

**CORNERSTONE COMMUNITY  
OUTREACH**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
(Including Reports Required by  
OMB's Uniform Guidance)**

**For Year Ended December 31, 2016**

# CORNERSTONE COMMUNITY OUTREACH

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# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **Independent Auditor's Report**

To the Board of Directors  
Cornerstone Community Outreach  
Chicago, IL

We have audited the accompanying financial statements of Cornerstone Community Outreach (a non-profit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Cornerstone Community Outreach as of December 31, 2016, 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 Cornerstone Community Outreach's December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 13, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Going Concern***

The accompanying financial statements have been prepared assuming the Organization will continue as a going concern. As indicated in the financial statements and as described in Note 1, the Organization incurred a net loss from operations of \$465,150 for the year ended December 31, 2016. Additionally, as of December 31, 2016, the Company had an unrestricted net deficit position of \$136,083. These conditions raise substantial doubt about the Organization's ability to continue as a going concern at December 31, 2016. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses by program 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Desmond & Akers, Ltd*

June 30, 2016  
Chicago, IL

**CORNERSTONE COMMUNITY OUTREACH**  
**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2016 (with comparative totals for 2015)**

	<u>2016</u>	<u>2015</u>
<b><u>Assets</u></b>		
Current Assets		
Cash	\$ 14,070	\$ 72,198
Restricted cash - mortgage reserve, current	46,916	-
Government contributions receivable	236,703	371,657
Contributions receivable	8,956	94,430
Other receivables	189	189
Deposits	1,974	1,974
Total current assets	<u>308,808</u>	<u>540,448</u>
Property and Equipment		
Land	232,947	355,947
Buildings and improvements	3,752,457	4,864,607
Construction in progress	532,698	532,698
Furniture and equipment	386,296	382,398
Vehicles	39,593	39,593
	<u>4,943,991</u>	<u>6,175,243</u>
Less accumulated depreciation	<u>(2,644,805)</u>	<u>(3,025,458)</u>
Net property and equipment	<u>2,299,186</u>	<u>3,149,785</u>
Other Assets		
Restricted cash - mortgage reserve, long-term	67,657	-
Restricted cash - construction escrow	262,180	-
Prepaid maintenance agreement	21,731	21,731
<b>Total Assets</b>	<u><u>\$ 2,959,562</u></u>	<u><u>\$ 3,711,964</u></u>
<b><u>Liabilities and Net Assets</u></b>		
Current Liabilities		
Current maturities of long-term debt	\$ 46,916	\$ 118,839
Line of credit	-	249,786
Accounts payable	127,270	226,451
Accrued payroll and related expenses and bank overdraft	590	225,417
Refundable advances	26,249	26,249
Total current liabilities	<u>201,025</u>	<u>846,742</u>
Long-Term Debt		
Long-term debt, net of current portion and unamortized debt issue costs	2,852,580	3,416,526
Employees and individual supporters	-	80,000
Total liabilities	<u>3,053,605</u>	<u>4,343,268</u>
Net Deficit		
Unrestricted	(136,083)	(673,344)
Temporarily restricted	42,040	42,040
	<u>(94,043)</u>	<u>(631,304)</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 2,959,562</u></u>	<u><u>\$ 3,711,964</u></u>

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

**CORNERSTONE COMMUNITY OUTREACH**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016 (with comparative totals for 2015)**

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
<b><u>Public Support and Revenue</u></b>				
Chicago Department of :				
Family and Support Services	\$ 1,488,185	\$ -	\$ 1,488,185	\$ 1,483,950
Community Development	61,429	-	61,429	93,174
U.S. Dept. of Housing and Urban Development	-	-	-	66,435
Illinois State Board of Education	87,005	-	87,005	81,032
Contributions	666,836	-	666,836	658,285
Debt forgiveness	9,235	-	9,235	103,619
Client fees	27,258	-	27,258	50,018
Donated food	665,139	-	665,139	571,040
Other	32,877	-	32,877	5,641
Total public support and revenue	<u>3,037,964</u>	<u>-</u>	<u>3,037,964</u>	<u>3,113,194</u>
<b><u>Expenses</u></b>				
Program Services				
Leland Permanent Housing	95,449	-	95,449	187,309
Chronic Homeless Initiative	-	-	-	28,258
Hannah Interim Housing	576,489	-	576,489	511,616
Naomi Interim Housing	1,448,531	-	1,448,531	1,345,574
Sylvia Interim Housing	1,114,718	-	1,114,718	1,029,142
Computer and life skills	-	-	-	14,666
Other	50,024	-	50,024	59,822
Total program services	<u>3,285,211</u>	<u>-</u>	<u>3,285,211</u>	<u>3,176,387</u>
Management and general	199,517	-	199,517	189,636
Fundraising	18,386	-	18,386	17,351
Total expenses	<u>3,503,114</u>	<u>-</u>	<u>3,503,114</u>	<u>3,383,374</u>
<b>Change in net assets from operations</b>	(465,150)	-	(465,150)	(270,180)
Gain on sale of Leland building	1,002,411	-	1,002,411	-
<b>Change in net assets</b>	537,261	-	537,261	(270,180)
<b>Net assets, beginning of year</b>	(673,344)	42,040	(631,304)	(361,124)
<b>Net assets (deficit), end of year</b>	<u>\$ (136,083)</u>	<u>\$ 42,040</u>	<u>\$ (94,043)</u>	<u>\$ (631,304)</u>

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

**CORNERSTONE COMMUNITY OUTREACH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2016 (with comparative totals for 2015)**

	Program Services	Management and General	Fundraising	2016 Total	2015 Total
<b><u>Functional Expenses</u></b>					
Salaries and wages	\$ 1,349,679	\$ 100,429	\$ 1,748	\$ 1,451,856	\$ 1,385,236
Fringe benefits and related taxes	422,659	35,574	45	458,278	435,112
Professional fees	-	24,828	-	24,828	27,496
Donated food	665,139	-	-	665,139	571,040
Food	30,822	214	150	31,186	29,315
Client assistance	57,629	306	-	57,935	90,237
Supplies and small equipment purchases	51,669	2,951	8,305	62,925	61,900
Travel	23,495	1,182	270	24,947	30,386
Conferences and education	-	266	20	286	846
Postage and shipping	760	7	3,822	4,589	5,669
Printing and publications	-	-	2,424	2,424	3,745
Dues and subscriptions	-	693	1,486	2,179	1,969
Telephone	16,449	205	-	16,654	20,814
Occupancy	139,907	4,448	-	144,355	187,073
Repairs and maintenance	84,938	178	-	85,116	66,652
Insurance	92,744	574	-	93,318	93,213
Interest	183,608	6,990	106	190,704	154,151
Bank fees, fines and penalties	1,753	12,068	-	13,821	17,749
Miscellaneous	1,307	7,652	10	8,969	10,866
Depreciation and amortization	162,653	952	-	163,605	189,905
<b>Total Expenses</b>	<b>\$ 3,285,211</b>	<b>\$ 199,517</b>	<b>\$ 18,386</b>	<b>\$ 3,503,114</b>	<b>\$ 3,383,374</b>

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

**CORNERSTONE COMMUNITY OUTREACH**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2016 (with comparative totals for 2015)**

	<u>2016</u>	<u>2015</u>
<b><u>Reconciliation of Change in Net Assets to Net Cash</u></b>		
<b><u>Used by Operating Activities</u></b>		
Change in net assets	\$ 537,261	\$ (270,180)
Gain on sale of Leland building	(1,002,411)	-
Depreciation	162,231	188,531
Amortization	1,374	1,374
Decrease (increase) in assets		
Restricted cash - mortgage reserve, current	(46,916)	
Government contributions receivable	134,954	124,916
Contributions and other receivables	85,474	35,975
Deposits	-	919
Long term asset	-	24,183
Increase (decrease) in liabilities		
Accounts payable	(99,181)	(455)
Accrued payroll and related expenses	(224,827)	(126,359)
Net cash used by operating activities	<u>(452,041)</u>	<u>(21,096)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of property and equipment	(8,748)	-
Proceeds from sale of Leland	1,701,736	-
Net cash provided by investing activities	<u>1,692,988</u>	<u>-</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Net change in short-term borrowings	-	2,420
Change in restricted cash - construction escrow	(262,180)	-
Change in restricted cash - construction escrow, long-term	(67,657)	-
Increase in debt issuance costs	-	(786)
Payments on debt	(889,238)	-
Increase (decrease) in related party debt	(80,000)	71,766
Net cash (used) provided by financing activities	<u>(1,299,075)</u>	<u>73,400</u>
<b>Net (decrease) increase in cash</b>	<b>(58,128)</b>	<b>52,304</b>
<b>Cash, beginning of year</b>	<b>72,198</b>	<b>19,894</b>
<b>Cash, end of year</b>	<b><u>\$ 14,070</u></b>	<b><u>\$ 72,198</u></b>

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



**CORNERSTONE COMMUNITY OUTREACH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**Note 1 – Going Concern Uncertainty**

The Organization incurred a net loss from operations of \$496,852 for the year ended December 31, 2016. Additionally, as of December 31, 2016, the Company had an unrestricted net deficit position of \$136,083.

Net losses are expected to continue in the near future and the Organization is unable to significantly cut expenses in the short term. In addition, the Organization struggles to find significant sources of revenue to increase its net asset position. These conditions raise substantial doubt about the Company's ability to continue as a going concern at December 31, 2016.

**Note 2 – Nature of Operations and Summary of Significant Accounting Policies**

**Organization**

Cornerstone Community Outreach is a not-for-profit Illinois corporation exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization is not considered to be a private foundation. The Organization was formed in 1990 to operate a charitable community development program that improves the quality of life for disadvantaged, displaced and under-privileged people in the Uptown neighborhood of Chicago.

The programs that address the individual needs and different stages towards permanent housing are:

***Permanent Housing***

*Leland Permanent Housing with Supportive Services* - located a few blocks from Cornerstone Community Outreach offices, this site offers permanent housing to 18 families comprised primarily of women with children. These families live in 2 or 3 bedroom apartments and receive support services. This program supports families whose needs continue beyond affordable housing, and provides these mothers with both affordable housing and tools to build a more stable future for themselves and their children. The Leland building was sold in 2016 and this program has ceased operations.

*Chronic Homeless Initiative* - this program is permanent housing with supportive services for the chronically homeless. It provides rent subsidies, additional supportive services and direct client assistance dollars as needed on a case by case basis.

***Interim Housing for Families and Single Adults***

These shelters provide approximately 120 days of housing, nutritious meals, clothing, group and individual counseling, individualized case management, nursing, as needed mental health assessments, life-skills training, substance abuse counseling, money management, job assessment, job readiness, job referral, computer training classes, housing relocation assistance, and afterschool programs for kids. These programs operate year-round and include:

**CORNERSTONE COMMUNITY OUTREACH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**Note 2 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

*Hannah Interim Housing* – shelters 55 women with children, including a small number of couples with children. This program is handicap accessible. As the Organization’s longest running shelter program for over 20 years, it has enabled hundreds of families to move from homelessness to stable housing.

*Naomi Interim Housing* – serves 145 single women and men and provides 24 hour shelter and casework services including the other services mentioned above.

*Sylvia Interim Housing* – serves over 130 women with children, men with children and couples with children and has been welcoming homeless families since 2001. This program supports these family groups and gives them much needed shelter and services.

***Supportive Services***

In addition to the housing services, individual support services are offered including:

*Computer and Life Skills* offering life-skills training, substance abuse counseling, money management, job assessment and referral, computer classes, and housing relocation assistance.

***Other Programs***

*Dinner Guest Program* serves 175 - 250 nutritious free meals one day per week to anyone in need.

*Food Bag Program* hands out more than 200 food bags each week to those in need in the area.

*The Free Store* allows individuals walking through the doors to receive household items and clothing. The items in the *Free Store* are from many sources, but mostly from the kindness of individuals who want to donate what they have.

**Income Tax Status**

Cornerstone Community Outreach 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 above. 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. Tax returns are open for examination by the Internal Revenue Service for three years after filing.

**CORNERSTONE COMMUNITY OUTREACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**Note 2 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Change in Accounting Principle

Effective January 1, 2016, the Organization has elected to change its method of presentation relating to bond issue costs in accordance with FASB ASU 2015-03. Prior to 2016, the Organization's policy was to present these bond issue costs in Other Assets on the balance sheet, net of accumulated amortization. Beginning in 2016, the Organization has presented these costs as a direct deduction to the related bond payable and has applied this change retrospectively to the 2015 financial statements.

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). There are no permanently restricted net assets at December 31, 2016.

Use of 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. Actual results could differ from those estimates.

Cash

Cash consists of bank deposits in federally insured accounts. At times, such balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Restricted Cash

Restricted cash represents escrow accounts held by National Covenant Properties pursuant to terms of the mortgage payable (see Note 3).

Property and Equipment

Expenditures for property and equipment and items, which substantially increase the useful lives of existing assets, are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are:

**CORNERSTONE COMMUNITY OUTREACH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**Note 2 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Building and improvements	7 - 30 years
Furniture and equipment	5 - 7 years
Vehicles	3 - 5 years

**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.

**Government Grants**

Support funded by government contracts, which qualify as exchange transactions, are recognized when the contracted services have been performed. Revenue is therefore recognized as earned as the eligible expenses are incurred. These expenditures are subject to audit and acceptance by the granting organization and, as a result of such audit, adjustments could be required.

**Concentration of Risk**

During the year ended December 31, 2016, the Organization received approximately 50% of its funding from Chicago Department of Family and Supportive Services. This source also represented 93% of the government contributions receivable at December 31, 2016. Additionally, donated food represented 21% of public support and revenue.

**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. The Organization did not receive any donated services required to be recognized during the year ended December 31, 2016.

**CORNERSTONE COMMUNITY OUTREACH**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**Note 2 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

There are, however, a substantial number of volunteers who donate their time toward the activities and success of the Organization, the value of which is not recognized under generally accepted accounting principles. During the year ending December 31, 2016, these volunteer hours exceeded 29,000.

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 value of certain in-kind donations as an expense in its financial statements, and similarly increase donation revenues by a like amount. For the year ended December 31, 2016, this amounted to \$665,139 in donated food received and distributed.

Compensated Absences

Employees of the Organization are entitled to paid vacation, sick and personal days off, depending on job classification, length of service and other factors. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees. The estimated liability is not material at December 31, 2016, and therefore, no accrual has been recorded in the accompanying financial statements.

Functional Expenses - Allocation of Joint Costs

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, based on time analysis, space utilization, and unit consumption.

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 audited financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated subsequent events through the date of the report on the financial statements, which is the date the statements were available to be issued. No subsequent events have been identified that are required to be disclosed as of that date.

**CORNERSTONE COMMUNITY OUTREACH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**Note 3 – Long-Term Debt**

The Organization maintains a mortgage note (on properties located at 4628-46 and 4615 N. Clifton, with a combined book value of \$1,714,056 as of December 31, 2016 payable to the National Covenant Properties in monthly installments of \$14,790 through November 30, 2033, including variable interest at 4.5%, payable monthly.

Long-term debt is reflected in the statement of financial position as follows at December 31:

	<u>2016</u>	<u>2015</u>
Total outstanding debt	\$ 2,922,757	\$ 3,560,000
Less current portion	(46,916)	(118,839)
Total long-term debt	<u>2,875,841</u>	<u>3,441,161</u>
Unamortized bond issue costs	(23,261)	(24,635)
Net long-term debt	<u><u>\$ 2,852,580</u></u>	<u><u>\$ 3,416,526</u></u>

The future maturities of long-term debt are anticipated as follows:

<u>Years Ended December 31,</u>	<u>Amount</u>
2017	\$ 46,916
2018	79,071
2019	51,325
2020	53,683
2021	56,149
Thereafter	<u>2,635,613</u>
	<u><u>\$ 2,922,757</u></u>

Pursuant to the terms of the note, the Organization is required to maintain two escrow accounts with National Covenant Properties: 1.) a mortgage escrow account to cover 6-months of mortgage payments and 2.) a construction escrow account to fund unexpected major repairs or maintenance costs. The balances in these accounts were \$114,573 and \$262,180, respectively

**Note 4 – Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2016 are available for the following purposes:

Elevator project	\$ 21,572
Facility improvement	10,000
Glenn Palmberg projects	5,183
Dressers for Hannah Interim Housing	285
Purchase of tables and chairs	<u>5,000</u>
	<u><u>\$ 42,040</u></u>

**CORNERSTONE COMMUNITY OUTREACH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**Note 5 – Related Party Transactions**

Jesus People USA Evangelical Covenant Church (JPUSA) founded Cornerstone Community Outreach (CCO). As of December 31, 2016, the Board of Directors of the Organization consists predominantly of all JPUSA members. In addition, the Organization employs eight members of JPUSA. Furthermore, the Executive Director's spouse and a Board Member's daughter are paid employees of the Organization.

**Note 6 – Gain on Sale of Leland Building**

On August 29, 2016, the Organization closed on its sale of a property located at 1311-15 W. Leland and 4654 N. Malden in Chicago, Illinois, for an agreed upon amount of \$1,800,000. After fees and closing costs and relinquishment of the debt on the property, the organization recorded a \$1,002,411 gain, which is reflected as nonoperating in the statement of activities. The existing mortgage was refinanced with the terms as described in Note 3.

**SUPPLEMENTARY INFORMATION**



**CORNERSTONE COMMUNITY OUTREACH**  
**SCHEDULE OF EXPENSES BY PROGRAM**  
**For the Year Ended December 31, 2016**

	Leland Permanent Housing	Hannah Interim Housing	Naomi Interim Housing	Sylvia Interim Housing	Other Programs	Total Program
<b><u>Expenditures</u></b>						
Salaries and wages	\$ 13,177	\$ 226,522	\$ 631,201	\$ 477,331	\$ 1,448	\$ 1,349,679
Fringe benefits and related taxes	2,499	70,581	203,553	145,481	545	422,659
Donated food	-	110,081	290,200	260,136	4,722	665,139
Food	800	4,512	13,294	10,654	1,562	30,822
Client assistance	100	2,507	37,604	6,876	10,542	57,629
Supplies and small equipment purchases	946	10,577	11,191	9,225	19,730	51,669
Travel	393	1,830	8,492	5,924	6,856	23,495
Postage and shipping	23	95	244	223	175	760
Telephone	2,666	3,801	5,393	4,514	75	16,449
Occupancy	4,526	30,640	76,700	27,346	695	139,907
Repairs and maintenance	6,891	21,158	30,186	25,527	1,176	84,938
Insurance	15,513	19,533	28,067	29,174	457	92,744
Interest	29,023	25,903	67,300	61,015	367	183,608
Bank fees, fines and penalties	1,753	-	-	-	-	1,753
Miscellaneous	-	71	269	178	789	1,307
Depreciation and amortization	17,139	48,678	44,837	51,114	885	162,653
<b>Total Expenses</b>	<b>\$ 95,449</b>	<b>\$ 576,489</b>	<b>\$ 1,448,531</b>	<b>\$ 1,114,718</b>	<b>\$ 50,024</b>	<b>\$ 3,285,211</b>

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