

LINCOLN PARK VILLAGE
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

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Independent Auditor's Report

The Board of Directors
Lincoln Park Village
2502 N. Clark Street
Chicago, Illinois 60614

I have audited the accompanying financial statements of Lincoln Park Village (LPV), an Illinois nonprofit organization, which are comprised of the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the LPV as of June 30, 2016, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

James M. Babic, PC

September 15, 2016

LINCOLN PARK VILLAGE
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 229,910	\$ 3,000	\$ 232,910
Pledges receivable	25,993	11,420	37,413
Contract service fee receivable	3,333	-	3,333
Prepaid expenses	2,612	-	2,612
Total current assets	261,848	14,420	276,268
OFFICE FURNITURE AND EQUIPMENT			
net of accumulated depreciation of \$17,994 (Note 4)	28,002	-	28,002
OTHER ASSETS			
Charitable gift annuity (Note 5)	13,062	-	13,062
Total assets	\$ 302,912	\$ 14,420	\$ 317,332
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 13,108	\$ -	\$ 13,108
Payroll-related liabilities	13,085	-	13,085
Deferred revenues	1,075	-	1,075
Charitable gift annuity (Note 5)	13,062	-	13,062
Total liabilities	40,330	-	40,330
NET ASSETS (Note 3)	265,582	11,420	277,002
Total liabilities and net assets	\$ 305,912	\$ 11,420	\$ 317,332

The accompanying notes are an integral part of these financial statements

LINCOLN PARK VILLAGE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE:			
Public support:			
Grants, sponsorship, and contributions	\$ 165,004	\$ 11,420	\$ 176,424
Contributions, in-kind (Note 6)	7,140	-	7,140
Fundraising events, net of direct expenses (Note 7)	101,767	-	101,767
Total public support	273,911	11,420	285,331
Net assets released from restrictions upon satisfaction of program requirements	20,150	(20,150)	-
Revenues:			
Membership dues	156,205	-	156,205
Member services, program fees	31,251	-	31,251
Contract service fee (Note 8)	20,000	-	20,000
Interest income	128	-	128
Miscellaneous income	53	-	53
Total revenues	207,637	-	207,637
Total public support and revenues	501,698	(8,730)	492,968
EXPENSES:			
Program services	349,330	-	349,330
Supporting services:			
General management & administration	28,183	-	28,183
Membership recruitment and retention, and resource development	69,149	-	69,149
Total supporting services expenses	97,332	-	97,332
Total program and supporting services	446,662	-	446,662
NET INCREASE (DECREASE) IN NET ASSETS	55,036	(8,730)	46,306
NET ASSETS:			
Beginning of the year	210,546	40,150	250,696
Prior year adjustment (Note 11)	-	(20,000)	(20,000)
Beginning of the year, as adjusted	210,546	20,150	230,696
End of the year	\$ 265,582	\$ 11,420	\$ 277,002

The accompanying notes are an integral part of these financial statements

LINCOLN PARK VILLAGE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	SUPPORTING SERVICES					Total
	Program Services	General Mgmt. & Admin.	Membership and Resource Develop- ment	Total Supporting Services		
Staff salaries and wages	\$ 215,225	\$ 9,337	\$ 47,499	\$ 56,836	\$ 272,061	
Employer payroll taxes	15,656	679	3,455	4,134	19,790	
Employer retirement plan contributions (Note 9)	5,292	230	1,168	1,398	6,690	
Staff health insurance benefits	9,004	390	1,987	2,377	11,381	
Contracted services and stipends	14,750	167	-	167	14,917	
Professional services	-	15,684	-	15,684	15,684	
Facility occupancy (Note 10)	13,575	589	2,996	3,585	17,160	
Facility occupancy, in-kind (Note 6)	5,079	220	1,121	1,341	6,420	
Program events	32,138	-	-	-	32,138	
Insurance	3,130	136	691	827	3,957	
Public outreach and promotion	2,775	-	-	-	2,775	
Office supplies and expenses	2,547	109	562	671	3,218	
Telecommunications	3,025	131	667	798	3,823	
Postage and courier	2,735	118	603	721	3,456	
Printing	2,606	112	575	687	3,293	
Printing, in-kind (Note 6)	720	-	-	-	720	
Staff and volunteer development	8,774	-	-	-	8,774	
Conferences, meetings, and, travel	3,716	160	820	980	4,696	
Credit card and bank fees	2,873	-	2,873	2,873	5,746	
Dues and subscriptions	600	-	3,516	3,516	4,116	
Depreciation	2,791	121	616	737	3,528	
Miscellaneous	2,319	-	-	-	2,319	
Total functional expenses	\$ 349,330	\$ 28,183	\$ 69,149	\$ 97,332	\$ 446,662	

The accompanying notes are an integral part of these financial statements

LINCOLN PARK VILLAGE
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CASH FLOW FROM OPERATING ACTIVITIES:	
Net increase in net assets	\$ 46,306
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:	
Depreciation and amortization	3,528
(Increase) decrease in:	
Pledges receivable	2,187
Contract service fee receivable	6,667
Prepaid expenses	2,100
Increase (decrease) in:	
Accounts payable	(6,679)
Payroll-related liabilities	149
Deferred revenues	53
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>54,311</u>
CASH FLOW USED IN INVESTING ACTIVITIES	
Capitalized costs for web-site renovation	<u>(20,000)</u>
NET INCREASE IN CASH	34,311
CASH, BEGINNING OF THE YEAR	<u>198,599</u>
CASH, END OF THE YEAR	<u><u>\$ 232,910</u></u>

The accompanying notes are an integral part of these financial statements

LINCOLN PARK VILLAGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - HISTORY AND NATURE OF THE ORGANIZATION

Lincoln Park Village (LPV) was founded in 2009. LPV is a grassroots, volunteer-first, community-based Illinois not-for-profit organization.

The mission of LPV is to enhance the quality of life and the well-being of individuals as they live longer, so that they remain integral, vibrant and contributing members of their communities. The vision of LPV is to be a leader in enriching the experience of aging in our communities and a model for the nation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

Basis of presentation

Financial statement presentation follows the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-605 and No. 958-205.

Under FASB ASC No. 958-605 contributions are recognized in the period received, or in the period in which an unconditional promise to give is made.

Under FASB ASC 958-205 LPV is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Classification of net assets as unrestricted, temporarily restricted, or permanently restricted is based on the absence or existence of donor imposed restrictions.

Donor-imposed restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, restricted support that is received and fulfilled within the same fiscal year is reported as unrestricted.

Income taxes

LPV is exempt from federal taxes under Section 501(c)3 of the Internal Revenue Code. It qualifies for charitable contributions under Section 170(b)(1)(A)(iii), and has been classified as an organization that is not a private foundation under Section 509(a)(2). LPV's management has determined that FIN 48, which addresses accounting for uncertainty in income taxes, has no effect on its financial statements due to LPV's tax-exempt status.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles may require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures. Actual results could differ from those estimates.

Expense allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(Continued on the following page)

LINCOLN PARK VILLAGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

LPV has evaluated subsequent events through September 15, 2016, the date financial statements were available to be issued.

Donated Services

During the year ended June 30, 2016 LPV benefited from many hours of donated services from many individuals that helped LPV meet program objectives. These donated services are not reported as contributions in the financial statements because they do not meet the criteria of skilled services required to be reported under FASB ASC 958-605-25-16.

NOTE 3 - NET ASSETS

Board-Designated Operating Reserve Fund

Unrestricted net assets as of June 30, 2016 includes \$102,354 set aside for the Board-Designated Operating Reserve Fund. This fund was established by a Board resolution passed in August, 2013. The general purpose of this fund is to help ensure the long-term financial viability of LPV. The Board is targeting a minimum balance of \$200,000 for this fund. Funding sources for this fund are 1) the allocation of 50% of annual net revenues from operations, and 2) Planned Giving, Tribute Gifts, and other donations designated by the Board that are not specifically designated by the donor for any other purpose.

Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2016 are available for the following program services:

Pledges received on or before June 30, 2016 designated by the donor to fund programs, events, and activities scheduled to occur after June 30, 2016.	\$ <u>11,420</u>
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NOTE 4 - OFFICE FURNITURE AND EQUIPMENT, net of accumulated depreciation

Purchased office furniture and equipment is recorded at cost. Donated office furniture and equipment is recorded at the estimated fair market value on the date of receipt. Depreciation is generally provided on a straight-line basis over an estimated useful life of three or five years. LPV's capitalization policy requires a minimum per-item cost of \$500.

NOTE 5 - CHARITABLE GIFT ANNUITY

LPV received a gift of \$17,160 from a donor in which the donor directed LPV to purchase an annuity for the benefit of the donor. LPV purchased the annuity in October, 2011 for a purchase price of \$13,062. The annuity provides the donor with annual payment of \$1,008 until death.

NOTE 6 - IN-KIND CONTRIBUTION

In-kind contributions of \$7,140 for the fiscal year ended June 30, 2016 consists of \$6,420 rent abatements granted by the landlord from whom LPV rents its primary office space and \$720 of donated printing services. These in-kind contributions are reflected as revenue and a corresponding expenditure, resulting in a zero effect in net assets.

LINCOLN PARK VILLAGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 7 - FUNDRAISING EVENTS, net of direct expenses

Listed below is a summary of revenues and direct expenses related to fundraising events held by LPV during the fiscal year ended June 30, 2016:

Revenues:

Admissions, sponsorship, contributions, and other	\$ <u>121,318</u>
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Direct expenses:

Facility rent, catering, printing, and other	19,551
Net fundraising revenues over direct expenses	\$ <u><u>101,767</u></u>

NOTE 8 - CONTRACT SERVICE FEE

Contract revenue for the fiscal year ended June 30, 2016 consists entirely of a fee for services contract between LPV and Northwestern University Feinberg School of Medicine. Under the terms of the contract LPV received \$50,000 over the three-year term of the contract, which ended June 30, 2016, for participating in the Advance Planning for Home Services Project.

NOTE 9 - EMPLOYER RETIREMENT PLAN CONTRIBUTIONS

LPV offers a 401(k) retirement plan benefit to qualified full-time employees. During the fiscal year ended June 30, 2016 LPV made \$6,689 of matching contributions for all eligible participating employees. LPV’s matching contribution is limited to 100% of the first 3% of each eligible employee’s compensation plus 50% for more than 3% and up to 5% of each eligible employee’s compensation.

NOTE 10 - LEASE COMMITMENTS

LPV leases office space, located at 2502 N. Clark, Chicago, Illinois, under an agreement that originated on July 1, 2015 and continued through June 30, 2016. Monthly rent throughout the term of this lease was \$1,965, which includes a monthly in-kind provision of \$535. Total expense for this lease during the fiscal year ended June 30, 2016 was \$23,580, which includes \$6,420 of in-kind rent.

Subsequent to June 30, 2016 LPV has been leasing the same office space on a month-to-month basis, at a rate of \$2,715 per month with no in-kind provision.

NOTE 11 - PRIOR YEAR ADJUSTMENT

Net assets as of June 30, 2015 have been adjusted to correct a \$20,000 overstatement of contract service fee receivable.

LINCOLN PARK VILLAGE
SUPPLEMENTARY INFORMATION
NET ASSETS ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unrestricted Net Assets			Temporarily Restricted Net Assets	Total Net Assets
	Unrestricted	Board - Designated Operating Reserve Fund	Total		
Balance as of June 30, 2015 before prior year adjustment	\$ 128,882	\$ 81,664	\$ 210,546	\$ 40,150	\$ 250,696
Prior year adjustment	-	-	-	(20,000)	(20,000)
Balance as of June 30, 2015 after prior year adjustment	128,882	81,664	210,546	20,150	230,696
Transfer of Board-designated restriction for 50% of net surplus for the fiscal year ended June 30, 2015	(9,790)	9,790	-	-	-
Activity for the fiscal year ended June 30, 2016:					
Temporarily restricted net assets released from restrictions	20,150	-	20,150	(20,150)	-
Net increase in net assets for the fiscal year ended June 30, 2016	46,306	-	46,306	-	46,306
Contributions designated by the Board for the operating reserve fund	(10,900)	10,900	-	-	-
Pledges designated by the donor for post June 30, 2016 activities	(11,420)	-	(11,420)	11,420	-
Net activity for the fiscal year ended June 30, 2016	44,136	10,900	55,036	(8,730)	46,306
Balance as of June 30, 2016	<u>\$ 163,228</u>	<u>\$ 102,354</u>	<u>\$ 265,582</u>	<u>\$ 11,420</u>	<u>\$ 277,002</u>