

LINCOLN PARK VILLAGE, INC.
d/b/a THE VILLAGE CHICAGO
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018
(With summarized comparative information for
the fiscal year ended June 30, 2017)

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d/b/a THE VILLAGE CHICAGO
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Independent Auditor's Report

The Board of Directors
Lincoln Park Village, Inc.
d/b/a The Village Chicago
2502 N. Clark Street
Chicago, Illinois 60614

I have audited the accompanying financial statements of Lincoln Park Village, Inc. d/b/a the Village Chicago (the Village), an Illinois nonprofit organization, which are comprised of the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the fiscal 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 Village as of June 30, 2018, 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.

Report on Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from the Village's June 30, 2017 financial statements which were audited by me. My report dated September 8, 2017 expressed an unqualified opinion on those financial statements.

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

August 8, 2018

LINCOLN PARK VILLAGE, INC.
d/b/a THE VILLAGE CHICAGO
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018
(With summarized comparative totals as of June 30, 2017)

	As of June 30, 2018			Summarized Comparative Totals as of June 30, 2017
	Unrestricted	Temporarily Restricted	Total	
<u>ASSETS</u>				
CURRENT ASSETS				
Cash	\$ 158,014	\$ 43,000	\$ 201,014	\$ 252,476
Investments (Note 5)	372,880	-	372,880	221,752
Pledges receivable	34,400	6,100	40,500	36,790
Grants and contract service fee receivable	-	-	-	36,987
Prepaid expenses	5,511	-	5,511	13,335
Total current assets	570,805	49,100	619,905	561,340
OFFICE FURNITURE AND EQUIPMENT net of accumulated depreciation of \$39,166 and \$27,074 as of June 30, 2018 and June 30, 2017, respectively (Note 6)	19,895	-	19,895	29,682
OTHER ASSETS				
Charitable gift annuity (Note 7)	13,062	-	13,062	13,062
Total assets	\$ 603,762	\$ 49,100	\$ 652,862	\$ 604,084
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 30,664	\$ -	\$ 30,664	\$ 3,695
Deferred revenues	-	-	-	540
Charitable gift annuity (Note 7)	13,062	-	13,062	13,062
Total liabilities	43,726	-	43,726	17,297
NET ASSETS (Note 4)	560,036	49,100	609,136	586,787
Total liabilities and net assets	\$ 603,762	\$ 49,100	\$ 652,862	\$ 604,084

The accompanying notes are an integral part of these financial statements

LINCOLN PARK VILLAGE, INC.
d/b/a THE VILLAGE CHICAGO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(With summarized comparative totals for the fiscal year ended June 30, 2017)

	Unrestricted	Temporarily Restricted	Total	Total for Fiscal Year Ended June 30, 2017
PUBLIC SUPPORT AND REVENUE:				
Public support:				
Grants, sponsorship, and contributions	\$ 187,652	\$ 49,100	\$ 236,752	\$ 473,037
Contributions, in-kind (Note 8)	14,830	-	14,830	8,750
Fundraising events, net of direct expenses (Note 9)	132,607	-	132,607	119,347
Total public support	335,089	49,100	384,189	601,134
Net assets released from restrictions upon satisfaction of program requirements	61,777	(61,777)	-	-
Revenues:				
Membership dues	173,874	-	173,874	166,200
Member services, program fees	29,180	-	29,180	22,241
Investment earnings	2,166	-	2,166	-
Interest income	224	-	224	263
Miscellaneous income	2,000	-	2,000	500
Total revenues	207,444	-	207,444	189,204
Total public support and revenues	604,310	(12,677)	591,633	790,338
EXPENSES:				
Program services	450,903	-	450,903	384,306
Supporting services:				
General management & administration	66,839	-	66,839	50,977
Membership recruitment and retention, and resource development	51,542	-	51,542	45,270
Total supporting services expenses	118,381	-	118,381	96,247
Total program and supporting services	569,284	-	569,284	480,553
NET INCREASE (DECREASE) IN NET ASSETS	35,026	(12,677)	22,349	309,785
NET ASSETS:				
Beginning of the year	525,010	61,777	586,787	277,002
End of the year	\$ 560,036	\$ 49,100	\$ 609,136	\$ 586,787

The accompanying notes are an integral part of these financial statements

LINCOLN PARK VILLAGE, INC.
d/b/a THE VILLAGE CHICAGO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(With summarized comparative totals for the fiscal year ended June 30, 2017)

	Program Services	SUPPORTING SERVICES			Totals	
		General Mgmt. & Admin.	Membership and Resource Develop- ment	Total Supporting Services	2018	2017
Staff salaries and wages	\$ 271,796	\$ 36,449	\$ 33,821	\$ 70,270	\$ 342,066	\$ 279,495
Employer payroll taxes	20,666	2,772	2,572	5,344	26,010	20,342
Employer retirement plan contributions (Note 10)	5,269	706	656	1,362	6,631	7,291
Staff health insurance benefits	11,257	1,508	1,401	2,909	14,166	14,267
Contracted services and stipends	13,780	-	-	-	13,780	18,000
Professional services	-	14,650	-	14,650	14,650	17,274
Facility occupancy (Note 11)	27,381	3,672	3,407	7,079	34,460	33,480
Facility occupancy, in-kind (Note 8)	1,295	174	161	335	1,630	8,150
Program events	31,770	-	-	-	31,770	26,285
Insurance	4,298	576	535	1,111	5,409	4,236
Public outreach and promotion	23,812	-	-	-	23,812	8,555
Public outreach and promotion, in-kind (Not	12,000	-	-	-	12,000	-
Office supplies and expenses	1,210	162	150	312	1,522	3,801
Telecommunications	4,641	622	577	1,199	5,840	5,569
Postage and courier	2,337	313	291	604	2,941	3,198
Printing	816	109	101	210	1,026	3,252
Printing, in-kind (Note 8)	1,200	-	-	-	1,200	600
Staff and volunteer development	580	-	-	-	580	1,481
Conferences, meetings, and, travel	1,244	167	155	322	1,566	2,759
Credit card and bank fees	3,038	-	3,038	3,038	6,076	5,190
Dues and subscriptions	2,905	-	3,481	3,481	6,386	5,661
Depreciation	9,608	1,288	1,196	2,484	12,092	9,080
Miscellaneous	-	3,671	-	3,671	3,671	2,587
Total functional expenses	\$ 450,903	\$ 66,839	\$ 51,542	\$ 118,381	\$ 569,284	\$ 480,553

The accompanying notes are an integral part of these financial statements

LINCOLN PARK VILLAGE, INC.
d/b/a THE VILLAGE CHICAGO
STATEMENT OF CASH FLOWS

	Fiscal Year Ended	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Net increase in net assets	\$ 22,349	\$ 309,785
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation and amortization	12,092	9,080
(Increase) decrease in:		
Pledges receivable	(3,710)	623
Contract service fee receivable	36,987	(33,654)
Prepaid expenses	7,824	(10,723)
Increase (decrease) in:		
Accounts payable	26,969	(9,413)
Payroll-related liabilities	-	(13,085)
Deferred revenues	(540)	(535)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>101,971</u>	<u>252,078</u>
CASH FLOW USED IN INVESTING ACTIVITIES		
Capitalized costs for web-site renovation	-	(9,650)
Capitalized purchases of computer equipment	(2,305)	(1,110)
Purchase of investments	(148,962)	(221,646)
Investment income reinvested	(2,166)	(106)
Total cash used in investing activities	<u>(153,433)</u>	<u>(232,512)</u>
NET INCREASE (DECREASE) IN CASH	(51,462)	19,566
CASH, BEGINNING OF THE YEAR	<u>252,476</u>	<u>232,910</u>
CASH, END OF THE YEAR	<u>\$ 201,014</u>	<u>\$ 252,476</u>

The accompanying notes are an integral part of these financial statements

LINCOLN PARK VILLAGE, INC.
d/b/a THE VILLAGE CHICAGO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 - HISTORY AND NATURE OF THE ORGANIZATION

Lincoln Park Village, Inc. d/b/a the Village Chicago (the Village) was founded in 2009. The Village is a grassroots, volunteer-first, community-based Illinois not-for-profit organization.

The mission of the Village is to enhance the quality of life and the well-being of individuals as we live longer, so we remain integral, vibrant, and contributing members of our communities. The vision of the Village 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 the Village 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

The Village 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). The Village's management has determined that FIN 48, which addresses accounting for uncertainty in income taxes, has no effect on its financial statements due to the Village'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, INC.
d/b/a THE VILLAGE CHICAGO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Village has evaluated subsequent events through August 8, 2018, the date financial statements were available to be issued.

Donated Services

During the year ended June 30, 2018 the Village benefited from many hours of donated services from many individuals that helped the Village 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 - PRIOR YEAR SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized information presented for comparative purposes. Such comparative information is in total but not by net asset class, and therefore, does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Village's financial statements for the fiscal year ended June 30, 2017, from which the summarized information was derived.

NOTE 4 - NET ASSETS

Board-Designated Operating Reserve Fund

Unrestricted net assets as of June 30, 2018 includes \$370,096 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 the Village. Funding sources for this fund are 1) the allocation of 50% of annual net revenues from operations, and 2) Planned Giving 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, 2018 are available for the following program services:

Pledges and donations received on or before June 30, 2018 designated by the donor to fund programs, events, and activities scheduled to occur after June 30, 2018.	\$ 10,600
Develop Healthcare Advocacy Initiative	37,500
Engagement to Implement PCORI - PlanYourLifespan.org	1,000
Total temporarily restricted net assets as of June 30, 2018	<u>\$ 49,100</u>

LINCOLN PARK VILLAGE, INC.
d/b/a THE VILLAGE CHICAGO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5 - INVESTMENTS

Investments as of June 30, 2018 and June 30, 2017 are presented at fair market value.

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the 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 three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

The asset'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 is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and June 30, 2017:

Cash and cash equivalents - unadjusted quoted prices per active markets that the Village has the ability to access.

Certificates of deposit - unadjusted quoted prices per active markets that the Village has the ability to access.

Mutual and exchange-traded funds - unadjusted quoted prices per active markets that the Village has the ability to access.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Village 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 measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Village's investments at fair value as of June 30, 2018 and June 30, 2017:

Investments at Value as of June 30, 2018

Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 226,812	\$ -	\$ -	\$ 226,812
Mutual and exchange-traded funds	146,068	-	-	146,068
Total	<u>\$ 372,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,880</u>

(Continued on the following page)

LINCOLN PARK VILLAGE, INC.
d/b/a THE VILLAGE CHICAGO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5 - INVESTMENTS (Continued)

Investments at Fair Value as of June 30, 2017

Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 652	\$ -	\$ -	\$ 652
Certificates of deposit	221,100	-	-	221,100
Total	<u>\$ 221,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,752</u>

NOTE 6 - 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. The Village's capitalization policy requires a minimum per-item cost of \$500.

NOTE 7 - CHARITABLE GIFT ANNUITY

The Village received a gift of \$17,160 from a donor in which the donor directed the Village to purchase an annuity for the benefit of the donor. The Village 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 8 - IN-KIND CONTRIBUTION

In-kind contributions of \$14,830 for the fiscal year ended June 30, 2018 consists of \$1,630 rent abatements granted by the landlord from whom the Village rents its primary office space, \$1,200 of donated printing services, and \$12,000 of donated consulting services for brand strategy, design and environmental graphics. These in-kind contributions are reflected as revenue and a corresponding expenditure, resulting in a zero effect in net assets.

In-kind contributions of \$8,750 for the fiscal year ended June 30, 2017 consists of \$8,150 rent abatements granted by the landlord from whom the Village rents its primary office space and \$600 of donated printing services. These in-kind contributions are reflected as revenue and a corresponding expenditure, resulting in a zero effect in net assets.

NOTE 9 - FUNDRAISING EVENTS, net of direct expenses

Listed below is a summary of revenues and direct expenses related to fundraising events held by the Village during the fiscal years ended June 30, 2018 and June 30, 2017:

	<u>06/30/2018</u>	<u>06/30/2017</u>
<u>Revenues:</u>		
Ticket sales, sponsorship, contributions, and other	\$ 169,844	\$ 141,212
<u>Direct expenses:</u>		
Facility rent, event catering, printing, and other	37,237	21,865
Fundraising revenues, net of direct expenses	<u>\$ 132,607</u>	<u>\$ 119,347</u>

LINCOLN PARK VILLAGE, INC.
d/b/a THE VILLAGE CHICAGO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - EMPLOYER RETIREMENT PLAN CONTRIBUTIONS

The Village offers a 401(k) retirement plan benefit to qualified employees. During the fiscal years ended June 30, 2018 and June 30, 2017 the Village made \$6,631 and \$7,291 of matching contributions for all eligible participating employees, respectively. The Village’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 11 - LEASE COMMITMENTS

The Village entered into a lease agreement for its primary office space that commenced September 1, 2016 and continues through August 31, 2020. Monthly rent under this agreement for the twelve month period ended August 31, 2017 was \$2,665, which will increase by 3% on each anniversary date of the agreement. The lease agreement also requires the Village to pay an initial monthly utility charge of \$140, which is subject to market changes. Total office rent and utility expense under this agreement for the fiscal years ended June 30, 2018 and June 30, 2017, net of in-kind provisions, was \$34,460 and \$33,480, respectively. Future minimum obligations under this lease agreement, net of utility charges, are as follows:

Fiscal Year Ending	Amount
June 30, 2019	\$ 33,760
June 30, 2020	34,774
June 30, 2021	5,824
Total	\$ 74,358

LINCOLN PARK VILLAGE, INC.
d/b/a THE VILLAGE CHICAGO
SUPPLEMENTARY INFORMATION
NET ASSETS ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Unrestricted Net Assets			Temporarily Restricted Net Assets	Total Net Assets
	Unrestricted	Board - Designated Operating Reserve Fund	Total		
Balance as of June 30, 2017	\$ 173,607	\$ 351,403	\$ 525,010	\$ 61,777	\$ 586,787
Transfer of Board-designated restriction for 50% of net surplus for the fiscal year ended June 30, 2017	(16,277)	16,277	-	-	-
Activity for the fiscal year ended June 30, 2018:					
Net increase in net assets for the fiscal year ended June 30, 2018	22,349	-	22,349	-	22,349
Temporarily restricted net assets released from restrictions	61,777	-	61,777	(61,777)	-
Contributions designated by the Board for the operating reserve fund	(250)	250	-	-	-
Investment earnings designated by the Board for the operating reserve fund	(2,166)	2,166	-	-	-
Pledges designated by the donor for post June 30, 2018 activities	(10,600)	-	(10,600)	10,600	-
Temporarily restricted portion of grants received for the fiscal year ended June 30, 2018					
Develop Healthcare Advocacy Initiative	(37,500)	-	(37,500)	37,500	-
Northwestern University	(1,000)	-	(1,000)	1,000	-
Net activity for the fiscal year ended June 30, 2018	32,610	2,416	35,026	(12,677)	22,349
Balance as of June 30, 2018	\$ 189,940	\$ 370,096	\$ 560,036	\$ 49,100	\$ 609,136