year-End:		
Cash	\$ 570,848	\$ -
Receivables	3,195,304	2,058,560
Total Financial Assets at Year-End	3,766,152	2,058,560
Less: Amounts Not Available to be Used Within One Year:		
Net Assets With Contractual Obligations	(1,606,604)	(1,102,085)
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 2,159,548	\$ 956,475

To help manage seasonal liquidity needs, the Agency maintains a credit facility in the amount of \$3.5 million (see Note 7).

Additionally, the Agency has board-designated investments of \$19,721,182 and \$17,913,682 as of June 30, 2025 and 2024, respectively, as described in Note 11. Although the Agency does not intend to spend from these funds other than amounts appropriated to support programs and general operations, amounts could be made available if necessary.

**NOTE 2 FEES AND GRANTS FROM GOVERNMENTAL AGENCIES**

Included in fees and grants from governmental agencies is \$7,848,491 and \$6,497,493 for the years ended June 30, 2025 and 2024, respectively, of revenue received from the State of Illinois Department of Human Services. This represents approximately 15% and 31% of the Agency's total revenues and other support for 2025 and 2024, respectively. Also, included in fees and grants from governmental agencies is \$4,594,029 and \$3,952,141 for the years ended June 30, 2025 and 2024, respectively, of revenue received from the State of Illinois Department of Children and Family Services. This represents approximately 9% and 17% of the Agency's total revenues and other support for 2025 and 2024, respectively.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 2 FEES AND GRANTS FROM GOVERNMENTAL AGENCIES (CONTINUED)**

Grants receivable represent amounts due from various governmental entities for social services provided by reimbursement contracts and purchase of service contracts. The Agency's grants receivable at June 30, 2025, 2024, and 2023 included amounts due from all sources as follows:

	2025	2024	2023
Illinois Department of Children and Family Services	\$ 450,413	\$ 328,317	\$ 449,755
Illinois Department of Human Services	1,404,493	1,310,152	1,305,413
Medicaid Managed Care	66,005	186,065	560,083
Other	583,303	375,101	248,819
Total	<u>2,504,214</u>	<u>2,199,635</u>	<u>2,564,070</u>
Less: Allowance	<u>(363,820)</u>	<u>(688,221)</u>	<u>(578,490)</u>
Total Government Grants Receivable, Net	<u>\$ 2,140,394</u>	<u>\$ 1,511,414</u>	<u>\$ 1,985,580</u>

**NOTE 3 TENANT SECURITY DEPOSITS**

IHDA regulations require that security deposits be deposited into separate interest-bearing accounts in the name of the respective owning entity.

**NOTE 4 ESCROW DEPOSITS AND RESTRICTED RESERVES**

According to the various Organizational, Loan, and Regulatory Agreements, certain subsidiaries are required to maintain specified escrow deposits and reserves. As of June 30, 2025 and 2024, the Agency is in compliance with the various escrow and reserve requirements.

**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

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

	Cost	Total	2025		
			Level 1	Level 2	Level 3
Fixed Income:					
Mutual Funds	\$ 3,163,890	\$ 3,043,203	\$ 3,043,203	\$ -	\$ -
Equities:					
Domestic	3,560,946	8,919,144	8,919,144	-	-
Mutual Funds - Domestic	2,927,930	5,375,621	5,375,621	-	-
Mutual Funds - International	1,050,273	1,244,250	1,244,250	-	-
Total Assets at Fair Value	<u>10,703,039</u>	<u>18,582,218</u>	<u>\$ 18,582,218</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Short-Term Investments	1,138,964	1,138,964			
Total	<u>\$ 11,842,003</u>	<u>\$ 19,721,182</u>			

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**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

	2024				
	Cost	Total	Level 1	Level 2	Level 3
Fixed Income:					
Mutual Funds	\$ 3,126,970	\$ 2,916,106	\$ 2,916,106	\$ -	\$ -
Equities:					
Domestic	3,967,052	8,367,811	8,367,811	-	-
Mutual Funds - Domestic	2,692,802	4,649,083	4,649,083	-	-
Mutual Funds - International	948,604	1,108,762	1,108,762	-	-
Total Assets at Fair Value	10,735,428	17,041,762	\$ 17,041,762	\$ -	\$ -
Cash and Short-Term Investments	871,920	871,920			
Total	<u>\$ 11,607,348</u>	<u>\$ 17,913,682</u>			

Fair value of Level 1 equities, mutual funds, and exchange traded funds is determined by reference to quoted market transactions.

Certain of the above investments are held by BMO Harris Bank, N.A. as collateral for a line of credit arrangement (see Note 7).

Investment return from these investments and other interest-bearing accounts is summarized as follows at June 30:

	2025	2024
Interest and Dividend Income	\$ 491,309	\$ 340,916
Net Realized and Unrealized Gains	2,127,282	2,928,378
Investment Fees	(103,052)	(92,654)
Total Investment Returns	<u>\$ 2,515,539</u>	<u>\$ 3,176,640</u>

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment at June 30, consisted of:

	2025	2024
Land	\$ 5,095,125	\$ 615,000
Land Improvements	1,499,052	-
Buildings and Improvements	54,808,636	12,673,789
Furniture and Equipment	2,794,615	641,862
Transportation Equipment	74,226	74,226
Subtotal	64,271,654	14,004,877
Less: Accumulated Depreciation	(27,249,123)	(10,971,682)
Total Property and Equipment	<u>\$ 37,022,531</u>	<u>\$ 3,033,195</u>

The Agency, as landlord, has entered into agreements with other nonprofit organizations to lease space at the facility. Rental income for fiscal years 2025 and 2024 totaled \$1,524,908 and \$92,205, respectively. These leases are currently on a month-to-month basis.

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**NOTE 7 LINES OF CREDIT**

AHC maintains an agreement with BMO Harris Bank, N.A., which provides a \$3,500,000 revolving line of credit facility, payable on demand. Amounts drawn against the line of credit bear interest at the bank's prime rate less 2%. The prime rate was 7.5% and 8.5% at June 30, 2025 and 2024, respectively. Borrowings under the line of credit agreement amounting to \$2,879,804 and \$1,784,499 at June 30, 2025 and 2024, respectively, are secured by certain investments of AHC held at BMO Harris Bank, N.A.

LUCHA maintains a revolving line of credit with PNC Bank the permits maximum borrowings of \$100,000 at the prime rate. Interest-only payments are due monthly. Borrowings under the line of credit agreement were \$99,700 at June 30, 2025.

**NOTE 8 PRE-DEVELOPMENT PROJECT COSTS**

The Agency incurs costs in connection with properties it is considering for development as well as costs associated with properties in the initial stages of development. As of June 30, 2025, the Agency has incurred costs for the following developments which are currently under development:

	Beginning Balance	Advances	Adjustments/ Repayments	Ending Balance
Pre-Development Project Costs:				
New Office	\$ 70,358	\$ -	\$ -	\$ 70,358
HP Methodist	614,809	132,651	-	747,460
Total	<u>\$ 685,167</u>	<u>\$ 132,651</u>	<u>\$ -</u>	<u>\$ 817,818</u>

**NOTE 9 MORTGAGE NOTES PAYABLE**

Mortgage notes payable consist of the following as of June 30, 2025:

Description	Amount
<b><u>Latin United Community Housing Association</u></b>	
Mortgage note payable by LUCHA to PNC Bank, due in monthly installments of \$1,128 including interest at an annual rate of 5.208%. Maturity date was May 14, 2024 and has been extended to June 14, 2029.	\$ 48,721
Mortgage note payable by LUCHA to IFF that permits maximum borrowings of \$1,000,000, monthly interest only payments at an annual rate of 5.625% are charged to the loan balance due May 20, 2022. In prior years, the maturity date was extended until June 1, 2023 and again until June 1, 2024. The maturity date for \$755,000 of the total borrowings has been extended until July 1, 2040.	1,134,099

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**NOTE 9 MORTGAGE NOTES PAYABLE (CONTINUED)**

Description	Amount
<b><u>Latin United Community Housing Association (Continued)</u></b>	
Pre-development loan payable by LUCHA to Enterprise Community Partners, Inc., in the original amount of \$250,000. The loan is non-interest bearing. Maturity date was January 6, 2025 and has been extended to October 31, 2025. Principal will be due at the earlier of loan maturity or closing of the project take-out financing.	\$ 140,064
Pre-development loan payable by LUCHA to Community Ventures 2011, LLC, in the original amount of \$200,000. The loan is non-interest bearing and matures on September 30, 2025, at which time all unpaid principal shall be due.	200,000
<b><u>Madres Unidas Limited Partnership</u></b>	
The first mortgage, dated February 21, 2007, is held by Harris Bank, NA in an original amount not to exceed \$583,201. The note bears interest at a rate of 2.5% above the Term Loan Index, not to exceed 8.75%. The Term Loan Index rate is defined as the thirty (30) year Daily Treasury Yield Curve Rate published in the Federal Reserve Statistical Release H-15. Monthly payments of principal and interest totaling \$3,975 are due until the maturity date of August 22, 2027. The note is collateralized by real estate held for lease and an assignment of rents and leases.	389,365
The second mortgage note, dated August 22, 2005, is held by the City of Chicago in the original amount of \$3,303,690. The note is non-interest bearing, and matures on August 22, 2035. The entire balance is due at maturity. The note is collateralized by real estate held for lease and an assignment of rents and leases.	3,289,920
The third mortgage note, dated August 22, 2005, is held by IHDA in the original amount of \$750,000. The note is noninterest-bearing, and matures on December 1, 2026. Monthly installment of principal is required upon the end of the construction and leasing period, which occurred on May 1, 2007, in the amount of \$333. The note is collateralized by real estate held for lease and an assignment of rents and leases.	675,667
The fourth mortgage note, dated August 22, 2005, is held by the Chicago Low-Income Housing Trust Fund in the original amount of \$271,799. The note is noninterest-bearing and matures on August 22, 2035. The entire balance is due at maturity. The note is collateralized by real estate held for lease and an assignment of rents and leases.	243,161

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**NOTE 9 MORTGAGE NOTES PAYABLE (CONTINUED)**

Description	Amount
<b><u>HPR Preservation Limited Partnership</u></b>	
The first mortgage (City of Chicago note), dated December 1, 2020, is held by the City of Chicago, in the original amount of \$1,641,035, of which the entire principal balance has been drawn. The note bears interest at 1.31% per annum compounding annually. Monthly principal payments of \$375 are to be made. Any unpaid balance is due at maturity on December 1, 2052. For the year ended June 30, 2025, interest incurred was \$25,535. At June 30, 2025 accrued interest was \$96,147. The note is collateralized by real estate held for lease and an assignment of rents and leases.	\$ 1,622,660
The second mortgage (IHDA note), dated December 1, 2020, is held by IHDA under the Trust Fund Program in the original amount of \$446,656, of which the entire principal balance has been drawn. The note is noninterest-bearing. Payments on the note are to be made from cash flow as defined in the Partnership Agreement. Any unpaid balance is due at maturity on December 20, 2052. The note is collateralized by real estate held for lease and an assignment of rents and leases.	446,656
The third mortgage (City of Chicago Home Fund), dated December 1, 2020, is held by the City of Chicago, in the original amount of \$4,350,000, of which \$4,180,282 and \$3,240,794 has been drawn as of December 31, 2023 and 2022, respectively. The original mortgage amount has been adjusted down by \$169,718. The note is noninterest-bearing. The note was funded from HOME Investment Partnership Program (HOME) funds and is subject to recapture in the event of noncompliance with the HOME program requirements. Any unpaid balance is due at maturity on December 1, 2052. The note is collateralized by real estate held for lease and an assignment of rents and leases.	4,180,282
The Promissory note (TIF Funds), dated December 1, 2020, is held by LUCHA in the original amount of \$3,800,000. The note is non-interest-bearing. No payments of principal or interest are due until the note matures on December 31, 2052, at which time a balloon payment of principal and interest shall be paid. Payments on the note are to be made from cash flow as defined in the Partnership Agreement. The note is collateralized by real estate and an assignment of rents and leases.	3,800,000

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**NOTE 9 MORTGAGE NOTES PAYABLE (CONTINUED)**

Description	Amount
<b><u>Tierra Linda Limited Partnership</u></b>	
<p>The promissory note, dated June 22, 2017, is held by IFF in the original amount of \$1,000,000 (of which \$963,937 has been drawn as of December 31, 2020). The note bore interest at 5.38% per annum through the conversion date, after which the interest is 5.95% per annum. Interest was payable monthly in arrears and continued through June 22, 2019, subject to extension. During 2020, the note was converted to a term loan. Monthly payments of principal and interest of \$5,489 commenced on June 1, 2020 and continue through February 1, 2037, the maturity date, at which time all remaining principal and unpaid interest is due. The note is collateralized by real estate held for lease and an assignment of rents and leases.</p>	\$ 913,971
<p>The mortgage note, dated June 22, 2017, is held by the City of Chicago in the original amount of \$5,000,000 (of which \$4,619,621 has been drawn). The note bears interest at 1.5% per annum. No payments of interest or principal are required until maturity which is June 22, 2049, at which time any unpaid principal and accrued interest are due. As of June 30, 2025, interest payable was \$515,800 and is included in long-term accrued interest on the consolidated statements of financial position. The note is collateralized by real estate held for lease and an assignment of rents and leases.</p>	4,619,621
<b><u>Borinquen Bella Limited Partnership</u></b>	
<p>Mortgage note payable to the Illinois Housing Development Authority is non-interest bearing. The note is payable in monthly principal payments of \$1,000 to maturity, which is April 1, 2044. A second mortgage on the building is pledged as collateral.</p>	357,122
<p>Second mortgage loan is payable to the City of Chicago, Illinois. The note bears interest at 3% per annum on principal only and matures on April 19, 2044. The note is due in annual installments equaling 50% of the Project's surplus cash commencing on April 19, 2013 and the balance is due at maturity. At June 30, 2025, accrued interest amounted to \$1,379,081 and is included in other long-term liabilities - accrued interest on the consolidated statements of financial position. The note is collateralized by an assignment of rents and leases.</p>	3,734,620
Total	25,795,929
Less: Current Portion	1,547,087
Total Long-Term Portion	24,248,842
Less: Fair Market Value Adjustment	(16,352,448)
Total Long-Term Portion, Net	\$ 7,896,394

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
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**NOTE 9 MORTGAGE NOTES PAYABLE (CONTINUED)**

Future minimum principal payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 1,547,087
2027	817,273
2028	413,719
2029	97,249
2030	82,368
Thereafter	22,838,233
Total	<u>\$ 25,795,929</u>

In connection with the acquisition of LUCHA on October 1, 2024, the Agency recognized a fair value adjustment to the assumed long-term debt. The fair value adjustment is summarized as follows:

Fair Value of Assumed Long-Term Debt	\$ 9,269,455
Carrying Value of Assumed Long-Term Debt	26,334,444
Fair Value Adjustment at Acquisition Date	<u>\$ (17,064,989)</u>

The fair value adjustment represents the difference between the fair value and the carrying value of the acquired long-term debt at the acquisition date. This adjustment has been recorded as part of the purchase price allocation and will be amortized over the remaining term of the respective debt instruments using the straight-line method, which materially approximates the effective interest rate method. The fair value of the Agency's long-term debt has been determined based on quoted market prices for identical or similar instruments, where available, or discounted cash flow analyses using market interest rates as of the acquisition date.

The fair value adjustment is being amortized using the straight-line method over the remaining term of the respective debt instruments. The amortization of the fair value adjustment for the years ended June 30, 2025 and 2024 was \$712,541 and \$-0-, respectively. The remaining unamortized balance of the fair value adjustment as of June 30, 2025 and 2024 is \$16,352,448 and \$-0-, respectively.

**NOTE 10 BONDS PAYABLE**

On April 27, 2016, AHC issued a Series 2016 Revenue Bond. The proceeds from the Series 2016 Revenue Bond in the amount of \$5,765,000 were used for the following: (a) \$4,649,619 was paid to US Bank, N.A. to repay AHC's outstanding Series 2007 Revenue Bonds; (b) \$1,000,082 was paid into AHC's project fund, which is restricted for future capital improvements; (c) \$16,280 in equity contribution was paid by AHC; and (d) \$131,580 of bond issue costs were paid. These Series 2016 Revenue Bonds are secured by substantially all of the Agency's assets. The bond requires monthly principal installments ranging from \$22,000 to \$36,000, with a final monthly principal payment of \$100,000 due on December 28, 2032, plus interest at 2.812%. The fixed interest rate will reset to reflect market rates in April 2026.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
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**NOTE 10 BONDS PAYABLE (CONTINUED)**

The bond agreements contain certain financial covenants, all of which management believes have been met as of June 30.

	2025	2024
Total Bonds Payable	\$ 2,929,000	\$ 3,276,000
Less: Unamortized Debt Issuance Costs	10,965	24,123
Total, Net of Unamortized Debt Issuance Costs	2,918,035	3,251,877
Less: Current Maturities	356,000	347,000
Total, Long-Term Bonds Payable	\$ 2,562,035	\$ 2,904,877

Future minimum principal payments are as follows:

Year Ending June 30,	Amount
2026	\$ 356,000
2027	366,000
2028	376,000
2029	387,000
2030	398,000
Thereafter	1,046,000
Total	\$ 2,929,000

Subsequent to year-end, in April 2026, the bond was refinanced as a \$2,663,000 fixed rate term loan at 5.197% interest with a 60-month term using a 300-month amortization.

**NOTE 11 ENDOWMENT FUND**

The board's designated endowment fund (the Fund) consists of investments set aside by the board, to be available to fund board approved expenditures. These assets are invested in the Agency's investment portfolio and all accumulations to the endowment are classified as board designated. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. For the years ended June 30, 2025 and 2024, there were no principal contributions to the Fund.

The Agency's investment policy is to maintain, over the long term, an investment balance that keeps pace with the purchasing power of the dollar. Annual distributions can be approved by the board for use in operations. Distributions of \$651,000 and \$601,481 were made in the years ended June 30, 2025 and 2024, respectively. The board expects future disbursements to be approximately 3.5% of a three-year moving average of the Fund balance.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 11 ENDOWMENT FUND (CONTINUED)**

**Return Objectives and Risk Parameters**

The finance committee, which oversees the investment portfolio of the Agency with the assistance of the Agency's investment consultants, operates under an investment policy that attempts to provide a predictable stream of income and investment returns. Under these policies, the Fund assets are invested. To obtain the required investment returns on the investment portfolio, a significant portion of the portfolio is invested in equities. The asset allocation emphasizes diversification through the use of mutual funds and a heavy emphasis on large cap equities.

For the years ended June 30, 2025 and 2024, the balance of the Fund was equal to the investments balance. The changes in board-designated endowment net assets for the Agency were as follows for the years ended June 30:

	Without Donor Restrictions	
	2025	2024
Endowment Net Assets - Beginning of Year	\$ 17,913,682	\$ 15,338,523
Investment Return:		
Interest and Dividend Income	434,270	340,916
Realized and Unrealized Gains, Net of Fees	2,024,230	2,835,724
Total Investment Return	2,458,500	3,176,640
Appropriation of Endowment Assets for Expenditure	(651,000)	(601,481)
Endowment Net Assets - End of Year	\$ 19,721,182	\$ 17,913,682

**NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30, were available for the following purposes or periods:

	2025	2024
Subject to Expenditure for Specified Purpose:		
Workforce Development	\$ 359,622	\$ 236,622
Mentoring	118,750	-
Health and Nutrition	77,503	67,503
Technology	28,072	28,072
Juvenile Justice	50,356	356
Integrated Health	49,583	32,083
Subject to the Passage of Time:		
Time Restricted Assets	797,718	612,449
Not Subject to Spending Policy or Appropriation:		
Donor-Restricted Cash Reserve Fund	125,000	125,000
Total Net Assets With Donor Restrictions	\$ 1,606,604	\$ 1,102,085

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
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**NOTE 13 NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring costs satisfying the restricted purposes specified by donors or through the satisfaction of time restrictions as follows:

	<u>2025</u>	<u>2024</u>
Time Restrictions	\$ 745,394	\$ 1,096,963
Various Program Services	678,286	824,827
Capital Grant	2,000,000	-
Total	<u>\$ 3,423,680</u>	<u>\$ 1,921,790</u>

**NOTE 14 EMPLOYEE BENEFIT PLANS**

On August 1, 1997, AHC instituted a qualified 401(k) plan for its employees who meet the age and service requirements as outlined in the plan. For fiscal years ended June 30, 2025 and 2024, the expense recognized for the matching contribution was \$10,590 and \$18,026, respectively.

The Agency's Association House High School, through its relationship with YCCS, is required to contribute to the Chicago Teachers' Pension Fund as required by Chicago Public Schools (CPS). CPS deducts the pension amounts directly from payments made to YCCS, which are reflected as adjustments to YCCS' payments to the Agency. Information pertaining to the arrangement is reflected below:

	<u>2025</u>	<u>2024</u>
Total Pensionable Salaries	\$ 466,735	\$ 348,741
Employees' Contribution Expense Picked Up by Employer (4.5%)	21,003	15,693
Employer's Contribution Expense (11.16%)	52,088	38,919
Less: CPS Deduction Amount of Employer's Pension Expense	<u>(52,088)</u>	<u>(38,919)</u>
Pension True-up Amount	<u>\$ -</u>	<u>\$ -</u>

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
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**NOTE 15 LEASES**

In November 2022, the Agency entered into a three-year lease for office equipment that expires in November 2025.

The following tables provide quantitative information concerning the Agency's lease for the years ended June 30:

	2025	2024
Lease Costs:		
Amortization of Right-of-Use Assets	\$ 35,031	\$ 35,031
Interest on Lease Liabilities	1,544	3,092
Total Lease Costs	\$ 36,575	\$ 38,123
Other Information:		
Operating Cash Flows from Financing Leases	\$ 1,544	\$ 3,092
Financing Cash Flows from Finance Leases	\$ 37,099	\$ 35,551
Weighted-Average Remaining Lease Term	0.3 Years	1.3 Years
Weighted-Average Discount Rate	4.27%	4.27%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025, is as follows:

Year Ending June 30,	Amount
2026	\$ 16,101
Undiscounted Cash Flows	16,101
Less: Imputed Interest	(170)
Total Present Value	\$ 15,931
Lease Liability	\$ 15,931

**NOTE 16 COMMITMENTS AND CONTINGENCIES**

**State Funding**

The Agency receives a significant portion of its operating revenue and support from agencies of the state of Illinois. Payment rates and reimbursement methodologies for the Agency's programs, funded by the state of Illinois agencies, may be subject to change or modification based on the amount of funding made available to the Agency by the state of Illinois. Should such funding changes occur, they could have an adverse effect on the Agency's revenue and support.

**Compliance with Grantor Restrictions**

The state and federal grants received by the Agency are subject to audit. Management believes that any disallowance of expenditures under these grants would not be material.

**ASSOCIATION HOUSE OF CHICAGO AND AFFILIATE  
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**NOTE 16 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Compliance with Tax Credits**

The LUCHA subsidiaries' LIHTC are contingent on their ability to maintain compliance with applicable provisions of the Internal Revenue Code. Failure to maintain compliance with tenant income eligibility and rent limits or to correct instances of noncompliance within a reasonable time period could result in recapture of previously claimed tax credits plus interest. In addition, any such noncompliance, if it were to occur, likely would result in an adjustment to the capital contributed by the limited partners.

**NOTE 17 CASH FLOW DISCLOSURES**

Interest paid for the years ended June 30, 2025 and 2024 totaled \$554,210 and \$217,857, respectively.

There were \$-0- and \$77,286 of noncash additions to property and equipment for the years ended June 30, 2025 and 2024, respectively.

**NOTE 18 SUBSEQUENT EVENTS**

Management evaluated subsequent events through May 20, 2026, the date the consolidated financial statements were available to be issued. Events or transactions occurring after June 30, 2025, but prior to May 20, 2026 that provided additional evidence about conditions that existed at June 30, 2025, have been recognized in the consolidated financial statements for the year ended June 30, 2025. Events or transactions that provided evidence about conditions that did not exist at June 30, 2025, but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended June 30, 2025.



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