



Onward Neighborhood House

Financial Statements

Years Ended June 30, 2025 and June 30, 2024

ONWARD NEIGHBORHOOD HOUSE
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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To the Board of Directors
Onward Neighborhood House
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of Onward Neighborhood House (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Onward Neighborhood House as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Onward Neighborhood House and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial



likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Onward Neighborhood House's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Onward Neighborhood House's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026, on our consideration of Onward Neighborhood House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Onward Neighborhood House'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 Onward Neighborhood House's internal control over financial reporting and compliance.

Sassetti LLC

Oak Brook, Illinois
January 23, 2026

ONWARD NEIGHBORHOOD HOUSE
STATEMENTS OF FINANCIAL POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 5,500,769	\$ 2,740,678
Investments	2,081,660	1,898,062
Due from governmental agencies	952,675	615,400
Pledges and grants receivable	57,800	524,379
Accounts and contracts receivable	92,413	94,098
Deposits and other assets	52,242	51,547
Property and equipment, net	1,338,630	1,494,593
Construction in progress	162,143	-
Total Assets	\$ 10,238,332	\$ 7,418,757
LIABILITIES		
Accounts payable	\$ 99,623	\$ 97,838
Accrued expenses	159,655	110,860
Mortgage note payable	184,795	212,998
Total Liabilities	444,073	421,696
NET ASSETS		
Without donor restrictions	6,950,240	6,569,357
With donor restrictions	2,844,019	427,704
Total Net Assets	9,794,259	6,997,061
Total Liabilities and Net Assets	\$ 10,238,332	\$ 7,418,757

The accompanying notes are an integral part of these financial statements.

ONWARD NEIGHBORHOOD HOUSE
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Contributions:						
Individuals	\$ 108,239	\$ 1,564,811	\$ 1,673,050	\$ 98,380	\$ 27,500	\$ 125,880
Corporations and foundations	106,277	1,237,862	1,344,139	418,440	214,500	632,940
Congregations and other organizations	34,290	12,824	47,114	98,487	76,405	174,892
Contributed nonfinancial assets	542,924	526,761	1,069,685	587,231	76,892	664,123
Special events	124,305	47,601	171,906	77,941	32,254	110,195
Grants from governmental agencies	-	3,861,675	3,861,675	-	4,952,627	4,952,627
Subsidized childcare fees	1,510,254	-	1,510,254	974,775	-	974,775
Early childhood program fees	31,092	-	31,092	22,902	-	22,902
Investment return, net	213,234	-	213,234	196,403	-	196,403
Miscellaneous income	40,681	-	40,681	7,922	-	7,922
Net assets released from restrictions	4,835,219	(4,835,219)	-	5,342,526	(5,342,526)	-
Total Revenue and Other Support	7,546,515	2,416,315	9,962,830	7,825,007	37,652	7,862,659
EXPENSES						
Program services	5,521,278	-	5,521,278	5,637,041	-	5,637,041
Supporting services:						
Management and general	1,373,513	-	1,373,513	1,166,378	-	1,166,378
Fundraising	270,841	-	270,841	204,606	-	204,606
Total Expenses	7,165,632	-	7,165,632	7,008,025	-	7,008,025
CHANGE IN NET ASSETS	380,883	2,416,315	2,797,198	816,982	37,652	854,634
NET ASSETS BEGINNING OF YEAR	6,569,357	427,704	6,997,061	5,752,375	390,052	6,142,427
NET ASSETS END OF YEAR	\$ 6,950,240	\$ 2,844,019	\$ 9,794,259	\$ 6,569,357	\$ 427,704	\$ 6,997,061

The accompanying notes are an integral part of these financial statements.

ONWARD NEIGHBORHOOD HOUSE
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services						Supporting Services				
	Early Childhood Programs			Adult Education Services			Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
	Early Head Start	Childhood Services	School Age								
Personnel	\$ 1,013,780	\$ 1,336,677	\$ 158,180	\$ 845,383	\$ 3,354,020	\$ 475,735	\$ 217,077	\$ 692,812	\$ 4,046,832		
Conferences, meeting and special events	6,523	10,968	3,331	13,922	34,744	32,959	25,693	58,652	93,396		
Contributed food	95,231	185,662	85,240	160,628	526,761	-	-	-	526,761		
Contributed rent	-	-	-	-	-	116,977	-	116,977	116,977		
Contributed services	-	-	-	-	-	295,701	-	295,701	295,701		
Depreciation	-	-	-	-	-	180,963	-	180,963	180,963		
Interest	-	-	-	-	-	9,278	-	9,278	9,278		
Occupancy	24,773	76,771	43,847	63,768	209,159	88,409	5,121	93,530	302,689		
Other	7,289	13,133	3,960	7,149	31,531	37,579	6,308	43,887	75,418		
Pass-through grant expenditures	-	203,838	-	-	203,838	-	-	-	203,838		
Professional fees	182,468	233,095	15,166	131,837	562,566	131,564	14,724	146,288	708,854		
Program participant	95,668	186,514	85,631	161,364	529,177	2,300	45	2,345	531,522		
Supplies	14,124	33,063	14,850	7,445	69,482	2,048	1,873	3,921	73,403		
Total expenses	\$ 1,439,856	\$ 2,279,721	\$ 410,205	\$ 1,391,496	\$ 5,521,278	\$ 1,373,513	\$ 270,841	\$ 1,644,354	\$ 7,165,632		

The accompanying notes are an integral part of these financial statements.

ONWARD NEIGHBORHOOD HOUSE
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services			Total Expenses
	Early Childhood Programs		School Age	Adult Education Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
	Early Head Start	Childhood Services							
Personnel	\$ 810,594	\$ 1,333,970	\$ 170,524	\$ 649,398	\$ 2,964,486	\$ 436,884	\$ 166,807	\$ 603,691	\$ 3,568,177
Conferences, meeting and special events	9,892	13,140	2,732	14,961	40,725	355	655	1,010	41,735
Contributed food	35,919	70,004	35,469	180,679	322,071	-	-	-	322,071
Contributed rent	-	-	-	-	-	111,405	-	111,405	111,405
Contributed services	-	-	-	-	-	185,260	-	185,260	185,260
Depreciation	-	-	-	1,492	1,492	178,032	-	178,032	179,524
Emergency assistance	-	-	-	-	290,566	-	-	-	290,566
Equipment furniture and fixtures	-	290,566	-	9,182	9,182	-	-	-	9,182
Interest	-	-	-	-	-	10,584	-	10,584	10,584
Occupancy	30,163	102,580	53,898	53,774	240,415	34,320	2,630	36,950	277,365
Office	8,818	18,347	8,469	12,692	48,326	76,405	5,965	82,370	130,696
Pass-through grant expenditures	-	461,571	-	-	461,571	-	-	-	461,571
Professional fees	265,299	200,564	5,540	217,143	688,546	129,453	12,054	141,507	830,053
Program food, supplies, activities	53,380	102,261	52,710	268,510	476,861	1,435	339	1,774	478,635
Supplies	20,132	48,192	15,890	8,586	92,800	2,245	16,156	18,401	111,201
Total expenses	\$ 1,234,197	\$ 2,641,195	\$ 345,232	\$ 1,416,417	\$ 5,637,041	\$ 1,166,378	\$ 204,606	\$ 1,370,984	\$ 7,008,025

The accompanying notes are an integral part of these financial statements.

ONWARD NEIGHBORHOOD HOUSE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,797,198	\$ 854,634
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	180,963	179,524
Donated property and equipment	(130,246)	(76,892)
Donated stock	(1,499,081)	-
Net realized and unrealized gain on investment	(124,303)	(136,937)
(Increase) decrease in operating assets		
Due from governmental agencies	(337,275)	(144,041)
Pledges and grants receivable	466,579	(171,488)
Accounts and contracts receivable	1,685	84,768
Deposits and other assets	(695)	(1,878)
Increase in operating liabilities		
Accounts payable	1,785	5,247
Accrued expenses	48,795	18,398
Net Cash Provided by Operating Activities	1,405,405	611,335
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(59,295)	(89,360)
Proceeds from sale of investments	1,499,081	41,866
Purchases of property and equipment	(25,000)	(16,066)
Purchases and deposits related to construction in progress	(31,897)	-
Net Cash Used in Investing Activities	1,382,889	(63,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage note payable	(28,203)	(26,960)
Net Cash Used in Financing Activities	(28,203)	(26,960)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,760,091	520,815
Cash and cash equivalents:		
Beginning of year	2,740,678	2,219,863
End of year	\$ 5,500,769	\$ 2,740,678
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS		
Interest paid	\$ 9,278	\$ 10,584
Income taxes paid	\$ -	\$ -
Noncash investing activities:		
Gifts of architectural and design services related to construction in progress	\$ 130,246	\$ -

The accompanying notes are an integral part of these financial statements.

ONWARD NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. NATURE OF ORGANIZATION

Onward Neighborhood House (an Illinois Not-for-Profit Corporation) (the Organization) was incorporated on December 7, 1943. The mission of the Organization, which provides services in Chicago, Illinois, is to empower families and individuals in need to achieve their full potential in a community-based setting through participant-driven educational, recreational and social service programs.

The Organization provides early childhood educational programs to children ages 3 to 5 and school age educational programs to children ages 6 to 12, which are subsidized through federal, state and local government funding. The Organization also provides free community access to computers and information technology and free training and classes in computer utilization and software application to residents of the local community.

The Organization receives funding through government grants, contributions from individuals, corporations and foundations, and special events.

2. SUMMARY OF SIGNIFICANT POLICIES

Basis of Accounting: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

Cash Equivalents: Financial instruments with original maturities of three months or less at the time of purchase are considered to be cash equivalents.

Investments: Investments are reported at fair value determined at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is based on quoted prices in active markets and changes in fair value are recorded as unrealized gains or losses. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Due from Governmental Agencies: Due from government agencies are uncollateralized obligations from government agencies, which are generally paid within 30 days from the billing date. Receivables are stated at the invoice amount. The carrying amount of due from governmental agencies is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. There was no allowance considered necessary at June 30, 2025 or 2024.

Accounts and Contracts Receivable: Contracts receivable consist of amounts related to childcare service fees.

Accounts receivable are stated at the amount management expects to collect for contracted services and fees. Accounts receivable are considered past due after thirty days. The

ONWARD NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Organization evaluates collectability of receivables based historical experience, current conditions, and reasonable and supportable forecasts. Management records an allowance for lifetime credit losses that are expected to be incurred as of the date that a receivable is originated. The allowance reduces the carrying amount of the receivables to the net amount expected to be collected over the assets' contractual term. No allowance was deemed necessary as of June 30, 2025 or 2024.

Pledges and Grants Receivable: Pledges receivable are recorded when pledged or amounts become unconditional. The Organization estimates any allowance for uncollectible accounts based on an analysis of specific account history and experience. It is the Organization's policy to charge off uncollectible accounts receivable when management determines that the receivable will not be collected. Management considers an allowance for doubtful accounts to be unnecessary as of June 30, 2025 and 2024. Pledges are expected to be realized in one year.

Property and Equipment: The Organization follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation of all such items is computed on a straight-line basis over the estimated useful lives of the assets, generally with buildings and improvements assigned twenty-five year lives, furniture and equipment assigned seven-year lives and computer equipment assigned three-year lives.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2025 and 2024.

Leases – The Organization accounts for leases under ASC 842. Lease arrangements are determined at the inception of the contract. Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and long-term operating lease liabilities on the Statements of Financial Position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the Statements of Financial Position. The Organization does not record a ROU asset or lease liability for leases with an initial term of 12 months or less but continues to record rent expense on a straight-line basis over the lease term.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most leases do not provide an implicit rate, we use a risk-free borrowing rate based on the information available at commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

ONWARD NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Net Assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

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 the resources be maintained in perpetuity.

Revenue and Revenue Recognition: The Organization has the following types of revenue:

Contributions – The Organization receives support and revenue from various funding sources in order to support their programs. Grants may be recognized as revenue either when received or based on a cost-reimbursement methodology as stated in the grant agreement, depending on whether it is determined to be conditional or unconditional. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions/barriers on which they depend are substantially met.

Unconditional promises to give are recognized as revenues in the period received. All contributions are available for unrestricted use unless explicit donor stipulations specify how or when the contributions may be used. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows, using risk adjusted interest rates applicable to those years in which the promises are to be received.

Grants from Governmental Agencies – The Organization has cost-reimbursable grants and contracts with state and local government agencies and other organizations. Revenue from these grants and contracts is conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue from these government grants and contracts is recognized when the Organization has incurred expenditures in compliance with the specific contract or grant provisions plus allowable indirect expenses which are based on the 10% de minimus rate with the federal government. Revenue recognized on these grants and contracts for which billings have not been presented to or collected from the grantors is included in due from governmental agencies in the accompanying statements of financial position.

Contributed Nonfinancial Assets – Donated marketable securities, equipment, and other assets converted to cash are recorded as contributions at fair value at the date of donation. Any assets received and not converted to cash are recorded as contributions at their estimated fair value at the date of donation.

ONWARD NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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.

Contributions of Nonfinancial Assets – The Organization was the recipient of the following contributed goods and services during the years ended June 30:

Type of Contributed Nonfinancial Asset or Service	Year ended June 30, 2025	Year ended June 30, 2024	Utilization in Program/Activities	Donor- Imposed Restrictions
Professional (Legal Services)	\$ 295,701	\$ 99,561	Management and general	None
Professional (Design Services)	130,246	85,700	Program	Capital campaign
Vehicle (Emergency Food Assistance)	-	76,892	Program	Program
Food (Emergency Food Assistance)	526,761	290,565	Program	Program
Rent	<u>116,977</u>	<u>111,405</u>	Management and general	None
	<u>\$1,069,685</u>	<u>\$ 664,123</u>		

Food donations used as part of program services may be subject to requirements as stipulated by the Greater Chicago Food Depository.

Valuation techniques and inputs for each type of nonfinancial asset or service are as follows:

Type of Nonfinancial Asset or Service	Inputs and Valuation Techniques Used to Estimate Fair Value
Professional Services (legal and design services)	Based on current rates for similar services.
Food (Emergency Food Assistance)	Based on estimates of wholesale values that would be received for selling similar products in the U.S.
Vehicle (Emergency Food Assistance)	Based on the fair value for similar vehicles.
Rent	Based on fair value of similar properties.

ONWARD NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Special Events – Special event revenue for tickets is recorded as deferred revenue when received and recognized as earned when the underlying event occurs. Contributions or other donations received as part of the special event is recognized as a contribution when pledged or given.

Subsidized Childcare Fees – As a qualified childcare provider in the State of Illinois, the Organization accepts children that qualify for free or reduced childcare, as determined by the State of Illinois Department of Human Services. Childcare subsidies are considered revenue from contracts with customers and is recognized as an exchange transaction. The Organization bills the State of Illinois, Illinois Action for Children, or the City of Chicago Department of Family Services monthly for children in the subsidy program based on the days attended, plus any additional quality rating amounts, on a fee for service basis and no funds are received in advance. Revenue is recognized over the month or other agreed upon contract term as the customers are simultaneously receiving and consuming the benefits of the service.

Early Childhood Program Fees – Program service fees are considered revenue from contracts with customers and are recognized as exchange transactions. Program service fees represent parent co-pays for extended day care or for private pay children to provide childcare or education services during the agreed upon contract period. Revenue is recognized over the month or other agreed upon contract term as the customers are simultaneously receiving and consuming the benefits of the service. Any private pay or co-pay fees received in advance of the contract period are included as deferred revenues.

Functional Allocation of Expenses: The costs of programs and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel expense is allocated on the basis of estimates of time and effort. Insurance and occupancy expenses are allocated based on square footage. All other expenses are reported using the direct allocation method.

Subsequent events: Management of the Organization has evaluated subsequent events through January 23, 2026, the date the financial statements were available to be issued.

3. DISAGGREGATION OF REVENUE

Revenue from contracts with customers disaggregated by category for the years ended June 30, is as follows:

	2025	2024
Revenue recognized over time:		
Subsidized childcare fees	\$ 1,510,254	\$ 974,775
Early childhood program fees	31,092	22,902
Total revenue from exchange transactions	\$ 1,541,346	\$ 997,677

ONWARD NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

The beginning and ending contract balances for the years ended June 30, were as follows:

	July 1, 2024	June 30, 2025
Accounts and contracts receivable	\$ 94,098	\$ 92,413
	July 1, 2023	June 30, 2024
Accounts and contracts receivable	\$ 178,866	\$ 94,098

4. LIQUIDITY AND AVAILABILITY

The table below presents financial assets available for general expenditures within one year as of June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 5,500,769	\$ 2,740,678
Investments	2,081,660	1,898,062
Due from governmental agencies	952,675	615,400
Pledges and grants receivable	57,800	524,379
Accounts and contracts receivable	92,413	94,098
Total financial assets	8,685,317	5,872,617
Less amounts not available to be used within one year:		
Pledges receivable	6,400	6,400
Net assets with donor restrictions	2,844,019	152,304
Total amounts not available to be used within one year	2,850,419	158,704
Financial assets available to meet general expenditures within one year	\$ 5,834,898	\$ 5,713,913

The Organization manages liquid resources to meet general expenditures following these principles: meet operating needs and contractual commitments, maintain adequate liquid assets, and maximize investment opportunities. The sources of liquidity available to the Organization are cash and cash equivalents, investments and accounts receivable. The Organization prepares an annual budget as well as cash flow projections, and the Organization's Finance and Investment Committee reviews the financial statements and projections and monitors liquidity measures every two months.

5. TAX STATUS

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Code. Management has determined that the Organization was not required to record a liability related to uncertain tax positions as of June 30, 2025 and 2024.

ONWARD NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

The Organization accounts for any potential interest or penalties related to the possible future liabilities for unrecognized income tax benefits as interest expense or income tax expense, respectively, in the financial statements. There were no income tax related interest or penalties during the year ended June 30, 2025. The Organization's income taxes are subject to examination by federal and state taxing authorities three years after they are filed. There are currently no examinations for any tax periods pending or in progress.

6. CONCENTRATIONS

The Organization maintains its cash in bank accounts which, at times, exceed federally-insured limits. Management believes that the Organization is not exposed to any significant credit risk related to cash balances.

The Organization received 13% and 16% of its revenue and other support from the City of Chicago Department of Family and Support Services for the years ended June 30, 2025 and 2024, respectively. The Organization received 26% and 39% of its revenue from Chicago Commons for the years ended June 30, 2025 and 2024, respectively.

14% and 39% of the Organization's due from government agencies consists of amounts due from the City of Chicago Department of Family and Support Services for the years ended June 30, 2025 and 2024, respectively. 62% and 24% of the Organization's due from government agencies consists of amounts due from Chicago Commons for the years ended June 30, 2025 and 2024, respectively.

7. CONDITIONAL GRANTS RECEIVABLE

Conditional promises to give or grants are recognized when the conditions on which they depend are substantially met, generally, when expenditures are incurred. The Organization had conditional grants to be recognized during fiscal year 2026 as qualified expenditures are incurred of approximately \$3,825,000.

8. FAIR MEASUREMENT VALUE

The Organization reports investments at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

ONWARD NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In some cases, the inputs used to measure the fair value of an asset or liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The valuation methodologies used for assets measured at fair value are as follows:

Mutual funds - Valued at fair value based on quoted prices in active markets.

Money market funds - Valued at cost, which approximates fair value.

Investments consist of the following at June 30:

	2025			Total
	Level 1	Level 2	Level 3	
Mutual funds				
Fixed income	\$ 693,852	\$ -	\$ -	\$ 693,852
Equities	1,230,146	-	-	1,230,146
Real assets	69,627	-	-	69,627
Money market	88,035	-	-	88,035
Total investments held	<u>\$ 2,081,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,081,660</u>

ONWARD NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

	2024			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed income	\$ 636,183	\$ -	\$ -	\$ 636,183
Equities	994,366	-	-	994,366
Real assets	49,340	-	-	49,340
Money market	218,173	-	-	218,173
Total investments held	<u>\$ 1,898,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,898,062</u>

Risks and uncertainties - The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investment return consisted of the following for the years ended June 30:

	2025	2024
Interest and dividends	\$ 106,586	\$ 74,089
Net realized and unrealized gain	124,303	136,937
Investment fees	(17,655)	(14,623)
Investment return, net	<u>\$ 213,234</u>	<u>\$ 196,403</u>

9. PROPERTY AND EQUIPMENT

The components of property and equipment are as follows:

	2025	2024
Land	\$ 127,500	\$ 127,500
Buildings and improvements	3,808,835	3,783,835
Furniture and equipment	29,446	29,446
Vehicle	76,892	76,892
Computer equipment	16,910	16,910
Total	4,059,583	4,034,583
Less accumulated depreciation	<u>2,720,953</u>	<u>2,539,990</u>
Property and equipment, net	<u>\$ 1,338,630</u>	<u>\$ 1,494,593</u>

Construction in progress consists of donated services including zoning, surveying, and other preconstruction costs related to a new community center which is in the pre-construction phase as of June 30, 2025. Upon completion, the total cost of construction in progress will be reclassified to the appropriate property and equipment category and depreciated over its estimated useful life. Construction in progress at June 30, 2025 was \$162,143. No construction in progress existed at June 30, 2024.

ONWARD NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Depreciation expense for at June 30, 2025, and 2024 was \$180,963 and \$179,524 respectively.

10. LINE OF CREDIT

The line of credit provides for borrowings up to \$250,000 with interest due at 8.5% per annum. It is collateralized by the Organization's investments and matures in April 2026. There were no borrowings on the line of credit at June 30, 2025 and 2024.

11. MORTGAGE LOAN PAYABLE

The Organization has a mortgage with a bank that matures in January 2031. Payments are payable in monthly installments of \$3,125, including interest. Interest is due at a fixed rate of 4.58% per annum. Interest expense on the note totaled \$9,278 and \$10,584 for the years ended June 30, 2025 and 2024, respectively. The mortgage is collateralized by real estate located in Chicago, Illinois.

Future principal amounts due on the mortgage note payable are as follows:

Year ending June 30:		
2026	\$	29,567
2027		30,945
2028		32,400
2029		33,951
2030		35,562
Thereafter		22,370
Total	\$	<u>184,795</u>

12. NET ASSETS

Net assets with donor restrictions are available for the following purpose and time restrictions for years ended June 30, 2025 and 2024:

	2025	2024
Purpose restrictions:		
Capital campaign	\$ 2,759,819	\$ 254,304
Vehicle maintenance	19,200	38,400
Bridge to belonging	65,000	-
Time restrictions		
Grants receivable	-	135,000
Total net assets with donor restrictions	<u>\$ 2,844,019</u>	<u>\$ 427,704</u>

Capital campaign funds are restricted for construction of a new community center. At June 30, 2025, the community center is in the pre-construction stage.

ONWARD NEIGHBORHOOD HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

During the years ended June 30, 2025 and 2024, net assets were released from donor restrictions by incurring expenses satisfying the following purpose and time restrictions:

	2025	2024
Purpose restrictions:		
Adult education program	\$ 39,824	\$ 36,000
Childhood education program	3,951,037	5,036,129
Property and equipment	76,097	76,892
Food Pantry	533,261	33,505
Time restriction:		
Corporations & foundations	235,000	160,000
 Total net assets released from restrictions	 \$ 4,835,219	 \$ 5,342,526

13. LEASES

During 2024, the Organization entered into a lease agreement for land and building with a donor at below market value. The agreement is effective December 13, 2023 and expires December 12, 2033. There is an option to renew the lease for five additional years. Annual payments on the lease are \$40. The organization recognized donated facilities in the amount of \$116,977 and \$111,405 for the years ended June 30, 2025 and 2024, respectively. There is no right of use asset or liability recorded with respect to this lease.

14. RETIREMENT PLANS

The Organization has a 403(b) retirement plan (the Plan) which covers all eligible full-time employees. Employees can elect to defer their compensation up to the maximum allowed. Employees are entitled to receive employer contributions equal to 5% of their annual compensation. Employer contributions to the Plan were \$119,983 and \$92,418 for the years ended June 30, 2025 and 2024, respectively.

ONWARD NEIGHBORHOOD HOUSE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Number	Pass Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Head Start Cluster				
Passed through Chicago Commons Association				
Early Head Start	* 93.600	N/A	\$ -	1,027,673
Head Start	* 93.600	N/A	181,386	1,594,632
Subtotal - Head Start Cluster			181,386	2,622,305
CCDF Cluster				
Passed through the City of Chicago Department of Family and Support Services				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:				
Child Care/Infants and Toddlers Program	93.596	PO#282142	-	1,447
Child Care/Preschool Program	93.596	PO#282142	-	17,664
Child Care/School Age Program	93.596	PO#282142	-	18,126
Subtotal - CCDF Cluster			-	37,237
Passed through the Greater Chicago Food Depository				
Temporary Assistance for Needy Families	93.558	A0001	-	2,217
			-	39,454
Passed through the Greater Chicago Food Depository				
Social Service Block Grant - Farm to Food Bank	93.667	A0001	-	1,224
Total U.S. Department of Health and Human Services			181,386	2,662,983
U.S. Department of Agriculture				
Passed through Illinois State Board of Education				
Child and Adult Care Food Program	10.558	15-016-585P-00	-	154,342
			-	154,342
Food Distribution Cluster				
Passed through the Greater Chicago Food Depository				
Emergency Food Assistance Program (Food Commodities)	10.569	A0001	-	160,279
Subtotal - Food Distribution Cluster			-	160,279
Total U.S. Department of Agriculture			-	314,621
U.S. Department of Homeland Security				
Passed through the Greater Chicago Food Depository				
Emergency Food and Shelter National Board Program (Food Commodities)	97.024	A0001	-	11,798
Total U.S. Department of Homeland Security			-	11,798
U.S. Department of Housing and Urban Development				
Community Development Block Grant Cluster				
Passed through the Greater Chicago Food Depository				
Community Block Grants / Entitlement Grants (Food Commodities)	14.218	A0001	-	4,563
Total U.S. Department of Homeland Security			-	4,563
Total Expenditures of Federal Awards			\$ 181,386	\$ 2,993,965

* Audited as a major program

See Notes to Schedule of Federal Awards.

ONWARD NEIGHBORHOOD HOUSE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Onward Neighborhood House under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Onward Neighborhood House, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Onward Neighborhood House Pass-through entity identifying numbers are presented where available.

The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Basis of Accounting

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Non - Cash Assistance

The total value of non-cash commodities provided by the Greater Chicago Food Depository under Federal programs was \$172,077 for the year ended June 30, 2025.

Insurance, Loans, and Loan Guarantees

During the year ended June 30, 2025, Onward Neighborhood House received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.



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

Board of Directors
Onward Neighborhood House
Chicago, Illinois

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 Onward Neighborhood House (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 January 23, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.



Report on Compliance and Other Matters

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

Purpose of this Report

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

Onward Neighborhood House's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Onward Neighborhood House's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Onward Neighborhood House's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Sassetti LLC

January 23, 2026
Oak Brook, Illinois



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

Board of Directors
Onward Neighborhood House

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Onward Neighborhood House's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Onward Neighborhood House's major federal programs for the year ended June 30, 2025. Onward Neighborhood House's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Onward Neighborhood House complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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



Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Onward Neighborhood House's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Onward Neighborhood House's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Onward Neighborhood House's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Onward Neighborhood House's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Onward Neighborhood House's internal control over compliance. Accordingly, no such opinion is expressed.

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



Report on Internal Control over Compliance

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

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

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

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

Sassetti LLC

January 23, 2026
Oak Brook, Illinois

ONWARD NEIGHBORHOOD HOUSE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2025

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditors' report issued:		Unmodified	
<hr/>			
Internal control over financial reporting:			
Material weakness (es) identified?	<u> X </u> Yes	<u> </u> No	
Significant deficiency (ies) identified?	<u> </u> Yes	<u> X </u> No	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

Federal Awards Section

Dollar threshold used to determine Type A programs:		\$750,000	
<hr/>			
Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No	
Type of auditor's report on compliance for major programs:		Unmodified	
<hr/>			
Internal control over major programs:			
Material weakness (es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency (ies) identified?	<u> </u> Yes	<u> X </u> No	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u> </u> Yes	<u> X </u> No	

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
93.600	Head Start

ONWARD NEIGHBORHOOD HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

FINDING 2025-001 -CONTROLS OVER FINANCIAL REPORTING

Criteria: U.S. GAAP (FASB ASC 958-605-25-16 and 958-605-30-10) requires nonprofit organizations to recognize and capitalize the fair value of donated services that create or enhance a nonfinancial asset, such as construction in progress. These amounts must be recorded as both contribution revenue and an increase to the related asset.

Condition: Management did not capitalize the fair value of donated professional services provided in connection with the organization's construction in progress. Management also did not capitalize soft costs in connection with construction in progress. The omission resulted in a material understatement of construction in progress and an overstatement of professional service expense in the financial statements.

Cause: Management was unaware of the requirement to capitalize donated professional services and soft costs that create or enhance nonfinancial assets and did not have adequate procedures to identify and record such transactions in accordance with U.S. GAAP.

Effect: Without the material adjusting entry noted, management and those charged with governance may rely on financial information that is not in accordance with U.S. GAAP to manage budget and make decisions.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that management implement procedures to identify, value, and record all donated professional services and soft costs that create or enhance nonfinancial assets, in accordance with U.S. GAAP. Management should also provide training to relevant staff and strengthen internal controls over financial reporting in this area.

Views of Responsible Officials and Corrective Action Plan: See corrective action plan as included in the report.

ONWARD NEIGHBORHOOD HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NONE



Onward Neighborhood House

www.onwardhouse.org
(773) 622-3215

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DEVON BANK

EX OFFICIO
MARIO F. GARCÍA
EXECUTIVE DIRECTOR

December 19, 2025

1. Response for Auditors (for inclusion in the Schedule of Findings and Questioned Costs)

Management's Response to Finding 2025-001 – Controls Over Financial Reporting

Management acknowledges the auditor's findings concerning the accounting treatment of donated professional services associated with construction in progress. These services were initially recorded as expenses in the income statement; however, in accordance with applicable accounting standards, their fair value should have been capitalized as part of construction in progress.

Corrective Action Plan:

Upon notification of this issue, management took immediate steps to correct the financial statements for the year ended June 30, 2025, by recording the appropriate adjustment to recognize the fair value of donated professional services as both contribution revenue and an increase to construction in progress. This adjustment ensures that the financial statements are fairly stated in accordance with U.S. GAAP.

To prevent recurrence of this issue, management will implement the following actions:

- 1. Policy Update:** Update accounting policies and procedures to require the identification, valuation, and capitalization of donated professional services that create or enhance nonfinancial assets, in accordance with FASB ASC 958-605.
- 2. Staff Training:** Provide training to relevant finance and program staff on the updated policies and U.S. GAAP requirements regarding donated services.
- 3. Internal Controls:** Strengthen internal controls by establishing a review process for all construction-related activities to ensure proper identification and recording of donated professional services.
- 4. Ongoing Monitoring:** Conduct periodic reviews to ensure continued compliance with accounting standards and seek guidance from external auditors or consultants as needed.

Responsible Party: The Director of Finance, in coordination with the Executive Director, will be responsible for implementing these corrective actions and reporting progress to the Board of Directors.

Anticipated Completion Date: All corrective actions will be implemented by January 30, 2026, with ongoing monitoring thereafter.

Management is committed to maintaining strong internal controls and ensuring the accuracy and integrity of Onward House's financial reporting.

A handwritten signature in blue ink, appearing to read "Mario F. Garcia". The signature is written in a cursive style with a large initial "M".

Mario F Garcia

Executive Director