

EMERGENCY FUND

FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

EMERGENCY FUND
Annual Financial Report

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Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors of
Emergency Fund
Chicago, IL

We have audited the accompanying statement of financial position of Emergency Fund (a non-profit organization) as of December 31, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2008, in which an unqualified opinion was given on the report dated February 16, 2009.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emergency Fund as of December 31, 2009, 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.

Desmond & Ahern, Ltd.

February 26, 2010
Chicago, IL

EMERGENCY FUND
STATEMENT OF FINANCIAL POSITION
As of December 31, 2009 (with comparative totals for 2008)

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents		
Restricted	\$ 77,983	\$ 1,195,558
Unrestricted	118,408	116,265
Unrestricted - Board designated general	104,655	103,942
Total cash and cash equivalents	<u>301,046</u>	<u>1,415,765</u>
Investments - temporarily restricted	26,594	26,593
Unconditional promises to give	358,262	111,570
Government contributions receivable	231,693	7,500
Prepaid expenses	27,193	2,572
Total current assets	<u>944,788</u>	<u>1,564,000</u>
Property and Equipment		
Furniture and equipment	68,728	43,431
Computer software	24,211	-
Less accumulated depreciation	(40,616)	(23,922)
Net property and equipment	<u>52,323</u>	<u>19,509</u>
Other Assets		
Investments and cash - permanently restricted	130,843	104,562
Deposits	-	3,215
Total other assets	<u>130,843</u>	<u>107,777</u>
Total Assets	<u>\$ 1,127,954</u>	<u>\$ 1,691,286</u>

See independent auditor's report and notes to financial statements.

EMERGENCY FUND
STATEMENT OF FINANCIAL POSITION
As of December 31, 2009 (with comparative totals for 2008)

	<u>2009</u>	<u>2008</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 59,203	\$ 3,529
Accrued payroll	30,230	17,910
Refundable advances	3,964	1,116,836
Current portion of capital leases	<u>3,671</u>	<u>4,118</u>
Total current liabilities	97,068	1,142,393
Capital leases - net of current portion	<u>8,018</u>	-
Total Liabilities	<u>105,086</u>	<u>1,142,393</u>
Net Assets		
Unrestricted		
General	376,353	235,074
Board designated - endowment	104,655	130,535
Board designated - partner allotments	<u>156,247</u>	<u>-</u>
Total unrestricted net assets	637,255	365,609
Temporarily restricted	225,613	78,722
Permanently restricted	<u>160,000</u>	<u>104,562</u>
Total net assets	<u>1,022,868</u>	<u>548,893</u>
Total Liabilities and Net Assets	<u><u>\$ 1,127,954</u></u>	<u><u>\$ 1,691,286</u></u>

See independent auditor's report and notes to financial statements.

EMERGENCY FUND
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009 (with comparative totals for 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
<u>Public Support and Revenue</u>					
Contributions	\$ 1,545,636	\$ 230,000	\$ -	\$ 1,775,636	\$ 1,726,139
Illinois Department of Human Services	1,824,208	-	-	1,824,208	3,628,067
Chicago Department of Family and Support Services	608,898	-	-	608,898	108,500
Holiday Fund contributions	54,355	-	-	54,355	88,882
Donated equipment, capitalized	1,900	-	-	1,900	-
Donated services	5,000	-	-	5,000	-
In-kind donations	-	-	-	-	906
Special Events					
Ticket revenue	32,020	-	-	32,020	42,900
Contributions	89,759	-	-	89,759	73,543
In-kind donations	9,959	-	-	9,959	369
Less costs of direct benefits to donors	(37,079)	-	-	(37,079)	(37,081)
Net revenues from special events	94,659	-	-	94,659	79,731
Program fees	4,188	-	-	4,188	-
Miscellaneous income	3,467	-	-	3,467	1,683
Interest and dividends	200	3,098	-	3,298	12,758
Net unrealized/realized loss on investments	23,193	-	-	23,193	(50,087)
Net assets released from restriction - Satisfaction of program restrictions	109,703	(109,703)	-	-	-
Total public support and revenue	4,275,407	123,395	-	4,398,802	5,596,579
<u>Expenses</u>					
Program Services					
Financial Assistance	3,356,397	-	-	3,356,397	5,280,411
Holiday Fund	54,355	-	-	54,355	88,882
Total program services	3,410,752	-	-	3,410,752	5,369,293
Management and general expenses	233,815	-	-	233,815	170,228
Fundraising	280,260	-	-	280,260	236,636
Total expenses	3,924,827	-	-	3,924,827	5,776,157
Change in net assets prior to net asset reclassification	350,580	123,395	-	473,975	(179,578)
Net asset reclassifications - Note 10	(78,934)	23,496	55,438	-	-
Change in net assets	271,646	146,891	55,438	473,975	(179,578)
Net assets, beginning of year	365,609	78,722	104,562	548,893	728,471
Net assets, end of year	\$ 637,255	\$ 225,613	\$ 160,000	\$ 1,022,868	\$ 548,893

See independent auditor's report and notes to financial statements.

EMERGENCY FUND
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2009 (with comparative totals for 2008)

	Financial Assistance	Holiday Fund	Total Program Services	Management and General	Fundraising	2009 Total	2008 Total
Functional Expenses							
Salaries and temporary agency employees	\$ 267,417	\$ -	\$ 267,417	\$ 119,086	\$ 153,088	\$ 539,591	\$ 439,165
Payroll taxes and fringe benefits	59,204	-	59,204	19,494	30,156	108,854	94,450
Total salaries, taxes and fringe benefits	<u>326,621</u>	<u>-</u>	<u>326,621</u>	<u>138,580</u>	<u>183,244</u>	<u>648,445</u>	<u>533,615</u>
Pass-through to partner agencies							
Client assistance	1,127,046	54,355	1,181,401	-	-	1,181,401	1,313,785
State Homeless prevention	1,818,004	-	1,818,004	-	-	1,818,004	3,728,068
Professional fees	16,783	-	16,783	21,753	2,499	41,035	16,485
Donated services	-	-	-	5,000	-	5,000	-
Staff development	-	-	-	19,110	590	19,700	19,857
Stipends	6,507	-	6,507	-	-	6,507	6,915
Rent and utilities	26,911	-	26,911	8,916	16,344	52,171	44,286
Insurance	1,815	-	1,815	2,722	840	5,377	3,008
Telephone	3,173	-	3,173	934	1,766	5,873	5,583
Internet and website	527	-	527	2,241	950	3,718	13,444
Marketing	3,826	-	3,826	1,782	17,222	22,830	3,606
Supplies and equipment maintenance and rent	7,608	-	7,608	4,834	4,796	17,238	7,427
Postage	668	-	668	490	2,519	3,677	8,215
Printing	1,155	-	1,155	349	11,128	12,632	19,743
Staff travel and meetings	5,420	-	5,420	6,154	1,226	12,800	21,004
In-kind donations	-	-	-	322	9,637	9,959	1,275
Special events	-	-	-	-	20,513	20,513	6,137
Interest	144	-	144	141	63	348	466
Bank fees and credit card processing	-	-	-	6,590	-	6,590	3,479
Miscellaneous	1,174	-	1,174	11,059	2,082	14,315	11,340
Total other operating expenses	<u>3,020,761</u>	<u>54,355</u>	<u>3,075,116</u>	<u>92,397</u>	<u>92,175</u>	<u>3,259,688</u>	<u>5,234,123</u>
Total expenses before depreciation expense	3,347,382	54,355	3,401,737	230,977	275,419	3,908,133	5,767,738
Depreciation	9,015	-	9,015	2,838	4,841	16,694	8,419
Total Expenses	<u>\$ 3,356,397</u>	<u>\$ 54,355</u>	<u>\$ 3,410,752</u>	<u>\$ 233,815</u>	<u>\$ 280,260</u>	<u>\$ 3,924,827</u>	<u>\$ 5,776,157</u>

See independent auditor's report and notes to financial statements.

EMERGENCY FUND
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009 (with comparative totals for 2008)

	<u>2009</u>	<u>2008</u>
<u>Cash Flows from Operations</u>		
Cash received - contributions	\$ 2,677,821	\$ 4,576,779
Cash received - special events	84,700	81,045
Cash received - interest	3,298	12,758
Cash received - other	7,655	-
Payments for interest	(348)	(466)
Payments for wages and other operating expenses	<u>(3,846,238)</u>	<u>(5,868,672)</u>
Net cash (used) provided by operating activities	<u>(1,073,112)</u>	<u>(1,198,556)</u>
<u>Cash Flows from Investing Activities</u>		
Proceeds from sale of investments	1,015	6,313
Purchase of investments	(2,585)	(5,816)
Purchase of furniture and equipment	<u>(35,348)</u>	<u>(8,697)</u>
Net cash used in investing activities	<u>(36,918)</u>	<u>(8,200)</u>
<u>Cash Flows from Financing Activities</u>		
Payments on capital lease	<u>(4,689)</u>	<u>(6,755)</u>
Net cash used in financing activities	<u>(4,689)</u>	<u>(6,755)</u>
Net decrease in cash and cash equivalents	(1,114,719)	(1,213,511)
Cash and cash equivalents, beginning of year	<u>1,415,765</u>	<u>2,629,276</u>
Cash and cash equivalents, end of year	<u><u>\$ 301,046</u></u>	<u><u>\$ 1,415,765</u></u>
<u>Reconciliation of Change in Net Assets to Net Cash (Used) Provided by Operating Activities</u>		
Change in net assets	\$ 473,975	\$ (179,578)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	16,694	8,419
Unrealized/realized (gains) losses	(23,193)	50,087
Donated stock	(1,519)	(6,313)
Donated fixed assets	(1,900)	-
Change in assets - (increase) decrease		
Contribution receivable	(246,692)	(28,584)
Government receivable	(224,193)	102,500
Prepaid expense	(24,621)	4,103
Deposits	3,215	-
Change in liabilities - increase (decrease)		
Accounts payable	55,674	(112,335)
Refundable advance	(1,112,872)	(1,042,412)
Accrued payroll	<u>12,320</u>	<u>5,557</u>
Net cash used by operating activities	<u><u>\$ (1,073,112)</u></u>	<u><u>\$ (1,198,556)</u></u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Capital lease additions	<u><u>\$ 12,260</u></u>	<u><u>\$ -</u></u>

See independent auditor's report and notes to financial statements.

EMERGENCY FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

The Emergency Fund, formerly known as The Emergency Fund for Needy People, (the Organization) was incorporated as a not-for-profit organization in 1973, under the laws of the State of Illinois. The Organization, alone and through partnerships with other agencies, provides immediate financial assistance to help low income Chicago area individuals and families through a crisis or transition. The Organization pursues this mission thru the following programs:

- The Financial Assistance Program operates through a network of partner agencies throughout the Chicago area, with each partner agency receiving a monthly allotment. A trained social worker or case manager referred to as the Fund Manager distributes these dollars to people in need, in two ways: (1) Crisis Solution grants, which are designed with the short-term needs faced by the working poor in mind. Transportation passes, food vouchers, eye glasses, prescription medicine, and clothing are examples of the many uses of the Crisis Solution grants. Families can receive up to \$300 in assistance once per year; or (2) Self-sufficiency grants, which assists families with rent, utilities and basic necessities while the head of the household completes an employment program. Families may receive assistance multiple times within a period of several months, with a limit of \$2,500 per year. The Emergency Fund is the largest provider of private homeless prevention funding in the State of Illinois.
- The Emergency Fund administers the State of Illinois Homeless Prevention Fund to assist low income people living in Chicago with rent, mortgage, security deposits, and utility assistance. The Emergency Fund was asked to become the steward of these dollars starting in 2007, providing the opportunity to streamline the distribution of the dollars and in conjunction with other community dollars ensuring that-scarce resources are used in the most cost effective way.
- With funding from the City of Chicago, the 12-month pilot-implementation of the Rapid Rehousing: Stable Families Initiative. This program aims to reduce homelessness and increase the range of opportunities for families to secure housing, stay housed, and achieve self-sufficiency.
- In 2009, the Emergency Fund was selected by the City of Chicago's Department of Family and Support Services (DFSS) to administer \$23 million in federal homelessness prevention funding provided through the American Recovery and Reinvestment Act (ARRA). The funds will support the City's Homelessness Prevention and Rapid Re-Housing Program (HPRP), and will be distributed over a three-year period to eligible clients for rent, security deposits, utility bills, and moving costs. The Emergency Fund will administer the funding through seven partner agencies designated by the DFSS.
- Holiday Fund provides food baskets to senior citizens and families on the north and northwest sides of Chicago during the holidays.

EMERGENCY FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Basis of Accounting

The accounts and financial statements are maintained on the accrual basis of accounting and accordingly, reflect all significant accounts receivable, payable, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets, as required by Generally Accepted Accounting Principles (GAAP).

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in federally insured accounts and securities investor protection corporation accounts. The repurchase sweep account is 100% collateralized by leases within MB Financial Bank. The repurchase sweep account balance at December 31, 2009 was \$13,125. Also, at December 31, 2009, the Organization's remaining bank deposits exceeded federally insured and securities investor protection corporation limits by approximately \$50,000.

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments, including savings accounts and non-permanently restricted money markets, to be cash equivalents.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statement of activities.

Property and Equipment

Expenditures for property and equipment, and items which substantially increase the useful lives of existing assets are capitalized at cost. The Organization provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives of three to five years.

EMERGENCY FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Support and Revenue

The Organization 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. 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 restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ended December 31, 2009, the Organization received donated equipment valued at \$1,900.

Government Funding

Support funded by Government grants is recognized as the Organization expends the funds in accordance with the grant agreements. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Management does not anticipate any adjustments for the revenue shown at December 31, 2009 from these sources.

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the current year, the Organization received architectural design services valued at \$5,000.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase donation revenue by a like amount. For the year ended December 31, 2009, \$9,959 of in-kind donations were received by the Organization in connection with its special events and for general administration.

Reclassifications

Certain amounts previously reported in the 2008 financial statements have been reclassified to conform to the 2009 presentation.

EMERGENCY FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Certain Vulnerabilities and Concentrations

The Organization's total public support and revenue for the year ended December 31, 2009 amounted to \$4,398,802. Of this amount, \$1,824,208 and \$608,898 were received from the Illinois Department of Human Services and the Chicago Department of Family and Support Services, respectively. Any negative change in the economy could have an impact on contributions and fundraising efforts.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

Emergency Fund was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax exempt purpose of the Organization and the nature in which it operates is described in the first paragraph of Note 1. The Organization continues to operate in compliance with its tax exempt purpose.

The Organization's annual information and income tax returns filed with the federal and state governments are subject to examination for the statutory period.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class, which does not provide sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such prior year information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Note 2 - Investments

The readily determinable market value of investments held by the Organization as of December 31, 2009 were as follows:

Money market funds	\$ 45,667
Mutual funds	111,770
	<u>\$ 157,437</u>

EMERGENCY FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

They are reflected in the financial statements as:

Investments - temporarily restricted	\$ 26,594
Investments - permanently restricted	<u>130,843</u>
	<u>\$ 157,437</u>

Note 3 – Fair Value Measurements

Professional accounting standards defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in Emergency Fund’s principal or most advantageous market in an orderly transaction between market participants on the measurement date.

Professional accounting standards establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

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, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on securities’ relationship to other benchmark quoted securities (Level 2 inputs).

EMERGENCY FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 31, 2009 Using		
	Level 1	Level 2	Level 3
Assets - investments	\$ 157,437	\$ -	\$ -

Note 4 - Conditional Promise to Give

The Organization has received the following conditional promise to give, upon expenditure of funds, that are not recognized as assets in the Statement of Financial Position as of December 31, 2009:

	Term	Conditional Promise Amount	Conditions Met or Funds Advanced as of 12/31/2009	Conditional Promises Available
Conditional Promises to Give Upon Expenditures of Funds:				
Illinois Department of Human Services Homeless Prevention	8/19/09 to 6/30/10	\$ 720,480	\$ -	\$ 720,480
Chicago Department of Family and Supportive Services:				
Stable Families Initiative Contract (PO) Number 18924	12/1/08 to 4/30/10	500,000	(294,455)	205,545
Homeless Services Program Contract (PO) Number 18817	9/1/09 to 8/31/10	16,364,958	(86,943)	16,278,015
Conditional Promises to Give Upon Matching Provision:				
Anonymous	5/19/09 to 5/19/11	60,000	(30,000)	30,000
Conditional Promises to Give Upon Increased Allotments:				
J.B. and M.K. Pritzker Family Foundation		100,000	(25,000)	75,000
		<u>\$ 17,745,438</u>	<u>\$ (436,398)</u>	<u>\$ 17,309,040</u>

Note 5 - Refundable Advance

As of December 31, 2009 the Organization had \$3,964 of unspent funding from the Illinois Department of Human Services (IDHS) that will be refunded to IDHS or spent in future years if approved by IDHS.

EMERGENCY FUND
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Note 6 - Leases

The Organization is obligated under a capital lease for a copier that expires in October 2012. The gross amount of this copier and related accumulated amortization recorded under this capital lease is as follows at December 31, 2009:

Copier	\$ 12,260
Accumulated amortization	(2,043)
Net book value of capital lease	<u>\$ 10,217</u>

Amortization of the asset held under this capital lease is included with depreciation expense.

The Organization also has an operating lease for its office space which expires in November 2014. Rental expense for office space, which includes associated building operating costs and real estate taxes, totaled \$50,607 for the year ended December 31, 2009.

Future minimum payments under the operating leases and the present value of future minimum capital lease payments are as follows:

	<u>Capital Leases</u>	<u>Operating Leases</u>
2010	\$ 4,908	\$ 63,835
2011	4,908	73,615
2012	4,090	78,570
2013	-	81,270
2014	-	77,925
Total minimum lease payments	<u>13,906</u>	<u>\$ 375,215</u>
Amounts representing interest	<u>(2,217)</u>	
Present value of net minimum capital lease payments	11,689	
Current installment of obligation under capital lease	<u>(3,671)</u>	
Long-term capital lease obligation	<u>\$ 8,018</u>	

Note 7 - Lines of Credit

Emergency Fund has a \$250,000 line of credit expiring on November 15, 2010. At December 31, 2009, the Organization did not have any funds borrowed against the line of credit. The line is collateralized by substantially all of the Organization's assets. Interest varies with the bank's prime rate but cannot be less than 5.50%.

The Organization is obligated for credit cards issued in its name. At December 31, 2009, the Organization's total line of credit related to these cards is \$10,000, of which, \$1,542 is outstanding.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Note 8 - Employee Benefit Plan

Emergency Fund has a simple IRA benefit plan covering substantially all employees. The Organization makes contributions to each employee's individual retirement account in which the employee is fully vested. During the year, the Organization elected to match contributions on a dollar for dollar basis up to 3% of compensation. Employer contributions made to the plan for the year ended December 31, 2009 amounted to \$12,965.

Note 9 - Restricted Net Assets

At December 31, 2009, temporarily restricted net assets are comprised of the following:

Reade Industrial Crises program	\$ 11,943
Oberweiler - Partner Allotments	19,500
TCF Bank - Foreclosure Program	42,576
Real Estate Title Company receivable - Raiser's Edge Software	50,000
Chicago Community Trust receivable - Financial Assistance Program	75,000
Income on permanently restricted endowment until appropriated for expenditures	26,594
	<u>\$ 225,613</u>

Note 10 - Donor-Restricted and Board-Designated Endowments

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. 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

The Audit/Finance Committee of the Board of Directors of the Organization has interpreted the Illinois 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. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment

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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 the organization in a manner consistent with the standard of prudence prescribed by Illinois UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization.

In the year 2009, the Organization had the following endowment-related activities:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, beginning of year	\$ 130,535	\$ -	\$ 104,562	\$ 235,097
Net asset reclassification based on change in law	(78,934)	23,496	55,438	-
Endowment net assets after reclassification	51,601	23,496	160,000	235,097
Investment Return				
Investment income	200	3,098	-	3,298
Net appreciation (realized/unrealized)	23,193	-	-	23,193
Total investment return	23,393	3,098	-	26,491
Contributions for 2009	-	-	-	-
Appropriation of endowment assets for expenditure in 2009	-	-	-	-
Transfer to add assets to board- designated endowment fund	504	-	-	504
Endowment net assets, end of year	<u>\$ 75,498</u>	<u>\$ 26,594</u>	<u>\$ 160,000</u>	<u>\$ 262,092</u>

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Endowment Net Asset Composition by Type of Fund as of December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (29,157)	\$ 26,594	\$ 160,000	\$ 157,437
Board-designated endowment funds	104,655	-	-	104,655
Total Endowment Funds	<u>\$ 75,498</u>	<u>\$ 26,594</u>	<u>\$ 160,000</u>	<u>\$ 262,092</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions. In accordance with GAAP, deficiencies of this nature would be and have been reported in unrestricted net assets. Although the donor-restricted endowment had a net appreciation of \$23,193 during 2009, there remains a deficiency of \$29,157 as of year end resulting from past years' market downturns.

Return Objectives and Risk Parameters

The Organization 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 preserve the original fair value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The overall objectives of the investment policy of the organization, in order of importance, shall be the safety of principal, liquidity and competitive rate of return.

Strategies Employed for Achieving Objectives

The Board-designated fund is intended to be a "safety net" account to the Organization's operational cash flow. Consequently, the directive of this fund is relative stability of principal, with income the primary objective and growth secondary. The expectation is that 100% of the investments are held in cash and cash equivalents.

The total return strategy is adopted for the donor-restricted endowment. It can assume a moderate level of risk, with growth as the primary objective and income secondary. These are expected to be achieved thru a diversified asset allocation portfolio that includes (a) an allocation target of 60% equities and 40% fixed income; (b) investment in both domestic and international securities across all market capitalizations; and (c) investment in mutual funds, both opened and closed, but not in individual stocks.

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Spending Policy and How the Investment Objectives Relate to Spending Policy

In accordance with the Organization's investment policy, all income, including dividends and interest earnings, and net appreciation from the endowment funds are reinvested into the individual endowment funds. The Board will direct these funds for the operation of the Organization when needed.

In establishing this policy, the Organization considered the long-term expected return particularly of its donor-restricted endowment funds. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 8-9 percent annually. This is consistent with the Organization's objective to maintain the original value of the endowment assets held in perpetuity as well as to provide additional real growth through investment returns.

Note 11 - Subsequent Events

For the fiscal year ended December 31, 2009, the Organization's management has evaluated subsequent events through February 26, 2010, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed through that date.