

CHICAGO LOW-INCOME HOUSING TRUST FUND

**Financial Statements and
Independent Auditors' Report**

For the Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Chicago Low-Income Housing Trust Fund

Report on the Financial Statements

We have audited the accompanying financial statements of **Chicago Low-Income Housing Trust Fund (the "Trust Fund")**, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

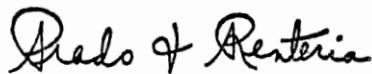
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust Fund as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Trust Fund's 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated September 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020, on our consideration of the Trust Fund's internal control over financial reporting on and 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 Trust'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 Trust Fund's internal control over financial reporting and compliance.



Chicago, Illinois
September 25, 2020

CHICAGO LOW-INCOME HOUSING TRUST FUND
STATEMENT OF FINANCIAL POSITION
As of December 31, 2019
(with summarized comparative totals for 2018)

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,422,932	\$ 2,814,601
Prepaid expenses	4,843	6,087
Interest receivable	256,840	226,732
Investments, short-term	23,291,318	3,730,153
Investments, purpose restricted	7,549,775	12,016,316
Total Current Assets	34,525,708	18,793,889
Investments	17,508,405	38,891,197
Investments, perpetual restricted	10,541,470	10,541,470
Security deposit	26,048	26,048
Property and equipment, net	58,538	29,327
TOTAL ASSETS	\$ 62,660,169	\$ 68,281,931
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,608,031	\$ 2,083,515
Total Current Liabilities	2,608,031	2,083,515
 Long-Term Liabilities		
MAUI funds payable	27,527,000	29,340,000
Total Long-Term Liabilities	27,527,000	29,340,000
TOTAL LIABILITIES	30,135,031	31,423,515
 Net Assets		
Without donor restrictions	14,433,893	14,300,630
With donor restrictions		
Purpose restrictions	7,549,775	12,016,316
Perpetual in nature	10,541,470	10,541,470
Total Net Assets	32,525,138	36,858,416
TOTAL LIABILITIES AND NET ASSETS	\$ 62,660,169	\$ 68,281,931

See Independent Auditors' Report and Notes to Financial Statements

CHICAGO LOW-INCOME HOUSING TRUST FUND
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019
(with summarized comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019	2018
PUBLIC SUPPORT				
Contributions				
City of Chicago- AHOF	\$ 7,741,820	\$ -	\$ 7,741,820	\$ 13,305,012
In-kind donations	22,223	-	22,223	337,903
Other income	624,206	-	624,206	788,920
Grant and contributions	-	-	-	10,389
Rent subsidy - State	-	5,311,813	5,311,813	12,269,359
Net assets released from restrictions	9,778,354	(9,778,354)	-	-
Total Public Support	<u>18,166,603</u>	<u>(4,466,541)</u>	<u>13,700,062</u>	<u>26,711,583</u>
REVENUE				
Investment income	1,475,513	-	1,475,513	1,089,506
Net unrealized and realized gains (losses) on investments	147,031	-	147,031	5,429
Total Revenue	<u>1,622,544</u>	<u>-</u>	<u>1,622,544</u>	<u>1,094,935</u>
TOTAL PUBLIC SUPPORT AND REVENUE	19,789,147	(4,466,541)	15,322,606	27,806,518
EXPENSES				
Program Services				
Rental subsidy program	16,375,619	-	16,375,619	14,840,500
MAUI program	2,933,004	-	2,933,004	15,157,166
Total Program Services	<u>19,308,623</u>	<u>-</u>	<u>19,308,623</u>	<u>29,997,666</u>
Supporting Services				
Management and general	287,261	-	287,261	261,760
Fundraising	60,000	-	60,000	50,000
Total Supporting Services	<u>347,261</u>	<u>-</u>	<u>347,261</u>	<u>311,760</u>
TOTAL EXPENSES	<u>19,655,884</u>	<u>-</u>	<u>19,655,884</u>	<u>30,309,426</u>
CHANGES IN NET ASSETS	133,263	(4,466,541)	(4,333,278)	(2,502,908)
NET ASSETS, Beginning of Year	<u>14,300,630</u>	<u>22,557,786</u>	<u>36,858,416</u>	<u>39,361,324</u>
NET ASSETS, End of Year	<u>\$ 14,433,893</u>	<u>\$ 18,091,245</u>	<u>\$ 32,525,138</u>	<u>\$ 36,858,416</u>

See Independent Auditors' Report and Notes to Financial Statements

CHICAGO LOW-INCOME HOUSING TRUST FUND
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019
(with summarized comparative totals for 2018)

EXPENSES:	PROGRAM SERVICES			SUPPORT SERVICES			2019	2018
	Rental Subsidy Program	MAUI Program	Total Program Services	Management and General	Fundraising	Total Support Services	Total Program and Support Services	
Salaries and wages	\$ 800,641	\$ 16,340	\$ 816,981	\$ 80,800	\$ -	\$ 80,800	\$ 897,781	\$ 593,011
Employee health benefits and payroll taxes	120,272	2,455	122,727	12,138	-	12,138	134,865	118,843
Consultants	66,500	-	66,500	66,500	-	66,500	133,000	118,418
Consultants - in-kind	-	-	-	-	-	-	-	55,263
Inspections	251,926	-	251,926	-	-	-	251,926	201,546
Lobbyist	-	-	-	-	60,000	60,000	60,000	50,000
Bank charges	-	-	-	53,982	-	53,982	53,982	22,095
Office supplies	-	-	-	11,734	-	11,734	11,734	553
Insurance	-	-	-	5,311	-	5,311	5,311	4,209
Insurance - in-kind	-	-	-	-	-	-	-	3,821
Rental assistance	15,065,756	-	15,065,756	-	-	-	15,065,756	13,698,256
Construction grants	-	2,913,073	2,913,073	-	-	-	2,913,073	15,140,000
Salaries, wages and benefits - in-kind	-	-	-	-	-	-	-	168,791
Occupancy - in-kind	-	-	-	-	-	-	-	77,700
Legal - in-kind	10,889	222	11,111	11,112	-	11,112	22,223	32,328
Occupancy	44,770	914	45,684	45,684	-	45,684	91,368	19,941
Depreciation	14,865	-	14,865	-	-	-	14,865	4,651
TOTAL EXPENSES	\$ 16,375,619	\$ 2,933,004	\$ 19,308,623	\$ 287,261	\$ 60,000	\$ 347,261	\$ 19,655,884	\$ 30,309,426

See Independent Auditors' Report and Notes to Financial Statements

CHICAGO LOW-INCOME HOUSING TRUST FUND
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019
(with summarized comparative totals for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (4,333,278)	\$ (2,502,908)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,865	4,651
Changes in assets and liabilities:		
Prepaid expenses	1,244	(629)
Interest receivable	(30,108)	(96,468)
Accounts payable and accrued expenses	524,516	670,812
MAUI funds payable	(1,813,000)	10,884,448
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(5,635,761)</u>	<u>8,959,906</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(44,076)	(33,764)
(Purchases) Sales of investments - Net	6,288,168	(12,869,752)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>6,244,092</u>	<u>(12,903,516)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Operating lease security deposit	-	(26,048)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>-</u>	<u>(26,048)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	608,331	(3,969,658)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>2,814,601</u>	<u>6,784,259</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 3,422,932</u>	<u>\$ 2,814,601</u>

See Independent Auditors' Report and Notes to Financial Statements

**CHICAGO LOW-INCOME HOUSING TRUST FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 – NATURE OF ACTIVITIES

Organization: The Chicago Low-Income Housing Trust Fund (“the Trust Fund”) was established by Chicago City Council ordinance in 1989 and was incorporated as a non-profit organization on February 27, 1990. The Board of Directors is appointed by the City of Chicago Mayor and confirmed by Chicago’s City Council and is comprised of 15 individuals who live in the City of Chicago, have diverse backgrounds and represent non-profit organizations, private corporations and City government. The Board provides supervision and oversight for the organization. The Chicago Department of Planning and Development provided administrative staff support and office space for Trust Fund operations through the year ended December 31, 2018.

The Trust Fund works to help Chicagoans living in poverty with income not exceeding 30 percent (30%) of the area median income by providing secure, sound and affordable housing. Among others, households benefiting from a rental subsidy include low-income working families, the disabled, the elderly, as well as homeless individuals and families. The Trust Fund works to prevent homelessness and promotes neighborhood stability through affordable housing.

Principal Programs: The Trust Fund offers two programs within the City of Chicago:

Rental Subsidy Program (RSP): The Rental Subsidy Program provides rental subsidies in properties throughout the City of Chicago through an annual agreement. Landlords provide housing to persons living below thirty percent (30%) of the area median income with the assistance of a rental subsidy provided by the Trust Fund. In 2019 and 2018, the Trust Fund committed \$17.7 and \$17.3 million respectively, towards rental subsidies in 2,670 and 2,726 units of housing within the City of Chicago.

Furthermore, the Trust Fund has developed targeted initiatives to assist needed populations. Partner organizations provide wrap-around social and employment services for those who were homeless, women working towards economic independence, persons living with HIV/AIDS, and women leaving the sex-trade business. Rental subsidies are allocated to properties that provide housing to tenants that participate in program services with partner agencies under special initiatives.

Allocations to special needs initiatives include:

Chicago’s Plan to End Homelessness and other homeless prevention units	\$7,302,576
Women Head of Household	\$ 219,216
Assisting those living with HIV/AIDS	\$ 546,420
Coming Home – Veterans Assistance	\$ 391,306
Second Chance	\$ 104,700

**CHICAGO LOW-INCOME HOUSING TRUST FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 – NATURE OF ACTIVITIES - Continued

Multi-Year Affordability through Upfront Investment (MAUI): MAUI provides a grant to property developers and owners that offer affordable rental housing to households living at or below thirty percent (30%) of the area median income. The property developer commits to the affordability of rental housing for a period of fifteen to thirty years through a Regulatory Agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Trust Fund have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation: As required by generally accepted accounting principles, the Trust Fund is required to report information regarding its financial position and activities according to the following two classes of net assets, as applicable:

Net assets without donor restrictions – Net assets available for use in general operations and that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Trust Fund reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

**CHICAGO LOW-INCOME HOUSING TRUST FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents: The Trust Fund considers highly liquid investments which mature in three months or less as cash equivalents. Cash and cash equivalents for purposes of cash flows exclude cash and cash equivalents of the investment accounts. At December 31, 2019 and 2018, cash and cash equivalents consisted of the following:

	Trust Fund	CORPUS	2019	2018
Cash Checking Harris Bank	\$2,892,070	\$ -	\$2,892,070	\$2,814,601
Cash on deposit – TIPALTI	\$ 530,862	\$ -	\$ 530,862	\$ -

Accounts Receivable: The Trust Fund reviews receivables and determines the need for an allowance for doubtful accounts based on management’s experience and information. As of December 31, 2019, and 2018, no allowance for doubtful accounts was considered necessary.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Interest and dividends, net of advisory fees, are reported as part of investment income. Investment income and gains restricted by donors are reported as increases in without donor restrictions net assets if the restrictions are met (either by passage of time or by agreement) in the reporting period in which the income and gains are recognized.

Property and Equipment: The Trust Fund capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment, if applicable, are carried at fair market value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives for vehicles, computer software and furniture (3-7 years).

Revenue and Revenue Recognition: Revenue is recognized when earned. Public Support contributions are recognized as revenue when received.

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 in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs benefited, as well as administrative functions.

Donated Goods and Services: Donated goods and services are recognized as in-kind contributions if these (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Trust Fund. Donated services are recorded at estimated fair value at the date of donation and are recognized as revenue and program expenses.

**CHICAGO LOW-INCOME HOUSING TRUST FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Tax-Exempt Status: The Trust Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Trust Fund's tax-exempt purpose is subject to taxation as unrelated business income. During the years 2019 and 2018, there was no unrelated business income. Accordingly, no provision for income taxes has been made. In addition, the Trust Fund qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Trust Fund has evaluated its tax position and has concluded that the Trust Fund had taken no uncertain tax positions that require adjustments to the financial statements. The Trust Fund is no longer subject to income tax examination by the federal tax authorities for tax years ending before December 31, 2016.

Comparative Financial Information: The financial statements include prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Trust Fund's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassification: Certain amounts from the prior year have been reclassified in order to conform to the current year's presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor restrictions or other restrictions limiting their use, within one year of the statement of financial position date, comprised the following:

Cash	\$ 2,892,070
Cash on deposit – TIPALTI	530,862
Interest receivable	256,840
Investments – short term	<u>23,291,318</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>26,971,090</u>

The Trust Fund has a goal to maintain financial assets, which consist of cash on hand to meet normal operating expenses. The Trust Fund has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

CHICAGO LOW-INCOME HOUSING TRUST FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Trust Fund classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Asset and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table sets forth by level within the fair value hierarchy a summary of the organization’s investments measured at fair value on a recurring basis at December 31, 2019 and 2018.

Trust Fund	Fair Value Measurement at December 31,				
	Level 1	Level 2	Level 3	2019	2018
Cash Equivalents	\$ -	\$16,760,391	\$ -	\$16,760,391	\$15,746,409
Fixed Income Securities – Government Bonds	-	8,577,365	-	8,577,365	13,456,774
Fixed Income Securities – Corporate Bonds	-	13,425,173	-	13,425,173	12,526,805
Fixed Income Securities – Marketable CDs	-	8,856,928	-	8,856,928	12,541,361
Sub Total	\$ -	\$47,619,857	\$ -	\$47,619,857	\$54,271,409
CORPUS	Fair Value Measurement at December 31,				
	Level 1	Level 2	Level 3	2019	2018
Cash Equivalents	\$ -	\$ 206,701	\$ -	\$ 206,701	\$ 170,675
Fixed Income Securities – Government Bonds	-	5,604,167	-	5,604,167	5,458,699
Fixed Income Securities – Corporate Bonds	-	5,335,059	-	5,335,059	4,938,103
Fixed Income Securities – Marketable CDs	-	125,184	-	125,184	340,250
Sub Total	\$ -	\$11,271,111	\$ -	\$11,271,111	\$10,907,727
Total	\$ -	\$58,890,968	\$ -	\$58,890,968	\$65,179,136

The investment and cash and cash equivalents are managed by professional financial advisors and managers with the BMO Asset Management U.S., a broker dealer that is a wholly-owned subsidiary of BMO Global Asset Management. Investment income is reported net of related expenses. For the years ended December 31, 2019 and 2018 advisory fees totaled \$81,534 and \$72,462, respectively.

**CHICAGO LOW-INCOME HOUSING TRUST FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 and 2018 consisted of the following:

	2019	2018
Vehicles	\$ -	\$ 23,682
Computer software	107,650	90,010
Equipment and furniture	38,935	12,500
	<u>146,585</u>	<u>126,192</u>
Less: accumulated depreciation	88,047	96,865
Vehicles and computer software, net	<u>\$ 58,538</u>	<u>\$ 29,327</u>

Depreciation expense for the years ended December 31, 2019 and 2018 is \$14,865 and \$4,691 respectively.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The Trust Fund had current obligations to eligible landlords in the Rental Subsidy Program, professional services rendered, and computer equipment purchases and personnel reimbursement. A summary of obligations for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Housing Voucher Payable	\$2,508,109	\$1,779,097
Accounts Payable	39,074	54,861
Accrued Rent	60,848	19,941
Payable to City of Chicago	-	229,613
Total	<u>\$2,608,031</u>	<u>\$2,083,515</u>

NOTE 7 – MAUI FUNDS PAYABLE

Under its Multi-Year Affordability through Up-Front Investment (MAUI) program, the Trust Fund has made a long-term commitment to support long-term rent reduction by replacing the more costly and expensive financing with more competitive and less expensive financing. In exchange for the lower debt cost, the developers (property owners) make long-term commitments to provide lower rent for very low-income households. These commitments are supported by contractual obligations signed by the Trust Fund. During the years ended December 31, 2019 and 2018, the Trust Fund committed \$3,500,00, and \$15,140,000 to support 36 and 94 units, respectively, of low-income housing for households that are living at or below thirty percent (30%) of the area median income. In addition, during 2019 the Trust Fund amended previous projects and reduced them by \$586,927. These transactions must be approved by the Board of Directors and once approved; the Trust Fund records this commitment as an expense. For the years ended December 31, 2019 and 2018, the Trust Fund had long-term obligations of \$27,527,000 and \$29,340,000, respectively.

**CHICAGO LOW-INCOME HOUSING TRUST FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 7 – MAUI FUNDS PAYABLE – Continued

The projects current remaining obligations are disclosed below:

Description of Projects	Year	Payable		Units Financed		Years Financed
		Year Ending December 31,		Year Ending December 31,		
		2019	2018	2019	2018	
5150 NW Highway	2019	750,000	-	8		17
North Park Village	2019	1,250,000	-	18		26
Calhoun School	2019	1,500,000	-	10		15
						15
Hope Manor Village	2018	1,750,000	2,490,000		10	20
North Hotel	2018	-	1,900,000		8	26
Montclair Englewood	2018	1,300,000	1,300,000		19	30
Montclair Calumet	2018	325,000	1,300,000		17	25
Cicero Senior Lofts	2018	-	1,850,000		8	15
New City	2018	4,752,000	4,600,000		18	15
Roosevelt Road	2018	1,700,000	1,700,000		14	
Albany Park	2017	14,200,000	14,200,000		60	15
Total		<u>\$27,527,000</u>	<u>\$29,340,000</u>			

These projects are funded when the developers meet certain contractual obligations.

The above approved MAUI projects have received Final Board Approval, but each must still demonstrate financial viability (among other things). Any project not able to demonstrate financial viability within a reasonable time may have such approval revoked.

NOTE 8 – PUBLIC SUPPORT

The Trust Fund received more than \$13.1 and \$25.6 million in 2019 and 2018, respectively from the City of Chicago and the State of Illinois to support the Rental Subsidy and MAUI programs.

The Trust Fund's operation is funded from various sources described below:

City of Chicago

- Affordable Housing Opportunity Fund (AHOF) also known as the Downtown Density Bonus. Per City Ordinance, forty percent (40%) of revenues generated under AHOF are forwarded to the Trust Fund. Per Ordinance, fifty percent (50%) of the funds received hereto shall be restricted solely for the purpose of deposit into the Trust Fund's CORPUS and the remaining fifty percent (50%) are directed to the

**CHICAGO LOW-INCOME HOUSING TRUST FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 8 – PUBLIC SUPPORT - Continued

Trust Fund’s long-term investments (MAUI Program). In 2015, pursuant to the amended City Ordinance, the Trust Fund has designated AHOF funds as available for MAUI and the Rental Subsidy Program.

State of Illinois

- Rental Housing Support Program (RHSP). The RHSP is created within the Illinois Housing Development Authority (IHDA). IHDA administers the program and distributes amounts appropriated to municipalities and other areas. The City of Chicago designated the Chicago Low-Income Housing Trust Fund as the Local Administering Agency to distribute RHSP funds to provide low-income rental housing assistance.
- Other RHSP requirements mandated include: a minimum ten percent (10%) of the total budget is to be allocated to Long-Term Operating Support Program (LTOS); a reserve of five percent (5%) set aside is allowed to subsidize rental collection fluctuations; a maximum of seven percent (7%) can be allocated to assist in the defraying of the related administrative expenses; and the remainder of the RHSP funds are to be used as rental subsidies to the landlords and developers.

The Trust Fund's public support consists of the following for the years ended December 31, 2019 and 2018 respectively:

	2019	2018
<u>City of Chicago</u>		
Affordable Housing Opportunity Fund (AHOF)		
Rental Support	\$ 7,741,820	\$13,305,012
<u>State of Illinois</u>		
Rental Housing Support Program (RHSP)	5,311,813	12,269,359
	\$13,053,633	\$25,574,371

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Perpetual Restriction

Per City of Chicago Ordinance fifty percent (50%) of Affordable Housing Opportunity Funds (AHOF) received by the Trust Fund were restricted solely for the purpose of deposit into the Trust Fund’s CORPUS. The CORPUS balance was restricted to the MAUI program. In 2015, pursuant to the amended City Ordinance, the Trust Fund may designate AHOF funds as available for MAUI and the Rental Subsidy Program and maintain a CORPUS balance of \$10,541,470 in perpetuity.

The Trust Funds Corpus invested assets are subject to a Board approved investment policy whereby the assets are invested up to 5 years. The investment objective for the Corpus funds is the

CHICAGO LOW-INCOME HOUSING TRUST FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS - Continued

preservation of the principal. The allowed investments for Corpus are: US government securities and agency debt, Certificates of Deposit, corporate bonds and commercial paper. The investment type minimum guidelines are as follows: 1) Certificate of deposit ratings are AA or Aa, 2) Corporate bonds A – A3 and 3) Commercial paper rating is A-1 or Prime 1.

The US Government and agency investments are not subject to percentage limits. Corporate bonds, certificates of deposit and commercial paper are limited to 50% of the portfolio. The goal of the Corpus investment program is to provide a real total return from assets invested that will preserve the principal of the Corpus while generating an income stream to support the activities of the Trust Fund.

Changes in Corpus assets for the years ended December 31, 2019 and 2018 are as follows:

	<u>With Donor</u>
	<u>Restrictions</u>
<u>Year ended December 31, 2019</u>	
Endowment net assets, beginning of year	\$10,541,470
Investment return, net	383,674
Appropriation of endowment assets to operations	(383,674)
Endowment net assets, end of year	<u>\$10,541,470</u>
	<u>With Donor</u>
	<u>Restrictions</u>
<u>Year ended December 31, 2018</u>	
Endowment net assets, beginning of year	\$10,541,470
Investment return, net	168,497
Appropriation of endowment assets to operations	(168,497)
Endowment net assets, end of year	<u>\$10,541,470</u>

Purpose Restriction

The Trust Fund's net assets with donor restrictions represent state funds designated for rental housing support program.

The Trust Fund's net assets with donor restrictions consist of the following for the years ended December 31, 2019 and 2018 respectively:

	<u>2019</u>	<u>2018</u>
Purpose Restricted		
State of Illinois Rental Housing Support Program (RHSP)	\$ 7,549,775	\$12,016,316
Perpetual Restricted		
CORPUS Affordable Housing Opportunity Fund (AHOF)	<u>10,541,470</u>	<u>10,541,470</u>
Total Net Assets with Donor Restrictions	<u>\$18,091,245</u>	<u>\$22,557,786</u>

**CHICAGO LOW-INCOME HOUSING TRUST FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 10 – CONCENTRATIONS

Credit Risk from Cash Deposits: The Trust Fund maintains its cash and cash equivalents in bank deposits and money market accounts. As of December 31, 2019, and 2018 the Trust Fund cash balance on deposits exceeds the Federal Deposit Insurance Corporation (FDIC) limits by approximately \$2,923,000 and \$2,600,000, respectively.

Public Support Sources: For the years ended December 31, 2019 and 2018, the Trust Fund received 59% and 52%, respectively, of its funds from the City of Chicago and 41% and 48%, respectively from the State of Illinois. This concentration of funding from the City of Chicago and the State of Illinois puts the Trust Fund at risk for long-term public support because of the political intricacies, such as political elections, appointments, legal court challenges of existing statutes and shared community commitments to the rent subsidy program.

NOTE 11 – RELATED PARTIES

In-Kind Donations:

City of Chicago: The Trust Fund was established by the Chicago City Council to meet the ever-expanding demand for affordable housing for the City of Chicago low-income residents. The City of Chicago through its Department of Planning and Development provided extensive administrative support to the Trust Fund including salaries and related benefits; office space and supplies; consultants and insurance.

As of December 31, 2018, the Trust Fund transitioned out of the administrative support arrangement with the City of Chicago’s Department of Planning and Development.

Board Member: The Trust Fund received legal services as contribution from an entity related to a member of the Board of Directors. At December 31, 2019 and 2018 the Trust Fund disclosed this service as in-kind donation and expense of \$22,223 and \$32,328, respectively.

NOTE 12 – LEASE RENTAL PAYMENTS

On October 9th, 2018, the Trust Fund entered into a new lease agreement for the office space at 77 W. Washington Street, Chicago, IL for a period of 125 months ending March 8, 2029.

Minimum future rental payments as of December 31, 2019 are as follows:

2020	\$ 81,094
2021	83,527
2022	86,033
2023	88,614
Thereafter	<u>502,081</u>
Total	<u>\$841,349</u>

For financial reporting purposes, the lease abatements were applied evenly through the lease. As of December 31, 2019, accrual of the deferred rent amounted to \$60,848.

**CHICAGO LOW-INCOME HOUSING TRUST FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 13 – CONTINGENCY

In 2019 the Trust Fund terminated a professional services contract due to vendor's failure to fulfil the terms of the agreement and to provide the agreed engagement deliverables. The accompanying financials do not reflect an accrual for services invoiced of \$148,686 by the vendor. The Trust Fund is working on reaching a settlement with vendor. The ultimate outcome of this matter as of the date of this report is not known.

NOTE 14 - CORONAVIRUS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Trust Fund's operations. Future potential impacts may include disruptions or restrictions on the City of Chicago future funding, our employees' ability to work or the tenants' ability to pay their required portion of the monthly rent. Operating functions that may be changed include intake, and certifications. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

NOTE 15 – SUBSEQUENT EVENTS

Management reviewed subsequent events through September 25, 2020, the date at which the financial statements were available for issuance and determined that there were no significant subsequent events to be recognized or disclosed in the financial statements.

INDEPENDENT AUDITORS' 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
Chicago Low-Income Housing Trust Fund

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 **Chicago Low-Income Housing Trust Fund (the "Trust Fund")**, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2020.

Internal Control Over Financial Reporting

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

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

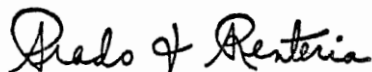
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust Fund'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 determination of financial statement amounts. 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 Trust Fund'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 Trust Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Shado J. Renteria". The signature is written in a cursive style with a large initial 'S'.

Chicago, Illinois
September 25, 2020