
Chicago Lights

**Financial Report
with Supplemental Information
December 31, 2021**

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Independent Auditor's Report

To the Board of Directors
Chicago Lights

Opinion

We have audited the financial statements of Chicago Lights (the "Organization"), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and the changes in its net assets, functional expenses, 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 (GAAS). 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 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.

Report on Prior Year Financial Statements

The financial statements of the Organization as of December 31, 2020 were audited by other auditors, who expressed an unmodified opinion on those statements on July 15, 2021.

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 issued or 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 GAAS 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.

To the Board of Directors
Chicago Lights

In performing an audit in accordance with GAAS, 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.

Plante & Moran, PLLC

June 1, 2022

Statement of Financial Position

	December 31, 2021 and 2020	
	2021	2020
Assets		
Cash and cash equivalents	\$ 903,969	\$ 827,973
Due from The Congregation of The Fourth Presbyterian Church of Chicago, Illinois (Note 6)	472,816	105,510
Prepaid expenses and other assets	10,800	25,234
Property and equipment - Net (Note 3)	40,347	39,181
Total assets	<u>\$ 1,427,932</u>	<u>\$ 997,898</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 87,165	\$ 78,733
Deferred revenue	54,000	11,500
Total liabilities	141,165	90,233
Net Assets		
Without donor restrictions	782,251	592,024
With donor restrictions (Note 4)	504,516	315,641
Total net assets	1,286,767	907,665
Total liabilities and net assets	<u>\$ 1,427,932</u>	<u>\$ 997,898</u>

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions	\$ 1,401,832	\$ 458,734	\$ 1,860,566	\$ 1,807,029	\$ 259,915	\$ 2,066,944
In-kind donations (Note 6)	504,460	-	504,460	451,496	-	451,496
Mission Benefit (net of expenses of \$104,673 and \$235,270, respectively)	259,679	-	259,679	486,016	-	486,016
Program activity	13,346	-	13,346	175	-	175
Other	-	-	-	19,534	-	19,534
Net assets released from restrictions	269,859	(269,859)	-	60,004	(60,004)	-
Total revenue and support	2,449,176	188,875	2,638,051	2,824,254	199,911	3,024,165
Expenses						
Program services	1,777,864	-	1,777,864	1,913,704	-	1,913,704
Support services:						
Management and general	603,274	-	603,274	510,547	-	510,547
Resource development	316,470	-	316,470	341,629	-	341,629
Total expenses	2,697,608	-	2,697,608	2,765,880	-	2,765,880
Increase (Decrease) in Net Assets - Before equity transfer from PPP proceeds	(248,432)	188,875	(59,557)	58,374	199,911	258,285
Equity Transfer (Note 6)	438,659	-	438,659	42,386	-	42,386
Increase in Net Assets	190,227	188,875	379,102	100,760	199,911	300,671
Net Assets - Beginning of year	592,024	315,641	907,665	491,264	115,730	606,994
Net Assets - End of year	\$ 782,251	\$ 504,516	\$ 1,286,767	\$ 592,024	\$ 315,641	\$ 907,665

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services					Support Services				
	Chicago Lights Dance Academy	Elam Davies Social Service Center	Summer Day	Tutoring and Scholarships	Urban Farm	Total Program Services	Management and General	Resource Development	Total Support Services	Total
Salary and benefits	\$ 222,449	\$ 347,261	\$ 66,786	\$ 339,349	\$ 277,606	\$ 1,253,451	\$ 281,594	\$ 263,391	\$ 544,985	\$ 1,798,436
Professional services	21,516	35,475	13,844	67,118	32,522	170,475	202,601	41,919	244,520	414,995
Grants and dues	-	-	-	114,394	-	114,394	-	-	-	114,394
Meetings, trips, and retreats	607	3,639	892	2,560	7,778	15,476	-	-	-	15,476
Supplies	4,698	19,343	4,896	36,475	15,599	81,011	2,007	-	2,007	83,018
Printing and other related services	-	3,786	-	474	1,380	5,640	6,449	8,804	15,253	20,893
Occupancy and insurance	32,033	57,849	-	3,155	30,309	123,346	85,370	1,703	87,073	210,419
COVID-19	202	1,762	353	-	-	2,317	121	653	774	3,091
Interest	-	-	-	-	-	-	25,132	-	25,132	25,132
Depreciation	-	-	-	-	11,754	11,754	-	-	-	11,754
Total functional expenses	\$ 281,505	\$ 469,115	\$ 86,771	\$ 563,525	\$ 376,948	\$ 1,777,864	\$ 603,274	\$ 316,470	\$ 919,744	\$ 2,697,608

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services					Support Services				
	Chicago Lights Dance Academy	Elam Davies Social Service Center	Summer Day	Tutoring and Scholarships	Urban Farm	Total Program Services	Management and General	Resource Development	Total Support Services	Total
Salary and benefits	\$ 225,012	\$ 339,821	\$ 115,999	\$ 453,000	\$ 229,162	\$ 1,362,994	\$ 278,745	\$ 264,579	\$ 543,324	\$ 1,906,318
Professional services	24,758	48,112	19,212	85,067	34,329	211,478	87,942	51,059	139,001	350,479
Grants and dues	-	-	-	65,350	-	65,350	-	-	-	65,350
Meetings, trips, and retreats	1,630	2,383	861	31,256	3,146	39,276	23,283	-	23,283	62,559
Supplies	6,344	2,958	8,115	11,569	13,977	42,963	2,006	-	2,006	44,969
Printing and other related services	314	3,340	96	5,847	1,350	10,947	15,084	24,563	39,647	50,594
Occupancy and insurance	772	62,979	-	53,445	29,848	147,044	84,000	1,271	85,271	232,315
COVID-19	2,035	7,745	2,623	2,400	-	14,803	387	157	544	15,347
Interest	-	-	-	-	-	-	19,100	-	19,100	19,100
Depreciation	-	-	-	-	18,849	18,849	-	-	-	18,849
Total functional expenses	\$ 260,865	\$ 467,338	\$ 146,906	\$ 707,934	\$ 330,661	\$ 1,913,704	\$ 510,547	\$ 341,629	\$ 852,176	\$ 2,765,880

Statement of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Increase in net assets	\$ 379,102	\$ 300,671
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	11,754	18,849
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Prepaid expenses and other assets	14,434	22,598
Accounts payable and other accrued expenses	8,432	(8,614)
Deferred revenue	42,500	(171,045)
Due from The Congregation of The Fourth Presbyterian Church of Chicago, Illinois	(367,306)	34,062
Net cash and cash equivalents provided by operating activities	88,916	196,521
Cash Flows Used in Investing Activities - Purchase of property and equipment	(12,920)	-
Net Increase in Cash and Cash Equivalents	75,996	196,521
Cash and Cash Equivalents - Beginning of year	827,973	631,452
Cash and Cash Equivalents - End of year	\$ 903,969	\$ 827,973

December 31, 2021 and 2020

Note 1 - Nature of Business

Chicago Lights (the "Organization") is an Illinois nonprofit corporation that conducts programs focusing on the educational and social services needs of people living in Chicago communities who are facing systemic economic barriers. The Organization is a community outreach organization of The Congregation of the Fourth Presbyterian Church of Chicago, Illinois (the "Church"). The specific purposes of the Organization are to advance the community outreach and mission activities of the Church in providing programs and resources for youth and adults facing systemic social and economic barriers. The Organization creates, develops, and manages educational, arts, social service, and community building programs and such other purposes as the Church and the board of directors may elect. The Organization annually partners with thousands of individuals of all races, ethnic backgrounds, and religious traditions. The Church is the sole corporate member and includes the activities of the Organization in its consolidated financial statements.

Chicago Lights' financial accounts are organized in program services and support services categories, which are as follows:

Chicago Lights Dance Academy: The dance academy fosters self-esteem and academic growth through dance classes taught by professional artists for students attending Chicago schools.

Elam Davies Social Service Center: The social service center helps adults achieve individual goals through case management and enrichment groups, plus appointments for food, clothing, housing case management, and other resources.

Summer Day: Summer Day bridges the summer learning and safety gap for students by engaging them in a six-week, full-day program that includes academic and arts classes, outdoor recreation, field trips, and a dynamic final performance written and produced by the students.

Tutoring: Tutoring matches students one to one with caring volunteer mentors to help them build academic and social-emotional skills, graduate from high school, and pursue meaningful careers.

Urban Farm: The Urban Farm cultivates a thoughtful and engaged community of youth and adults through educational and economic opportunities, hands-on learning experiences, and access to fresh, local, and sustainably grown produce.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with nonprofit reporting principles and practices

Cash and Cash Equivalents

Cash and cash equivalents includes checking and money market accounts. These accounts, from time to time, may exceed federally insured limits. However, the Organization has not experienced any losses on these accounts and does not believe it is exposed to any significant risk on cash.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of payments made by the Organization for Mission Benefit events, to be held in future periods, as well as miscellaneous receivables. Prepaid items are expensed at the time of the related event.

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful life of the asset using the straight-line method. Costs of maintenance and repairs are charged to expense when incurred.

Note 2 - Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Revenue Recognition

The Organization derives revenue primarily from the Mission Benefit event and sales from the Urban Farm.

Revenue from the Mission Benefit event is recorded at a point in time when the event takes place. Cash payments received in advance of the event date are recorded as deferred revenue. The benefit has historically taken place in March. The 2021 benefit was held as a virtual event.

Revenue derived from sales from the Urban Farm are for the specific exchange of goods priced at market value and recognized at the time of sale.

Cash payments received in advance of the Organization satisfying its performance obligations are recorded as deferred revenue on the statement of financial position. Total contract liabilities as of December 31, 2021 and 2020 were \$54,000 and \$11,500, respectively. Total contract liabilities as of January 1, 2021 and 2020 were \$11,500 and \$182,545, respectively.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as contributions without donor restrictions.

Conditional promises to give are not recognized as revenue until barriers prescribed by the grant agreements/pledge agreements are overcome. The Church records cash received in advance of meeting conditions as a refundable advance on the statement of financial position. As of December 31, 2021, the Church had no conditional promises to give.

Contributed services are recognized as in-kind contribution revenue and in-kind expenses if the services received meet certain criteria: the services create or enhance long-lived assets, or the services require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. The Organization records in-kind contribution revenue and expenses on the statement of activities and changes in net assets related to administrative services provided by the Church to the Organization, without charge. Refer to Note 6 for the valuation method of contributed services.

Note 2 - Significant Accounting Policies (Continued)

Additionally, a substantial number of unpaid volunteers have made significant contributions of their time that do not meet the above criteria. Accordingly, the value of their donated time and services is not reflected in the financial statements.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Occupancy service expenses are allocated based on actual use of space, based on the established rates. Salaries and benefits are allocated based management's estimate of time and effort. Professional fees are directly charged to the programs in which they relate. Depreciation expense is allocated based on the actual use of space. Management reviews these allocations annually. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

Upcoming Accounting Pronouncement

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The new guidance will be effective for the Organization's year ending December 31, 2022 and will be applied using the retrospective method.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 1, 2022, which is the date the financial statements were available to be issued.

Notes to Financial Statements

December 31, 2021 and 2020

Note 3 - Property and Equipment

The Organization owns a greenhouse used for the Urban Farm program. Property and equipment are summarized as follows:

	2021	2020	Depreciable Life - Years
Building improvements	\$ 116,448	\$ 116,448	5-30
Machinery and equipment	12,920	-	3-5
Total cost	129,368	116,448	
Accumulated depreciation	89,021	77,267	
Net property and equipment	<u>\$ 40,347</u>	<u>\$ 39,181</u>	

Depreciation expense for 2021 and 2020 was \$11,754 and \$18,849, respectively.

Note 4 - Net Assets

Net assets with donor restrictions consist of the following as of December 31:

	2021	2020
Funds restricted for use in future years' programming	\$ 254,673	\$ 186,915
Chicago Lights Dance Academy	21,096	-
Elam Davies Social Service Center	21,547	-
Summer Day	15,000	12,500
Tutoring	164,626	107,401
Urban Farm	27,574	8,825
Total net assets with donor restrictions	<u>\$ 504,516</u>	<u>\$ 315,641</u>

Net assets with donor restrictions utilized for their specific purposes during 2021 and 2020 were as follows:

	2021	2020
Time restricted for general operations	\$ 129,870	\$ 42,504
Chicago Lights Dance Academy	25,373	5,000
Summer Day	12,500	7,500
Tutoring	68,275	5,000
Elam Davies Social Service Center	33,841	-
Total net assets with donor restrictions utilized for their specific purposes	<u>\$ 269,859</u>	<u>\$ 60,004</u>

December 31, 2021 and 2020

Note 5 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of the December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2021	2020
Cash and cash equivalents	\$ 903,969	\$ 827,973
Receivable from related organization	472,816	105,510
Financial assets - At year end	1,376,785	933,483
Less those unavailable for general expenditures within one year, due to net assets with donor restrictions	504,516	315,641
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 872,269</u>	<u>\$ 617,842</u>

The Organization regularly monitors liquidity required to meet annual operating needs and other commitments.

Note 6 - Related Party Transactions

Pursuant to a service agreement, the Organization utilizes employees from the Church. The service agreement is for a period of one year, and is automatically renewed for successive one-year periods; either party can terminate the automatic renewal with 60 days' written notice. The employees participate in the benefit plans of the Church, as eligible. The Church charges the Organization for direct salary and benefit costs, and the Organization makes periodic reimbursements to the Church.

The Church continues to support the Organization by providing facility space and related utilities for its programs and administration functions. The Church also provides human resources, information technology, and accounting services to the Organization, free of charge. The estimated value of these in-kind contributions was \$504,460 and \$451,496 in 2021 and 2020, respectively. These in-kind services are valued based on a combination of full-time equivalents (for human resources and information technology-related services), budgeted expenses (for accounting services), and fair value estimates of space rental fees (for facility space and related utilities). In-kind contribution revenue with corresponding in-kind expenses are recorded on the statement of activities and changes in net assets in 2021 and 2020.

In addition, the Organization contributed \$53,375 and \$70,000 of Mission Benefit proceeds to the Church in 2021 and 2020, respectively, which is included within Mission Benefit on the statement of activities and changes in net assets.

The Organization received an investment draw allocation from the Church totaling \$54,959 and \$42,386 in 2021 and 2020, respectively, which is included in the equity transfer in the statement of activities and changes in net assets.

As of December 31, 2021 and 2020, a receivable of \$472,816 and \$105,510, respectively, is due from the Church. Included in the receivable balance as of December 31, 2021 is an equity transfer from Paycheck Protection Program (PPP) proceeds from the Church in the amount of \$383,700. This transfer is nonrecurring in nature.

Supplemental Information

Independent Auditor's Report on Supplemental Information

To the Board of Directors
Chicago Lights

We have audited the financial statements of Chicago Lights as of and for the year ended December 31, 2021 and have issued our report thereon dated June 1, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of support, revenue, and expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

June 1, 2022

Supplemental Statement of Support, Revenue, and Expenses

Year Ended December 31, 2021

	Chicago Lights Dance Academy	Elam Davies Social Service Center	Summer Day	Tutoring	Urban Farm	Other	Total
Support and Revenue							
Contributions	\$ 251,054	\$ 431,864	\$ 85,392	\$ 613,494	\$ 354,374	\$ 124,388	\$ 1,860,566
In-kind contributions	52,598	92,796	12,956	56,812	28,024	261,274	504,460
Program activity	-	-	-	-	13,346	-	13,346
Mission Benefit (net of expenses of \$104,673)	38,703	63,627	12,480	85,675	59,194	-	259,679
Total support and revenue	342,355	588,287	110,828	755,981	454,938	385,662	2,638,051
Expenses							
Program services	(281,505)	(469,115)	(86,771)	(563,525)	(376,948)	-	(1,777,864)
Management and general	(59,485)	(101,163)	(35,139)	(157,334)	(79,929)	(170,224)	(603,274)
Resource development	(31,205)	(53,069)	(18,434)	(82,536)	(41,930)	(89,296)	(316,470)
Total expenses	(372,195)	(623,347)	(140,344)	(803,395)	(498,807)	(259,520)	(2,697,608)
(Decrease) increase in net assets	\$ (29,840)	\$ (35,060)	\$ (29,516)	\$ (47,414)	\$ (43,869)	\$ 126,142	\$ (59,557)