

# La Casa Norte and LCN Title Holding Corporation, NFP

Independent Auditor's Report and Consolidated Financial Statements  
December 31, 2021

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## AUDIT REPORT



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
La Casa Norte and LCN Title Holding Corporation, NFP

### **Opinion**

We have audited the accompanying financial statements of La Casa Norte and LCN Title Holding Corporation, NFP (nonprofit organizations, "the Organizations"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Casa Norte and LCN Title Holding Corporation, NFP as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

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

***Emphasis of Matter****Restatement of Schedule of Expenditure of Federal Awards*

Subsequent to the issuance of the audit report, the Organization identified program expenditures which were omitted from the schedule of expenditures of federal awards ("SEFA"). The SEFA has been restated to correct the omission. Our opinion is not modified with respect to this matter.

***Other Matters****Report on Summarized Comparative Information*

The 2020 financial statements were audited by other auditors and their report thereon, dated September 27, 2021, expressed an unmodified opinion. The summarized comparative information contained herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited statements from which it has been derived.

*Lopez & Co. CPAs Ltd*

Chicago, IL

July 25, 2022 (except as noted in emphasis of matter, to which the date is May 31, 2023)

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2021**

	<u><b>2021</b></u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 2,966,315
Investments	84,035
Government Contracts Receivable	676,542
Contributions Receivable	415,175
Capital Campaign Contribution Receivable	200
All Other Receivables	13,412
Other Current Assets	42,906
Notes Receivable	12,511,000
Property and Equipment, Net of Accumulated Depreciation of \$2,606,308	18,691,121
<b>Total Assets</b>	<u><u><b>35,400,706</b></u></u>
 <b>LIABILITIES AND NET ASSETS:</b>	
<u>Liabilities</u>	
Accounts Payable	47,648
Accrued Payroll	129,724
Deferred Rent Liability	160,000
Refundable Advances	265,712
PPP Loan	21,983
Line of Credit	435,152
Current Portion of Notes Payable	44,000
Other Liabilities	758
Long Term - Notes Payable	5,146,000
Mortgage Notes Payable	<u>18,349,890</u>
Total Liabilities	<u><u>24,600,867</u></u>
 <u>Net Assets</u>	
Without Donor Restrictions	8,610,334
With Donor Restrictions	<u>2,189,505</u>
Total Net Assets	<u><u>10,799,839</u></u>
 <b>Total Liabilities and Net Assets</b>	 <u><u><b>\$ 35,400,706</b></u></u>

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT:</b>			
Government Grants and Contracts	\$ 6,831,654	\$ 32,500	\$ 6,864,154
Foundation and Corporation Contributions	1,005,503	305,936	1,311,439
Individual Contributions	565,420	-	565,420
Special Events	<u>7,500</u>	<u>-</u>	<u>7,500</u>
<b>Total Public Support</b>	<u>8,410,077</u>	<u>338,436</u>	<u>8,748,513</u>
<b>REVENUE:</b>			
Program Service Fees	1,013	-	1,013
Rental Income	351,945	-	351,945
Other Income	19,473	-	19,473
Investment Income	167,490	-	167,490
Net Assets released from restriction	<u>629,116</u>	<u>(629,116)</u>	<u>-</u>
<b>Total Revenue</b>	<u>1,169,037</u>	<u>(629,116)</u>	<u>539,921</u>
<b>Total Public Support and Revenue</b>	<u>9,579,114</u>	<u>(290,680)</u>	<u>9,288,434</u>
<b>EXPENSES:</b>			
Program Services	6,152,094	-	6,152,094
Management and General	504,940	-	504,940
Fundraising	<u>467,763</u>	<u>-</u>	<u>467,763</u>
<b>Total Expenses</b>	<u>7,124,797</u>	<u>-</u>	<u>7,124,797</u>
<b>CHANGE IN NET ASSETS:</b>	2,454,317	(290,680)	2,163,637
<b>TOTAL NET ASSETS:</b>			
Net Assets, Beginning of Year	6,156,017	2,480,185	8,636,202
Net Assets, End of Year	<u>\$ 8,610,334</u>	<u>\$ 2,189,505</u>	<u>\$ 10,799,839</u>

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2021**

	<u><b>2021</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in Net Assets	\$ 2,163,637
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:	
Depreciation	669,275
Realized and Unrealized (Gain) Loss on Investments	(42,318)
(Increase) Decrease in Government Grants Receivable	154,337
(Increase) Decrease in Contributions Receivable	10,827
(Increase) Decrease in Other Receivables	27,905
(Increase) Decrease in Other Current Assets	(2,571)
Increase (Decrease) in Accounts Payable	(55,361)
Increase (Decrease) in Accrued Expenses	(77,590)
Increase (Decrease) in Other Current Liabilities	160,099
Increase (Decrease) in Deferred Revenue	<u>(405,546)</u>
Net Cash Provided (Used) by Operating Activities	<u>2,602,694</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment in Property and Equipment	<u>(59,444)</u>
Net Cash Provided (Used) by Investing Activities	<u>(59,444)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Paydown of Notes Payable	<u>(1,794,000)</u>
Net Cash Provided (Used) by Financing Activities	<u>(1,794,000)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	749,250
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,217,065</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 2,966,315</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Cash Paid for Interest	<u>\$ 77,861</u>

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services									
	Community and Supportive Services	Solid Ground	Youth in College	Palante	Casa Corazon	LCN Title Holding	Total Programs	Mgmt and General	Fundraising	Total
Salary and benefits	\$ 803,185	\$ 329,920	\$ 105,473	\$ 610,016	\$ 1,077,138	\$ -	\$ 2,925,732	\$ 397,649	\$ 276,266	\$ 3,599,647
Client Rental Expenses	-	-	-	986,105	-	-	986,105	-	-	986,105
Depreciation	42,435	-	3,858	108,015	19,288	476,391	649,987	11,573	7,715	669,275
Consultant and Professional fees	85,942	47,400	7,027	177,601	112,078	41,942	471,990	4,632	35,632	512,254
Occupancy	125,883	17,618	11,462	89,111	174,180	-	418,254	1,881	11,051	431,186
Interest	10,252	6,906	2,015	11,589	20,488	156,750	208,000	9,033	6,276	223,309
Program Expenses	37,001	50,617	3,777	68,473	29,237	-	189,105	-	-	189,105
Maintenance and Repairs	12,317	50,614	2,563	31,015	28,174	-	124,683	4,871	1,650	131,203
Fundraising and Special Events	-	-	-	-	-	-	-	2,992	108,442	111,434
Insurance	12,348	8,318	2,426	13,958	24,677	-	61,727	10,880	7,559	80,166
Licenses, Fees and Permits	8,826	3,530	721	4,042	5,738	-	22,857	3,545	8,639	35,041
Bad Debt Expense	6,103	4,111	1,199	6,898	12,196	-	30,507	-	-	30,507
Supplies	2,370	898	90	645	2,986	-	6,989	15,641	813	23,443
Training and Development	737	1,274	483	998	5,033	-	8,525	12,391	-	20,916
Grants and Scholarships	-	-	19,495	-	-	-	19,495	-	-	19,495
Bank and Credit Card Processing Fees	-	-	-	-	-	-	-	18,765	-	18,765
Travel	6,231	1,015	130	4,837	1,244	-	13,457	-	-	13,457
Meetings	1,169	270	12	75	169	-	1,695	6,127	1,040	8,862
Subscriptions and Memberships	-	-	-	2,300	-	-	2,300	3,580	2,263	8,143
Printing and Advertising	3,887	2,292	5	16	40	-	6,240	-	-	6,240
Equipment and Furniture, less than \$1,000	644	1,020	-	-	1,783	-	3,447	-	-	3,447
Postage and Delivery	698	3	7	189	102	-	999	16	419	1,434
Miscellaneous	-	-	-	-	-	-	-	1,362	-	1,362
<b>Total Expenses</b>	<b>\$ 1,160,028</b>	<b>\$ 525,806</b>	<b>\$ 160,743</b>	<b>\$ 2,115,883</b>	<b>\$ 1,514,551</b>	<b>\$ 675,083</b>	<b>\$ 6,152,094</b>	<b>\$ 504,938</b>	<b>\$ 467,765</b>	<b>\$ 7,124,797</b>

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**(1) History and Nature of Organization**

La Casa Norte (“the Organization”) is a nonprofit organization serving youths and families facing homelessness in Chicago. The Organization’s mission is to provide access to stable housing and deliver comprehensive services that act as catalyst to transform lives and communities. Founded in 2002, the Organization has grown, through multiple program and building expansions, into the largest provider of services for youth and families confronting homelessness in Chicago.

The following programs are included in the accompanying consolidated financial statements:

*The Community & Supportive Services Program (formerly the Crisis Center)* provides free, accessible, bilingual and culturally appropriate case management and housing advocacy services to families, unaccompanied youth and single individuals who are homeless or at risk of becoming homeless. The Community & Supportive Services Program staff work in partnership with clients to obtain and maintain housing stability. Its primary subprograms included La Casa Norte’s rapid re-housing program, its Illinois DCFS client housing stabilization program and LCN’s homeless prevention program. The Organization also manages the Northwest Food Partners Network focused on eliminating hunger.

*The Solid Ground Supportive Housing Program* provides safe, stable housing for homeless male youth, age 16 to 21. Youth can live at Solid Ground for up to two years, during which time they benefit from comprehensive case management services focusing on a holistic, strength-based approach provided within a trauma informed care and transformative justice model.

*Youth in College* provides housing, support and academic services to full time college students who are experiencing homelessness. LCN also established the More Than Ever Education scholarship fund providing scholarships for program students.

*La Casa Norte’s Palante Supportive Housing Program* is a scattered site permanent housing initiative which provides chronically homeless youth and families with long-term stable housing. Clients housed in the program are provided with both housing subsidies and supportive services. Support services include case management, therapy, nutrition education, and referrals to a range of additional services such as health care, substance abuse treatment, mental health, child care, legal assistance, work force development services, and educational programming.

*Casa Corazon* is LCN’s unaccompanied homeless youth outreach and engagement project which focuses on connecting homeless youth to services. This program provides street outreach, drop-in centers and comprehensive case management services to youth (including pregnant and parenting women) and emergency overnight shelter beds for homeless youth between 18 and 24 years of age.

**Principles of Consolidation**

The accompanying financial statements reflect the consolidation of the financial statements of La Casa Norte and LCN Title Holding Corporation, NFP (jointly referred to as the “Organization”). All material inter-organizational transactions and accounts have been eliminated in consolidation.

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**(2) Summary of Significant Accounting Policies**

**Basis of Presentation and Financial Statement Presentation**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles, generally accepted in the United States of America. The financial statements presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The Organization is required to report information regarding its financial position according to two classes of net assets:

Net Assets with Donor Restrictions: Net assets subject to donor-imposed conditions that may or will be met by overcoming necessary barriers or restrictions of time. The Organization held \$2,189,505 of donor restricted net assets respectively as of December 31, 2021.

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor-imposed restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets are reported as reclassifications between applicable classes of assets.

**Grants, Contributions, and Contracts**

The Organization has adopted FASB ASC 958-605, "Not-for Profit Entities, Revenue Recognition". Per FASB ASC 958-605, contributions, including unconditional promises-to-give, are recognized as revenue in the period received. All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**Cash and Cash Equivalents**

The Organization considers cash on deposit at banks and highly liquid investments with maturities of three months or less at the date of purchase to be cash and cash equivalents.

**Liquidity and Availability of Financial Assets**

The Organization has \$4,071,643 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. The financial assets consist of \$2,996,315, of cash and cash equivalents and \$1,105,329 in accounts receivable. \$2,189,505 of the financial assets are subject to donor or other contractual restrictions, but the remaining financial assets are available for general expenditure within one year of the balance sheet date. The accounts receivable are subject to implied time restrictions but are expected to be collected within three to six months. The Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$593,733 per month. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of their liquidity management, the Organization transfers cash in excess of monthly requirements to an interest-bearing money market account. The Organization also maintains a line of credit in the amount of \$100,000 which may be drawn upon in the event of an anticipated liquidity need.

**Fixed Assets and Depreciation Expense**

Property and equipment are recorded at historical cost. The Organization capitalizes fixed asset additions over \$1,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Software	3 years
Equipment	5 years
Furniture & Fixtures	7 years
Building	39 years

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Depreciation amounted to \$669,275 at December 31, 2021.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated to specific program services based on direct benefit obtained. All remaining costs are considered general support to all programs and the Organization in general. The supporting costs are allocated based on estimates of time, effort, and usage.

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Income Taxes**

The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income. The Organization had no unrelated business income during fiscal year 2021, and therefore, no provision for federal or state income taxes has been made in the accompanying financial statements. The Organization is no longer subject to U.S. federal, state and local income tax examination by tax authorities for the years before the tax year ended December 31, 2018. In addition, the Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

**(3) Certain Vulnerabilities and Concentrations**

The Organization maintained certain bank accounts insured by the Federal Deposit Insurance Corporation up to an aggregate amount of \$250,000 for each depositor in a single institution. At December 31, 2021, one depository institutions had an aggregate balance exceeding insured amounts. The first institution had \$2,654,755 on deposit, which exceeded the aggregate limit by \$2,404,755, leaving that amount at risk.

The Organization’s total revenue for the year ended December 31, 2021, amounted to \$9,288,434. Of this amount, \$6,864,154 was attributed to grants from the government, amounting to 74% of total revenue. The Organization’s total receivables for the year ended December 31, 2021, amounted to \$1,105,329. Of this amount, \$676,542 was attributed to grants from the government, amounting to 61% of total receivables. Any negative change in the economy could have an impact on contributions, fundraising efforts, as well as government grants.

**(4) Grants/Contributions Receivable**

As of December 31, 2021, grants and contributions receivable consisted of:

	<u>2021</u>
Government Contract Receivable	\$ 676,542
Contributions Receivable	415,175
Capital Campaign Contribution Receivable	200
All Other Receivables	<u>13,412</u>
Total	<u>\$ 1,105,329</u>

**(5) Property and Equipment**

Property and equipment at December 31, 2021, consists of the following:

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
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	<u>2021</u>
Land	\$ 726,605
Buildings and Improvements	19,152,197
Furniture, Fixtures, & Equipment	<u>1,418,627</u>
	21,297,429
Accumulated Depreciation	<u>(2,606,308)</u>
Total	<u>\$ 18,691,121</u>

**(6) Mortgage Notes Payable**

The loan agreement, dated June 27, 2017, is among the organization, PNC CED 71, LP; IFF Capital 24 LLC; and CDF Suballocatee XXXI, LLC in the form of six different promissory notes, for a combined amount of \$18,750,000. The notes bear a fixed rate of interest equal to .836% per annum, commencing on September 1, 2017, quarterly payments of interest in the amount of \$39,188 shall be payable until March 1, 2025, unless the principal balance is paid before the loan maturity date. Beginning March 1, 2025 through the maturity date of December 13, 2056, quarterly principal and interest payments are due in accordance with the amortization schedule. The loan is collateralized by real estate held for lease and an assignment of rents and leases.

Future maturities of mortgage payable are as follows as of December 31, 2021:

<u>PNC CDE 71, LP</u>		<u>IFF Capital 24 LLC</u>		<u>CDF Suballocatee XXXI, LLC</u>		<u>Total Balance</u>
<u>Note</u>	<u>Balance</u>	<u>Note</u>	<u>Balance</u>	<u>Note</u>	<u>Balance</u>	
A	\$ 2,271,500	A	\$ 4,074,000	A	\$ 6,165,500	\$ 12,511,000
B	1,228,500	B	1,866,000	B	3,144,500	6,239,000
	<u>\$ 3,500,000</u>		<u>\$ 5,940,000</u>		<u>\$ 9,310,000</u>	18,750,000
					Less unamortized debt issuance costs	(400,110)
					Notes Payable, net	<u>18,349,890</u>

**(7) Notes Payable**

As of December 31, 2021, notes payable consist of the following items:

**PNC Bank**

On June 27, 2017, LCN obtained a \$1,100,000 Term Loan from PNC Bank with an interest rate of 4.25%. Interest only payments are due from September 15, 2017 through June 15, 2019. Beginning September 15, 2019, the loan terms require quarterly principal payments of \$11,000 plus interest payments of 4.25% of outstanding balance. Final Payment of \$858,000 is due on December 15, 2024.

**City of Chicago**

On June 27, 2017, LCN obtained a \$4,200,000 non-interest bearing loan from the City of Chicago. The entire principal balance outstanding, unless forgiven pursuant to Section 3.04 or Section 3.06(b) of

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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the Loan Agreement, together with any other sums due under and of the Loan Documents, due and payable in full on June 1, 2064.

PNC Bank - Term Loan	\$ 990,000
City of Chicago Loan	<u>4,200,000</u>
	<u>5,190,000</u>

Future maturities of long-term debt are as follows as of December 31, 2021:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2022	44,000
2023	44,000
2024	902,000
2025	-
2026	-
Thereafter	<u>4,200,000</u>
Total	<u>\$ 5,190,000</u>

Interest expense at December 31, 2021 amount to \$41,445.

**(8) Notes Receivable**

In June 2017, LCN loaned money in connection with the financing obtained through the NMTC program. The note receivable is from the Qualified Equity Investments (QEI) fund linked to the Organization’s financing obtained using the NMTC program. The note receivable of \$12,511,000 is with Pierce House Investment Fund, LLC. Interest rate of 1% payable quarterly effective September 10, 2017. First amortization payment of principal and interest will begin on March 10, 2025. As of December 31, 2021, \$125,110 of interest income was received and recorded in the consolidated Statement of Activities.

The first seven years of the notes are defined as the “compliance period”. During the compliance period, only interest is paid. After the compliance, there are put and call agreements between the Organization and the other investors in the QEI funds. If the other investors do not exercise their put options, the Organization has the ability to call the ownership in the interest in the QEI funds for fair market value. It is anticipated that the NMTC investors will put their option and the Organization will own their interest, management plans to exercise its option to call. Collection is fully expected and accordingly, no allowance has been provided for on these notes.

**(9) Line of Credit**

The Organization maintains a \$750,000 line of credit with PNC Bank expiring on August 19, 2022. As of December 31, 2021, \$435,152 was borrowed and is outstanding on the line. The line is computed at prime rate minus fifty basis points, adjusted daily.

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**(10) Related Party Transactions**

*Property Lease Commitment*

LCNTHC and LCN have entered into a net lease agreement dated June 17, 2017. The term of the lease commenced on July 1, 2018 and expires on December 1, 2047. LCN began to occupy the property in January 2019 when the construction was completed.

LCN is to pay LCNTHC basic rent for the property in quarterly installment amounts beginning September 1, 2018. The initial quarterly installment amount is \$35,500 and is payable through December 1, 2023. Beginning March 1, 2024, and on each quarterly due date thereafter through December 1, 2024, the amount is \$46,520. Beginning March 1, 2025, and on each quarterly due date thereafter through December 1, 2025, the amount is \$112,500. Beginning March 1, 2026, and on each quarterly due date thereafter through December 1, 2026, the amount is \$116,000. Afterwards, the basic rent escalates by 3% each year until the end of the term.

The lease is a triple net lease and in addition to the basic rent, LCN shall pay all costs and expenses of the property, including real estate taxes, insurance, maintenance, and utilities.

During the year ended December 31, 2021, LCN owed rent of \$142,000 to LCNTHC with \$75,519 still payable at December 31, 2021 which was eliminated as an inter-organization transaction on the Consolidated Statement of Activities and the Consolidated Statement of Functional Expenses.

Future minimum rental payments are as follows:

<u>Year Ending</u> <u>December 31</u>	
2022	\$ 142,000
2023	142,000
2024	185,000
2025	450,000
2026	464,000
Thereafter	<u>13,705,066</u>
	<u>\$ 15,088,066</u>

The amounts above do not include any additional rent for leases which may require pass-through of operating expenses.

**(11) Asset Management Fees**

*IFF Sub-CDE Asset Management Fee*

In accordance with this loan agreement, the organization is to pay an asset management fee to CDF Management LLC in the amount of \$39,000 per year until June 27, 2024. As of December 31, 2021, asset management fees of \$39,000 were incurred and expensed and are included on the accompanying Statement of Financial Position as property and equipment, net. As of December 31, 2020, no asset management fees remain payable.

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**(12) Net Assets**

**With Donor Restrictions**

Net assets with donor restrictions consisted of the following on December 31, 2021:

Redevelopment Capital Project	\$ 799,159
U.S. Department of Housing & Urb	100,000
City of Chicago- Department of Hc	76,890
Solid Ground	3,290
Tiny Homes	55,503
Community and Supportive Servic	47,165
MTE Education Fund	127,498
Time Restricted contributions	980,000
	<u>\$ 2,189,505</u>

**Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of the passage of time, or other events specified by donors. Restrictions were released as follows on December 31, 2021:

Redevelopment Capital Project	\$ 397,457
Federal Home Loan Bank Grant	128,000
U.S. Department of Housing & Urban Devel.	20,000
City of Chicago- Department of Housing	15,378
Community and Supportive Services	48,077
MTE Education Fund	20,204
	<u>\$ 629,116</u>

**(13) Fair Value of Financial Instruments**

Financial Accounting Standards Board (FASB) Accounting Standards Code (ASC) 820-10 "Fair Value Measurements and Disclosures" requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, marketable equity securities, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

**(14) Investments and Fair Value Measurements**

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

Generally Accepted Accounting Principles defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Associations' principal or most advantageous market in an orderly transaction between market participants on the measurement date.

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

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

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

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

The fair value of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing. This a mathematical technique widely used in the industry to value debt securities' relationship to other benchmark quoted securities (Level 2 inputs).

The following summarizes the classifications of investments at December 31, 2021, by classification and method of valuation in accordance with the above definitions:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	<u>\$ 84,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,035</u>

*Equities*

Valued at the closing price reported on the active market on which the individual securities are traded.

**(15) Investments**

Investment consists of the following components for the year ended December 31, 2021:

Interest and Dividends	\$ 30,912
Unrealized Gain	53,124
	<u>\$ 84,035</u>

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**(16) Paycheck Protection Loan**

In April 2020, the Organization received loan proceeds in the amount of \$657,500 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP Loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Council has used the proceeds for purposes consistent with the PPP and elected to follow ASC 958-605 and record the loan as refundable advance where once forgiveness conditions are substantially met or explicitly waived, the entity would reduce the refundable advance and record a contribution for the amount forgiven. As of July 14, 2021 \$622,626 of the loan and \$7,800 of interest was forgiven leaving the remaining \$34,874 plus accrued interest to be paid back.

	<b>2021</b>
Balance	\$ 34,874
Principal	<u>(12,891)</u>
Remainder	<u>\$ 21,983</u>

**(17) COVID-19**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization’s donors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization’s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of the pandemic.

**(18) Subsequent Events**

The Organization has evaluated subsequent events through July 25, 2022, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

**SUPPLEMENTARY INFORMATION**

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>La Casa Norte</u>	<u>LCN Title Holding Corporation, NFP</u>	<u>Eliminations</u>	<u>Total</u>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 2,757,642	\$ 208,673	\$ -	\$ 2,966,315
Investments	84,035	-	-	84,035
Government Contracts Receivable	676,542	-	-	676,542
Contributions Receivable	415,175	-	-	415,175
Capital Campaign Contribution Receivable	200	-	-	200
All Other Receivables	13,412	-	-	13,412
Other Current Assets	42,906	-	-	42,906
Notes Receivable	12,511,000	-	-	12,511,000
Deferred Rent Asset and Rent Receivable	-	1,427,595	(1,427,595)	-
Net Property and Equipment	1,095,403	17,595,718	-	18,691,121
	<u>17,596,315</u>	<u>19,231,986</u>	<u>(1,427,595)</u>	<u>35,400,706</u>
Total Assets				
<b><u>Liabilities and Net Assets</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	43,745	3,903	-	47,648
Accrued Payroll	129,724	-	-	129,724
Security Deposit	160,000	-	-	160,000
Refundable Advances	265,712	-	-	265,712
Paycheck Protection Program Loan	21,983	-	-	21,983
Line of Credit	435,152	-	-	435,152
Current Portion of Notes Payable	44,000	-	-	44,000
Other Liabilities	758	-	-	758
Long Term - Notes Payable	5,146,000	-	-	5,146,000
Mortgage Notes Payable	-	18,349,890	-	18,349,890
Deferred Rent Liability and Rent Payable	1,427,595	-	(1,427,595)	-
	<u>7,674,669</u>	<u>18,353,793</u>	<u>(1,427,595)</u>	<u>24,600,867</u>
Total Liabilities				
<b><u>Net Assets</u></b>				
Without Donor Restrictions	7,732,141	878,193	-	8,610,334
With Donor Restrictions	<u>2,189,505</u>	<u>-</u>	<u>-</u>	<u>2,189,505</u>
Total Net Assets	9,921,646	878,193	-	10,799,839
<b>Total Liabilities and Net Assets</b>	<u>\$ 17,596,315</u>	<u>\$ 19,231,986</u>	<u>\$ (1,427,595)</u>	<u>\$ 35,400,706</u>

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

	La Casa Norte		LCN Title Holding		<b>Consolidated Total</b>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Eliminations</u>	
<b>PUBLIC SUPPORT:</b>					
Government Grants and Contracts	\$ 6,831,654	\$ 32,500	\$ -	\$ -	\$ 6,864,154
Foundation and Corporation Contributions	1,005,503	305,936	-	-	1,311,439
Individual Contributions	565,420	-	-	-	565,420
Special Events	7,500	-	-	-	7,500
<b>Total Public Support</b>	8,410,077	338,436	-	-	8,748,513
 <b>REVENUE:</b>					
Program Service Fees	1,013	-	-	-	1,013
Rental Income	351,945	-	528,307	(528,307)	351,945
Other Income	19,473	-	-	-	19,473
Investment Income	167,490	-	84	-	167,574
Net Assets released from restriction	629,116	(629,116)	-	-	-
<b>Total Revenue</b>	1,169,037	(629,116)	528,391	(528,307)	540,005
<b>Total Public Support and Revenue</b>	9,579,114	(290,680)	528,391	(528,307)	9,288,518
 <b>EXPENSES:</b>					
Program Services	5,477,011	-	675,083	-	6,152,094
Management and General	1,033,245	-	-	(528,307)	504,938
Fundraising	467,765	-	-	-	467,765
<b>Total Expenses</b>	6,978,021	-	675,083	(528,307)	7,124,797
<b>CHANGE IN NET ASSETS:</b>	2,601,093	(290,680)	(146,692)	-	2,163,721
 <b>TOTAL NET ASSETS:</b>					
Net Assets, Beginning of Year	5,131,048	2,480,185	1,024,885	-	8,636,118
Net Assets, End of Year	\$ 7,732,141	\$ 2,189,505	\$ 878,193	\$ -	\$ 10,799,839

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services							Mgmt and General	Eliminations	Total		
	Community and Supportive Services	Solid Ground	Youth in College	Palante	Casa Corazon	LCN Title Holding	Total Programs			Mgmt and General	Fundraising	Total
Salary and benefits	\$ 803,185	\$ 329,920	\$ 105,473	\$ 610,016	\$ 1,077,138	\$ -	\$ 2,925,732	\$ 397,649	\$ -	\$ 397,649	\$ 276,266	\$ 3,599,647
Client Rental Expenses	-	-	-	986,105	-	-	986,105	-	-	-	-	986,105
Depreciation	42,435	-	3,858	108,015	19,288	476,391	649,987	11,573	-	11,573	7,715	669,275
Consultant and Professional fees	85,942	47,400	7,027	177,601	112,078	41,942	471,990	4,632	-	4,632	35,632	512,254
Occupancy	125,883	17,618	11,462	89,111	174,180	-	418,254	530,188	(528,307)	1,881	11,051	431,186
Interest	10,252	6,906	2,015	11,589	20,488	156,750	208,000	9,033	-	9,033	6,276	223,309
Program Expenses	37,001	50,617	3,777	68,473	29,237	-	189,105	-	-	-	-	189,105
Maintenance and Repairs	12,317	50,614	2,563	31,015	28,174	-	124,683	4,871	-	4,871	1,650	131,204
Fundraising and Special Events	-	-	-	-	-	-	-	2,992	-	2,992	108,442	111,434
Insurance	12,348	8,318	2,426	13,958	24,677	-	61,727	10,880	-	10,880	7,559	80,166
Licenses, Fees and Permits	8,826	3,530	721	4,042	5,738	-	22,857	3,545	-	3,545	8,639	35,041
Bad Debt Expense	6,103	4,111	1,199	6,898	12,196	-	30,507	-	-	-	-	30,507
Supplies	2,370	898	90	645	2,986	-	6,989	15,641	-	15,641	813	23,443
Training and Development	737	1,274	483	998	5,033	-	8,525	12,391	-	12,391	-	20,916
Grants and Scholarships	-	-	19,495	-	-	-	19,495	-	-	-	-	19,495
Bank and Credit Card Processing Fees	-	-	-	-	-	-	-	18,765	-	18,765	-	18,765
Travel	6,231	1,015	130	4,837	1,244	-	13,457	-	-	-	-	13,457
Meetings	1,169	270	12	75	169	-	1,695	6,127	-	6,127	1,040	8,862
Subscriptions and Memberships	-	-	-	2,300	-	-	2,300	3,580	-	3,580	2,263	8,143
Printing and Advertising	3,887	2,292	5	16	40	-	6,240	-	-	-	-	6,240
Equipment and Furniture, less than \$1,000	644	1,020	-	-	1,783	-	3,447	-	-	-	-	3,447
Postage and Delivery	698	3	7	189	102	-	999	16	-	16	419	1,434
Miscellaneous	-	-	-	-	-	-	-	1,362	-	1,362	-	1,362
<b>Total Expenses</b>	<b>\$ 1,160,028</b>	<b>\$ 525,806</b>	<b>\$ 160,743</b>	<b>\$ 2,115,883</b>	<b>\$ 1,514,551</b>	<b>\$ 675,083</b>	<b>\$ 6,152,094</b>	<b>\$ 1,033,245</b>	<b>\$ (528,307)</b>	<b>\$ 504,938</b>	<b>\$ 467,765</b>	<b>\$ 7,124,797</b>

The accompanying notes are an integral part of these financial statements

# La Casa Norte and LCN Title Holding Corporation, NFP

Schedule of Expenditures of Federal Awards  
December 31, 2021

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**AUDIT REPORT**



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
La Casa Norte and LCN Title Holding Corporation, NFP

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of La Casa Norte and LCN Title Holding Corporation, NFP, (nonprofit organizations, "the Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 25, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

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

Lopez & Co. CPAs Ltd

Chicago, IL  
July 25, 2022

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

To the Board of Directors of  
La Casa Norte and LCN Title Holding Corporation, NFP

**Report on Compliance for Each Major Federal Program*****Opinion on Each Major Federal Program***

We have audited La Casa Norte and LCN Title Holding Corporation, NFP, (referred to jointly as, "the Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting

material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lopez & Co. CPAs Ltd

Chicago, IL  
May 31, 2023

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2021**

<b>Federal Grantor/Pass-Through Program</b>	<b>CFDA Number</b>	<b>Pass-through Contract Number</b>	<b>Disbursements or Expenditures</b>
U.S. Department of Housing and Urban Development Continuum of Care Program	14.267	IL0205L5T101912	\$ 83,123
	14.267	IL0205L5T102013	6,240
	14.267	IL0594L5T101905	892,492
	14.267	IL0594L5T102006	165,574
	14.267	IL0666L5T101903	299,379
	14.267	IL0666L5T102004	66,616
			<u>1,513,424</u>
Passed through City of Chicago Department of Family & Support Services CARES Funding	14.231	160593	900
	14.231	162316	23,745
	14.231	160997	57,911
	14.231	156247	9,091
			<u>91,647</u>
Transition-Age Youth/Chicago Housing Authority	14.881	85423	48,715
Palante Youth Scattered Site Permanent Supportive Housing	14.218	85454	49,651
Emergency Fund Emergency Solutions Grants Program Expedited Housing Initiative	14.231		88,750
	14.231		248,816
			<u>337,566</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>2,041,003</b>
U.S. Department of Homeland Security Passed Through United Way Metro Chicago Emergency Food and Shelter National Board Program	97.024	LRO# 327800-200	30,000
Illinois Department of Public Health	93.232	101800581	65,596
	93.232	101800581	8,769
			<u>74,365</u>
Immunization & Vaccines for Children Program SWOP	93.268		135,019
<b>Total U.S. Department of Homeland Security</b>			<b>239,384</b>
U.S. Department of Treasury Illinois Rental Repayment Program	21.023	51906	67,804
Emergency Rental Assistance Program	21.023		225,858
	21.023		28,000
			<u>253,858</u>
<b>Total U.S. Department of Treasury</b>			<b>321,662</b>
<b>Total Federal Funds</b>			<b>\$ <u>2,602,049</u></b>

Notes to the Schedule of Expenditures of Federal Awards:

1. This Schedule was prepared on the accrual basis of accounting
2. There were no federal, non-cash awards, insurance or loan guarantees in the year under audit
3. There were no sub-recipients for this Organization
4. Program tested as major program was CFDA number 14.267
5. Organization elected to use the 10% de minimis indirect cost rate

**LA CASA NORTE AND LCN TITLE HOLDING CORPORATION, NFP  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2021**

**A. SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of report the auditor issued: Unmodified Opinion

Internal control over financial reporting:

- Material weakness identified? yes no
- Significant deficiencies identified? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? yes no
- Significant deficiencies identified? yes no

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)? yes no

Identification of major federal program:

<u>CFDA No(s).</u>	<u>Names of Federal Program</u>
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? yes no

**B. FINDINGS RELATED TO FINANCIAL STATEMENTS**

NONE

**C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARDS**

NONE

**D. PRIOR AUDIT FINDINGS**

NONE