

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS
CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2011



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

We have audited the accompanying consolidated statement of financial position of Deborah's Place & Affiliated Organizations (the "Organizations") as of June 30, 2011, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organizations' June 30, 2010, financial statements, and, in our report dated October 26, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Deborah's Place & Affiliated Organizations as of June 30, 2011, and the changes in their net assets and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2011, on our consideration of Deborah's Place & Affiliated Organizations' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Chicago, Illinois
October 24, 2011

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2011 (with Comparative Totals for 2010)

	2011	2010
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,112,525	\$ 833,971
Accounts receivable	10,638	21,328
Grants receivable	337,224	350,784
Prepaid expenses, deposits and other	98,872	79,605
Operating, replacement and tax and insurance reserves	1,028,959	1,008,270
Investments	408,364	283,697
Land, buildings and equipment	8,935,356	9,409,094
Intangible assets	32,353	37,590
TOTAL ASSETS	\$ 11,964,291	\$ 12,024,339
<u>LIABILITIES</u>		
Mortgage notes payable	\$ 6,391,694	\$ 6,398,694
Accounts payable and other accrued expenses	108,116	111,840
TOTAL LIABILITIES	6,499,810	6,510,534
<u>NET ASSETS</u>		
Unrestricted:		
Operations	2,870,148	2,805,138
Board designated for Endowment Fund	373,413	312,206
Temporarily restricted	404,541	270,007
TOTAL NET ASSETS OF DEBORAH'S PLACE	3,648,102	3,387,351
Noncontrolling interest	1,816,379	2,126,454
TOTAL NET ASSETS	5,464,481	5,513,805
TOTAL LIABILITIES AND NET ASSETS	\$ 11,964,291	\$ 12,024,339

See Notes to Financial Statements

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2011 (with Comparative Totals for 2010)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total 2011	2010
REVENUE AND SUPPORT				
Support:				
Individuals	\$ 444,350	\$ 69,311	\$ 513,661	\$ 362,553
Foundations, churches, corporations and organizations	573,700	185,000	758,700	878,360
Government grants and contracts	1,627,511	100,000	1,727,511	1,674,599
In-kind services	74,027	-	74,027	81,452
Fundraising events	147,823	-	147,823	156,802
TOTAL SUPPORT	<u>2,867,411</u>	<u>354,311</u>	<u>3,221,722</u>	<u>3,153,766</u>
Program revenue:				
Merchandise sales	-	-	-	300
Rent and rent subsidy	886,213	-	886,213	811,629
Program fees	31,742	-	31,742	38,756
TOTAL PROGRAM REVENUE	<u>917,955</u>	<u>-</u>	<u>917,955</u>	<u>850,685</u>
Other sources:				
Interest	19,639	-	19,639	27,310
Unrealized gain on investments	50,109	-	50,109	-
Other	18,395	-	18,395	163,725
TOTAL OTHER SOURCES	<u>88,143</u>	<u>-</u>	<u>88,143</u>	<u>191,035</u>
Net assets released from restriction	219,777	(219,777)	-	-
TOTAL REVENUE AND SUPPORT	<u>4,093,286</u>	<u>134,534</u>	<u>4,227,820</u>	<u>4,195,486</u>

See Notes to Financial Statements

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - Continued

Year Ended June 30, 2011 (with Comparative Totals for 2010)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total 2011	2010
FUNCTIONAL EXPENSES				
Program services:				
Safe Haven	\$ 442,571	-	\$ 442,571	\$ 481,342
Interim Housing, Teresa's	330,858	-	330,858	316,192
Permanent Housing, Marrah's	736,387	-	736,387	748,618
Deborah's Place II	403,963	-	403,963	422,734
Deborah's Place III	887,336	-	887,336	891,349
Education/Employment	333,188	-	333,188	280,115
Case Management & Health Services	596,947	-	596,947	464,165
TOTAL PROGRAM SERVICES	<u>3,731,250</u>	<u>-</u>	<u>3,731,250</u>	<u>3,604,515</u>
Supporting services:				
Management and general	354,593	-	354,593	264,786
Fundraising	191,301	-	191,301	207,178
TOTAL SUPPORTING SERVICES	<u>545,894</u>	<u>-</u>	<u>545,894</u>	<u>471,964</u>
TOTAL FUNCTIONAL EXPENSES	<u>4,277,144</u>	<u>-</u>	<u>4,277,144</u>	<u>4,076,479</u>
INCREASE (DECREASE) IN CONSOLIDATED NET ASSETS	<u>(183,858)</u>	<u>134,534</u>	<u>(49,324)</u>	<u>119,007</u>
INCREASE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST OF SUBSIDIARY	<u>310,075</u>	<u>-</u>	<u>310,075</u>	<u>193,075</u>
INCREASE IN NET ASSETS OF DEBORAH'S PLACE	<u>126,217</u>	<u>134,534</u>	<u>260,751</u>	<u>312,082</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,117,344</u>	<u>270,007</u>	<u>3,387,351</u>	<u>3,075,269</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 3,243,561</u>	<u>\$ 404,541</u>	<u>\$ 3,648,102</u>	<u>\$ 3,387,351</u>

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2011 (with Comparative Totals for 2010)

	Program Services									
	Safe Haven	Interim Housing Teresa's	Permanent Housing Marah's	Deborah's Place II	Deborah's Place III	Education/ Employment	Management & Health Services	Total Program Services		
Salaries and wages	\$ 308,268	\$ 243,956	\$ 367,637	\$ 153,498	\$ 204,538	\$ 224,999	\$ 321,972	\$ 1,824,868		
Payroll taxes	24,936	19,763	29,431	12,599	16,696	18,344	25,957	147,726		
Employee benefits	51,471	37,191	56,008	20,138	26,721	32,286	49,904	273,719		
Repairs and maintenance	3,606	1,050	32,986	35,707	118,849	4,509	2,768	199,475		
Dues and subscriptions	30	91	678	-	-	1,734	-	2,533		
Professional fees and contract services	13,709	5,301	8,708	8,750	14,950	4,477	121,263	177,158		
Specific assistance to individuals	20,129	14,216	19,020	362	745	24,918	31,599	110,989		
Insurance	2,584	1,294	7,482	11,174	28,768	4,185	3,115	58,602		
Stationery and printing	-	-	-	-	-	-	740	740		
Postage	31	53	99	107	254	36	17	597		
Utilities	-	-	34,531	57,662	92,962	-	-	185,155		
Recruiting	-	-	-	-	-	-	-	-		
Supplies	10,342	4,003	10,675	231	2,130	8,554	8,019	43,954		
Bad debt	-	-	-	8,465	24,040	-	-	32,505		
Telephone	1,704	1,308	5,699	1,636	3,149	3,700	4,406	21,602		
Transportation for staff	475	311	193	139	64	83	621	1,886		
Rent	-	-	61,370	-	-	-	3,944	65,314		
Property taxes	-	-	-	795	-	-	-	795		
Interest	-	-	-	3	11	-	-	14		
Building and equipment	2,355	1,868	7,290	671	-	5,363	3,708	21,255		
Depreciation	2,862	415	94,350	91,226	345,797	-	18,914	553,564		
Amortization	-	-	-	-	5,237	-	-	5,237		
Miscellaneous	69	38	230	800	2,425	-	-	3,562		
TOTAL EXPENSES	\$ 442,571	\$ 330,858	\$ 736,387	\$ 403,963	\$ 887,336	\$ 333,188	\$ 596,947	\$ 3,731,250		

See Notes to Financial Statements

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - Continued

Year Ended June 30, 2011 (with Comparative Totals for 2010)

	Supporting Services			Total 2010
	Management and General	Fundraising	Supporting Services	
Salaries and wages	\$ 181,196	\$ 71,911	\$ 253,107	\$ 1,981,725
Payroll taxes	14,010	5,409	19,419	150,759
Employee benefits	27,629	10,714	38,343	234,904
Repairs and maintenance	5,379	-	5,379	206,163
Dues and subscriptions	2,360	248	2,608	5,488
Professional fees and contract services	95,334	27,911	123,245	232,677
Specific assistance to individuals	-	-	-	109,260
Insurance	4,378	770	5,148	64,411
Stationery and printing	148	27,164	27,312	32,527
Postage	1,695	6,755	8,450	9,602
Utilities	-	-	-	202,045
Recruiting	225	-	225	425
Supplies	7,073	31,251	38,324	88,438
Bad debt	-	-	-	30,369
Telephone	6,443	-	6,443	35,435
Transportation for staff	132	486	618	2,401
Rent	-	-	-	63,152
Property taxes	-	-	-	444
Interest	-	-	-	102
Building and equipment	1,146	-	1,146	32,887
Depreciation	-	-	-	572,511
Amortization	-	-	-	5,237
Miscellaneous	7,445	8,682	16,127	15,517
TOTAL EXPENSES	\$ 354,593	\$ 191,301	\$ 545,894	\$ 4,277,144
				\$ 4,076,479

See Notes to Financial Statements

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS**CONSOLIDATED STATEMENT OF CASH FLOWS**

Year Ended June 30, 2011 (with Comparative Totals for 2010)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in consolidated net assets	\$ (49,324)	\$ 119,007
Adjustments to reconcile increase (decrease) in consolidated net assets to net cash flows from operating activities:		
Depreciation and amortization	558,801	577,748
Unrealized gain on investments	(50,109)	-
Decrease (increase) in operating assets:		
Accounts and grants receivable	24,250	(268,814)
Prepaid expenses, deposits and other	(19,267)	(34,258)
Operating, replacement and tax and insurance reserves	(20,689)	(25,773)
Decrease in operating liabilities:		
Accounts payable and other accrued expenses	(3,724)	(208,088)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>439,938</u>	<u>159,822</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(79,826)	(43,783)
Redemption of investments	51,456	-
Purchase of investments	(126,014)	(283,697)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(154,384)</u>	<u>(327,480)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(7,000)</u>	<u>(6,500)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	278,554	(174,158)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>833,971</u>	<u>1,008,129</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,112,525</u>	<u>\$ 833,971</u>

See Notes to Financial Statements

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies**

Nature of organization - The consolidated financial statements include the accounts of Deborah's Place, its wholly owned subsidiary, Deborah's Place III Corp., and its affiliated organization, Deborah's Place II (the "Organizations"), which share a common board of directors. Transactions between the entities have been eliminated on consolidation.

Deborah's Place is a nonprofit social service organization which attempts to break the cycle of homelessness for women in Chicago. Through a continuum of housing options, comprehensive support services and opportunities for change provided by dedicated volunteers and staff, women succeed in achieving their goals of stable housing, sustainable income and greater self-determination. Deborah's Place conducts the following programs:

Safe Haven - Dolores' Safe Haven is a supportive housing program that serves hard-to-reach women who are chronically homeless and mentally ill. There are 15 beds in the supportive living environment.

Teresa's - Teresa's Interim Housing is a 24-hour interim housing program for women. This program provides interim housing for up to 120 consecutive days to ten women at a time. Each guest lives in a semiprivate dormitory space, with shared cooking, bathroom and living room facilities. This program focuses on rapid rehousing.

Marah's - Marah's Permanent Housing Program provides 30 apartments for women who have been homeless and are living with a disability. Residents pay 30% of their income as rent.

Education/Employment - Education & Employment Services provides education, skills development and employment guidance to women in all the above-mentioned programs. Services are also available for program participants now in their own housing and to women currently experiencing homelessness. Three learning centers are now open.

Case Management & Health Services - Case Management Program assists women in meeting their goals before and after they move into housing. Women are assisted in securing income and in securing and maintaining affordable housing. Clinical, health and addiction issue services include assessment, referral, crisis intervention and follow-up support.

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies (continued)**

Deborah's Place provides permanent housing to end homelessness in the following two locations:

Deborah's Place II (The Patty Crowley Apartments) - This facility, located at 1530 N. Sedgwick Avenue in Chicago, provides private- and shared-bath apartments for 39 women. Each unit has a project-based subsidy under Section 8 of the U.S. Housing and Community Development Act of 1974. Tenant services and 24-hour case management are available on-site. This facility leases space to several Deborah's Place programs: Dolores' Safe Haven, Teresa's Interim Housing, and the Education & Employment Services. The project is financed in part by a mortgage loan from the Chicago Department of Housing (now the Department of Housing and Economic Development), with Community Development Block Grant (HUD) funds.

Deborah's Place III (Rebecca Johnson Apartments) - The facility, located at 2822 W. Jackson in Chicago, provides private-bath single-room apartments for 90 women, as well as on-site case management and supportive services. Each unit has a project-based subsidy under Section 8. The building is owned by Deborah's Place III Limited Partnership ("DP III"), a syndicated partnership which acquired and renovated the property for use as a low-income housing rental property. DP III leases administrative office space to Deborah's Place.

Deborah's Place III Corp. ("DP III Corp.") was formed to serve as the general partner of DP III and holds a 0.01% partnership interest as general partner. DP III Corp. has effective control of DP III through its general partner interest. The accompanying consolidated financial statements for the year ended June 30, 2011, include the accounts of DP III. The noncontrolling interest represents the DP III limited partner interest.

Net assets - The Organizations report information regarding their financial position and activities according to three classes of net assets as follows:

Unrestricted net assets

Operations - Net assets that are not subject to donor-imposed restrictions including the carrying value of physical properties (land, building and equipment). Items that affect this net asset category include revenue, principally grants and contributions, and related expenses associated with the core activities of the Organizations. In addition to these transactions, changes in this category of net assets include contributions whose donor-imposed restrictions were met during the fiscal period.

Board Designated for Endowment Fund - During fiscal 2003, Deborah's Place's Board of Directors established this fund for general charitable purposes of the Organizations to be operated and maintained as an endowment fund. The Board of Directors has the ultimate authority and control over all net assets of the fund and income derived therefrom.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that will be met by the passage of time or by expenditures that meet the donors' imposed purpose. When the donors' restrictions are satisfied, the net assets are transferred to unrestricted net assets.

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Permanently restricted net assets - Includes resources subject to restrictions of gift instruments requiring that principal be invested in perpetuity and investment income be utilized for support of activities.

Cash and cash equivalents - Cash and cash equivalents consist of highly liquid interest-bearing depository accounts with a maturity of three months or less. Aggregate cash balances currently exceed federally insured limits. However, the Organizations have not experienced any losses in such accounts and management does not believe that they are exposed to any significant credit risk.

Accounts receivable - Accounts receivable are composed of rent due from tenants and rent subsidies due from a government agency. Uncollectible amounts are written off to bad debt expense at the time the individual receivable is determined to be uncollectible. An allowance for doubtful accounts, if required, is based on estimates made by management and the Organizations' historical collection experience. The allowance for doubtful accounts at June 30, 2011 and 2010, was \$98,966 and \$70,155, respectively.

Land, buildings and equipment - Land, buildings and equipment are stated at cost if purchased and at fair value at the date of contribution if donated to the Organizations. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Individual purchases of furniture and equipment exceeding \$2,000 are capitalized. Depreciation expense for the years ended June 30, 2011 and 2010, was \$553,564 and \$572,511, respectively.

Contributions and grants - All public support is considered to be available for unrestricted use unless restricted specifically by the donor or funding agency. At its discretion, the Board of Directors may designate certain funds for specific purposes.

Contributions and grants restricted by the donor, grantor or other outside party are reported as temporarily or permanently restricted revenue, as applicable, when granted or pledged to the Organizations.

Investments - The Organizations invest in marketable securities with readily determinable fair values. The securities are invested in equities, corporate bonds and mutual funds that are traded at their fair values based on quoted prices in active markets. Investments in short-term certificates of deposit are stated at cost plus accrued interest, which approximates fair value. All investments are considered Level 1. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities and changes in net assets.

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies (continued)**

In-kind donations - The Organizations record various types of in-kind support, including services, materials, and gifts of goods, equipment and other tangible assets. The Organizations recognize professional services as in-kind support if those services (a) create or enhance long-lived 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. In 2011 and 2010, volunteers provided approximately 17,394 hours and 20,098 hours, respectively, for serving on the Board of Directors, preparing meals, assisting in clerical tasks, providing tutoring, conducting workshops, and participating in fundraising campaigns during the year. These services received by the Organizations did not meet these criteria. The value of contributed services meeting the requirements for recognition in the consolidated financial statements amounted to \$9,441 and \$2,930 as of June 30, 2011 and 2010, respectively.

Contributions of tangible assets are recognized at fair value when received. Gifts of goods and equipment are reported as unrestricted support unless explicit donor stipulations restrict 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 temporarily restricted support. The amounts reflected in the accompanying consolidated financial statements as in-kind support are offset by like amounts included in expenses or assets. Contributions of tangible assets, including noncash items and gift cards, amounted to \$64,585 and \$78,522 for the years ended June 30, 2011 and 2010, respectively.

Functional expenses - Operating expenses directly identified with a functional area are charged to that area, and, where expenses affect more than one area, they are allocated on the basis of ratios estimated by management.

Asset impairment assessments - The Organizations review long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. An impairment is evaluated based on the sum of undiscounted estimated future cash flows expected to result from use of the asset compared to its carrying value. If an impairment is recognized, the carrying value of the impaired asset is reduced to its fair value. No impairment was recognized in 2011 or 2010.

Income taxes - Deborah's Place and Deborah's Place II are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision has been made for federal and state income taxes since income or loss of DP III is required to be reported by the partners on their respective income tax returns.

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

Reclassification - Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year.

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS

(2) Grants receivable

Grants receivable consist of amounts due from public and private organizations. Grants due from public agencies reimburse Deborah's Place for expenses incurred and paid. All grants receivable are expected to be collected in fiscal year 2012.

(3) Investments

Investments are stated at fair value as of June 30, 2011 and 2010, and consist of the following:

	2011		2010
Mutual funds:			
Stocks	\$ 225,443		\$ 165,042
Fixed income securities	82,119	\$ 307,562	67,411
Certificate of deposit		100,802	51,244
Total		\$ 408,364	\$ 283,697

(4) Land, buildings and equipment

Land, buildings and equipment as of June 30, 2011 and 2010, consist of the following:

	2011		2010
Cost:			
Land	\$ 258,000		\$ 258,000
Buildings and improvements	15,090,745		15,034,494
Furniture and equipment	362,114		476,498
Vehicles	64,419		64,419
Total cost	15,775,278		15,833,411
Accumulated depreciation	(6,839,922)		(6,424,317)
Net land, buildings and equipment	\$ 8,935,356		\$ 9,409,094

(5) Deferred charges

Deferred charges at June 30, 2011 and 2010, consist of:

	Basis of Amortization	2011	2010
Permanent loan fees	30 years	\$ 35,454	\$ 35,454
Tax credit fees	10 years	40,553	40,553
Syndication costs	N/A	12,635	12,635
		88,642	88,642
Accumulated amortization		(56,289)	(51,052)
		\$ 32,353	\$ 37,590

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS

(5) Deferred charges (continued)

Amortization expense amounted to \$5,237 for the years ended June 30, 2011 and 2010. Estimated aggregate amortization expense for each of the next five fiscal years is as follows:

Years Ending June 30,

2012	\$	2,205
2013		1,182
2014		1,182
2015		1,182
2016		1,182

(6) Mortgage notes payable

Mortgage notes payable at June 30, 2011 and 2010, were \$6,391,694 and \$6,398,694, respectively. The notes payable for 2011 and 2010 consist of:

Mortgage note payable to the Chicago Department of Housing and Economic Development ("HED," formerly the Department of Housing), which administers these U.S. Department of Housing and Urban Development Community Development Block Grant ("CDBG") funds. This note is payable in August 2035 and bears no interest during its term provided the housing remains available to very low income persons and the note does not become due because of default under the terms of the note or the regulatory agreement. This note is collateralized by real estate owned by Deborah's Place II. The mortgage note payable to the HED at June 30, 2011 and 2010, was \$2,275,694.

Junior mortgage note payable to the Illinois Housing Development Authority ("IHDA") in the original amount of \$500,000. This note bears no interest, is payable in annual principal installments of \$1,000, and matures in 2035. The note is secured by real estate owned by Deborah's Place II. The note payable to IHDA at June 30, 2011 and 2010, was \$483,000 and \$484,000, respectively.

First mortgage note payable to IHDA in the original amount of \$3,300,000, obtained pursuant to the provisions of the HOME Program as authorized by Title II of the National Affordable Housing Act. This nonrecourse mortgage is payable in March 2030 and bears no interest during its term provided the housing remains available to very low income persons and the note does not become due because of default under the terms of the note or regulatory agreement. The note is payable in monthly principal installments of \$500 as well as the annual payment of residual receipts while the Section 8 contract is in existence; thereafter, monthly payments in the amount of \$100 will be payable. The loan is collateralized by the rental property owned by DP III and an assignment of rents and leases. The Organizations executed a Regulatory and Land Use Agreement with IHDA which prohibits the sale of the project without IHDA's approval. The note payable to IHDA at June 30, 2011 and 2010, was \$3,233,000 and \$3,239,000, respectively.

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS

(6) Mortgage notes payable (continued)

Second mortgage note payable to the HED (formerly DOH) in the original amount of \$400,000. This note bears no interest and is payable in March 2030. This nonrecourse mortgage is collateralized on a subordinate basis by rental property owned by DP III and an assignment of rents and leases. This loan payable to HED at June 30, 2011 and 2010, was \$400,000.

(7) Cash – Operating and replacement reserves

Replacement reserve - Pursuant to the DP III IHDA loan agreement, the Organizations are required to fund from available cash flows a replacement of \$1,500 per month. The replacement reserve, which is administered by IHDA, can be used to fund improvements and replacements. As of June 30, 2011 and 2010, the Organizations had fully funded the replacement reserve.

Operating deficit reserve - Also pursuant to the DP III IHDA loan agreement, the Organizations were required to fund the operating deficit reserve from the limited partner capital contributions in an initial amount of \$600,000. Additionally, the Organizations are required to deposit into the operating deficit reserve surplus cash flow, if any, in the maximum amount of \$45,000 per annum. Such funding is required until the long-term operating reserve has reached \$4,739,609. No amounts were funded in 2011 or 2010. The operating deficit reserve, which is administered by IHDA, is to be used to fund operating deficits, as defined in the HOME Loan Agreement. Interest earned is retained in the reserve account.

Tax and insurance reserves - Pursuant to the DP III IHDA loan agreement, the Organizations have established a real estate tax and insurance escrow. Monthly deposits are determined by IHDA. The tax and insurance escrow, which is administered by IHDA, is to be used to pay insurance.

The following details the reserves at June 30, 2011 and 2010:

	2011	2010
Replacement reserve	\$ 213,334	\$ 194,803
Operating deficit reserve	748,281	746,301
Tax and insurance reserves	67,344	67,166
Total	\$ 1,028,959	\$ 1,008,270

(8) Real estate taxes

Real property owned by DP III is exempt from local real estate taxes, pursuant to a determination by the Illinois Department of Revenue. The Organizations have obtained a non-homestead Property Tax Exemption Certificate on the property for the 2011 assessment year.

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS

(9) Temporarily restricted net assets

At June 30, 2011 and 2010, the amounts included in temporarily restricted net assets are restricted for the following purposes:

	Temporarily Restricted as of <u>June 30, 2010</u>	Temporarily Restricted Contributions	Grants Released from Restriction	Temporarily Restricted as of <u>June 30, 2011</u>
FY'11 general operations	\$ 43,000	\$ -	\$ (43,000)	\$ -
FY'11 West Side Collaborative	103,189	-	(89,022)	14,167
FY'12 West Side Collaborative	-	140,000	-	140,000
FY'12 general operations	18,000	114,311	-	132,311
DP II capital improvements	100,000	-	(17,900)	82,100
DP III capital improvements	-	100,000	(64,037)	35,963
Anniversary marketing	5,818	-	(5,818)	-
Total	<u>\$ 270,007</u>	<u>\$ 354,311</u>	<u>\$ (219,777)</u>	<u>\$ 404,541</u>

(10) Disclosure of noncontrolling interest

At June 30, 2011 and 2010, the balance of the noncontrolling interest of subsidiary was as follows:

Balance as of June 30, 2010	\$ 2,126,454
Loss in subsidiary attributable to noncontrolling interest	<u>(310,075)</u>
Balance as of June 30, 2011	<u>\$ 1,816,379</u>

(11) Lease commitment

The Organizations lease space for Marah's, Education/Employment and Case Management & Health Services programs under a lease which expires in fiscal year 2019. Current monthly rent payments are \$5,412, subject to annual increases of the greater of a Consumer Price Index ("CPI") adjustment or 2%.

Rent expense for the years ended June 30, 2011 and 2010, was \$65,314 and \$63,152, respectively.

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS

(11) **Lease commitment (continued)**

Minimum future annual rentals for all leases are as follows:

2012	\$ 65,595
2013	66,907
2014	68,246
2015	69,610
2016	71,003
Thereafter	<u>164,941</u>
Total	<u>\$ 506,302</u>

(12) **Deborah's Place 401(k) Plan**

Effective July 1, 2001, the Organizations created the Deborah's Place 401(k) Plan (the "Plan"). The Plan covers all eligible employees (as defined) who are at least 21 years of age and provides for (a) elective contributions to be made by participants on a pretax basis and (b) discretionary employer contributions. Participants can begin participation at the beginning of each quarter during the year they become eligible. For all employees, vesting in the Organizations' contributions begins after the second year of service and in increments of 25% per year, until fully vested after five years of service.

Contributions to the plan were \$15,737 as of June 30, 2011. There were no contributions to the Plan during fiscal year 2010. Deborah's Place absorbs all administrative costs of the Plan.

(13) **Collaborative arrangement**

In August 2009, the Organizations joined with four Chicago West Side agencies to form the West Side Collaborative. Their mutual mission is to improve the effectiveness and efficiency of health services delivered to their low-income and underserved clients. The Organizations' Partner Agencies are Cathedral Shelter of Chicago, Facing Forward to End Homelessness, Marillac Social Center and Primo Center for Women and Children.

The Organizations acted as the fiscal agent for grants from the Gordon Flesch Foundation and VNA Foundation. The Organizations also serve as the fiscal agent for a United Way Health and Wellness Grant, which will fund expenses related to the contractual provision of health care coordination, data management, participant expenses, and other fiscal year 2012 collaborative agency costs associated with service provision and administration. Grant revenue and expenses related to the collaborative are included in the consolidated financial statements. Grant revenue and expenses related to the collaborative for the year ended June 30, 2011, totaled \$195,000 and \$144,021, respectively. Grant revenue and expenses related to the collaborative for the year ended June 30, 2010, totaled \$133,000 and \$29,811, respectively.

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS

(14) Prior year comparative totals

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class or natural expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the consolidated financial statements for the fiscal year ended June 30, 2010, from which the summarized information was derived.

(15) Subsequent events

The Organizations have evaluated subsequent events through October 24, 2011, the date which the financial statements were available to be issued.

**ADDITIONAL INFORMATION
AND
SUPPORTING DATA**



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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION AND SUPPORTING DATA

To the Board of Directors

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

Our report on our audit of the consolidated financial statements of Deborah's Place & Affiliated Organizations for the year ended June 30, 2011, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the consolidated 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 consolidated 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mayer Hoffman McCann P.C.

Chicago, Illinois
October 24, 2011

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

ADDITIONAL INFORMATION - CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2011

	<u>Deborah's Place</u>	<u>Deborah's Place II</u>	<u>Deborah's Place III Corp.</u>	<u>Eliminations</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 920,597	\$ 117,725	\$ 74,203	\$ -	\$ 1,112,525
Accounts receivable	-	1,563	9,075	-	10,638
Grants receivable	337,224	-	-	-	337,224
Due from affiliate	264,580	-	-	(264,580)	-
Prepaid expenses, deposits and other	190,909	-	-	(92,037)	98,872
Operating, replacement and tax and insurance reserves	-	-	1,028,959	-	1,028,959
Investments	408,364	-	-	-	408,364
Land, buildings and equipment	1,178,424	1,480,699	6,276,233	-	8,935,356
Intangible assets	-	-	32,353	-	32,353
TOTAL ASSETS	\$ 3,300,098	\$ 1,599,987	\$ 7,420,823	\$ (356,617)	\$ 11,964,291
<u>LIABILITIES</u>					
Mortgage notes payable	\$ -	\$ 2,758,694	\$ 3,633,000	\$ -	\$ 6,391,694
Accounts payable and other accrued expenses	66,461	14,843	26,812	-	108,116
Due to affiliate	-	151,895	112,685	(264,580)	-
TOTAL LIABILITIES	66,461	2,925,432	3,772,497	(264,580)	6,499,810
<u>NET ASSETS</u>					
Unrestricted:					
Operations	2,537,783	(1,407,545)	1,831,947	(92,037)	2,870,148
Board designated for Endowment Fund	373,413	-	-	-	373,413
Temporarily restricted	322,441	82,100	-	-	404,541
TOTAL NET ASSETS OF DEBORAH'S PLACE	3,233,637	(1,325,445)	1,831,947	(92,037)	3,648,102
Noncontrolling interest	-	-	1,816,379	-	1,816,379
TOTAL NET ASSETS	3,233,637	(1,325,445)	3,648,326	(92,037)	5,464,481
TOTAL LIABILITIES AND NET ASSETS	\$ 3,300,098	\$ 1,599,987	\$ 7,420,823	\$ (356,617)	\$ 11,964,291

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

ADDITIONAL INFORMATION - CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2011

	Deborah's Place	Deborah's Place II	Deborah's Place III Corp.	Eliminations	Total
CHANGES IN UNRESTRICTED NET ASSETS					
UNRESTRICTED REVENUE AND SUPPORT					
Support:					
Individuals	\$ 444,350	\$ -	\$ -	\$ -	\$ 444,350
Foundations, churches, corporations and organizations	573,700	-	-	-	573,700
Government grants and contracts	1,627,511	-	-	-	1,627,511
In-kind services	74,027	-	-	-	74,027
Fundraising events	147,823	-	-	-	147,823
TOTAL SUPPORT	2,867,411	-	-	-	2,867,411
Program revenue:					
Rent and rent subsidy	-	397,231	599,343	(110,361)	886,213
Program fees	31,742	-	-	-	31,742
TOTAL PROGRAM REVENUE	31,742	397,231	599,343	(110,361)	917,955
Other sources:					
Management fees	57,960	-	-	(57,960)	-
Interest	16,742	77	2,820	-	19,639
Unrealized gain on investments	50,109	-	-	-	50,109
Other	1,188	5,000	12,207	-	18,395
TOTAL OTHER SOURCES	125,999	5,077	15,027	(57,960)	88,143
Net assets released from restriction	201,877	17,900	-	-	219,777
TOTAL UNRESTRICTED REVENUE AND SUPPORT	3,227,029	420,208	614,370	(168,321)	4,093,286
FUNCTIONAL EXPENSES					
Program services:					
Safe Haven	494,745	-	-	(52,174)	442,571
Interim Housing, Teresa's	363,215	-	-	(32,357)	330,858
Permanent Housing, Marah's	737,979	-	-	(1,592)	736,387
Deborah's Place II	-	424,783	-	(20,820)	403,963
Deborah's Place III	-	-	924,476	(37,140)	887,336
Education/Employment	341,781	-	-	(8,593)	333,188
Case Management and Health Services	599,921	-	-	(2,974)	596,947
TOTAL PROGRAM SERVICES	2,537,641	424,783	924,476	(155,650)	3,731,250
Supporting services:					
Management and general	367,264	-	-	(12,671)	354,593
Fundraising	191,301	-	-	-	191,301
TOTAL SUPPORTING SERVICES	558,565	-	-	(12,671)	545,894
TOTAL FUNCTIONAL EXPENSES	3,096,206	424,783	924,476	(168,321)	4,277,144
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	130,823	(4,575)	(310,106)	-	(183,858)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS					
Support	354,311	-	-	-	354,311
Grant to Deborah's Place II	(100,000)	100,000	-	-	-
Net assets released from restriction	(201,877)	(17,900)	-	-	(219,777)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	52,434	82,100	-	-	134,534
INCREASE (DECREASE) IN CONSOLIDATED NET ASSETS	183,257	77,525	(310,106)	-	(49,324)
NONCONTROLLING INTEREST IN SUBSIDIARY'S NET LOSS					
INCREASE (DECREASE) IN NET ASSETS OF DEBORAH'S PLACE	183,257	77,525	(31)	-	260,751
EQUITY CONTRIBUTIONS	-	-	64,037	(64,037)	-
NET ASSETS (DEFICIT), BEGINNING OF YEAR	3,050,380	(1,402,970)	1,767,941	(28,000)	3,387,351
TOTAL NET ASSETS (DEFICIT), END OF YEAR	\$ 3,233,637	\$ (1,325,445)	\$ 1,831,947	\$ (92,037)	\$ 3,648,102

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

<u>Source of Funds</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Federal Awards Expended by Deborah's Place:			
U.S. Department of Housing and Urban Development -			
Supportive Housing Program -			
Permanent Housing - Marah's	14.235		\$ 417,076
Permanent Housing and Supportive Services -			
Patty Crowley Apartments	14.235		150,144
Permanent Housing and Supportive Services -			
Rebecca Johnson Apartments	14.235		180,067
Permanent Housing and Supportive Services -			
Dolores' Safe Haven	14.235		330,293
			<u>1,077,580</u>
Pass-through from City of Chicago Department of			
Family & Support Services -			
Community Development Block			
Grant/Entitlement Grants -			
Domestic Assistance - Teresa's Interim Housing	14.218	18839-R5	35,918
Domestic Assistance - Teresa's Interim Housing	14.218	18839-R9	40,133
			<u>76,051</u>
Federal Emergency Management Agency -			
Emergency Food and Shelter Program			
	97.024		18,250
			<u>\$ 1,171,881</u>
Federal Awards Expended by Deborah's Place II:			
U.S. Department of Housing and Urban Development -			
Pass-through from Chicago Housing Authority			
Section 8 Project-Based Subsidies			
	14.195		<u>\$ 237,879</u>
U.S. Department of Housing and Urban Development -			
Pass-through from Chicago Department of Housing and			
Economic Development (formerly DOH)			
Balance on Note Payable			
Community Development Block Grant			
	14.218		<u>\$ 2,275,694</u>
Federal Awards Expended by Deborah's Place III Corp.:			
U.S. Department of Housing and Urban Development -			
Pass-through from Illinois Housing Development Authority			
Balance on Note Payable			
HOME Program			
	14.239		<u>\$ 3,233,000</u>
U.S. Department of Housing and Urban Development -			
Pass-through from Chicago Housing Authority			
Section 8 Mod Rehab Program Project-Based Subsidies			
	14.195		<u>\$ 447,681</u>

See Notes to Schedule of Expenditures of Federal Awards

**NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

Year Ended June 30, 2011

(1) Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Deborah's Place & Affiliated Organizations and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

(2) Loans outstanding

Deborah's Place & Affiliated Organizations had the following loan balances outstanding at June 30, 2011:

<u>Cluster/Program Title</u>	<u>Federal CDFA Number</u>	<u>Amount Outstanding</u>
Section 22(c)(4) Insured Loan Program	14.218	\$ 2,275,694
HOME Program	14.239	3,233,000

(3) Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal awards, Deborah's Place & Affiliated Organizations provided no federal awards to subrecipients for the year ended June 30, 2011.

(4) Other noncash assistance

None.



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

To the Board of Directors

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

We have audited the consolidated financial statements of Deborah's Place & Affiliated Organizations (the "Organizations") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 24, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organizations' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Organizations' Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer H. Fogelman Mc Conn P. C.

Chicago, Illinois
October 24, 2011



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**REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

Compliance

We have audited the compliance of Deborah's Place & Affiliated Organizations (the "Organizations") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of their major federal programs for the year ended June 30, 2011. The Organizations' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of the Organizations' management. Our responsibility is to express an opinion on the Organizations' compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organizations' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organizations' compliance with those requirements.

In our opinion, the Organizations complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of their major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Organizations is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organizations' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organizations' 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Organizations' Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Chicago, Illinois
October 24, 2011

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2011

There were no prior audit findings.

DEBORAH'S PLACE & AFFILIATED ORGANIZATIONS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.195	U.S. Department of Housing and Urban Development: Section 8 Mod Rehab Program Project-Based Subsidies
14.218	Section 22(c)(4) Insured Loan Program
14.239	HOME Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.