

North Lawndale Employment Network and Subsidiaries

Independent Auditor's Report and Consolidated Financial Statements
June 30, 2023, and 2022

AUDIT REPORT



TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements:	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities.....	5
Consolidated Statements of Cash Flows.....	7
Consolidated Statements of Functional Expenses	8
Notes to the Consolidated Financial Statements	10
Supplementary Information:	
Consolidating Statement of Financial Position.....	21
Consolidating Statement of Activities.....	23
Consolidating Statement of Functional Expenses.....	25

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
North Lawndale Employment Network and Subsidiaries

Opinion

We have audited the accompanying financial statements of North Lawndale Employment Network and Subsidiaries (nonprofit organizations, jointly referred to as "the Organization"), which comprise the consolidated statement of financial position as of June 30, 2023, and 2022, and the related consolidated statements of activities 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 financial position of North Lawndale Employment Network and Subsidiaries as of June 30, 2023, and 2022, and the 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Organization'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, including omissions, 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 consolidated 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.
- 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 consolidated 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization has adopted the new accounting pronouncements ASU No. 2016-02, *Leases* (Topic 842) and ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* effective July 1, 2022. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

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

Lopez & Co. CPAs Ltd

Chicago, IL

October 31, 2023

NORTH LAWDALE EMPLOYMENT NETWORK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS:		
Cash and Cash Equivalents	\$ 2,296,261	\$ 2,994,828
Accounts Receivable	14,256	56,840
Contracts Receivable	141,011	66,690
Grants Receivable	884,450	831,422
ERC Receivable	1,440,515	1,440,515
Capital Campaign Pledges Receivable	-	235,000
Prepaid Expenses	45,500	-
Property and Equipment, Net of Accumulated Depreciation	8,508,862	8,820,301
Closing Costs Net of Accumulated Amortization	333,847	351,101
Notes Receivable	5,597,600	5,597,600
Total Assets	<u><u>19,262,302</u></u>	<u><u>20,394,297</u></u>
LIABILITIES AND NET ASSETS:		
<u>Liabilities</u>		
Accounts Payable	146,929	65,626
Accrued Expenses	-	76,000
Accrued Payroll	27,491	33,699
Accrued Interest	42,415	63,852
Deferred Revenue	124,113	314,914
Copier Lease	42,672	-
Current Portion of Loans Payable	2,900,000	2,053,571
Long Term Portion of Loans Payable	7,840,000	11,186,429
Total Liabilities	<u>11,123,620</u>	<u>13,794,091</u>
<u>Net Assets</u>		
Without Donor Restrictions	4,372,292	5,361,458
With Donor Restrictions	<u>3,766,390</u>	<u>1,238,748</u>
Total Net Assets	<u>8,138,682</u>	<u>6,600,206</u>
Total Liabilities and Net Assets	<u><u>\$ 19,262,302</u></u>	<u><u>\$ 20,394,297</u></u>

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

NORTH LAWDALE EMPLOYMENT NETWORK AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT:			
Grants and Contributions	\$ 2,613,438	\$ 1,947,170	\$ 4,560,608
Government and Corporate Contracts	549,206	2,917,478	3,466,684
Special Events	473,004	-	473,004
Membership Dues	7,500	-	7,500
In-Kind Contributions	<u>231,086</u>	<u>-</u>	<u>231,086</u>
 Total Public Support	 <u>3,874,234</u>	 <u>4,864,648</u>	 <u>8,738,882</u>
REVENUE:			
Gain (Loss) on Disposal of Assets	144,817	-	144,817
Net Sales - Sweet Beginnings, LLC	158,683	-	158,683
Net Sales - beelove café	161,601	-	161,601
Investment Income	64,130	-	64,130
Other Income	165,465	-	165,465
Rental Income	80,185	-	80,185
Net Assets Released from Restrictions	<u>2,337,006</u>	<u>(2,337,006)</u>	<u>-</u>
 Total Revenue	 <u>3,111,887</u>	 <u>(2,337,006)</u>	 <u>774,881</u>
 Total Public Support and Revenue	 <u>6,986,121</u>	 <u>2,527,642</u>	 <u>9,513,763</u>
EXPENSES:			
Program Services - NLEN	4,060,989	-	4,060,989
Program Services - Sweet Beginnings, LLC	488,241	-	488,241
Program Services - beelove café	454,767	-	454,767
Program Services - Support Corporation	392,028	-	392,028
Management and General	1,168,061	-	1,168,061
Fundraising	<u>1,411,201</u>	<u>-</u>	<u>1,411,201</u>
 Total Expenses	 <u>7,975,287</u>	 <u>-</u>	 <u>7,975,287</u>
 CHANGE IN NET ASSETS:	 (989,166)	 2,527,642	 1,538,476
TOTAL NET ASSETS:			
Net Assets, Beginning of Year	<u>5,361,458</u>	<u>1,238,748</u>	<u>6,600,206</u>
Net Assets, End of Year	<u>\$ 4,372,292</u>	<u>\$ 3,766,390</u>	<u>\$ 8,138,682</u>

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

NORTH LAWDALE EMPLOYMENT NETWORK AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT:			
Grants and Contributions	\$ 793,570	\$ 3,018,120	\$ 3,811,690
Government and Corporate Contracts	1,265,131	-	1,265,131
Special Events	348,608	-	348,608
Membership Dues	500	-	500
In-Kind Contributions	299,406	-	299,406
	<hr/>	<hr/>	<hr/>
Total Public Support	2,707,215	3,018,120	5,725,335
REVENUE:			
Gain (Loss) on Disposal of Assets	9,500	-	9,500
Net Sales - Sweet Beginnings, LLC	185,208	-	185,208
Net Sales - beelove café	99,002	-	99,002
Investment Income	58,993	-	58,993
Other Income	941,292	-	941,292
Rental Income	47,199	-	47,199
Net Assets Released from Restrictions	2,090,459	(2,090,459)	-
	<hr/>	<hr/>	<hr/>
Total Revenue	3,431,653	(2,090,459)	1,341,194
	<hr/>	<hr/>	<hr/>
Total Public Support and Revenue	6,138,868	927,661	7,066,529
EXPENSES:			
Program Services - NLEN	3,293,540	-	3,293,540
Program Services - Sweet Beginnings, LLC	477,377	-	477,377
Program Services - beelove café	235,684	-	235,684
Program Services - Support Corporation	422,783	-	422,783
Management and General	718,711	-	718,711
Fundraising	1,832,223	-	1,832,223
	<hr/>	<hr/>	<hr/>
Total Expenses	6,980,318	-	6,980,318
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS:	(841,450)	927,661	86,211
TOTAL NET ASSETS:			
Net Assets, Beginning of Year	6,202,908	311,087	6,513,995
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	<u>\$ 5,361,458</u>	<u>\$ 1,238,748</u>	<u>\$ 6,600,206</u>

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

NORTH LAWDALE EMPLOYMENT NETWORK AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,538,476	\$ 86,211
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	399,758	343,581
(Increase) Decrease in Accounts Receivable	42,584	(27,232)
(Increase) Decrease in Contract Receivable	(74,321)	4,814
(Increase) Decrease in Grants Receivable	(53,028)	13,241
(Increase) Decrease in ERC Receivable	-	(418,578)
(Increase) Decrease in Capital Campaign Pledges Receivable	235,000	239,999
(Increase) Decrease in Inventory	-	21,668
(Increase) Decrease in Prepaid Expenses	(45,500)	100
(Increase) Decrease in Construction in Progress	-	1,261,094
Increase (Decrease) in Accounts Payable	81,303	(47,480)
Increase (Decrease) in Accrued Expenses	(76,000)	76,000
Increase (Decrease) in Accrued Payroll	(6,208)	(34,136)
Increase (Decrease) in Accrued Interest	(21,437)	(107,188)
Increase (Decrease) in Deferred Revenue	(190,801)	151,267
Net Cash Provided (Used) by Operating Activities	<u>1,847,080</u>	<u>1,563,361</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in Property and Equipment	<u>(88,319)</u>	<u>(3,294,647)</u>
Net Cash Provided (Used) by Investing Activities	<u>(88,319)</u>	<u>(3,294,647)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Financing of Copier Lease	42,672	-
Paydown of Loan Payable	<u>(2,500,000)</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>(2,457,328)</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(698,567)	(1,731,286)
NONCASH FLOWS FROM FINANCING ACTIVITIES:		
Forgiveness from Paycheck Protection Program Loan	-	(49,596)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,994,828</u>	<u>4,775,710</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 2,296,261</u>	<u>\$ 2,994,828</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 266,558</u>	<u>\$ 253,464</u>

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

NORTH LAWDALE EMPLOYMENT NETWORK AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>				Total Programs	Management and General	Fundraising	Total
	North Lawndale Employment Network	Sweet Beginnings, LLC	NLEN Support Corporation	beelove Café				
Salaries and Fringe Benefits	\$ 2,258,117	\$ 284,915	\$ 64,698	\$ -	\$ 2,607,730	\$ 488,905	\$ 483,016	\$ 3,579,651
Professional Fees	675,565	14,398	20,505	2,888	713,356	432,039	310,089	1,455,484
Depreciation and Amortization	-	8,220	2,569	365,808	376,597	17,694	5,467	399,758
Cost of Goods Sold	-	117,447	266,469	-	383,916	-	-	383,916
Occupancy	149,820	3,996	7,245	-	161,061	49,769	117,480	328,310
Payroll Taxes	193,887	29,355	3,878	-	227,120	51,901	34,670	313,691
Member and Community Reinvestment Costs	288,191	1,100	1,244	-	290,535	-	201	290,736
Interest	-	10,005	-	84,829	94,834	6,130	165,594	266,558
Office Expense	164,845	14,084	12,759	1,242	192,930	17,198	10,816	220,944
Special Events Expense	21,416	417	-	-	21,833	1,550	161,442	184,825
Office Equipment Rental and Purchase	89,248	-	-	-	89,248	16,017	41,034	146,299
Meeting Expense	69,211	815	570	-	70,596	23,640	24,187	118,423
Telephone	84,226	-	567	-	84,793	21,307	8,179	114,279
Insurance	46,092	-	3,508	-	49,600	6,742	9,225	65,567
Printing, Publications, and Marketing	13,824	3,489	8,016	-	25,329	2,805	21,947	50,081
Conference and Workshops	5,835	-	-	-	5,835	30,535	13,033	49,403
Charitable Contributions	-	-	-	-	-	-	4,550	4,550
Postage and Delivery	712	-	-	-	712	1,829	271	2,812
Total Expenses	\$ 4,060,989	\$ 488,241	\$ 392,028	\$ 454,767	\$ 5,396,025	\$ 1,168,061	\$ 1,411,201	\$ 7,975,287

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

NORTH LAWDALE EMPLOYMENT NETWORK AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>				Total Programs	Management and General	Fundraising	Total
	North Lawndale Employment Network	Sweet Beginnings, LLC	NLEN Support Corporation	beelove Café				
Salaries and Fringe Benefits	\$ 2,321,333	\$ 69,385	\$ -	\$ 52,644	\$ 2,443,362	\$ 336,760	\$ 692,397	\$ 3,472,519
Professional Fees	319,832	61,049	-	4,944	385,825	237,867	487,199	1,110,891
Cost of Goods Sold	-	288,565	-	155,176	443,741	-	-	443,741
Depreciation and Amortization	-	1,370	335,323	-	336,693	6,888	-	343,581
Payroll Taxes	206,228	4,912	-	4,821	215,961	24,486	54,469	294,916
Occupancy	99,484	-	-	890	100,374	10,635	153,060	264,069
Interest	-	15,000	84,829	-	99,829	-	153,635	253,464
Office Equipment Rental and Purchase	108,199	-	1,363	-	109,562	34,134	28,764	172,460
Special Events Expense	14,780	-	-	-	14,780	-	103,605	118,385
Printing, Publications, and Marketing	2,389	2,520	-	7,411	12,320	4,885	98,490	115,695
Telephone	70,693	-	-	-	70,693	27,287	15,709	113,689
Office Expense	40,070	30,301	1,268	5,956	77,595	14,116	16,817	108,528
Member and Community Reinvestment Costs	61,488	-	-	1,819	63,307	-	6,820	70,127
Meeting Expense	23,272	20	-	2,023	25,315	7,267	11,652	44,234
Insurance	21,826	4,255	-	-	26,081	-	5,507	31,588
Conference and Workshops	2,716	-	-	-	2,716	13,393	3,436	19,545
Postage and Delivery	810	-	-	-	810	993	663	2,466
Charitable Contributions	420	-	-	-	420	-	-	420
Total Expenses	\$ 3,293,540	\$ 477,377	\$ 422,783	\$ 235,684	\$ 4,429,384	\$ 718,711	\$ 1,832,223	\$ 6,980,318

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

NORTH LAWDALE EMPLOYMENT NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

(1) History and Nature of Organization

North Lawndale Employment Network (“NLEN”) is an Illinois not-for-profit incorporated in June 1999. NLEN partners with other community-based organizations, economic development agencies, and businesses to work together to meet the workforce development needs of North Lawndale residents and employers.

During fiscal year 2007, NLEN spun off its Sweet Beginnings program as a separate entity organized as Sweet Beginnings, LLC (“SB”). SB is wholly-owned by NLEN and offers full time transitional jobs for formerly incarcerated individuals and others with significant barriers to employment in a green industry – the production and sales of all-natural skin care products featuring its own urban honey. SB is considered a disregarded entity for tax purposes, and its purpose is directly related to the tax-exempt purpose of NLEN, thus creating no unrelated business income for NLEN and no taxable income for itself.

During fiscal year 2021, NLEN embarked up on its most ambitious project to date by acquiring the property located at 1111 S. Homan which includes opening the beelove café, a community coffee shop, which utilizes SB products and furthers the mission of NLEN by providing jobs to local residents as baristas. The building and the café opened in fiscal year 2022.

(2) Summary of Significant Accounting Policies

Consolidated Financial Statements

The consolidated financial statements include assets, liabilities, revenues, and expenses of North Lawndale Employment, NLEN Support Corporation and Sweet Beginnings, LLC (collectively referred to as “the Organization”). In 2015, NLEN and SB boards were consolidated into one single board overseeing both entities and operations. As result, the financials have been prepared using the consolidation method. All material inter-company balances and transactions have been eliminated.

Basis of Presentation and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles, generally accepted in the United States of America. The financial statements presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The Organization is required to report information regarding its financial position according to two classes of net assets:

Net Assets with Donor Restrictions: Net assets subject to donor-imposed conditions that may or will be met by overcoming necessary barriers or restrictions of time. The Organization held \$3,766,390 and \$1,238,748 donor restricted net assets as of June 30, 2023, and 2022, respectively.

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor-imposed restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

NORTH LAWDALE EMPLOYMENT NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Expirations of restrictions on net assets are reported as reclassifications between applicable classes of assets.

Revenue Recognition and Accounts Receivable

The Organization accounts for contributions in accordance with FASB ASC 958-605, “Not-for-Profit Entities, Revenue Recognition” and “Accounting for Contributions Received and Contributions Made”. 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 of assets other than cash are recorded at their estimated fair value. 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.

The Organization carries its contract, grant, capital campaign pledge receivables, and other receivables at the outstanding balance adjusted for the allowance for doubtful accounts. The allowance for the doubtful accounts is estimated based on the Organization’s historical bad debt experience, the aging of receivables, and management’s judgment. Accounts deemed uncollectible and charged to the allowance for doubtful accounts. As of June 30, 2022, and 2021, all amounts were deemed fully collectible within the next twelve months and as such, no allowance for doubtful accounts was recorded.

Cash and Cash Equivalents

The Organization considers cash on deposit at bank(s) and highly liquid investments with maturities of three months or less at the date of purchase to be cash and cash equivalents.

Prepaid Expenses

Expenses incurred in the subsequent period but paid for in the current period are properly classified as prepaid expenses.

Deferred Revenue

Deferred revenue includes the portion of grant revenues that have not been earned or conditions not met as of the report date.

Liquidity and Availability of Financial Assets

The Organization has \$4,776,492 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$2,296,261, accounts receivable of \$14,256, contracts receivable of \$141,011, grants receivable of \$884,449, and ERC receivable of \$1,440,515. \$3,766,390 of the Organization’s net assets are subject to donor restrictions. In the event of unanticipated liquidity need, the Organization will seek external financing sources.

Fixed Assets and Depreciation Expense

Property and equipment are recorded at historical cost. The Organization capitalizes fixed asset additions over \$2,500. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

NORTH LAWNDALE EMPLOYMENT NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Building	39 years
Building Improvements	15 years
Infrastructure	15 years
Signage	10 years
Vehicles	7 years
Furniture and Equipment	5 years
Leasehold Improvements	5 years
Capitalized Software	3 years
Computer Equipment	3 years

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. NLEN depreciation amounted to \$17,694, and \$6,888 at June 30, 2023, and 2022, respectively. SB depreciation amounted to \$8,220, and \$1,370 at June 30, 2023, and 2022, respectively. Support Corp depreciation amounted to \$359,657 and \$329,686 at June 30, 2023 and June 30, 2022, respectively. Beelove Cafe depreciation amounted to \$2,569 and \$0 at June 30, 2023 and June 30, 2022, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated to specific program services based on direct benefit obtained. All remaining costs are considered general support to all programs and the Organization in general and are allocated based on estimates of time and effort.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Income Taxes

NLEN is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income. It qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). NLEN is no longer subject to U.S. federal, state and local income tax examination by tax authorities for all years since fiscal year 2018.

SB is a limited liability company which operates under a section of the federal and state income tax laws which provide that, in lieu of company-level income taxes, the members separately account for their pro rata shares of SB's income, deductions, losses, and credits. SB is, however, subject to certain state and local taxes.

No provision has been made for amounts which may be advanced or paid as distributions to the members for income taxes. There were no distributions to member for taxes in 2023 and 2022.

**NORTH LAWDALE EMPLOYMENT NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NLEN Support Corporation is organized and operated at all times exclusively for the benefit of, to perform the functions of, and/or to carry out the purposes of North Lawndale Employment Network (“NLEN”), an Illinois not-for-profit corporation that is an organization described in Section 501(c)(3) and Section 509(a)(1) of the Internal Revenue Code of 1986, as amended, including but not limited to: (1) isolating certain real estate activities and liabilities from NLEN’s overall charitable activities and assets, (2) separating certain financing and fundraising considerations from NLEN’s general operations, and (3) allowing for more financial and fundraising talent to participate in NLEN fundraising efforts.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability about leases among entities by requiring the recognition of right-of-use (ROA) assets and liabilities on the statement of financial position. The Organization adopted the requirements of ASU No. 2016-02 effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. The adoption of ASU No. 2016-02 did not materially impact the financial position, results of operations, or cash flows of the Organization of the year ending June 30, 2022.

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance required nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increased the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types on contributed nonfinancial assets a nonprofit entity has received. The standard did not have a material impact on the financial statements for the year ending June 30, 2023, or 2022.

(3) Capital Campaign Pledges Receivable

During 2019, NLEN launched “The Campaign that Works”, (“Capital Campaign”), to raise \$10,000,000 to assist in bringing together NLEN’s employment training programs, financial opportunity centers, and SB honey products operations into one new campus. NLEN believes the development of an all-encompassing campus will allow the Organization to increase its impact and create hope and opportunity for individuals seeking alternatives to unemployment and incarceration.

Capital campaign pledges receivable was \$0, and \$235,000 for the years ended June 30, 2023, and 2022, respectively.

The campus was put into productive use for fiscal year 2022.

(4) Contracts Receivable and Grants Receivable

Contracts receivable at June 30, 2023, and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
City of Chicago	\$ 141,011	\$ 66,690
Total Contracts Receivable	\$ 141,011	\$ 66,690

NORTH LAWDALE EMPLOYMENT NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Grants receivable at June 30, 2023, and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
AIDS Foundation of Chicago	\$ 268,045	\$ -
Chicago Cook Workforce Partnership	145,679	186,393
United Way of Metropolitan Chicago	70,833	24,998
Mark Morton Memorial Fund	60,000	-
Polk Bros. Foundation	50,000	-
Steans Family Foundation	50,000	-
LISC / Crown	43,877	123,887
National Christian Foundation Chicago	40,000	-
LISC / CITI	37,500	-
LISC / HUD Section 4	25,000	-
REDF Strategic Grants	20,000	-
Children First Fund	17,000	-
Park Hyatt	15,000	-
DCEO	10,604	-
Field Foundation	10,000	-
Cinespace	7,500	-
West Side Health Equity Collaborative	6,015	6,831
Eagan & Co	4,000	-
Skills for Chicagoland's Future	1,297	-
Chicago African Americans in Philanthropy	600	-
Daniel O. Ash	500	-
Tiana Conley	500	-
UChicago Crime Lab	500	-
Chicago Cook Workforce Partnership-CT	-	255,968
Paul M Angell Family Foundation	-	100,000
Fry Foundation	-	40,000
LISC / WalMart	-	34,671
Fifth Third Bank	-	25,000
Chicago Connected	-	24,000
PNC Bank	-	5,000
Trice Construction Company	-	2,000
Other	-	1,555
CEDA	-	1,119
Total Grants Receivable	<u>\$ 884,450</u>	<u>\$ 831,422</u>

(5) Long Term Debt

In 2021, NLEN entered into a loan in the amount of \$4,900,000 with IFF, an Illinois not-for-profit corporation, for the primary purpose of purchasing a building to expand its operations in conjunction with the Capital Campaign launched by NLEN in 2019. The loan bears interest at 5.25% and has an outstanding balance of \$2,900,000 as of June 30, 2023. The loan is collateralized by the purchased

NORTH LAWDALE EMPLOYMENT NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

building. NLEN is in the process of extending the interest only period for an additional 3 years to December 30, 2026.

In 2018, SB entered into a loan in the amount of \$500,000 with ARC Chicago, LLC for the primary purpose of expanding its business to hire low-income individuals with significantly high barriers to employment to help break the cycle of poverty; and further, to combat community deterioration in the economically depressed community of North Lawndale and other low-income communities in the City of Chicago at large. The loan bears interest at 4% and has a maturity date of July 2029. The loan is to be repaid in quarterly installments starting on October 1, 2022. As of June 30, 2022, \$500,000 of the loan was advanced to SB and remained outstanding. The Organization settled this debt by paying \$250,000 and receiving loan forgiveness from ACR Chicago, LLC in the amount of \$250,000.

Principal payments due on long term debt during each of the next five years and thereafter are as follows:

Years ending June 30:		
2024	\$	2,900,000
2025		-
2026		-
2027		-
2028		-
Thereafter		<u>7,840,000</u>
	\$	<u>10,740,000</u>

(6) Lease Commitments

The Organization leases certain property and equipment under a non-cancelable finance lease expiring May 31, 2026. The assets and liabilities for this lease are recorded at the present value of the future minimum lease payments. The interest rate implicit in the lease is estimated to be 25.5% at inception. The components of the lease expense for the year ended June 30, 2023 were as follows:

Amortization of Asset	\$	11,688
Interest on Lease Liabilities		<u>11,785</u>
Total Expenses	\$	23,473

Maturities of finance lease liabilities as of June 30, 2023 were are follows:

Year ending June 30,		
2024	\$	11,595
2025		14,575
2026		<u>16,502</u>
Thereafter	\$	42,672

NLEN has operating leases for office space and warehouse storage space. In addition to base rent, NLEN is responsible for certain operating expenses. The various leases expire at varying dates

NORTH LAWDALE EMPLOYMENT NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

through August 2023 with monthly rental payments ranging from \$2,650 to \$6,971. Rental expense was \$149,374, and \$136,770, for the years ended June 30, 2023, and 2022, respectively.

(7) Retirement Plan

Prior to November 2018, NLEN sponsored a voluntary contribution retirement plan under Section 403(b) of the Internal Revenue Code (IRC). Substantially all employees were eligible to participate in the plan except for employees working less than twenty hours per week and student employees. Voluntary reductions were made from the salaries of participating employees and remitted to the financial institution of their choice. During November 2018, NLEN terminated the 403(b) Plan and implemented a new NLEN sponsored voluntary contribution retirement plan under section 401(k) of the IRC. The 401(k) Plan carries the same eligibility requirements as the previous 403(b) Plan. NLEN offers an employer dollar-for-dollar match not to exceed \$500 under the 401(k) Plan. Total expenses recorded for NLEN's match was \$6,000, and \$6,501 respectably for the year ended June 30, 2023, and 2022.

(8) Certain Vulnerabilities and Concentrations

The Organization maintained certain bank accounts insured by the Federal Deposit Insurance Corporation up to an aggregate amount of \$250,000 for each depositor in each depository institution. At June 30, 2023, one depository institution held \$1,082,649 on deposit, which exceeded the aggregate limit by \$832,649, leaving that amount at risk. Another depository institution held \$1,036,019 on deposit, which exceeded the aggregate limit by \$786,019, leaving that amount at risk. All other bank accounts had deposits less to or equal to \$250,000 on deposit, which did not exceed the aggregate limit, leaving no amount at risk.

The Organization's total revenue for the year ended June 30, 2023, amounted to \$9,513,763. Of this amount, \$3,466,684 was attributed to grants from government, amounting to 36% of total revenue. The Organization's total contract receivable for the year ended June 30, 2023, amounted to \$141,011, which is due from the City of Chicago.

(9) Property and Equipment

Property and equipment at June 30, 2023, and 2022 consist of the following:

**NORTH LAWDALE EMPLOYMENT NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>
Building	\$ 7,879,816	\$ 7,879,816
Infrastructure	403,370	403,370
Leasehold Improvement	157,362	157,362
Capitalized Software	52,765	52,765
Computer Equipment	109,677	109,677
Vehicles	56,318	39,728
Furniture and Equipment	686,537	582,150
Signage	180,853	180,853
Closing Costs	<u>351,101</u>	<u>351,101</u>
 Total Cost	 9,877,799	 9,756,822
 Accumulated Amortization	 (17,254)	 (5,637)
Accumulated Depreciation	<u>(1,017,836)</u>	<u>(579,783)</u>
	 <u>\$ 8,842,709</u>	 <u>\$ 9,171,402</u>

(10) Fair Value of Financial Instruments

Financial Accounting Standards Board (FASB) Accounting Standards Code (ASC) 820-10 "Fair Value Measurements and Disclosures" requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

(11) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023, and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Purpose Restricted for Program Services	\$ 2,993,957	\$ 560,582
Time and Purpose Restricted for the Capital Campaign	772,433	678,166
	<u>\$ 3,766,390</u>	<u>\$1,238,748</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of the passage of time, or other events specified by donors. Restrictions were released as follows:

**NORTH LAWDALE EMPLOYMENT NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>
Program Services	\$ 2,337,006	\$2,090,459

(12) Donations In-Kind and Contributed Services

The Organization receives various forms of in-kind contributions including professional services and equipment from various donors.

Professional Services

The Organization received donated professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value in the period the pledge is made and are expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which these services are rendered. The professional services were fully rendered at \$201,086, and \$289,021 for the year ended June 30, 2023, and 2022.

Equipment

The Organization received donated office equipment reported as contributions at their estimated fair value on the date of receipt. In-kind contributions are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considered their condition and utility for use at the time the goods are contributed by the donor. The donated office equipment was valued at \$30,000, and \$10,385, for the year ended June 30, 2023, and 2022.

The in-kind contributions for the year ended June 30, 2023, and 2022 were as follows:

Contribution	2023	2022	Valuation
Professional Services - Accounting	\$ 121,192	\$ 108,804	Fair Value
Professional Services - Legal	59,571	91,408	Fair Value
Professional Services - Advertising	13,590	88,809	Fair Value
Professional Services - Staff Development	4,000	-	Fair Value
Professional Services - Contractor	2,733	-	Fair Value
Office Equipment	30,000	10,385	Fair Value
	\$ 231,086	\$ 299,406	

(13) New Markets Tax Credits Transaction

Background

New Markets Tax Credits are tax credits created by the federal government in 2000 and renewed each year thereafter to help encourage sustained investment in low-income communities. The

**NORTH LAWDALE EMPLOYMENT NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

purpose is to provide investors with a financial incentive (a tax credit) to invest in projects being built in low-income communities. Investors receive a 39% federal tax credit earned over a seven-year period (the compliance period). The NMTC transaction provided a mechanism for NLEN to receive funding towards the construction of a new building.

NLEN NMTC Structure and Partners

NLEN entered into a NMTC transaction with Chase Community Equity (“CCE”), part of JPMorgan Chase Bank, the “investor” of the tax credits, and Chicago Development Fund (“CDF”), an entity making community investment loans to NLEN. NLEN is the “Leverage Lender” in the NMTC transaction.

NMTC Note Receivable

NLEN made an initial investment in NLEN Support Corp with cash generated by NLEN’s capital campaign proceeds in the amount of \$1,737,000. NLEN borrowed \$4,300,000 from IFF using the Capital Campaign pledges as collateral. With these loan funds and a bridge loan from Chase in the amount of \$4,079,533. NLEN then made a \$5,597,600 loan, to Chase NMTC NLEN Investment Fund. This fund was used to lend funds to NLEN Support Corp through CDF Suballocate XXXIX.

Building Fund

Chase Community Equity made a net investment of \$2,402,400 into the Chase NMTC NLEN Investment Fund by purchasing the seven-year tax credits made available through the CDF for NLEN Support Corp’s new building project. The combined investment amounts of both NLEN and Chase Community Equity, which total \$8,000,000, fund the notes from the CDF Suballocate XXXIX to NLEN Support Corp. NLEN Support Corp incurred \$339,771 in structuring fees associated with structuring the NMTC.

New Markets Tax Credits - Notes Payable

As a component of the NMTC transaction, NLEN Support Corp received two loans from the CDF Suballocate XXXIX totaling \$7,840,000 (Note A - \$5,597,600 and Note B - \$2,242,400) on December 30, 2020. NLEN Support Corp is obligated to make annual interest payments, at an interest rate of 1.082%, during the seven-year NMTC compliance period which is expected to end December 30, 2029.

Option Agreement

Simultaneous with the above transactions, NLEN Support Corp entered into a Put and Call Option Agreement with Chase Community Equity (the sole investor in the fund) to put the ownership interest in the Fund for \$1,000 commencing on December 31, 2029: the first day after the seven-year tax credit investment compliance period. Exercising of the Option will effectively extinguish NLEN Support Corp’s outstanding debt owed to the CDF Suballocate XXXIX. All entities related to the structure (including the CDF Suballocate XXXIX Investment Fund) will then be effectively dissolved, thus ending the structured financing deal. Should the structure not dissolve, NLEN Support Corp will make principal and interest payments until the loans mature on December 30, 2056. The probability of the loans extending past the seven-year compliance period is very low provided that NLEN Support Corp utilizes the new building in accordance with the original intent in the NMTC allocation as a qualified low- income community business.

NORTH LAWDALE EMPLOYMENT NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

(14) Employee Retention Credit

The CARES Act provides an employee retention credit (“CARES Employee Retention credit”), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter. The Organization qualifies for the tax credit under the CARES Act and expects to continue to receive additional tax credits under the additional relief provisions for qualified wages through September 30, 2021.

The Organization filed for refunds of the employee retention credit in the amount of \$1,440,515. As of June 30, 2023, the Organization has a \$1,440,515 receivable balance from the United States government related to the CARES Act, which is recorded in ERC Receivable on the Organizations Consolidated Statement of Financial Position.

(15) COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experiences significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization’s donors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization’s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of the pandemic.

(16) Subsequent Events

The Organization has evaluated subsequent events through October 23, 2023, the date the financial statements were available to be issued.

On July 18, 2023, August 16, 2023, and August 22, 2023, NLEN received ERTC payments of \$381,319, \$363,054, and \$277,564, respectively. Each payment included applicable interest.

NLEN received an audit notice for the third quarter 2021 ERTC application. Management believes that NLEN will receive the full amount being audited of \$388,921 plus interest.

SUPPLEMENTARY INFORMATION

**NORTH LAWDALE EMPLOYMENT NETWORK
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023**

	<u>North Lawndale Employment Network</u>	<u>Sweet Beginnings, LLC</u>	<u>NLEN Support Corp</u>	<u>beelove café</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS:						
Cash and Cash Equivalents	\$ 2,083,325	\$ 6,913	\$ 179,752	\$ 26,271	\$ -	\$ 2,296,261
Accounts Receivable	-	13,828	-	428	-	14,256
Contracts Receivable	141,011	-	-	-	-	141,011
Grants Receivable	884,450	-	-	-	-	884,450
ERC Receivable	1,410,858	29,657	-	-	-	1,440,515
Prepaid Expenses	45,500	-	-	-	-	45,500
Investment in beelove café	417,849	-	-	-	(417,849)	-
Investment in NLEN Support Corp	46,869	-	-	-	(46,869)	-
Investment in Sweet Beginnings	247,170	-	-	-	(247,170)	-
Property and Equipment, Net of Accumulated Depreciation	43,150	31,509	8,421,152	13,051	-	8,508,862
Closing Costs, Net of Accumulated Amortization	105,777	-	228,070	-	-	333,847
Notes Receivable	5,597,600	-	-	-	-	5,597,600
Total Assets	<u>11,023,559</u>	<u>81,907</u>	<u>8,828,974</u>	<u>39,750</u>	<u>(711,888)</u>	<u>19,262,302</u>
LIABILITIES AND NET ASSETS:						
<u>Liabilities</u>						
Accounts Payable	135,070	10,435	-	1,424	-	146,929
Accrued Payroll	25,618	1,056	-	817	-	27,491
Accrued Interest	-	-	42,415	-	-	42,415
Deferred Revenue	124,113	-	-	-	-	124,113
Copier Lease	42,672	-	-	-	-	42,672
Current Portion of Loans Payable	2,900,000	-	-	-	-	2,900,000
Long Term Portion of Loans Payable	-	-	7,840,000	-	-	7,840,000
Total Liabilities	<u>3,227,473</u>	<u>11,491</u>	<u>7,882,415</u>	<u>2,241</u>	<u>-</u>	<u>11,123,620</u>
<u>Net Assets</u>						
Without Donor Restrictions	4,029,696	(1,201,396)	899,690	(380,340)	1,024,642	4,372,292
With Donor Restrictions	3,766,390	-	-	-	-	3,766,390
NLEN Member Investments	-	1,271,812	46,869	417,849	(1,736,530)	-
Total Net Assets	<u>7,796,086</u>	<u>70,416</u>	<u>946,559</u>	<u>37,509</u>	<u>(711,888)</u>	<u>8,138,682</u>
Total Liabilities and Net Assets	<u>\$ 11,023,559</u>	<u>\$ 81,907</u>	<u>\$ 8,828,974</u>	<u>\$ 39,750</u>	<u>\$ (711,888)</u>	<u>\$ 19,262,302</u>

**NORTH LAWDALE EMPLOYMENT NETWORK
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022**

	<u>North Lawndale Employment Network</u>	<u>Sweet Beginnings, LLC</u>	<u>NLEN Support Corp</u>	<u>beelove café</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS:						
Cash and Cash Equivalents	\$ 2,720,078	\$ 70,127	\$ 191,064	\$ 13,559	\$ -	\$ 2,994,828
Accounts Receivable	-	56,840	-	-	-	56,840
Contracts Receivable	66,690	-	-	-	-	66,690
Grants Receivable	831,422	-	-	-	-	831,422
ERC Receivable	1,410,858	29,657	-	-	-	1,440,515
Capital Campaign Pledges Receivable	235,000	-	-	-	-	235,000
Investment in beelove café	162,128	-	-	-	(162,128)	-
Investment in NLEN Support Corp	46,739	-	-	-	(46,739)	-
Construction In Progress	-	-	-	-	-	-
Property and Equipment, Net of Accumulated Depreciation	5,401	39,728	8,775,172	-	-	8,820,301
Closing Costs, Net of Accumulated Amortization	111,244	-	239,857	-	-	351,101
Notes Receivable	5,597,600	-	-	-	-	5,597,600
Total Assets	<u>11,187,160</u>	<u>196,352</u>	<u>9,206,093</u>	<u>13,559</u>	<u>(208,867)</u>	<u>20,394,297</u>
LIABILITIES AND NET ASSETS:						
<u>Liabilities</u>						
Accounts Payable	54,498	10,050	-	1,078	-	65,626
Accrued Expenses	76,000	-	-	-	-	76,000
Accrued Payroll	32,036	1,397	-	266	-	33,699
Accrued Interest	21,438	-	42,414	-	-	63,852
Deferred Revenue	314,914	-	-	-	-	314,914
Investment in Sweet Beginnings	52,189	-	-	-	(52,189)	-
Current Portion of Loans Payable	2,000,000	53,571	-	-	-	2,053,571
Long Term Portion of Loans Payable	2,900,000	446,429	7,840,000	-	-	11,186,429
Total Liabilities	<u>5,451,075</u>	<u>511,447</u>	<u>7,882,414</u>	<u>1,344</u>	<u>(52,189)</u>	<u>13,794,091</u>
<u>Net Assets</u>						
Without Donor Restrictions	4,497,337	(1,287,548)	1,276,940	(149,913)	1,024,642	5,361,458
With Donor Restrictions	1,238,748	-	-	-	-	1,238,748
NLEN Member Investments	-	972,453	46,739	162,128	(1,181,320)	-
Total Net Assets	<u>5,736,085</u>	<u>(315,095)</u>	<u>1,323,679</u>	<u>12,215</u>	<u>(156,678)</u>	<u>6,600,206</u>
Total Liabilities and Net Assets	<u>\$11,187,160</u>	<u>\$ 196,352</u>	<u>\$9,206,093</u>	<u>\$ 13,559</u>	<u>\$ (208,867)</u>	<u>\$20,394,297</u>

NORTH LAWDALE EMPLOYMENT NETWORK
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
AS OF JUNE 30, 2023

	<u>North Lawndale</u> <u>Employment</u> <u>Network</u>	<u>Sweet</u> <u>Beginnings,</u> <u>LLC</u>	<u>NLEN Support</u> <u>Corp</u>	<u>beelove</u> <u>café</u>	<u>Eliminations</u>	<u>Total</u>
PUBLIC SUPPORT:						
Grants and Contributions	\$ 4,310,363	\$ 250,245	\$ -	\$ -	\$ -	\$ 4,560,608
Government and Corporate Contracts	3,466,684	-	-	-	-	3,466,684
Special Events	473,004	-	-	-	-	473,004
Membership Dues	7,500	-	-	-	-	7,500
In-Kind Contributions	231,086	-	-	-	-	231,086
Total Public Support	<u>8,488,637</u>	<u>250,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,738,882</u>
REVENUE:						
Gain (Loss) on Disposal of Assets	144,817	-	-	-	-	144,817
Net Sales - beelove café	-	-	-	161,601	-	161,601
Net Sales - Sweet Beginnings, LLC	-	158,683	-	-	-	158,683
Investment Income	63,613	-	517	-	-	64,130
Other Income	-	165,465	-	-	-	165,465
Rental Income	80,185	-	77,000	-	(77,000)	80,185
Total Revenue	<u>288,615</u>	<u>324,148</u>	<u>77,517</u>	<u>161,601</u>	<u>(77,000)</u>	<u>774,881</u>
Total Public Support and Revenue	<u>8,777,252</u>	<u>574,393</u>	<u>77,517</u>	<u>161,601</u>	<u>(77,000)</u>	<u>9,513,763</u>
EXPENSES:						
Program Services	4,137,989	488,241	454,767	392,028	(77,000)	5,396,025
Management and General	1,168,061	-	-	-	-	1,168,061
Fundraising	1,411,201	-	-	-	-	1,411,201
Total Expenses	<u>6,717,251</u>	<u>488,241</u>	<u>454,767</u>	<u>392,028</u>	<u>(77,000)</u>	<u>7,975,287</u>
CHANGE IN NET ASSETS:	2,060,001	86,152	(377,250)	(230,427)	-	1,538,476
TOTAL NET ASSETS:						
Net Assets, Beginning of Year	5,736,085	(1,287,548)	1,276,940	(149,913)	1,024,642	6,600,206
NLEN Member Investments	-	1,271,812	46,869	417,849	(1,736,530)	-
Net Assets, End of Year	<u>\$ 7,796,086</u>	<u>\$ 70,416</u>	<u>\$ 946,559</u>	<u>\$ 37,509</u>	<u>\$ (711,888)</u>	<u>\$ 8,138,682</u>

NORTH LAWNDALE EMPLOYMENT NETWORK
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	<u>North Lawndale</u> <u>Employment</u> <u>Network</u>	<u>Sweet</u> <u>Beginnings,</u> <u>LLC</u>	<u>NLEN Support</u> <u>Corp</u>	<u>beelove</u> <u>café</u>	<u>Eliminations</u>	<u>Total</u>
PUBLIC SUPPORT:						
Grants and Contributions	\$ 3,809,488	\$ 2,202	\$ -	\$ -	\$ -	\$ 3,811,690
Government and Corporate Contracts	1,215,535	49,596	-	-	-	1,265,131
Special Events	348,608	-	-	-	-	348,608
Membership Dues	500	-	-	-	-	500
In-Kind Contributions	299,406	-	-	-	-	299,406
Total Public Support	<u>5,673,537</u>	<u>51,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,725,335</u>
REVENUE:						
Gain (Loss) on Disposal of Assets	-	9,500	-	-	-	9,500
Net Sales - beelove café	-	-	-	99,002	-	99,002
Net Sales - Sweet Beginnings, LLC	-	185,208	-	-	-	185,208
Investment Income	56,246	2,648	99	-	-	58,993
Other Income	809,956	130,698	-	638	-	941,292
Rental Income	47,199	-	77,000	-	(77,000)	47,199
Total Revenue	<u>913,401</u>	<u>328,054</u>	<u>77,099</u>	<u>99,640</u>	<u>(77,000)</u>	<u>1,341,194</u>
Total Public Support and Revenue	<u>6,586,938</u>	<u>379,852</u>	<u>77,099</u>	<u>99,640</u>	<u>(77,000)</u>	<u>7,066,529</u>
EXPENSES:						
Program Services	3,324,299	477,377	422,783	235,684	(30,759)	4,429,384
Management and General	751,950	-	-	-	(33,239)	718,711
Fundraising	1,845,225	-	-	-	(13,002)	1,832,223
Total Expenses	<u>5,921,474</u>	<u>477,377</u>	<u>422,783</u>	<u>235,684</u>	<u>(77,000)</u>	<u>6,980,318</u>
CHANGE IN NET ASSETS:	665,464	(97,525)	(345,684)	(136,044)	-	86,211
TOTAL NET ASSETS:						
Net Assets, Beginning of Year	5,070,621	(1,190,023)	1,622,624	(13,869)	1,024,642	6,513,995
NLEN Member Investments	-	972,453	46,739	162,128	(1,181,320)	-
Net Assets, End of Year	<u>\$ 5,736,085</u>	<u>\$ (315,095)</u>	<u>\$ 1,323,679</u>	<u>\$ 12,215</u>	<u>\$ (156,678)</u>	<u>\$ 6,600,206</u>

**NORTH LAWDALE EMPLOYMENT NETWORK
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services				Total Programs	Management and General	Fundraising	Eliminations	Total
	North Lawndale Employment Network	Sweet Beginnings, LLC	NLEN Support Corporation	beelove café					
Salaries and Fringe Benefits	2,258,117	284,915	-	64,698	\$ 2,607,730	488,905	483,016	-	\$ 3,579,651
Professional Fees	675,565	14,398	2,888	20,505	713,356	432,039	310,089	-	1,455,484
Depreciation and Amortization	-	8,220	365,808	2,569	376,597	17,694	5,467	-	399,758
Cost of Goods Sold	-	117,447	-	266,469	383,916	-	-	-	383,916
Occupancy	221,820	3,996	-	7,245	233,061	49,769	117,480	(72,000)	328,310
Payroll Taxes	193,887	29,355	-	3,878	227,120	51,901	34,670	-	313,691
Member and Community Reinvestment Costs	288,191	1,100	-	1,244	290,535	-	201	-	290,736
Interest	-	10,005	84,829	-	94,834	6,130	165,594	-	266,558
Office Expense	164,845	14,084	1,242	12,759	192,930	17,198	10,816	-	220,944
Special Events Expense	21,416	417	-	-	21,833	1,550	161,442	-	184,825
Office Equipment Rental and Purchase	94,248	-	-	-	94,248	16,017	41,034	(5,000)	146,299
Meeting Expense	69,211	815	-	570	70,596	23,640	24,187	-	118,423
Telephone	84,226	-	-	567	84,793	21,307	8,179	-	114,279
Insurance	46,092	-	-	3,508	49,600	6,742	9,225	-	65,567
Printing, Publications, and Marketing	13,824	3,489	-	8,016	25,329	2,805	21,947	-	50,081
Conference and Workshops	5,835	-	-	-	5,835	30,535	13,033	-	49,403
Charitable Contributions	-	-	-	-	-	-	4,550	-	4,550
Postage and Delivery	712	-	-	-	712	1,829	271	-	2,812
Total Expenses	\$ 4,137,989	\$ 488,241	\$ 454,767	\$ 392,028	\$ 5,473,025	\$ 1,168,061	\$ 1,411,201	\$ (77,000)	\$ 7,975,287

**NORTH LAWDALE EMPLOYMENT NETWORK
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services								
	North Lawndale Employment Network	Sweet Beginnings, LLC	NLEN Support Corporation	beelove café	Total Programs	Management and General	Fundraising	Eliminations	Total
Salaries and Fringe Benefits	\$ 2,321,333	\$ 69,385	\$ -	\$ 52,644	\$ 2,443,362	\$ 336,760	\$ 692,397	\$ -	\$ 3,472,519
Professional Fees	319,832	61,049	-	4,944	385,825	237,867	487,199	-	1,110,891
Cost of Goods Sold	-	288,565	-	155,176	443,741	-	-	-	443,741
Depreciation and Amortization	-	1,370	335,323	-	336,693	6,888	-	-	343,581
Payroll Taxes	206,228	4,912	-	4,821	215,961	24,486	54,469	-	294,916
Occupancy	128,567	-	-	890	129,457	41,335	165,277	(72,000)	264,069
Interest	-	15,000	84,829	-	99,829	-	153,635	-	253,464
Office Equipment Rental and Purchase	109,875	-	1,363	-	111,238	36,673	29,549	(5,000)	172,460
Special Events Expense	14,780	-	-	-	14,780	-	103,605	-	118,385
Printing, Publications, and Marketing	2,389	2,520	-	7,411	12,320	4,885	98,490	-	115,695
Telephone	70,693	-	-	-	70,693	27,287	15,709	-	113,689
Office Expense	40,070	30,301	1,268	5,956	77,595	14,116	16,817	-	108,528
Member and Community Reinvestment Costs	61,488	-	-	1,819	63,307	-	6,820	-	70,127
Meeting Expense	23,272	20	-	2,023	25,315	7,267	11,652	-	44,234
Insurance	21,826	4,255	-	-	26,081	-	5,507	-	31,588
Conference and Workshops	2,716	-	-	-	2,716	13,393	3,436	-	19,545
Postage and Delivery	810	-	-	-	810	993	663	-	2,466
Charitable Contributions	420	-	-	-	420	-	-	-	420
Total Expenses	\$ 3,324,299	\$ 477,377	\$ 422,783	\$ 235,684	\$ 4,460,143	\$ 751,950	\$ 1,845,225	\$ (77,000)	\$ 6,980,318