

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION AND SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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

EXHIBIT I

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
December 31, 2023

EXHIBIT II

CONSOLIDATED STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2023

EXHIBIT III

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2023

EXHIBIT IV

CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2023

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, 2023, 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, 2023 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 and 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 22, 2024

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION  
AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023

EXHIBIT I

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash	\$ 708,997	\$ -	\$ 708,997
Grants and Accounts Receivable	49,155	-	49,155
Total Current Assets	<u>758,152</u>	<u>-</u>	<u>758,152</u>
<u>Fixed Assets, at cost:</u>			
Fixed Assets	10,845	-	10,845
Accumulated Depreciation	<u>(4,338)</u>	<u>-</u>	<u>(4,338)</u>
	<u>6,507</u>	<u>-</u>	<u>6,507</u>
<u>Other Assets:</u>			
Xquina Construction in Progress	1,556,163	-	1,556,163
Construction Escrow	1,380,391	-	1,380,391
Interest Reserve	3,989	-	3,989
Loan Origination Fees	<u>29,373</u>	<u>-</u>	<u>29,373</u>
	<u>2,969,916</u>	<u>-</u>	<u>2,969,916</u>
 TOTAL ASSETS	 <u>\$ 3,734,575</u>	 <u>\$ -</u>	 <u>\$ 3,734,575</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>Current Liabilities:</u>			
Current Maturities of Long Term Debt	\$ 9,443	\$ -	\$ 9,443
Accounts Payable	25,305	-	25,305
Deposits	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Current Liabilities	<u>36,748</u>	<u>-</u>	<u>36,748</u>
 <u>Long Term Debt, net of Current Maturities</u>	 <u>1,090,557</u>	 <u>-</u>	 <u>1,090,557</u>
<u>Net Assets:</u>	<u>2,607,270</u>	<u>-</u>	<u>2,607,270</u>
Net Assets	<u>2,607,270</u>	<u>-</u>	<u>2,607,270</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,734,575</u>	 <u>\$ -</u>	 <u>\$ 3,734,575</u>

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

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION  
AND SUBSIDIARY

EXHIBIT II

CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<u>Support and Other Income:</u>			
Grant Revenue	\$ 757,500	\$ -	\$ 757,500
Investment Income	436	-	436
Government Grants	19,723	-	19,723
Fiscal Agent Grants	91,500	-	91,500
Miscellaneous Income	18,521	-	18,521
Released from Restrictions	880,320	(880,320)	-
	<u>1,768,000</u>	<u>(880,320)</u>	<u>\$ 887,680</u>
TOTAL SUPPORT AND REVENUE			
<u>Expenses:</u>			
Program Services	379,916	-	379,916
Supporting Services:			
Management and General	345,277	-	345,277
Fundraising	95,788	-	95,788
	<u>820,981</u>	<u>-</u>	<u>820,981</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	947,019	(880,320)	66,699
Net Assets, Beginning of Year	1,660,251	880,320	2,540,571
Net Assets, End of Year	<u>\$ 2,607,270</u>	<u>\$ -</u>	<u>\$ 2,607,270</u>

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LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION  
AND SUBSIDIARY

EXHIBIT III

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
Salaries	\$ 50,579	\$ 49,092	\$ 49,092	\$ 148,763
Payroll Tax Expense	4,018	3,900	3,900	11,818
Program Contractor Expense	58,470	-	-	58,470
Meetings and Events Expense	-	3,570	-	3,570
Business Mentorship Expense	4,659	-	-	4,659
Fringe Benefits	-	706	-	706
Advertising	-	-	33,815	33,815
Bank and Credit Card Charges	-	674	-	674
Micro Grant Expense	10,500	-	-	10,500
Grant Expenses	226,394	-	-	226,394
Meals and Entertainment	-	2,671	-	2,671
Equipment Rental Expense	-	2,911	-	2,911
Office Supplies	-	25,804	-	25,804
Occupancy	4,967	5,120	4,968	15,055
Loan Fees	-	21,726	-	21,726
Computer Expense	4,013	4,135	4,013	12,161
Interest Expense	-	67,744	-	67,744
Professional Fees	-	95,893	-	95,893
Building Permits	-	3,925	-	3,925
Travel	-	1,303	-	1,303
Depreciation Expense	-	2,169	-	2,169
Taxes and Licenses	-	36,676	-	36,676
Insurance Expense	16,315	16,315	-	32,630
Miscellaneous Expense	-	944	-	944
	<u>\$ 379,916</u>	<u>\$ 345,277</u>	<u>\$ 95,788</u>	<u>\$ 820,981</u>

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

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION  
AND SUBSIDIARY

EXHIBIT IV

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows From Operating Activities:

Change in Net Assets	\$ 66,699
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used in Operating Activities:	
Depreciation	2,169
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(24,155)
Prepaid Expense	3,276
Interest Reserve	(1,994)
Loan Origination Fees	627
Accounts Payable	(38,790)
Due to Little Village Chamber of Commerce	(35,483)
Deposits	2,000

NET CASH USED IN OPERATING ACTIVITIES (25,651)

Cash Flows From Investment Activities:

Funding of Construction in Progress	(347,258)
Funding of Construction Escrow	<u>(1,380,391)</u>

NET CASH USED IN INVESTMENT ACTIVITIES (1,727,649)

Cash Flows From Financing Activities

Net Proceeds From Long Term Debt	225,000
Payoff of Line of Credit	<u>(100,000)</u>

NET CASH PROVIDED BY FINANCING ACTIVITIES 125,000

NET DECREASE IN CASH (1,628,300)

Cash:

Beginning of Year	<u>2,337,297</u>
End of Year	<u><u>\$ 708,997</u></u>

Supplemental Disclosures of Cash Flow Information:

Cash Paid for Interest	<u><u>\$ 67,744</u></u>
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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, 2023

(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, 2023:

Cash	\$ 25,913
Current Assets	1,380,391
Land and Building	1,556,163
Other Assets	33,362
Accounts Payable	20,434
Other Current Liabilities	677,633
Long Term Liabilities	2,000
Notes Payable	\$1,090,557

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, 2023, the Foundation had \$2,607,270 in Net Assets Without Donor Restrictions.

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LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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 house the Xquina Business Incubator. During 2023 the donor restricted net asset amount of \$880,320 was released from restrictions once the funds were transferred to construction of an escrow account to be used specifically for the donor's intended purpose.

(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, 2023, 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, 2023  
(continued)

(2) Summary of Significant Accounting Policies (continued)

(h) Fixed Assets and Depreciation:

All fixed assets are carried at cost if purchased and fair market value if donated. Generally accepted accounting principles require fixed assets to be capitalized and depreciated over their estimated useful lives. Depreciation is computed by the straight-line method over the useful lives of the assets as follows:

Furniture & Fixtures – 5 to 7 years

(i) 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 \$305,805 at December 31, 2023.

(4) Advertising Costs

The consolidated advertising expenses amounted to \$33,815 for the year ended December 31, 2023.

(5) Grant Expenses

Direct Grant Expenses for the year ended December 31, 2023 are as follows:

Advertising and Marketing	\$ 48,475
Coaching	6,281
Repairs & Maintenance	1,500
Instructors	37,411
Programming	57,750
Network Event	10,000
Supplies & Materials	35,020
Donations	1,315
Miscellaneous	9,142
Professional Services	15,000
Goodwill	<u>4,500</u>
Total	<u>\$ 226,394</u>

(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.

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LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(continued)

(7) Subsequent Events

The Foundation has evaluated subsequent events through July 22, 2024, the date which the consolidated financial statements were available to be issued.

The Xquina project has incurred various change orders totaling \$248,746 in addition to a new contract signed in May 2024 amounting to \$846,437 for additional repairs to the building's steel structure.

(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) Long – Term Debt

The Foundation and Incubator entered into a \$1,100,000 long-term debt refinance transaction with Old National Bank on June 9, 2023. Terms of the note include 12 monthly interest payments calculated on the unpaid principal balance beginning July 9, 2023 at an interest rate of 6.150% followed by 47 monthly payments of principal and interest of \$7,191 beginning July 9, 2024 and one payment of principal and interest amounting to \$1,023,076 on June 9, 2028. The loan is collateralized by real property located at 3523-25 W 26<sup>th</sup> street, Chicago Illinois with a current cost of \$1,556,163.

TOTAL	\$1,100,000
CURRENT MATURITIES	<u>9,443</u>
LONG-TERM DEBT	<u>\$1,090,557</u>

Five – year maturities are as follows:

For the years ended December 31,

2024	\$ 9,443
2025	19,777
2026	21,028
2027	22,358
2028 and thereafter	<u>1,027,394</u>
	<u>\$ 1,100,000</u>

(10) Leases

The Foundation leases office space with a one-year lease term at \$1,500 per month terminating on February 28, 2024. Rent expense amounted to \$19,500 for the year ended December 31, 2023. The lease was renewed on March 1, 2024 at \$1,650 per month through December 31, 2024.

(continued)

LITTLE VILLAGE COMMUNITY FOUNDATION CORPORATION AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(continued)

(11) Grants and Accounts Receivable

Grants and Accounts Receivable are recorded at cost and consisted of the following grants at December 31, 2023:

Business Affairs Consumer Protection	\$19,155
Northwest Side Community Development Corporation	<u>30,000</u>
	<u>\$49,155</u>
Allowance for Doubtful Accounts	<u>\$ 0</u>

(12) Fixed Assets

Fixed Asset balances as of December 31, 2023 are as follows:

Furniture & Fixtures	\$ 10,845
Less Accumulated Depreciation:	( <u>4,338</u> )
Total, net	<u>\$ 6,507</u>

Depreciation Expense amounted to \$2,169 for the year ended December 31, 2023.

(13) Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the financial position date. As part of the Foundation's liquidity management, cash in excess of daily requirements is invested in short term investments.

Cash	\$ 708,997
Grants and Accounts Receivable	49,155
Accounts Payable	( 25,305)
Current Maturities of Long Term Debt	<u>( 9,443)</u>
	<u>\$ 723,404</u>