REVIVE CENTER FOR HOUSING AND HEALING

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended
June 30, 2015

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630.566.8400 // www.sikich.com

1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

Certified Public Accountants & Advisors
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
ReVive Center for Housing and Healing
Chicago, Illinois

We have audited the accompanying statement of financial position of ReVive Center for Housing and Healing (ReVive) as of June 30, 2015, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 ReVive Center for Housing and Healing at June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sikich LLP

Naperville, Illinois
December 17, 2015

FINANCIAL STATEMENTS

REVIVE CENTER FOR HOUSING AND HEALING

STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS

ASSETS	
Cash and cash equivalents	$ 135,043
Receivables	
Government grants	48,322
Contributions and pledges	250,350
Rent and other	63,274
Prepaid expenses and other	26,945
Property and equipment, net	5,053,387
TOTAL ASSETS	$ 5,577,321

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable	$ 71,750
Accrued expenses	175,922
Interest rate swap	27,106
Notes payable	3,745,831
TOTAL LIABILITIES	4,020,609
NET ASSETS	
Unrestricted	777,711
Temporarily restricted	250,000
Permanently restricted	529,001
Total net assets	1,556,712
TOTAL LIABILITIES AND NET ASSETS	$ 5,577,321

See accompanying notes to financial statements.

REVIVE CENTER FOR HOUSING AND HEALING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions				
Individuals	$ 232,129	$ 250,000	$ -	$ 482,129
Corporations and foundations	48,799	-	-	48,799
Episcopal charities and community services	51,223	-	-	51,223
Associated religious organizations	9,040	-	-	9,040
Diocesan trust fund	42,102	-	-	42,102
Trusts and estates	34,090	-	-	34,090
Fees and grants from government agencies	626,423	-	-	626,423
Program fees and client rent	596,775	-	-	596,775
Thrift store revenue	113,406	-	-	113,406
Christmas basket program revenue	258,581	-	-	258,581
Investment return	11,738	-	-	11,738
Miscellaneous income	37,766	-	-	37,766
Subtotal	2,062,072	250,000	-	2,312,072
Net assets released from restrictions	18,644	(18,644)	-	-
Total support and revenue	2,080,716	231,356	-	2,312,072
EXPENSES				
Program services				
Supportive housing	1,468,173	-	-	1,468,173
Social services	567,157	-	-	567,157
Addiction treatment	163,049	-	-	163,049
Support services				
General and administrative	225,489	-	-	225,489
Fundraising	245,447	-	-	245,447
Total expenses	2,669,315	-	-	2,669,315
CHANGE IN NET ASSETS	(588,599)	231,356	-	(357,243)
NET ASSETS, BEGINNING OF YEAR	1,366,310	18,644	529,001	1,913,955
NET ASSETS, END OF YEAR	$ 777,711	$ 250,000	$ 529,001	$ 1,556,712

See accompanying notes to financial statements.

REVIVE CENTER FOR HOUSING AND HEALING

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015

	Program Services				Support Services			
	Supportive Housing	Social Services	Addiction Treatment	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Salaries and wages and employee benefits	$ 741,143	$ 182,868	$ 113,440	$ 1,037,451	$ 145,800	$ 147,697	$ 293,497	$ 1,330,948
Consultants	16,068	13,737	19,280	49,085	4,653	11,874	16,527	65,612
Equipment rentals and maintenance	10,263	1,439	1,117	12,819	9,519	1,233	10,752	23,571
Fees and services	36,686	4,988	377	42,051	26,053	8,238	34,291	76,342
Supplies	20,323	4,125	2,093	26,541	3,304	1,531	4,835	31,376
Christmas basket supplies	-	258,581	-	258,581	-	-	-	258,581
Food and beverage	673	311	979	1,963	244	56	300	2,263
Telephone	17,501	4,641	1,783	23,925	2,023	1,277	3,300	27,225
Postage and delivery	315	2,604	112	3,031	191	7,814	8,005	11,036
Occupancy	184,606	35,067	10,789	230,462	11,363	937	12,300	242,762
Printing	1,921	357	-	2,278	588	27,014	27,602	29,880
Transportation	1,374	8,627	228	10,229	4,268	141	4,409	14,638
Staff development	360	-	-	360	152	-	152	512
Assistance to individuals	9,519	380	2,047	11,946	-	-	-	11,946
Dues and subscriptions	805	120	488	1,413	340	-	340	1,753
Insurance	45,490	6,156	1,314	52,960	4,043	185	4,228	57,188
Interest	96,652	-	-	96,652	1,222	-	1,222	97,874
Depreciation	176,119	31,859	9,002	216,980	9,618	1,003	10,621	227,601
Bad debt expense	41,876	-	-	41,876	-	-	-	41,876
Miscellaneous	66,479	11,297	-	77,776	2,108	36,447	38,555	116,331
TOTAL FUNCTIONAL EXPENSES	$ 1,468,173	$ 567,157	$ 163,049	$ 2,198,379	$ 225,489	$ 245,447	$ 470,936	$ 2,669,315

See accompanying notes to financial statements.

REVIVE CENTER FOR HOUSING AND HEALING

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (357,243)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	227,601
Bad debt expense	41,876
(Increase) decrease in	
Government grant receivables	12,182
Contribution and pledge receivables	(240,350)
Rent and other receivables	(76,874)
Prepaid expenses	56,845
Increase (decrease) in	
Accounts payable	39,830
Accrued expenses	65,340
Unrealized loss on interest swap agreements	27,106
Total adjustments	153,556
Net cash from operating activities	(203,687)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(3,225,608)
Net cash from investing activities	(3,225,608)
CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowings on lines of credit	70,000
Borrowings of long-term debt	1,900,000
Principal payments on long-term debt	(49,976)
Net cash from financing activities	1,920,024
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,509,271)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,644,314
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 135,043

See accompanying notes to financial statements.

1. NATURE OF ACTIVITIES

Organization

ReVive Center for Housing and Healing (ReVive) is a not-for-profit corporation formed in 1915. ReVive provides permanent supportive housing for homeless individuals and families, addiction treatment for homeless and at-risk of homelessness individuals, and social services for low-income households on the Near West Side.

Description of Programs

Supportive Housing - Serving families struggling with homelessness and addiction since 1998, Cressey House provides 28 apartments for homeless single adults and single parents with children as well as supportive services for homeless individuals and families not housed by ReVive. Clients participate in an array of on-site supportive services including intensive case management as well as life skills workshops, employment and education assistance, and housing locator assistance. Clients are referred to additional community-based services as necessary.

Social Services - ReVive operates services for the Near West Side community including a Christmas gift program, volunteer program, snack bags for homeless persons, and a voucher service in the thrift store. ReVive provides meeting space to community groups to further reach those in need of assistance.

Addiction Treatment - Licensed by the Illinois Department of Human Services, ReVive provides basic and intensive outpatient treatment services for men and women. Clients of the addiction treatment program are provided with individual and group counseling and supportive services such as life skills training, employment assistance, and housing assistance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared on the accrual basis of accounting. These financial statements report amounts separately by class of net assets. The separate classes of net assets are defined as follows:

> Unrestricted - amounts that are currently available for use in ReVive’s operations and for the acquisition of equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Temporarily Restricted - amounts that are stipulated by donors for specific operating purposes or for use in future periods.

Permanently Restricted - amounts that are stipulated by donors to be maintained permanently by ReVive.

Support and Revenue

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. ReVive reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for a future period. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. For the year ended June 30, 2015, all donor-restricted contributions are reported as temporarily restricted support, and all restrictions that were met during the period are shown as releases from restriction.

Contributions, including unconditional promises to give, are recorded when pledged by the donor. Conditional promises to give are not recognized until they have become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. If such services are not provided during the period, the governmental entities are not obligated to expend funds allotted under the grants and contracts.

Cash and Cash Equivalents

For purposes of the statement of cash flows, ReVive considers all liquid investments with original maturities of three months or less to be cash equivalents. ReVive maintains its cash and cash equivalents accounts in institutions guaranteed by the Federal Deposit Insurance Corporation (FDIC). At times throughout the year, cash balances may be in excess of the FDIC insurance limit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants, Contributions, and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at estimated fair value. Unconditional promises to give to be collected in the future years are discounted at an appropriate rate commensurate with the risk involved. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. An allowance for uncollectible promises to give is provided based on management's judgment, considering factors such as prior collection history, type of contribution, and nature of fundraising activity. Management determined an allowance for uncollectible receivables was not necessary as of June 30, 2015.

Fair Value Measurements

Assets and liabilities carried at fair value and are classified and disclosed in one of the following categories based on the sources of information utilized in measuring fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The derivative instrument consists of an interest rate swap. Pricing models utilize a series of market inputs to determine the present value of future cash flows, with adjustments, as required for credit and liquidity risk (Level 2).

Property and Equipment

Property and equipment are capitalized at cost or estimated fair value as of the date of contribution. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as shown below:

	Years
Building and improvements	10-30
Furniture and equipment	3-15
Vehicles	5

Property and equipment are capitalized when the purchase price is greater than $1,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Certain indirect expenditures that benefit more than one program are allocated to the benefited programs based on time studies or square footage.

Income Tax Status

ReVive has been classified as “not a private foundation” and has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code pursuant to a letter dated March 1943. Accordingly, no provision for income taxes is included in the financial statements.

ReVive conducts business solely in the U.S. and, as a result, files income tax and information returns for U.S. and Illinois. In the normal course of business, ReVive is subject to examination by taxing authorities. However, at present, there are no ongoing income tax audits or unresolved disputes with the various tax authorities that ReVive currently files or has filed with.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of 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.

3. INTEREST RATE SWAP

The interest rate swap agreement was contracted at market terms and had no fair value at inception. The carrying amount of the contract has been adjusted to fair value at the end of the year, which because of changes in forecasted interest rates, resulted in reporting a liability for the fair value of the future net payments forecasted under the contracts. The fair value of the liability for Revive’s interest rate swap agreements was $27,106 at June 30, 2015, and was measured using Level 2 inputs, as described in Note 2, determined by pricing models maintained by the counterparty to the swap agreement. The pricing models utilize a series of market inputs to determine the present value of future cash flows, with adjustments, as required for credit and liquidity risk.

3. INTEREST RATE SWAP (Continued)

Liabilities recorded at fair value on a recurring basis measured using inputs considered as are follows at June 30, 2015:

	Level 1	Level 2	Level 3	Total
LIABILITIES				
Interest rate swap	$ -	$ 27,106	$ -	$ 27,106

Revive assesses the assets and liabilities reported at fair value at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. For the year ended June 30, 2015, there were no such transfers.

4. PROPERTY AND EQUIPMENT

ReVive owns two facilities for supportive housing, social services, addiction treatment, administrative offices, and a thrift store, as well as other fixed assets and equipment. As of June 30, 2015, property and equipment consists of the following:

Land	$ 730,000
Building and improvements	6,753,542
Furniture and equipment	264,769
Vehicles	25,865
Subtotal property and equipment	7,774,176
Less accumulated depreciation	(2,720,789)
NET PROPERTY AND EQUIPMENT	$ 5,053,387

ReVive purchased a building on August 7, 2014, for use as a Single-Room Occupancy (SRO) hotel. The building was purchased for $3,200,000, of which $1,300,000 was paid in cash and the remaining $1,900,000 was financed through a loan.

5. LINE OF CREDIT

As of June 30, 2015, ReVive had $70,000 of borrowings on a $200,000 line of credit agreement with MB Financial Bank, N.A. The line of credit agreement expires on October 15, 2015. Interest varies with the bank's prime rate, which was 4.5% on June 30, 2015.

6. NOTES PAYABLE

Notes payable consist of the following as of June 30, 2015:

Mortgage note, dated February 16, 1996, payable to the Illinois Housing Development Authority. Original proceeds of $333,333, 0% interest, due on December 31, 2035. The note is secured by an assignment of rents and leases creating a junior mortgage lien on the property at 1660-74 West Ogden Avenue.	$ 333,333
Loan agreement, dated February 16, 1996, payable to the city of Chicago's Department of Housing. Original proceeds of $1,492,474, 0% interest, due in February 2026. The loan is secured by a first mortgage on the property at 1660-74 West Ogden Avenue.	1,492,474
Mortgage noted, dated August 6, 2014, payable to the city of Chicago's Department of Housing. Original proceeds of $1,900,000, with interest payable at 2.1885%, and monthly payments of approximately $6,000 through June 2019, and a balloon payment of approximately $1,058,000 due in August 2019. The loan is secured by a first mortgage on the property at 1810 West Jackson.	1,850,024
TOTAL	$ 3,675,831

Maturities on long-term debt consist of the following:

Year Ending June 30,	
2016	$ 62,267
2017	65,127
2018	68,119
2019	71,249
2020	1,583,262
Later years	1,825,807
TOTAL	$ 3,675,831

For the year ended June 30, 2015, ReVive paid interest for all debt in the amount of $97,874.

7. OPERATING LEASES

ReVive has entered into leases for some of its equipment. Total rental expense charged to operations amounted to $16,406 for the year ended June 30, 2015.

7. OPERATING LEASES (Continued)

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year:

Year Ending June 30,		
2016	$	21,669
2017		11,751
2018		6,780
2019		6,780
2020		6,215
TOTAL MINIMUM PAYMENTS REQUIRED	$	53,195

8. RETIREMENT PLAN

ReVive sponsors a defined contribution plan, which covers all lay employees. The plan provides for employer contributions only at the discretion of the Board of Directors. Retirement expense related to this plan totaled $25,610 for the year ended June 30, 2015.

In addition, ReVive sponsors a defined contribution plan organized under Section 403(b) of the Internal Revenue Code. The plan covers all employees of ReVive and provides for the employer to match 50% of each employee's contribution, not to exceed 3% of annual compensation. Retirement expense related to this plan totaled $18,755 for the year ended June 30, 2015.

Clergy paid by ReVive are covered under a defined benefit pension plan sponsored by the Protestant Episcopal Church. Pension expense for this plan totaled $28,514 for year ended June 30, 2015.

9. NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts of cash and pledges for which donor-imposed restrictions. Temporarily restricted net assets at June 30, 2015, are available for the following purpose:

Time restriction	$	250,000
	$	250,000

9. NET ASSETS (Continued)

Permanently Restricted Net Assets

Permanently restricted net assets at June 30 are restricted to:

Investment in perpetuity, the income of which is expendable to support general operations	$ 529,001
	$ 529,001

10. ENDOWMENT

Endowment

ReVive's endowment consists of an individual donor-restricted fund established to support ReVive's programs. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

ReVive's management has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, management classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment and (2) the original value of subsequent gifts to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by ReVive. In accordance with UPMIFA, ReVive considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund
2. The purpose of ReVive and the endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of ReVive

10. ENDOWMENT (Continued)

Return Objectives and Risk Parameters

ReVive has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the capital of the endowment assets. Endowment assets include those assets of donor-restricted funds that ReVive must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve the capital of the fund and produce interest income to support current operations and to achieve growth of the principal value of the fund in excess of inflation (as indicated by the Consumer Price Index) over a three to five year period. This investment policy is designed to preserve the purchasing power of the portfolio while balancing present needs with those of the future. ReVive expects its endowment funds, over time, to provide an average rate of return of approximately 3% annually. Actual returns, in any given year, may vary from this amount.

Spending Policy and How the Investment Objectives Relate to Spending Policy

ReVive has a policy of appropriating for expenditure or accumulating so much of an endowment fund as ReVive determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. This is consistent with ReVive's objective to preserve the capital of the endowment assets held in perpetuity.

Strategies Employed for Achieving Objectives

To satisfy its long-term objective to preserve capital, ReVive maintains its endowment funds in money market funds and common stocks and relies on investment returns achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Endowment net asset composition by type of fund as of June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ -	$ -	$ 529,001	$ 529,001

10. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives (Continued)

Changes in endowment net assets for the year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 529,001	$ 529,001
Investment return Investment income	-	19,410	-	19,410
Appropriations of endowment assets for expenditures	-	(19,410)	-	(19,410)
ENDOWMENT NET ASSETS, END OF YEAR	$ -	$ -	$ 529,001	$ 529,001

11. CONCENTRATIONS

For the year ended June 30, 2015, revenue from one donor amounted to more than 10% of total revenue. The amount of revenue from the donor was $250,000 for the year ended June 30, 2015.

12. SUBSEQUENT EVENTS

ReVive has evaluated subsequent events through December 17, 2015, which was the date that these financials were available for issuance.