

BRIGHTON PARK NEIGHBORHOOD COUNCIL

Independent Auditor's Report and Financial Statements
December 31, 2023 and 2022

AUDIT REPORT



TABLE OF CONTENTS

Independent Auditor’s Report.....	2
Financial Statements:	
Statement of Financial Position.....	5
Statement of Activities.....	6
Statement of Cash Flows.....	7
Statement of Functional Expenses.....	8
Notes to the Financial Statements.....	9
Supplementary Information:	
Consolidated Year-End Financial Report.....	14
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	27
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	29
Schedule of Expenditures of Federal Awards.....	32
Schedule of Findings and Questioned Costs.....	33

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Brighton Park Neighborhood Council

Report on the Audit of the Financial Statements***Opinion***

We have audited the accompanying financial statements of Brighton Park Neighborhood Council (a nonprofit organization, "the Organization"), which comprise the statement of financial position as of December 31, 2023, and 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brighton Park Neighborhood Council as of December 31, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 and *Government 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Additionally, the accompanying Illinois Grant Accountability and Transparency Consolidated Year-End Financial Report, are also presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Correction of Error

As discussed in Note 10 to the financial statements, certain errors resulting in an understatement of Expenditures of Federal Awards were discovered by management of the Organization subsequent to October 14, 2024, the date of the audit report. Accordingly, the 2023 Schedule of Expenditures of Federal Awards and the Consolidated Year-End Financial Report have been restated to correct the error. Our in-relation to opinion is not modified with respect to this matter.

Lopez & Co. CPAs Ltd

Chicago, IL

October 14, 2024 (except for Note 10 as to which the date is February 28, 2025)

**BRIGHTON PARK NEIGHBORHOOD COUNCIL
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS:		
Cash and Cash Equivalents	\$ 2,666,933	\$ 1,739,999
Accounts and Grants Receivable, Net	1,841,980	1,624,406
Other Current Assets	30,015	3,864
Property and Equipment, Net of Accumulated Depreciation of \$276,733	903,010	635,946
Total Assets	5,441,938	4,004,215
 LIABILITIES AND NET ASSETS:		
<u>Liabilities</u>		
Accounts Payable	96,685	103,966
Accrued Expenses	145,538	146,016
Mortgage Payable	23,878	34,588
Other Current Liabilities	282,051	152,440
Deferred Revenue	45,828	71,535
Total Liabilities	593,980	508,545
 <u>Net Assets</u>		
Without Donor Restrictions	3,811,976	2,712,292
With Donor Restrictions	1,035,982	783,378
Total Net Assets	4,847,958	3,495,670
 Total Liabilities and Net Assets	 \$ 5,441,938	 \$ 4,004,215

The accompanying notes are an integral part of these financial statements

BRIGHTON PARK NEIGHBORHOOD COUNCIL
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT:			
Government Grants and Contracts	\$ 7,189,845	\$ -	\$ 7,189,845
Foundation and Corporation Contributions	975,060	1,940,499	2,915,559
Other Grants and Contracts	145,874	-	145,874
Released from Restrictions	<u>1,687,895</u>	<u>(1,687,895)</u>	<u>-</u>
Total Public Support	<u>9,998,674</u>	<u>252,604</u>	<u>10,251,278</u>
REVENUE:			
Interest Income	68,629	-	68,629
Special Events	16,030	-	16,030
Other Income	<u>1,706,133</u>	<u>-</u>	<u>1,706,133</u>
Total Revenue	<u>1,790,792</u>	<u>-</u>	<u>1,790,792</u>
Total Public Support and Revenue	<u>11,789,466</u>	<u>252,604</u>	<u>12,042,070</u>
EXPENSES:			
Program Services	9,562,225	-	9,562,225
Management and General	918,924	-	918,924
Fundraising	<u>208,633</u>	<u>-</u>	<u>208,633</u>
Total Expenses	<u>10,689,782</u>	<u>-</u>	<u>10,689,782</u>
CHANGE IN NET ASSETS:	1,099,684	252,604	1,352,288
TOTAL NET ASSETS:			
Net Assets, Beginning of Year	<u>2,712,292</u>	<u>783,378</u>	<u>3,495,670</u>
Net Assets, End of Year	<u>\$ 3,811,976</u>	<u>\$ 1,035,982</u>	<u>\$ 4,847,958</u>

The accompanying notes are an integral part of these financial statements

BRIGHTON PARK NEIGHBORHOOD COUNCIL
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT:			
Government Grants and Contracts	\$ 5,047,680	\$ -	\$ 5,047,680
Foundation and Corporation Contributions	2,488,231	429,315	2,917,546
Other Grants and Contracts	138,012	-	138,012
Released from Restrictions	125,796	(125,796)	-
	<hr/>	<hr/>	<hr/>
Total Public Support	7,799,719	303,519	8,103,238
REVENUE:			
Earned Revenue	7,500	-	7,500
Interest Income	697	-	697
Special Events	48,914	-	48,914
Other Income	677,214	-	677,214
Fiscal Sponsored Organization Income	-	220,000	220,000
Released from Restrictions	518,727	(518,727)	-
	<hr/>	<hr/>	<hr/>
Total Revenue	1,253,052	(298,727)	954,325
	<hr/>	<hr/>	<hr/>
Total Public Support and Revenue	9,052,771	4,792	9,057,563
EXPENSES:			
Program Services	7,870,919	-	7,870,919
Management and General	494,345	-	494,345
Fundraising	145,180	-	145,180
	<hr/>	<hr/>	<hr/>
Total Expenses	8,510,444	-	8,510,444
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS:	542,327	4,792	547,119
	<hr/>	<hr/>	<hr/>
PRIOR PERIOD ADJUSTMENTS:	(791,928)	652,790	(139,138)
	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS:			
Net Assets, Beginning of Year	2,961,893	125,796	3,087,689
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	<u>\$ 2,712,292</u>	<u>\$ 783,378</u>	<u>\$ 3,495,670</u>

The accompanying notes are an integral part of these financial statements

BRIGHTON PARK NEIGHBORHOOD COUNCIL
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,352,288	\$ 547,119
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:		
Depreciation	-	-
(Increase) Decrease in Accounts and Grants Receivable	(503,005)	29,087
(Increase) Decrease in Other Current Assets	259,280	17,670
Increase (Decrease) in Accounts Payable	(7,281)	13,002
Increase (Decrease) in Accrued Expenses	(478)	29,580
Increase (Decrease) in Other Current Liabilities	129,611	(547,298)
Increase (Decrease) in Deferred Revenue	(25,707)	71,535
Increase (Decrease) in Prior Period Adjustments	-	-
Net Cash Provided (Used) by Operating Activities	<u>1,204,708</u>	<u>160,695</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in Property and Equipment	<u>(267,064)</u>	<u>(72,865)</u>
Net Cash Provided (Used) by Investing Activities	<u>(267,064)</u>	<u>(72,865)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Paydown in Mortgage Payable	(10,710)	(18,860)
Net Cash Provided (Used) by Financing Activities	<u>(10,710)</u>	<u>(18,860)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	926,934	68,970
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,739,999</u>	<u>1,671,029</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 2,666,933</u>	<u>\$ 1,739,999</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 414</u>	<u>\$ 2,251</u>

The accompanying notes are an integral part of these financial statements

BRIGHTON PARK NEIGHBORHOOD COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services				Total Programs	Mgmt and General	Fundraising	Total
	Organizing	Economic Stability	FSCS / Education	Other Programs				
Salary and Wages	\$ 1,290,207	\$ 434,318	\$ 4,160,931	\$ -	\$ 5,885,455	\$ 355,621	\$ 159,772	\$ 6,400,849
Employee Benefits	62,715	21,117	202,218	-	286,051	17,363	7,801	311,214
Payroll Taxes	112,853	37,999	363,880	-	514,732	31,244	14,037	560,012
Professional Fees	11,051	3,721	60,631	7,500	82,903	3,059	1,375	87,336
Office expense	23,007	7,747	74,183	-	104,937	6,370	2,862	114,168
Occupancy	7,483	2,520	24,128	-	34,130	2,072	931	37,133
Travel	41,110	1,294	23,839	-	66,242	832	374	67,449
Repairs and Maintenance	12,548	4,225	40,459	-	57,232	3,474	1,561	62,266
Conferences and Meetings	12,539	8,602	14,968	-	36,110	3,089	1,388	40,587
Insurance	8,475	2,853	27,326	-	38,654	2,346	1,054	42,054
Program Expenses	633,946	126,097	589,154	44,969	1,394,167	27,040	12,148	1,433,355
Supplies	2,220	747	7,158	-	10,125	615	276	11,016
Telecommunications	35,204	3,578	18,276	-	57,057	3,960	1,779	62,797
Dues and Publications	10,213	2,108	17,354	-	29,675	2,230	1,002	32,907
Payroll Fees	19,683	6,627	63,465	-	89,775	5,449	2,274	97,498
Postage and Delivery	114	38	366	-	518	31	-	550
Printing and Reproduction	1,596	538	5,147	-	7,281	442	-	7,723
Independent Contractors	164,203	3,333	312,168	374,327	854,032	43,404	-	897,436
Other Expenses	2,803	944	9,039	365	13,151	1,125	-	14,275
Debt	-	-	-	-	-	409,157	-	409,157
Total Expenses	\$ 2,451,969	\$ 668,406	\$ 6,014,689	\$ 427,161	\$ 9,562,225	\$ 918,924	\$ 208,633	\$10,689,782

**BRIGHTON PARK NEIGHBORHOOD COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>				Total Programs	Mgmt and General	Fundraising	Total
	<u>Organizing</u>	<u>FSCS / Education</u>	<u>Economic Stability</u>	<u>Other Programs</u>				
Salary and Wages	\$ 317,224	\$ 3,011,030	\$ 1,116,407	\$ -	\$ 4,444,661	\$ 258,665	\$ 113,400	\$ 4,816,726
Program Expenses	67,761	514,599	401,728	21,648	1,005,736	17,476	-	1,023,212
Independent Contractors	112,954	704,964	67,969	-	885,887	26,426	7,135	919,448
Other Expenses	2,649	25,127	9,316	518,727	555,819	2,159	946	558,924
Payroll Taxes	27,820	264,064	97,908	-	389,792	22,685	9,945	422,422
Employee Benefits	16,166	153,448	56,894	-	226,508	26,083	5,779	258,370
Office expense	8,242	78,236	29,008	-	115,486	14,069	3,292	132,847
Professional Fees	3,852	59,065	13,557	-	76,474	3,141	1,377	80,992
Payroll Fees	5,183	49,198	18,241	-	72,622	4,226	1,853	78,701
Telecommunications	2,395	23,589	8,746	-	34,730	12,387	888	48,005
Repairs and Maintenance	-	59	-	-	59	37,260	-	37,319
Travel	6,333	20,795	7,026	-	34,154	1,928	-	36,082
Occupancy	-	-	-	-	-	32,484	258	32,742
Conferences and Meetings	1,924	9,537	5,296	-	16,757	4,164	-	20,921
Insurance	-	-	-	-	-	20,578	-	20,578
Dues and Publications	1,016	327	158	-	1,501	8,120	-	9,621
Supplies	972	4,239	1,705	-	6,916	1,867	160	8,943
Printing and Reproduction	761	795	2,154	-	3,710	177	-	3,887
Postage and Delivery	65	31	11	-	107	450	147	704
Total Expenses	\$ 575,317	\$ 4,919,103	\$ 1,836,124	\$ 540,375	\$ 7,870,919	\$ 494,345	\$ 145,180	\$ 8,510,444

BRIGHTON PARK NEIGHBORHOOD COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

(1) History and Nature of Organization

The Brighton Park Neighborhood Council (“the Organization”) is a community-based, nonprofit organization serving a low-income working class neighborhood on Chicago’s southwest side. The Organization’s mission is to create safer communities, improve the learning environment at public schools, preserve affordable housing, provide a voice for youth, protect immigrants’ rights, promote gender equality, and fight all forms of violence. Founded in 1997, the Organization unites individuals and neighborhood institutions to develop organizing campaigns aimed at winning essential resources for one of Chicago’s most underserved communities, improving public policy and addressing the root causes of poverty and inequality.

(2) Summary of Significant Accounting Policies

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 \$1,035,982 and \$783,378 of donor restricted net assets as of December 31, 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. Expirations of restrictions on net assets are reported as reclassifications between applicable classes of assets.

Grants, Contributions, and Contracts

The Organization has adopted 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. All contributions are considered available for the Organization’s general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

BRIGHTON PARK NEIGHBORHOOD COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Liquidity and Availability of Financial Assets

The Organization has \$4,794,344 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. The financial assets consist of \$2,666,933 of cash and cash equivalents and \$2,127,411 in accounts receivable. \$1,035,982 of the financial assets are subject to donor or other contractual restrictions, but the remaining financial assets are available for general expenditure within one year of the balance sheet date. The accounts receivable are subject to implied time restrictions but are expected to be collected within three to six months. The Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$890,815 per month. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of their liquidity management, the Organization transfers cash in excess of monthly requirements to an interest bearing money market account.

Fixed Assets and Depreciation Expense

Property and equipment are recorded at historical cost. The Organization capitalizes fixed asset additions over \$1,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Software	3 years
Equipment	5 years
Furniture & Fixtures	7 years
Building	39 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. Depreciation amounted to \$0 at December 31, 2023.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the 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. The supporting costs are allocated based on estimates of time, effort, and usage.

BRIGHTON PARK NEIGHBORHOOD COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Income Taxes

The Organization 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. The Organization had no unrelated business income during fiscal year 2023 and therefore, no provision for federal or state income taxes has been made in the accompanying financial statements. The Organization is no longer subject to U.S. federal, state and local income tax examination by tax authorities for the years before the tax year ended December 31, 2020. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

(3) 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 a single institution. At December 31, 2023, one depository institution had an aggregate balance exceeding insured amounts. The institution had \$2,311,067 on deposit, which exceeded the aggregate limit by \$2,061,067 leaving that amount at risk.

The Organization's total revenue for the year ended December 31, 2023, amounted to \$12,042,070. Of this amount, \$7,189,845 was attributed to grants from the government, amounting to 60% of total revenue. The Organization's total receivables for the year ended December 31, 2023, amounted to \$2,127,411. Of this amount, \$408,042 was attributed to grants from the government, amounting to 19% of total receivables. Any negative change in the economy could have an impact on contributions, fundraising efforts, as well as government grants.

(4) Accounts/Grants Receivable

As of December 31, 2023, accounts and grants receivable consisted of:

	<u>2023</u>	<u>2022</u>
Accounts Receivable	\$ 1,719,369	\$ 1,069,469
Grants Receivable	408,042	554,936
Total	<u>\$ 2,127,411</u>	<u>\$ 1,624,405</u>

(5) Property and Equipment

Property and equipment at December 31, 2023, consists of the following:

	<u>2023</u>	<u>2022</u>
Building	\$ 158,169	\$ 158,169
Building Improvements	115,016	115,016
Furniture and Equipment	171,144	171,144
Vehicle	6,200	6,200
Construction in Progress	729,214	462,150
	<u>1,179,743</u>	<u>912,679</u>
Accumulated Depreciation	<u>(276,733)</u>	<u>(276,733)</u>
Total	<u>\$ 903,010</u>	<u>\$ 635,946</u>

BRIGHTON PARK NEIGHBORHOOD COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

(6) Mortgage Payable

The Organization refinanced its mortgage on October 29, 2009. The mortgage was refinanced into a note payable of 5.9% interest per annum. The note is secured by the underlying real estate. The monthly payments in the amount of \$1,572 in principal and interest began February 1, 2010. The note is scheduled to mature in January 2024.

Future maturities of mortgage payable are as follows as of December 31, 2023:

<u>Year Ending December 31</u>	<u>Amount</u>
2024	23,878
Thereafter	-
Total	<u>\$ 23,878</u>

(7) Net Assets

With Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31, 2023:

<u>Restriction</u>	<u>Restricted Balance</u>
Purpose	<u>\$ 1,035,982</u>
	<u>\$ 1,035,982</u>

Released from Restrictions

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 on December 31, 2023:

<u>Restriction</u>	<u>Released</u>
Purpose	<u>\$ 1,687,895</u>
	<u>\$ 1,687,895</u>

(8) 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, marketable equity securities, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

BRIGHTON PARK NEIGHBORHOOD COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

(9) Subsequent Events

The Organization has evaluated subsequent events through October 14, 2024, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

(10) Restatement of Supplementary Information

Subsequent to the issuance of the audit report, the Organization identified federal expenditures that were omitted from the Schedule of Expenditures of Federal Awards for the year ended December 31, 2023. The restatement affected the Schedule of Expenditures of Federal Awards. Accordingly, the Schedule of Expenditures of Federal Awards was restated.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Brighton Park Neighborhood Council

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brighton Park Neighborhood Council (a nonprofit organization, "the Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-002, 2023-001, and 2023-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lopez & Co. CPAs Ltd

Chicago, IL

February 28, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Brighton Park Neighborhood Council

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brighton Park Neighborhood Council's (a nonprofit organization, "the Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2023. Brighton Park Neighborhood Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Brighton Park Neighborhood Council and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lopez & Co. CPAs Ltd

Chicago, IL

October 14, 2024

**BRIGHTON PARK NEIGHBORHOOD COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor</i>	<i>Grant No.</i>	<i>Restated Federal Expenditures(\$)</i>
WIOA Cluster-Cluster				
Department of Labor WIOA Youth Activities				
WIOA Youth Activities	17.259	Illinois Department of Commerce & Economic Opportunity	20-635001	95,799
Total WIOA Youth Activities				95,799
<i>Total Department of Labor</i>				95,799
Total WIOA Cluster-Cluster				95,799
Other Programs				
Department of Homeland Security				
Emergency Food and Shelter National Board Program				
Emergency Food and Shelter National Board Program	97.024	United Way	237800	50,528
Emergency Food and Shelter National Board Program	97.024	United Way	237800221	40,800
Total Emergency Food and Shelter National Board Program				91,328
<i>Total Department of Homeland Security</i>				91,328
Department of Education				
Twenty-First Century Community Learning Centers				
Twenty-First Century Community Learning Centers	84.287	Illinois State Board of Education	N/A	687,300
Twenty-First Century Community Learning Centers	84.287	Chicago Public Schools	N/A	143,994
Total Twenty-First Century Community Learning Centers				831,294
Education Stabilization Fund				
Education Stabilization Fund	84.425	Illinois State Board of Education	N/A	213,285
Education Stabilization Fund	84.425	Illinois State Board of Education	N/A	324,050
Total Education Stabilization Fund				537,335
<i>Total Department of Education</i>				1,368,629
Department of Health and Human Services				
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects				
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	93.185		N/A	60,160
Total Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects				60,160
Low Income Household Water Assistance Program				
Low Income Household Water Assistance Program	93.499	The Community and Economic Development Association	22-701-007	56,060
Total Low Income Household Water Assistance Program				56,060

**BRIGHTON PARK NEIGHBORHOOD COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor</i>	<i>Grant No.</i>	<i>Restated Federal Expenditures(\$)</i>
Temporary Assistance for Needy Families (TANF) State Programs				
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Illinois Department of Human Services	FCSCR04802	142,849
Total Temporary Assistance for Needy Families (TANF) State Programs				142,849
<i>Total Department of Health and Human Services</i>				259,069
Department of Housing and Urban Development				
Housing Counseling Assistance Program				
Housing Counseling Assistance Program	14.169	IL Housing Development Authority	52013	87,685
Housing Counseling Assistance Program	14.169	UnidosUS	HC220011021	40,000
Housing Counseling Assistance Program	14.169	UnidosUS	N/A	35,020
Total Housing Counseling Assistance Program				162,704
<i>Total Department of Housing and Urban Development</i>				162,704
Department of the Treasury				
Coronavirus Relief Fund				
Coronavirus Relief Fund	21.019	Cook County	1205-NT897-2	631,275
Total Coronavirus Relief Fund				631,275
 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS				
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	IL Criminal Justice Information Authority	2940-38435	351,009
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	IL Housing Development Authority	51877	16,406
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	City of Chicago - Department of Family and Support Services	227838	124,663
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	IL Housing Development Authority	52141	75,626
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	Illinois Department of Human Services	FCSCR04802	67,824
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	Illinois Department of Human Services	FCSCX07270	31,176
Total CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS				666,704
<i>Total Department of the Treasury</i>				1,297,979
Total Other Programs				3,179,709
Total Expenditures of Federal Awards				\$ 3,275,508

Notes to the Schedule of Expenditures of Federal Awards:

1. This Schedule was prepared on the accrual basis of accounting
2. There were no federal non-cash awards, insurance or loan guarantees in the year under audit
3. There were no sub-recipients for this organization
4. Programs tested as major programs were CFDA number 84.287 and 21.027
5. Entity elected to use the 10% de minimis indirect cost rate

**BRIGHTON PARK NEIGHBORHOOD COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued: Unmodified Opinion

Internal control over financial reporting:

- Material weakness identified? Xyes ___no
- Significant deficiencies identified? ___yes Xno

Noncompliance material to financial statements noted? ___yes Xno

Federal Awards

Internal control over major federal programs:

- Material weakness identified? ___yes Xno
- Significant deficiencies identified? ___yes Xno

Type of auditor's report issued on compliance for major federal programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)? ___yes Xno

Identification of major federal program:

CFDA No(s).	Names of Federal Program
84.287	Twenty-First Century Community Learning Center
21.027	Coronavirus State and Local Recovery Funds

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? ___yes Xno

B. FINDINGS RELATED TO FINANCIAL STATEMENTS

YES

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARDS

NONE

**BRIGHTON PARK NEIGHBORHOOD COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Findings required to be reported by *Government Auditing Standards*, issued by the Comptroller General of the United States:

Finding 2023-001 – Monitoring Accounts Receivable (Material Weakness)

Criteria: Management is responsible for monitoring and maintaining the accounts receivable subsidiary ledger.

Condition: The Organization's subsidiary ledger is not routinely monitored or maintained.

Context: The accounts receivable subsidiary ledger contains numerous unapplied credits, making it difficult to determine the true outstanding invoices.

Effect: There are several instances of revenue being double counted once the payment is deposited, since the Organization could not easily identify the revenue was already accounted for and pending payment in the accounts receivable balance. We made material adjustments to reverse the double counted revenue.

Cause: The lack of effective internal controls over accounts receivable resulted in a material misstatement of accounts receivable and revenue.

Recommendation: The Organization should clean up the subsidiary ledger and implement effective internal controls when determining if deposits should be recorded as revenue or clear out a previously recorded outstanding invoice.

Views of Responsible Official: The restructure of department last year to add another position was not accomplished. We had the position open and filled in the beginning of 2024, but it was vacant soon after. Due to this, the clean up from 2009-current was not possible. We will sub-contract clean up in order to clear out previously recorded invoices. We have recently filled the position and they will start October 2024. We will sub-contract until the new staff are trained to provide continuous monitoring and control. We also placed quarterly review of all balance sheet accounts and sign-off moving forward.

Finding 2023-002 – Internal Control over Financial Reporting (Material Weakness)

Criteria: Internal Control procedures should be designed to ensure the Schedule of Expenditures of Federal Awards (SEFA) is prepared completely, accurately and in a timely manner.

Condition: The Schedule of Expenditures of Federal Awards was not complete and accurate.

Context: Management identified federal programs that were not included in the Schedule of Expenditures of Federal Awards after the issuance of the financial statement audit report.

Effect: The SEFA was presented was incomplete.

Cause: Internal control over the financial reporting of the SEFA failed to identify and prevent the incorrect presentation of the schedule.

**BRIGHTON PARK NEIGHBORHOOD COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Recommendation: Internal control procedures over financial reporting of the SEFA should be reviewed and modified as necessary to ensure that all federal programs and expenditures are included.

Views of Responsible Official: In 2024, we have restructured our development team to include a new Director of Grants, Contracts and Evaluation. This Director is responsible for review and compliance management of BPNC's government contracts. The Director works closely with our Director of Accounting, to ensure fidelity between proposed budgets and actual usage, and ensure timely and accurate program and financial reporting.

D. PRIOR AUDIT FINDINGS

Reference Number	Summary of Finding	Status
Finding 2022-001	Internal Control over Month-End Financial Reporting (Material Weakness) Context: The Organization could not provide bank reconciliations that tied to the register balance for several cash & cash equivalents accounts.	Resolved
Finding 2022-002	Monitoring Accounts Receivable (Material Weakness) Context: The accounts receivable subsidiary ledger contains numerous unapplied credits, making it difficult to determine the true outstanding invoices. CAP: The restructure of department last year to add another position was not accomplished. We had the position open and filled in the beginning of 2024, but it was vacant soon after. Due to this, the clean up from 2009-current was not possible. We will sub-contract clean up in order to clear out previously recorded invoices. We have recently filled the position and they will start October 2024. We will sub-contract until the new staff are trained to provide continuous monitoring and control. We also placed quarterly review of all balance sheet accounts and sign-off moving forward.	Unresolved
