

# **FRANCISCAN OUTREACH**

## **FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS AND SUPPLEMENTAL INFORMATION**

*As of and for the Years Ended December 31, 2024 and 2023*

*And Report of Independent Auditor*

**FRANCISCAN OUTREACH**  
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## Report of Independent Auditor

To the Board of Directors  
Franciscan Outreach  
Chicago, Illinois

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Franciscan Outreach (the “Organization”) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 the Organization as of December 31, 2024 and 2023, 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 of 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 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 Audits of Financial Statements* section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe 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 the Organization’s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

#### Auditor’s Responsibilities for the Audits 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 auditor’s 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 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 the Organization'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 the Organization'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 audits, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Supplementary Information**

Our audits were 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*, and the consolidated year-end financial report as required by the Illinois Grant Accountability and Transparency Act are presented for purposes of additional analysis and are 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 and the consolidated year-end financial report as required by the Illinois Grant Accountability and Transparency Act are 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 June 3, 2025, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Chicago, Illinois  
June 3, 2025

**FRANCISCAN OUTREACH**  
**STATEMENTS OF FINANCIAL POSITION**

*DECEMBER 31, 2024 AND 2023*

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 580,321	\$ 188,078
Grants receivable	1,510,991	2,061,904
Contributions receivable	-	11,483
Investments	1,535,460	1,727,214
Prepaid insurance and other prepaid expenses	26,008	28,430
Property and equipment, net	1,548,855	583,772
Right-of-use asset - operating lease, net	351,118	437,774
Other assets	132,137	7,137
<b>Total Assets</b>	<u>\$ 5,684,890</u>	<u>\$ 5,045,792</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 304,743	\$ 62,701
Accrued expenses	230,670	150,060
Loan payable	100,000	-
Obligation under operating lease	355,490	439,420
Obligation under finance lease	13,974	18,638
<b>Total Liabilities</b>	<u>1,004,877</u>	<u>670,819</u>
Net Assets:		
Without donor restrictions	4,680,013	4,319,973
With donor restrictions	-	55,000
<b>Total Net Assets</b>	<u>4,680,013</u>	<u>4,374,973</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,684,890</u>	<u>\$ 5,045,792</u>

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

**FRANCISCAN OUTREACH**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2024

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue:			
Contributions	\$ 761,702	\$ 5,515	\$ 767,217
Bequests	11,768	-	11,768
Grants	5,152,380	331,900	5,484,280
Special events	200,529	-	200,529
Interest income	80,455	-	80,455
Total Support and Revenue Before Donated Goods and Services and Net Assets Released From Restrictions	<u>6,206,834</u>	<u>337,415</u>	<u>6,544,249</u>
Donated goods and services	586,406	-	586,406
Other Income	2,610	-	2,610
Net assets released from restrictions	<u>392,415</u>	<u>(392,415)</u>	<u>-</u>
Total Donated Goods and Services and Net Assets Released From Restrictions	<u>981,431</u>	<u>(392,415)</u>	<u>589,016</u>
Total Support and Revenue	<u>7,188,265</u>	<u>(55,000)</u>	<u>7,133,265</u>
Expenses:			
Program services	5,522,175	-	5,522,175
Administrative	833,282	-	833,282
Fundraising	473,915	-	473,915
Total Expenses	<u>6,829,372</u>	<u>-</u>	<u>6,829,372</u>
Investment return, net	<u>(1,147)</u>	<u>-</u>	<u>(1,147)</u>
Change in net assets	360,040	(55,000)	305,040
Net assets, beginning of year	<u>4,319,973</u>	<u>55,000</u>	<u>4,374,973</u>
Net assets, end of year	<u>\$ 4,680,013</u>	<u>\$ -</u>	<u>\$ 4,680,013</u>

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

**FRANCISCAN OUTREACH**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue:			
Contributions	\$ 694,147	\$ 12,360	\$ 706,507
Bequests	52,500	-	52,500
Grants	3,806,349	299,528	4,105,877
Special events	235,589	-	235,589
Interest income	93,157	-	93,157
Total Support and Revenue Before Donated Goods and Services and Net Assets Released From Restrictions	<u>4,881,742</u>	<u>311,888</u>	<u>5,193,630</u>
Donated goods and services	337,266	-	337,266
Net assets released from restrictions	256,888	(256,888)	-
Total Donated Goods and Services and Net Assets Released From Restrictions	<u>594,154</u>	<u>(256,888)</u>	<u>337,266</u>
Total Support and Revenue	<u>5,475,896</u>	<u>55,000</u>	<u>5,530,896</u>
Expenses:			
Program services	3,955,777	-	3,955,777
Administrative	778,038	-	778,038
Fundraising	398,309	-	398,309
Total Expenses	<u>5,132,124</u>	<u>-</u>	<u>5,132,124</u>
Investment return, net	<u>(5,188)</u>	<u>-</u>	<u>(5,188)</u>
Change in net assets	348,960	55,000	403,960
Net assets, beginning of year	<u>3,971,013</u>	<u>-</u>	<u>3,971,013</u>
Net assets, end of year	<u>\$ 4,319,973</u>	<u>\$ 55,000</u>	<u>\$ 4,374,973</u>

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

**FRANCISCAN OUTREACH**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2024

	<u>Program Services</u>		<u>Total Program Services</u>	<u>Supporting Services</u>		<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>House of Mary &amp; Joseph</u>	<u>Case Management</u>		<u>Administrative</u>	<u>Fundraising</u>		
Salaries	\$ 2,072,277	\$ 1,026,421	\$ 3,098,698	\$ 509,804	\$ 266,346	\$ 776,150	\$ 3,874,848
Medical benefits	168,865	122,837	291,702	71,796	24,931	96,727	388,429
Payroll taxes and other employee benefits	218,065	99,613	317,678	53,229	26,506	79,735	397,413
Professional fees and contract services	320,265	52,974	373,239	57,287	10,626	67,913	441,152
Food	623,948	802	624,750	5,941	425	6,366	631,116
Supplies	106,991	5,369	112,360	10,912	1,199	12,111	124,471
Postage and printing	648	930	1,578	887	833	1,720	3,298
Telephone and internet	18,365	6,127	24,492	940	220	1,160	25,652
Utilities	81,105	-	81,105	-	-	-	81,105
Rent	118,007	48,703	166,710	37,519	21,715	59,234	225,944
Insurance	33,060	5,322	38,382	(1,320)	1,014	(306)	38,076
Equipment repairs, rentals, and maintenance	196,340	6,855	203,195	9,281	159	9,440	212,635
Dues and media	431	4,645	5,076	13,866	6,206	20,072	25,148
Specific assistance	65,827	26,599	92,426	-	-	-	92,426
Laundry	7,955	-	7,955	-	-	-	7,955
Local travel	2,769	1,148	3,917	648	218	866	4,783
Conferences and meetings	5,097	5,953	11,050	8,655	70	8,725	19,775
Fundraising expenses	-	-	-	-	106,765	106,765	106,765
Promotion	2,542	3,437	5,979	1,316	296	1,612	7,591
Interest expense and fees	76	76	152	75	5,592	5,667	5,819
Depreciation	60,070	1,576	61,646	50,791	-	50,791	112,437
Miscellaneous	85	-	85	1,655	794	2,449	2,534
	<u>\$ 4,102,788</u>	<u>\$ 1,419,387</u>	<u>\$ 5,522,175</u>	<u>\$ 833,282</u>	<u>\$ 473,915</u>	<u>\$ 1,307,197</u>	<u>\$ 6,829,372</u>

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

**FRANCISCAN OUTREACH**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED DECEMBER 31, 2023*

	<u>Program Services</u>		<u>Total Program Services</u>	<u>Supporting Services</u>		<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>House of Mary &amp; Joseph</u>	<u>Case Management</u>		<u>Administrative</u>	<u>Fundraising</u>		
Salaries	\$ 1,443,914	\$ 765,665	\$ 2,209,579	\$ 462,946	\$ 230,328	\$ 693,274	\$ 2,902,853
Medical benefits	131,116	69,843	200,959	62,528	19,284	81,812	282,771
Payroll taxes and other employee benefits	146,331	76,922	223,253	47,053	23,430	70,483	293,736
Professional fees and contract services	368,882	40,811	409,693	77,509	8,021	85,530	495,223
Food	298,061	972	299,033	2,664	346	3,010	302,043
Supplies	129,021	4,842	133,863	10,655	1,130	11,785	145,648
Postage and printing	59	2,056	2,115	630	1,733	2,363	4,478
Telephone and internet	18,278	8,316	26,594	3,359	1,002	4,361	30,955
Utilities	66,077	-	66,077	-	-	-	66,077
Rent	108,200	20,644	128,844	37,481	7,346	44,827	173,671
Insurance	31,248	5,277	36,525	1,693	972	2,665	39,190
Equipment repairs, rentals, and maintenance	78,007	4,400	82,407	21,693	288	21,981	104,388
Dues and media	60	13,259	13,319	13,665	6,240	19,905	33,224
Specific assistance	12,829	26,439	39,268	-	-	-	39,268
Laundry	8,880	-	8,880	-	-	-	8,880
Local travel	4,389	971	5,360	1,428	143	1,571	6,931
Conferences and meetings	-	3,592	3,592	3,398	-	3,398	6,990
Fundraising expenses	-	-	-	-	89,812	89,812	89,812
Promotion	2,173	5,231	7,404	75	677	752	8,156
Interest expense and fees	97	97	194	97	7,064	7,161	7,355
Depreciation	54,093	4,699	58,792	30,222	-	30,222	89,014
Miscellaneous	26	-	26	942	493	1,435	1,461
	<u>\$ 2,901,741</u>	<u>\$ 1,054,036</u>	<u>\$ 3,955,777</u>	<u>\$ 778,038</u>	<u>\$ 398,309</u>	<u>\$ 1,176,347</u>	<u>\$ 5,132,124</u>

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

**FRANCISCAN OUTREACH**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 305,040	\$ 403,960
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	112,437	89,014
Net realized and unrealized gains on investments	(1,147)	(5,169)
Contribution of equity securities	(127,208)	(24,383)
Amortization of right-of-use asset under operating lease	137,544	64,567
Changes in:		
Accounts receivable	-	5,761
Grants receivable	550,913	(504,943)
Contributions receivable	11,483	75,797
Prepaid insurance and other prepaid expenses	2,422	(3,653)
Accounts payable	242,042	10,574
Accrued expenses	80,610	37,798
Obligation under operating lease	(134,818)	(62,922)
Other assets	(125,000)	(7,137)
Net cash flows from operating activities	<u>1,054,318</u>	<u>79,264</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(858,746)	(1,154,069)
Proceeds from sale of investments	1,178,855	1,177,823
Purchases of property and equipment	(1,077,520)	(204,369)
Net cash flows from investing activities	<u>(757,411)</u>	<u>(180,615)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from loan payable	100,000	-
Principal payments on obligation under finance lease	(4,664)	(4,600)
Net cash flows from financing activities	<u>95,336</u>	<u>(4,600)</u>
Net change in cash and cash equivalents	392,243	(105,951)
Cash and cash equivalents, beginning of year	<u>188,078</u>	<u>294,029</u>
Cash and cash equivalents, end of year	<u>\$ 580,321</u>	<u>\$ 188,078</u>
<b>Noncash investing transactions:</b>		
Contribution of equity securities	<u>\$ 127,208</u>	<u>\$ 24,383</u>
Property, plant, and equipment acquired with an operating lease obligation	<u>\$ 50,888</u>	<u>\$ 489,859</u>

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

# FRANCISCAN OUTREACH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### Note 1—Nature of operations

Franciscan Outreach (the “Organization”) is a not-for-profit organization that was organized under the laws of the State of Illinois on November 16, 1976.

The Organization operates facilities located in Chicago, Illinois and provides people who are marginalized and homeless with food, shelter, and the critical services they need to improve their lives. Support is derived primarily from donations and grants from the government, private foundations, and individuals.

### Note 2—Summary of significant accounting policies

*Basis of Accounting* – The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applicable to not-for-profit organizations.

*Cash and Cash Equivalents* – For purposes of the statements of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

*Concentration of Credit Risk* – The Organization maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Organization believes it is not exposed to significant credit risk on these accounts.

*Grants and Contributions Receivable* – The Organization records unconditional promises to give in the form of grants and contributions receivable that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2024 and 2023, an allowance for uncollectible promises to give was not deemed necessary.

*Investments* – Investments are recorded at cost purchased or fair value if donated. Thereafter, investments are reported at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses, interest, and dividends) is reported net of external and direct internal investment expenses and is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

*Property and Equipment* – Property and equipment have been recorded at cost if purchased or at fair value at time of donation if received as a gift. The Organization capitalizes property and equipment over \$1,000 that have a useful life of more than one year. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Buildings	30 years
Building improvements	10 - 30 years
Equipment	3 - 15 years
Vehicles	5 years
Leasehold improvements	Lessor of 2 - 5 years or life of the lease

**FRANCISCAN OUTREACH**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

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**Note 2—Summary of significant accounting policies (continued)**

*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-imposed 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 resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

*Support and Revenue Recognition* – The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. Special event revenue is recognized at the point in time the event takes place as this represents the point at which the goods or services are provided to the customer.

The Organization elected to use the portfolio approach practical expedient. The Organization's contracts with customers contain similar terms and as a result, the Organization has elected to apply its revenue recognition policies to a portfolio of contracts with similar characteristics. The Organization does not expect the results of doing so to differ materially from applying the guidance to individual contracts.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Organization did not receive any cost-reimbursable grants that have not been recognized at December 31, 2024 or 2023 because qualifying expenditures had not yet been incurred. No amounts have been received in advance under the federal and state contracts and grants.

*In-Kind Contributions* – The Organization receives in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fundraising activities. Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also receives contributions of goods for use in its program operations.

# FRANCISCAN OUTREACH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### **Note 2—Summary of significant accounting policies (continued)**

Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. The Organization's policy related to in-kind contributions is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. See Note 8 for a description of the valuation techniques utilized for the Organization's in-kind contributions.

*Functional Expenses* – The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salary and related benefits are allocated based on the direct conduct or supervision of programs and supporting services. Some non-salary expenses that benefit more than one functional category (administration, fundraising, and program) are spread across categories using a shared cost method. Under this method, the number of employees within a department (at a specific location) are divided by the total number of employees at the Organization (or total number employees at a specific location) to determine the percentage of shared costs they should bear. Occupancy expenses (rent and utilities) are allocated based on the square footage of space used for programs and supporting services. Materials and supplies are allocated based on usage. Telephone and internet are allocated based on number of users in each location. Expenses used for a specific program are charged directly to that program.

*Financial Instruments* – Financial instruments, which are included in the Organization's statements of financial position as of December 31, 2024 and 2023, but are not required to be measured at fair value on a recurring basis, consist of cash and cash equivalents, grants receivable, contributions receivable, accounts payable, and accrued expenses. The carrying amount of these assets and liabilities approximate fair value.

*Income Taxes* – The Organization has been determined to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision has been made for either federal or state income taxes.

The Organization has evaluated the tax positions taken for all open tax years. Currently, the returns for the prior three fiscal years are open and subject to examination by the Internal Revenue Service; however, the Organization is not currently under audit nor has the Organization been contacted by this jurisdiction.

Based on the evaluation of the Organization's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2024 or 2023.

*Accounting Estimates* – The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Leases* – The Organization leases certain buildings and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under Accounting Standards Codification 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all economic benefits from use of the asset and the right to direct the use of the asset. Management only reassess its determination if the terms and conditions of the contract are changed.

**FRANCISCAN OUTREACH**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

**Note 2—Summary of significant accounting policies (continued)**

Operating leases are included in operating lease right-of-use (“ROU”) assets and obligation under operating lease in the statements of financial position. Finance leases are included in property and equipment and obligation under finance lease in the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization’s leases do not provide an implicit rate to determine the present value of lease payments, management uses the risk free rate based on the information available at lease commencement. The operating lease ROU asset also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization’s lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise the option.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

*Subsequent Events* – Subsequent to year-end management acquired property which was financed through a note payable dated March 27, 2025 in the amount of \$1,050,000. Subsequent events have been evaluated through June 3, 2025, the date the financial statements were available to be issued.

**Note 3—Liquidity and availability**

The Organization considers all expenditures related to its program and supporting services to be general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 580,321	\$ 188,078
Grants receivable	1,510,991	2,061,904
Contributions receivable	-	11,483
Investments	<u>1,535,460</u>	<u>1,727,214</u>
	3,626,772	3,988,679
Less amounts not available for general expenditures within one year, due to:		
Net assets with donor restrictions	<u>-</u>	<u>(55,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,626,772</u>	<u>\$ 3,933,679</u>

The Organization monitors its cash position on a monthly basis. Excess cash is invested in mutual funds.

# FRANCISCAN OUTREACH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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### Note 4—Fair value measurements

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below.

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

- 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; and
- 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.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023:

*Mutual Funds* – Valued at the closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price.

*U.S. Treasury Notes* – Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

*Fixed Income* – Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**FRANCISCAN OUTREACH**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

**Note 4—Fair value measurements (continued)**

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31:

	<b>December 31, 2024</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Assets:</b>				
Mutual funds	1,535,460	-	\$ -	\$ 1,535,460
Total assets in the fair value hierarchy	<u>\$ 1,535,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,535,460</u>
	<b>December 31, 2023</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Assets:</b>				
Mutual funds	\$ 1,383,204	\$ -	\$ -	\$ 1,383,204
U.S. Treasury notes	-	247,656	-	247,656
Fixed income	-	96,354	-	96,354
Total assets in the fair value hierarchy	<u>\$ 1,383,204</u>	<u>\$ 344,010</u>	<u>\$ -</u>	<u>\$ 1,727,214</u>

For the years ended December 31, 2024 and 2023, there were no significant transfers into or out of Level 3.

**Note 5—Property and equipment**

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

	<b>2024</b>	<b>2023</b>
Land	\$ 10,000	\$ 10,000
Buildings	90,000	90,000
Building improvements	1,328,213	1,229,653
Equipment	554,351	511,654
Vehicles	28,705	28,705
Leasehold improvements	49,973	49,973
Construction in Progress	931,536	-
Total property and equipment	2,992,778	1,919,985
Less accumulated depreciation	<u>(1,443,923)</u>	<u>(1,336,213)</u>
Property and equipment, net	<u>\$ 1,548,855</u>	<u>\$ 583,772</u>

Depreciation and amortization expense included in program and supporting services were \$112,437 and \$89,014 for the years ended December 31, 2024 and 2023, respectively.

**FRANCISCAN OUTREACH**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

**Note 6—Net assets with donor restrictions**

Net assets with donor restrictions are restricted for the following purposes for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Operations - specific site	\$ -	\$ 55,000

**Note 7—Net assets released from donor restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Case management	\$ 12,500	\$ 88,500
Operations - specific site	379,915	168,388
Total net assets released from donor restrictions	<u>\$ 392,415</u>	<u>\$ 256,888</u>

**Note 8—In-kind contributions**

The Organization received the following in-kind contributions of goods, services, and facilities for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Food	\$ 586,406	\$ 297,219
Legal and other services	-	5,787
Clothing and supplies	-	34,260
Total in-kind contributions	<u>\$ 586,406</u>	<u>\$ 337,266</u>

The Organization received donations of food with a fair value of \$586,406 and \$297,219 for the years ended December 31, 2024 and 2023, respectively. Food is donated from the Greater Chicago Food Depository and an annual funding statement with the fair value of the food is provided. The Organization distributes the food in its shelters.

The Organization was provided legal and other services at no cost. Based on current market rates for legal services, the Organization would have paid \$-0- and \$5,787 for the years ended December 31, 2024 and 2023, respectively.

The Organization received clothing and supplies with a fair market value of \$-0- and \$34,260 for the years ended December 31, 2024 and 2023, respectively. The fair market value of clothing and supplies is determined by finding comparable online prices for the donated item. The clothing and supplies were used and distributed at its shelters.

All in-kind contributions received by the Organization for the years ended December 31, 2024 and 2023 were considered to be without donor restrictions and are able to be used by the Organization as determined by the Board of Directors and management.

In addition, the Organization received shares of marketable securities with fair values at the date of contribution totaling \$127,208 and \$24,383, which were liquidated, during the years ended December 31, 2024 and 2023, respectively.

**FRANCISCAN OUTREACH**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

**Note 9—Leases**

As of and for the year ended December 31, 2024, the Organization has operating lease agreements that requires monthly payments ranging from \$740 to \$7,999 and lease maturity dates up through September 2029. The Organization is also obligated by a lease agreement that meets the criteria of a finance lease. The finance lease requires monthly payments of \$408 and a lease maturity date of November 2027.

The Organization elects to apply the short-term lease measurement and recognition exemption to leases that meet the criteria. As of December 31, 2024, the Organization has entered into a lease that qualify for the short-term lease measurement and recognition exemption.

Lease expense for the years ended December 31 was as follows:

	<u>2024</u>	<u>2023</u>
Operating leases:		
Fixed rent expense	\$ 141,906	\$ 66,381
Short-term lease expense	70,800	61,200
	<u>\$ 212,706</u>	<u>\$ 127,581</u>
Finance lease:		
Amortization of ROU asset	\$ 4,729	\$ 4,729
Interest expense	226	290
	<u>\$ 4,955</u>	<u>\$ 5,019</u>

Aggregate future minimum lease payments and the present value of net future minimum payments, at December 31, 2024 are as follows:

<u>Years Ending December 31,</u>	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2025	\$ 146,128	\$ 4,890	\$ 151,018
2026	107,088	4,890	111,978
2027	91,089	4,483	95,572
2028	11,100	-	11,100
2029	8,325	-	8,325
	363,730	14,263	377,993
Less interest	(8,240)	(289)	(8,529)
	<u>\$ 355,490</u>	<u>\$ 13,974</u>	<u>\$ 369,464</u>

As of December 31, 2024, the weighted average remaining lease term for the operating lease is 2.87 years while the remaining lease term for the finance lease is 3 years. As of December 31, 2023, the remaining weighted average lease term for the operating lease was 3.45 years while the remaining lease term for the finance lease was 4 years.

Because the Organization generally does not have access to the rate implicit in the lease, the Organization utilizes the risk free rate as the discount rate. The discount rate associated with operating lease as of December 31, 2024 and 2023 is 2.03% and 1.04% respectively, while the discount rate associated with the finance lease as of December 31, 2024 and 2023 1.37%.

## **SINGLE AUDIT REPORTS**

**Report of Independent Auditor 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  
Franciscan Outreach  
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 Franciscan Outreach (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 June 3, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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.

Chicago, Illinois  
June 3, 2025

## **Report of Independent Auditor on Compliance for Each Major Federal Program and Report on Internal Controls over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Franciscan Outreach  
Chicago, Illinois

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited Franciscan Outreach's (the "Organization") 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 the Organization's major federal programs for the year ended December 31, 2024. The Organization'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, the Organization 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 December 31, 2024.

#### **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 the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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. 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.

Chicago, Illinois  
June 3, 2025

**FRANCISCAN OUTREACH**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*YEAR ENDED DECEMBER 31, 2024*

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Pass-Through Grantor Number</b>	<b>Federal Assistance Listing Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grants (CDBG)/Entitlement Grants Cluster			
<i>Pass-through City of Chicago Department of Family and Support Services</i>			
Community Development Block Grant	2024-174589 R268024	14.218	\$ 892,039
Total CDBG - Entitlement Grants Cluster			<u>892,039</u>
<i>Pass-through All Chicago Making Homelessness History</i>			
COVID-19 - Coronavirus State Fiscal Recovery Funds-American Rescue Plan Act (ARP)	PO 188624	21.027	260,914
Rapid Re-Housing Program			
Total Emergency Solutions Grant Program			<u>260,914</u>
<i>Pass-through All Chicago Making Homelessness History</i>			
Continuum of Care Program	IL1635L5T102204	14.267	78,160
Continuum of Care Program	IL1635L5T102305	14.267	7,340
Total Continuum of Care Program			<u>85,500</u>
Total U.S. Department of Housing and Urban Development			<u>1,238,453</u>
<b>U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA)</b>			
Emergency Food and Shelter Program Cluster			
National Board for the Emergency Food and Shelter Program			
Emergency Food and Shelter National Board Program	237800154	97.024	18,900
Total Emergency Food and Shelter National Board Program			<u>18,900</u>
United Way of America (Non-cash assistance)			
<i>Pass-through Greater Chicago Food Depository</i>			
Emergency Food and Shelter National Board Program		97.024	1,331
Total Emergency Food and Shelter National Board Program			<u>1,331</u>
Total U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA)			<u>20,231</u>

See Notes to Schedule of Expenditures of Federal Awards.

**FRANCISCAN OUTREACH**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

*YEAR ENDED DECEMBER 31, 2024*

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Grantor Number	Federal Assistance Listing Number	Federal Expenditures
<b>U.S Department of Agriculture</b>			
Emergency Food Assistance Cluster			
Emergency Food Assistance Program (Food Commodities) (Noncash assistance)			
Pass-through Greater Chicago Food Depository		10.569	\$ 178,672
Total Emergency Food Assistance Program			<u>178,672</u>
Farm to Food Bank (Non-cash assistance)			
Pass-through Greater Chicago Food Depository		93.667	<u>53</u>
Total Social Services Block Grant			<u>53</u>
Total U.S. Department of Agriculture			<u>178,725</u>
<b>U.S. Department of Health and Human Services</b>			
Temporary Assistance for Needy Families (TANF) (Non-cash assistance)			
Pass-through Greater Chicago Food Depository		93.558	<u>54</u>
Total Temporary Assistance for Needy Families			<u>54</u>
Total U.S. Department of Health and Human Services.			<u>54</u>
Total Expenditures of Federal Awards			<u>\$ 1,437,463</u>

See Notes to Schedule of Expenditures of Federal Awards.

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

*YEAR ENDED DECEMBER 31, 2024*

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**Note 1—Basis of presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Franciscan Outreach (the “Organization”) for the year ended December 31, 2024. The information in this schedule is presented in accordance with the 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”). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

**Note 2—Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3—Sub-recipients**

The Organization provided no federal awards to sub-recipients during the year ended December 31, 2024.

**Note 4—Nonmonetary assistance**

During the year ended December 31, 2024, the Organization received nonmonetary federal assistance in the form of food. The value of this assistance, determined using fair value, is included in the SEFA. The Organization complied with applicable federal requirements related to this assistance.

**Note 5—Insurance and loans or loan guarantees**

During the year ended December 31, 2024, the Organization received no loans, loan guarantees, or other federal assistance for the purpose of administering federal programs.

**FRANCISCAN OUTREACH**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED DECEMBER 31, 2024

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**Section I—Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness identified?  yes  no
- Significant deficiency identified that is not considered to be a material weakness?  yes  no

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major federal programs:

- Material weakness identified?  yes  no
- Significant deficiency identified that is not considered to be a material weakness?  yes  no

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

yes  no

Identification of major federal programs:

**Assistance Listing #**

**Program Name**

14.218

CDBG – Entitlement Grants Cluster

Dollar threshold used to distinguish between Type A and Type B Programs:

\$750,000

Auditee qualified as low-risk auditee?

yes  no

**Section II—Financial Statement Findings**

None reported.

**Section III—Federal Award Findings and Questioned Costs**

None reported.

**Section IV—Prior Year Findings**

None.

## **SUPPLEMENTAL INFORMATION**

**FRANCISCAN OUTREACH**  
**CONSOLIDATED YEAR-END FINANCIAL REPORT AS REQUIRED**  
**BY THE ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT**

*YEAR ENDED DECEMBER 31, 2024*

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<b>CSFA #</b>	<b>Program Name</b>	<b>State</b>	<b>Federal</b>	<b>Other</b>
444-80-0656	Emergency & Transitional Housing Program	\$ 514,293		
	All other federal expenditures		\$ 1,437,463	
	All other costs not allocated			\$ 4,877,616
		<u>\$ 514,293</u>	<u>\$ 1,437,463</u>	<u>\$ 4,877,616</u>