

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION AND SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION AND SUBSIDIARY  
INDEPENDENT AUDITOR'S REPORT

EXHIBIT I

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December 31, 2022

EXHIBIT II

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For the Year Ended December 31, 2022

EXHIBIT III

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2022

EXHIBIT IV

CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

# VIDAL & ASSOCIATES, LTD

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of The Little Village Community Foundation Corporation and Subsidiary

## **Opinion**

We have audited the accompanying consolidated financial statements of The Little Village Community Foundation Corporation (an Illinois nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Little Village Community Foundation Corporation and Subsidiary as of December 31, 2022 and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Little Village Community Foundation Corporation and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Little Village Community Foundation and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with generally accepted 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 consolidated financial statements.

(continued)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements, continued**

- 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 Little Village Community Foundation Corporation and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Little Village Foundation Corporation Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Vidal & Associates, Ltd.

*VIDAL & ASSOCIATES, LTD.*

Niles, Illinois

July 28, 2023

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022

EXHIBIT I

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash	\$ 1,456,977	\$ 880,320	\$ 2,337,297
Grants and Accounts Receivable, net of allowance of \$0	25,000	-	25,000
Prepaid Expense	3,277	-	3,277
Total Current Assets	<u>1,485,254</u>	<u>880,320</u>	<u>2,365,574</u>
<u>Fixed Assets, at cost:</u>			
Fixed Assets	10,845	-	10,845
Accumulated Depreciation	(2,169)	-	(2,169)
	<u>8,676</u>	<u>-</u>	<u>8,676</u>
<u>Other Assets:</u>			
Xquina Construction in Progress	1,208,905	-	1,208,905
Interest Reserve	1,995	-	1,995
Loan Origination Fees	30,000	-	30,000
	<u>1,240,900</u>	<u>-</u>	<u>1,240,900</u>
 TOTAL ASSETS	 <u>\$ 2,734,830</u>	 <u>\$ 880,320</u>	 <u>\$ 3,615,150</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>Current Liabilities:</u>			
Line of Credit	\$ 100,000	\$ -	\$ 100,000
Accounts Payable	64,097	-	64,097
Due to Little Village Chamber of Commerce	35,482	-	35,482
Total Current Liabilities	<u>199,579</u>	<u>-</u>	<u>199,579</u>
 <u>Long Term Debt</u>	 <u>875,000</u>	 <u>-</u>	 <u>875,000</u>
 <u>Net Assets:</u>			
Net Assets	<u>1,660,251</u>	<u>880,320</u>	<u>2,540,571</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,734,830</u>	 <u>\$ 880,320</u>	 <u>\$ 3,615,150</u>

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

LITTLE VILLAGE COMMUNITY FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT II

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<u>Support and Other Income:</u>			
Grant Revenue	\$ 857,000	900,000	\$ 1,757,000
Investment Income	118	333	451
Miscellaneous Income	3,499	-	3,499
Released from Restricted Funds	20,000	(20,000)	-
	<u>880,617</u>	<u>880,333</u>	<u>\$ 1,760,950</u>
TOTAL SUPPORT AND REVENUE			
<u>Expenses:</u>			
Program Services	423,175	-	423,175
Supporting Services:			
Management and General	276,840	13	276,853
Fundraising	118,414	-	118,414
	<u>818,429</u>	<u>13</u>	<u>818,442</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	62,188	880,320	942,508
Net Assets, Beginning of Year, as restated	<u>1,598,063</u>	<u>-</u>	<u>1,598,063</u>
Net Assets, End of Year	<u>\$ 1,660,251</u>	<u>880,320</u>	<u>2,540,571</u>

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

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT III

	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
Salaries	\$ 54,476	\$ 52,874	\$ 52,874	\$ 160,224
Payroll Tax Expense	7,272	7,058	7,058	21,388
Consultant Expense	37,225	-	-	37,225
Program Contractor Expense	26,250	-	-	26,250
Meetings and Events Expense	-	2,007	-	2,007
Business Mentorship Expense	6,939	-	-	6,939
Fringe Benefits	-	1,714	-	1,714
Advertising	-	-	46,054	46,054
Bank and Credit Card Charges	-	544	-	544
Micro Grant Expense	21,000	-	-	21,000
Grant Expenses	239,170	-	-	239,170
Meals and Entertainment	-	3,748	-	3,748
Equipment Rental Expense	-	3,123	-	3,123
Office Supplies	-	13,489	-	13,489
Occupancy	9,472	9,761	9,473	28,706
Computer Expense	2,955	3,044	2,955	8,954
Interest Expense	-	42,009	-	42,009
Professional Fees	-	94,615	-	94,615
Repairs and Maintenance	-	1,175	-	1,175
Travel	-	1,128	-	1,128
Depreciation Expense	2,169	-	-	2,169
Taxes and Licenses	-	16,455	-	16,455
Insurance Expense	16,247	16,247	-	32,494
Miscellaneous Expense	-	7,862	-	7,862
	<u>\$ 423,175</u>	<u>\$ 276,853</u>	<u>\$ 118,414</u>	<u>\$ 818,442</u>

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

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022

EXHIBIT IV

Cash Flows From Operating Activities:

Change in Net Assets	\$ 942,508
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided By Operating Activities:	
Depreciation	2,169
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(25,000)
Prepaid Expenses	(3,277)
Due from Affiliates	25,874
Accounts Payable	48,649
Due to Little Village Chamber of Commerce	35,482
Accrued Expenses	<u>(9,835)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	1,016,570
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Cash Flows from Investment Activities:

Purchase of Office Equipment	(10,845)
Purchase of Leasehold Improvements	(10,292)
Purchase of Equity Interest in Little Village Incubator, LLC	<u>(250,000)</u>

NET CASH USED IN INVESTMENT ACTIVITIES	(271,137)
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NET INCREASE IN CASH	745,433
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Cash:

Beginning of Year	1,591,864
End of Year	\$ 2,337,297

Supplemental Disclosures of Cash Flow Information:

Cash Paid for Interest	\$ 42,009
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The accompanying notes are an integral part of these consolidated financial statements



LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

(1) Nature of the Organization

The Little Village Community Foundation Corporation (“the Foundation”) is an Illinois not-for-profit entity incorporated under the General Not-For-Profit Corporation Act of Illinois on August 3, 2018. The Foundation’s mission is to provide culturally relevant programming, bilingual resources, workforce training, and access to capital for current and emerging entrepreneurs that invest in the Little Village community. The Foundation also provides leadership and investments to assist with digital divide and tech insecurity for youth and businesses in the Little Village community.

The Little Village Business Incubator, LLC (“Incubator”) is an Illinois Limited Liability Company formed on November 7, 2019. The Incubator owns and manages a multi-unit commercial real property located at 3523-25 W 26<sup>th</sup> Street Chicago Illinois which is currently under reconstruction.

On April 8, 2022 the Foundation paid \$250,000 in exchange for the remaining member equity interest in the Little Village Business Incubator, LLC from the Little Village 26<sup>th</sup> Street Area Chamber of Commerce, Inc.

(2) Summary of Significant Accounting Policies

(a) Consolidation of Financial Statements:

The consolidated financial statements include the accounts of the Foundation and the Incubator. All significant intercompany transactions have been eliminated, therefore the Foundation consolidated the results of the Incubator’s operations consisting of the following selected assets and liabilities at December 31, 2022:

Cash	\$ 18,130
Land and Building	1,208,905
Other Assets	35,271
Accounts Payable	40,091
Other Current Liabilities	459,579
Notes Payable	\$ 875,000

The consolidated financial statements have been prepared to focus on the Foundation to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by the classification of fund balances and transactions into two classes of net assets; net assets with donor restrictions, and net assets without donor restrictions as recommended by the Financial Accounting Standard Board (FASB) in its Accounting Standards Update (ASU) no. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. The Foundation adopted the change in accounting principle, with retrospective application for 2017 financial statements, FASB (ASU) No. 2016-14 effective January 1, 2018.

Accordingly, the net assets of The Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net Assets that are not subject to donor-imposed stipulations. As of December 31, 2022, the Foundation had \$1,660,251 in Net Assets Without Donor Restrictions.

(continued)

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

(continued)

(2) Summary of Significant Accounting Policies (continued)

Net Assets With Donor Restrictions – Net Assets subject to donor-imposed stipulations that the assets be maintained by the Foundation. The donor has restricted the use of designated funds to be used strictly for the reconstruction of the real property that will contain the Xquina Business Incubator.

At December 31, 2022 the Foundation had \$880,320 in Net Assets With Donor Restrictions.

(b) Cash and Cash Equivalents:

For purposes of the consolidated statements of cash flows, the Foundation and subsidiary considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Robert R. McCormick Foundation requires a special cash account to be used for the sole purpose of construction on the Xquina Project during the grant period.

(c) Promises to Give:

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

(d) Functional Expenses:

Direct expenses have been charged to program, general and administrative or fund-raising categories based on specific identification. Indirect expenses have been allocated depending on the type of expense and are based on full-time equivalents of personnel, by program area or occupancy percentages.

(e) Contributed Services:

During the years ended December 31, 2022, the value of contributed services meeting the requirements for recognition in the consolidated financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation.

(f) Estimates:

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

(g) Contributions:

The Foundation accounts for contributions in accordance with FASB ASC 958-605 "Not-For-Profit Entities, Revenue Recognition". Per FASB ASC 958-605, contributions, including unconditional promises to give are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average federal funds rate.

(continued)

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

(continued)

(2) Summary of Significant Accounting Policies (continued)

(h) Income Taxes:

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

(3) Concentrations of Credit Risk

The Foundation and Subsidiary maintain cash balances at a financial institution in Illinois. All cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash balances exceeded insured balances by \$1,160,086 at December 31, 2022.

(4) Advertising Costs

The consolidated advertising expenses amounted to \$46,054 for the year ended December 31, 2022.

(5) Grant Expenses

Direct Grant Expenses for the year ended December 31, 2022 are as follows:

Workshops	\$ 181,700
Advertising and Marketing	2,348
Repairs & Maintenance	13,715
Instructors	8,473
Sales Promotion	5,000
Supplies & Materials	12
Donations	4,524
Miscellaneous	14,111
Professional Services	15
Mentorship	<u>9,272</u>
Total	<u>\$ 239,170</u>

The Foundation distributed \$21,000 in micro grants to businesses in the 26<sup>th</sup> street commercial area during the year ended December 31, 2022.

(6) Uncertain Tax Positions

The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. All federal income tax returns are still subject to examination due to the Foundation's recent date of formation.

(7) Subsequent Events

The Foundation has evaluated subsequent events through July 28, 2023, the date which the consolidated financial statements were available to be issued.

On June 9, 2023 the Foundation and Incubator refinanced the IIF promissory note through Old National Bank with a maturity date of June 9, 2028.

(continued)

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION AND SUBSIDAIRY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(continued)

(8) Xquina Construction in Progress

The Xquina Construction in Progress is stated at cost, which includes the cost of the land and building, construction costs and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.

(9) Line of Credit

On January 8, 2022, the Foundation procured a revolving line of credit with First Midwest Bank. Terms of the note include a borrowing limit of \$100,000 with a fixed interest rate of 2.03%. The line is secured by all Foundation assets and matures January 18, 2023. The balance on the line of credit is \$100,000 at December 31, 2022. The line of credit was not renewed in 2023.

(10) Long – Term Debt

The Foundation, the Incubator and the Little Village 26<sup>th</sup> Street Area Chamber of Commerce, Inc. originally entered into a promissory note dated December 6, 2019 with a principal amount of \$875,000 through IFF. The parties entered into a first amendment dated December 20, 2021 and a second amendment March 31, 2022. Terms of the promissory note include an interest rate of 5.875%. Interest payments shall be made from an interest reserve in the amount of \$103,000 maintained with lender for purposes of making interest payments on the promissory note. The note is secured by real estate located at 3523-25 West 26<sup>th</sup> Street.

The third amendment to the promissory note dated April 8, 2022 included an extension of the maturity date to January 1, 2023 and the release of the Little Village 26<sup>th</sup> Street Area Chamber of Commerce from any obligation on the note upon its departure from the project.

At December 31, 2022, the outstanding loan balance was \$875,000 and is classified as a long term liability.

(11) Leases

The Foundation leases office space with a one-year lease term at \$1,500 per month terminating on February 28, 2023. Rent expense amounted to \$18,000 for the year ended December 31, 2022. The lease was renewed on March 1, 2023 at \$1,500 per month for a one year term.

(12) Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the balance sheet date. As part of the Foundation's liquidity management, cash in excess of daily requirements is invested in short term investments. There is a restriction on the use of the McCormick grant funds as of December 31, 2022 with a balance of \$880,320 which has been excluded from the cash amount reported below.

Cash	\$ 1,456,977
Grants and Accounts Receivable	25,000
Accounts Payable	( 64,097)
Line of Credit	( 100,000)
Due To Little Village 26 <sup>th</sup> Street Area Chamber of Commerce, Inc.	( 35,482)
	<u>\$ 1,282,398</u>

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(continued)

(13) Unrestricted Net Asset Restatement

Beginning Unrestricted Net Assets at January 1, 2023	\$ 1,585,089
Restate Prior Year Account Balances	<u>12,974</u>
Beginning Unrestricted Net Assets as restated	<u>\$ 1,598,063</u>