

**Audited Financial Statements
And Supplementary Information**

**Lincoln Village Preservation Corporation
Huntsville, Alabama**

**For the 12 Months Ended
June 30, 2023**

Tucker, Smith & Associates, P.C.

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Huntsville, Alabama

June 30, 2023

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December 7, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lincoln Village Preservation Corporation

Opinion

We have audited the accompanying financial statements of Lincoln Village Preservation Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Village Preservation Corporation as of June 30, 2023, 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 Financial Statements section of our report. We are required to be independent of Lincoln Village Preservation Corporation 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 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.

The Board of Directors of
Lincoln Village Preservation Corporation

December 7, 2023

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 Lincoln Village Preservation Corporation'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 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 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, 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 Lincoln Village Preservation Corporation'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 Lincoln Village Preservation Corporation's ability to continue as a going concern for a reasonable period of time.

The Board of Directors of
Lincoln Village Preservation Corporation

December 7, 2023

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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on pages 21 and 22 and the Statement of Functional Activities – Lincoln Academy on page 23 are presented for 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

TUCKER, SMITH AND ASSOCIATES, P.C.
Certified Public Accountants

STATEMENT OF FINANCIAL POSITION

Lincoln Village Preservation Corporation

Huntsville, Alabama

June 30, 2023

ASSETS

Current assets:

Cash and cash equivalents – Unrestricted	\$ 3,288,358	
Investments – Unrestricted	2,129,511	
Cash and cash equivalents – Temporarily restricted	13,417	
Investments – Temporarily restricted	1,314,439	
Accounts receivable	<u>3,103</u>	
Total current assets		\$ 6,748,828

Property and equipment:

Buildings – Lincoln Village North housing	3,297,031	
Buildings – Lincoln Village housing	1,307,057	
Buildings – Lincoln Academy	588,001	
Land and land improvements – Lincoln Village North	279,428	
Land – Lincoln Village	151,316	
Land – Lincoln Academy	60,000	
Furniture and equipment	57,260	
Vehicle	17,000	
Accumulated depreciation	<u>(890,111)</u>	
Property and equipment, net		4,866,982

Other assets:

Deposits		<u>20,480</u>
Total assets		<u>\$ 11,636,290</u>

LIABILITIES AND NET ASSETS

Current liabilities:

Deferred revenue	\$ 1,775,261	
Unearned revenue – Academy tuition	85,722	
Accounts payable	194,723	
Credit card payable	12,601	
Tenant security deposits	<u>1,200</u>	
Total liabilities		\$ 2,069,507

Net assets:

Without donor restrictions	8,238,927	
With donor restrictions	<u>1,327,856</u>	
Total net assets		<u>9,566,783</u>

Total liabilities and net assets		<u>\$ 11,636,290</u>
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See notes to financial statements.

STATEMENT OF ACTIVITIES

Lincoln Village Preservation Corporation
Huntsville, Alabama

For the Year Ended
June 30, 2023

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
SUPPORT			
Contributions	\$ 1,532,037	\$ 1,616,285	\$ 3,148,322
SGO Tuition Grants	-	502,667	502,667
Grants	-	271,729	271,729
Net assets released from restrictions	<u>2,354,237</u>	<u>(2,354,237)</u>	<u>-</u>
Total support	<u>3,886,274</u>	<u>36,444</u>	<u>3,922,718</u>
REVENUES			
Investment income	213,339	-	213,339
Rent received	133,256	-	133,256
Academy tuition received	28,897	-	28,897
Facilities rental income	18,653	-	18,653
Preschool tuition received	14,406	-	14,406
Learning lab tuition received	4,556	-	4,556
Other income	552	-	552
Lincoln Market Place	544	-	544
Total revenue	<u>414,203</u>	<u>-</u>	<u>414,203</u>
Total support and revenue	<u>4,300,477</u>	<u>36,444</u>	<u>4,336,921</u>
EXPENSES			
Program services expense:			
Lincoln Academy	857,169	-	857,169
Lincoln Village Ministry	308,962	-	308,962
Housing	537,690	-	537,690
Other	354,952	-	354,952
Supporting services expense:			
Management and general	31,538	-	31,538
Fundraising and development	<u>201,641</u>	<u>-</u>	<u>201,641</u>
Total expenses	<u>2,291,952</u>	<u>-</u>	<u>2,291,952</u>
Change in net assets	2,008,525	36,444	2,044,969
Net assets, beginning of period	<u>6,230,402</u>	<u>1,291,412</u>	<u>7,521,814</u>
Net assets, end of period	<u>\$ 8,238,927</u>	<u>\$ 1,327,856</u>	<u>\$ 9,566,783</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS

Lincoln Village Preservation Corporation Huntsville, Alabama	For the Year Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 2,044,969
Adjustments to reconcile change in net assets to net cash from operating activities:	
Net investment income	\$ 213,339
Depreciation expense	148,080
Increase in accounts payable	81,358
Increase in credit card payable	6,876
Increase in unearned revenue	1,333
Increase in tenant security deposits	1,200
Increase in accounts receivable	(2,154)
Decrease in deferred revenue	<u>(1,724,769)</u>
Net additions and deductions	<u>(1,274,737)</u>
Net cash provided by operating activities	770,232
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on cash and cash equivalents	37,264
Investment advisory fees	(20,536)
Payments for rental houses and improvements	<u>(1,616,264)</u>
Net cash used for investing activities	<u>(1,599,536)</u>
Net decrease in cash	(829,304)
CASH AT BEGINNING OF PERIOD	<u>4,131,079</u>
CASH AT END OF PERIOD	<u>\$ 3,301,775</u>
SUPPLEMENTAL DISCLOSURE	
Cash per Statement of Financial Position:	
Cash and cash equivalents – Unrestricted	\$ 3,288,358
Cash and cash equivalents – Temporarily restricted	<u>13,417</u>
Total cash	<u>\$ 3,301,775</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Lincoln Village Preservation Corporation (“LVPC”) is a nonprofit tax-exempt organization under Internal Revenue Code Section 501(c)(3). The primary mission of the organization is to provide affordable housing and education, and to offer comfort, assistance, and encouragement to low-income residents in the Lincoln Mill Village area of Huntsville, Alabama. To that end, LVPC purchases residences which are then renovated and leased at below-market rates. In 2012, LVPC purchased a failed Title I public elementary school building in the area and established a tuition-assisted educational academy for the benefit of elementary students who could have attended the failed public school.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared in accordance with standards for nonprofit organizations adopted by the Financial Accounting Standards Board. They are stated on the accrual basis of accounting. Contributions are recognized when notice is received, and grant revenue and other revenue is recognized in the period in which it is earned. Expenses are recognized in the period in which they are incurred.

FINANCIAL STATEMENT PRESENTATION

LVPC reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Following are descriptions of these two net asset classes:

Net Assets without Donor Restrictions. The part of net assets of a nonprofit organization that is not restricted by donor-imposed stipulations.

Net Assets with Donor Restrictions. The part of the net assets of a nonprofit organization resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. When a donor stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2023

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

LVPC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

INVESTMENTS

In accordance with Statement of Financial Accounting Standards (“SFAS”) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. LVPC has no formal restriction on the types of investments it can hold. Realized and unrealized investment gains and losses are included in investment income.

PROPERTY AND EQUIPMENT

Long-lived items of property and equipment more than \$3,000 are capitalized and recorded as follows: at cost for items purchased; and at fair market value for items received via contribution. All costs of assets purchased or constructed with grant proceeds are capitalized regardless of amount. Expenditures for real property rehabilitation are generally capitalized as part of the historical cost of the associated asset. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Land and construction in progress are not depreciated. Other assets are depreciated using the modified accelerated cost recovery system (“MACRS”) using general depreciation system (“GDS”) recovery periods.

Estimated useful lives, in years, for depreciable assets are generally as follows:

Buildings	27.5
Furniture and equipment	7.0
Vehicles	5.0

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2023

Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the statement of financial position and the gain or loss, if any, is included in the statement of activities.

COMPENSATED ABSENCES

Full-time, permanent employees are granted paid time off in varying amounts to specified maximums depending on tenure. Accounting standards require the accrual of a liability for such leave benefits that meet all the following conditions: (a) the employer's obligation relating to receiving compensation for future absences is attributable to employees' services already rendered; (b) the obligation relates to rights that vest or accumulate; (c) payment of compensation is probable; and (d) the amounts can be reasonably estimated. LVPC's paid time off policy does not meet all these criteria, so no compensated absences liability is recorded.

OPERATING REVENUES

Operating revenues for LVPC include direct and indirect public support, rent income, and Academy and preschool tuition. Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Academy students who meet eligibility requirements receive scholarships based on income. The scholarships are granted from Scholarships for Kids, which is a state scholarship granting organization. Tuition received from these organizations is recorded as "SGO Tuition Grants". Rent income is collected from residents of Lincoln Mill Village who live in houses which had been previously purchased and renovated by LVPC. The rent charged is lower than that charged by other lessors of residential property in the Lincoln Mill Village area, and there are no noncancelable leases.

CONTRIBUTED SERVICES AND IN-KIND CONTRIBUTIONS

Volunteers make contributions of their time to the Organization's programs and supporting services on a regular basis. Many individuals volunteer their time and perform a variety of tasks that assist the Organization at events and in its programs. These services do not, however, meet the criteria for recognition as contributed services. The Organization receives in-kind contributions for special event and program expenses, such as office supplies, building materials, and furniture and equipment. In-kind support, if significant, is recorded at its fair value as of the date of the donation.

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2023

ALLOCATED ADMINISTRATIVE EXPENSES

The costs of providing the programs and services have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and services benefited. Overhead expenses such as utilities, telephone and insurance are allocated to functional areas based upon space used or actual usage, if specifically identifiable. The allocations of salary and related expenses for management and supervision of program service and supporting service functions are made by management based on the estimated time spent by employees on the various program service functions.

INCOME TAXES

LVPC is organized as a state of Alabama nonprofit corporation and has been recognized by the Internal Revenue Service (“IRS”) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A), and has been determined not to be a private foundation under sections 509(a)(1). LVPC is required to file a return of Organization Exempt from Income Tax (Form 990) with the IRS. Nonprofit organizations are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. LVPC has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. Thus, no provision for income taxes is included in the financial statements.

LVPC has not had any tax, interest, or penalties assessed by income or excise taxing authorities for the year ended June 30, 2023, or for the year ended June 30, 2022. Management evaluates LVPC’s income tax circumstances and filings under the most current relevant accounting rules and believes LVPC has incurred no liability for uncertain beneficial tax positions (or any related penalties and interest) for periods open to normal jurisdictional examination (currently 2020 to 2023).

NOTE 2 – DETAILED NOTES ON ACCOUNTS

CASH AND CASH EQUIVALENTS

The following is a summary detail of account balances comprising the combined total of unrestricted cash and cash equivalents and temporarily restricted cash and cash equivalents reported on the statement of financial position on June 30, 2023:

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2023

<u>Description</u>	<u>Balance</u>
United Community Bank – Money market	\$ 730,848
Stifel Financial Advisors – Smart Rate bank deposit	664,752
ServisFirst Bank – Money market	530,649
Progress Bank – Certificate of deposit	507,525
ServisFirst Bank – Certificate of deposit	403,128
ServisFirst Bank – Operations	289,036
Stifel Financial Advisors – Cash and cash equivalents	100,672
ServisFirst Bank – SGO	48,939
Progress Bank – Online donations	21,246
ServisFirst Bank – Housing	4,011
ServisFirst Bank – Flex account	969
Total cash and cash equivalents	<u>\$3,301,775</u>

Exposure to Credit Risk

The Federal Deposit Insurance Corporation (“FDIC”) guarantees the safety of deposits in member banks, up to the current standard maximum deposit insurance amount of \$250,000 per depositor, per insured bank. From time to time, LVPC’S cash balances at these institutions exceed federally insured limits. At June 30, 2023, LVPC had cash deposits at ServisFirst Bank, United Community Bank, and Progress Bank that exceeded the FDIC insured amounts by a combined \$1,786,351. See the note on investments that follows for details of exposure to credit risk for financial assets held by Stifel Financial Advisors (“Stifel”) at June 30, 2023.

INVESTMENTS

The Organization maintains three accounts at Stifel. On June 30, 2023, there were investments valued at \$3,443,950 and a total of \$765,424 in cash and cash equivalents in the three accounts, for total account value of \$4,209,374. The accounts are also used for receiving contributions of stock and other securities from donors. Securities received as contributions are generally liquidated immediately and the proceeds are received as cash or cash equivalents. The FASB Accounting Standards Codification segregates fair-value measurements into the following hierarchy:

- Level 1 Quoted prices in active markets for identical assets
- Level 2 Significant other observable inputs
- Level 3 Significant inputs to the valuation methodology are unobservable

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2023

Investments are classified as trading securities and their fair values are based on quoted market prices for those or similar investments. This is a Level 1 fair-value measurement. During the year ended June 30, 2023, there were no transfers of the Organization's investments within the fair-value measurement hierarchy.

Financial Statement Presentation

Investments are in marketable securities with readily determinable fair values, and, accordingly, are reported at their fair values. Investment income consists of interest income, dividend income, and realized and unrealized gains and losses, and is reported net of investment expenses, if any.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair market value of an investment. At June 30, 2023, LVPC has no investments in funds subject to foreign currency risk.

Exposure to Credit Risk and Interest Rate Risk

FDIC insurance does not apply to the following financial assets held by Stifel at June 30, 2023: the \$3,443,950 balance of investments; \$515,048 of the Smart Rate bank deposit; and the \$376 of cash equivalents. The remaining \$149,704 of the Smart Rate bank deposit and \$100,296 of cash bank deposits held by Stifel at June 30, 2023, are FDIC insured.

Certain securities with fixed income are subject to credit risk that an issuer of an investment will not fulfill its obligations. Other securities, including obligations of the United States government, are not considered to have credit risk. Credit quality is an assessment of the issuer's ability to pay interest on the investment, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent rating agencies, such as Moody's Investor Service or Standard and Poor's. The credit risk profile for LVPC's investments of this type at June 30, 2023, are as follows:

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2023

	<u>FMV at 6/30/2023</u>	<u>Moody's Rating</u>	<u>Standard & Poor's Rating</u>	<u>Maturity</u>
CVS Health Corp Note 5.250%	\$ 15,931	Baa2	BBB	2/21/2033
Genl Mills Inc Note 4.950%	15,842	Baa2	BBB	3/29/2033
Honeywell Intl Inc Note 1.750%	15,226	A2	A	9/1/2031
Eaton Corp OH Note 4.150%	15,188	A3	A-	3/15/2033
Florida Pwr & Light Bond 2.450%	15,136	Aa2	A+	2/3/2032
U.S. Treasury Note 1.125%	14,995	Aaa	N/A	2/8/2025
McKesson Corp SR Note 3.796%	14,785	Baa1	BBB+	3/15/2024
Caterpillar Inc SR Note 3.400%	14,726	A2	A	5/15/2024
Bristol Myers Squibb Note 2.900%	14,606	A2	A+	7/26/2024
Costco Whsl Corp SR Note 1.750%	14,522	Aa3	A+	4/20/2032
Abbott Labs SR Note 2.950%	14,513	Aa3	AA-	3/15/2025
Coca Cola Co Unsecd Note 2.250%	14,458	A1	A+	1/5/2032
Alphabet Inc SR Note 1.998%	13,879	Aa2	AA+	8/15/2026
Walt Disney Co MT Note 1.850%	13,688	A2	A-	7/30/2026
Gilead Sciences Inc Note 3.500%	13,571	A3	BBB+	2/1/2025
Salesforce.com Inc Note 3.700%	13,492	A2	A+	4/11/2028
Amazon.com Inc Note 2.100%	13,447	A1	AA	5/12/2031
Comcast Corp Note 3.150%	13,406	A3	A-	3/1/2026
Apple Inc Note 3.200%	13,356	Aaa	AA+	5/11/2027
PPG Inds Inc Unsecd Note 3.750%	13,274	A3	BBB+	3/15/2028
Adobe Inc Note 2.300%	13,155	A2	A+	2/1/2030
Lilly Eli & Co SR Note 3.375%	13,149	A1	A+	3/15/2029
Target Corp Unsecd Note 2.650%	13,063	A2	A	9/15/2030
Lowe's Cos Inc Note 3.100%	13,062	Baa1	BBB+	5/3/2027
Northrop Grumman Note 3.250%	13,052	Baa1	BBB+	1/15/2028
Home Depot Inc Note 2.800%	13,023	A2	A	9/14/2027
Blackrock Inc Unsecd Note 3.250%	12,977	Aa3	AA-	4/30/2029
Amgen Inc SR Note 2.450%	12,857	Baa1	A-	2/21/2030
CSX Corp Unsecd Note 4.250%	12,580	Baa1	BBB+	3/15/2029
Intel Corp SR Note 2.000%	<u>4,897</u>	A2	A	8/12/2031
Securities Total	<u>\$409,856</u>			

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2023

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the custodian, LVPC may not be able to recover the value of the investments held by the custodian, as these investments are uninsured. LVPC has no investment policy restrictions as to custodial credit risk. At June 30, 2023, 100% of LVPC's investments were held by custodial brokerage Stifel and are represented by the following types of investments:

Mutual funds	54.66%
Equities	33.44%
Fixed income (100% corporate bonds)	11.90%

Investment Income

Net investment income for the year ended June 30, 2023, was recorded as follows:

	<u>Amount</u>
<u>Investment income from:</u>	
Net unrealized capital gains (losses)	\$ 98,949
Dividends and net realized capital gains:	
Endowment	59,232
Ministry	38,430
Interest on cash and cash equivalents:	
Ministry	30,189
Endowment	4,002
Academy	3,073
Investment advisory fees	<u>(20,536)</u>
Net investment income	<u>\$213,339</u>

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
 Huntsville, Alabama

June 30, 2023

CAPITAL ASSETS

Donations of Capital Assets. There were no recorded donations of capital assets in the current year.

Capital Assets Used in Rental Activities. Property used in residential rental activities had the following balances on June 30, 2023:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Buildings	\$4,604,088	\$(580,943)	\$4,023,145
Land and improvements	430,744	-	430,744
Vehicle	17,000	(16,021)	979
 Total	 <u>\$5,051,832</u>	 <u>\$(596,964)</u>	 <u>\$4,454,868</u>

Capital Assets Not Being Depreciated. At June 30, 2023, the following capital assets are not being depreciated: \$1,354,254 of rental houses and improvements (recently purchased and not yet in service, being renovated, or currently unoccupied) with \$(1,339) of accumulated depreciation; \$430,744 of rental property land and land improvements (both in service and out of service); and \$60,000 of land at Lincoln Academy.

Dispositions of Property and Equipment. There were no recorded dispositions of capital assets in the current year.

PAYROLL DEDUCTION IRA PLAN

Beginning in 2017, employees of Lincoln Village Preservation Corporation can participate in a payroll deduction individual retirement account (“IRA”) plan with American Funds. The plan allows employees to make tax-deferred salary contributions to a traditional IRA, or non-tax-deferred salary contributions to a Roth IRA. Employee contributions are withheld from pay and remitted to American Funds by LVPC. Contributions are limited to maximum annual amounts as set periodically by the Internal Revenue Code. LVPC does not match these contributions. Employees who have reached age 70 ½ are not allowed by law to make contributions. Any costs charged by American Funds are paid from the employee accounts, so LVPC has no expenses related to the IRA plan.

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2023

DEFERRED REVENUE

Contributions and other support received in the current fiscal year, and which will be used for program services in a succeeding year in accordance with donor restrictions, is recorded as deferred revenue. Revenue will be recognized when the funds are expended in the succeeding year. Deferred revenue consisted of the following on June 30, 2023:

<u>Revenue deferred for:</u>	<u>Amount</u>
Future housing purchases and construction	\$ 735,261
Operating support	660,000
Lincoln Academy	267,000
Operating grants	<u>113,000</u>
Total deferred revenue	<u>\$1,775,261</u>

NET ASSET RESTRICTIONS

Net Assets with Donor Restrictions. Net assets with donor restrictions consisted of the following on June 30, 2023:

<u>Temporarily restricted by donor for:</u>	<u>Amount</u>
Endowment account	\$1,314,439
Neighborhood savings plan	6,220
Tenant incentive savings fund	4,765
Mercy Ministries	<u>2,432</u>
Total net assets with donor restrictions	<u>\$1,327,856</u>

The endowment account can be used for any LVPC program.

NOTE 3 – CONTINGENCIES

Grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of such an audit is not believed to be material.

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2023

The use of support that has donor-imposed restrictions is similarly required to comply with the donor's conditions. Any liability for reimbursement that may arise is not believed to be material.

NOTE 4 – CONCENTRATIONS OF CREDIT RISK

CONCENTRATIONS FOR CASH AND CASH EQUIVALENTS

See NOTE 2 – CASH AND CASH EQUIVALENTS – *Exposure to Credit Risk*

CONCENTRATIONS FOR INVESTMENTS

See NOTE 2 – INVESTMENTS – *Exposure to Credit Risk and Interest Rate Risk*

CONCENTRATIONS FOR REVENUE

General Concentrations for Revenue. The primary revenue sources are direct and indirect public support. A significant decrease in this support would obviously have an adverse effect on operations.

Coronavirus Pandemic. In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States (“U.S.”). On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. As of June 30, 2023, the direct impact on LVPC has included a months-long closure, and jurisdictional restrictions such as travel restrictions, stay-at-home orders, work restrictions, group size restrictions, and social distancing requirements. Related impacts may include or have included disruptions or restrictions on funding sources, on the abilities of LVPC to meet operating expenses, and on the ability of its employees to appear at work. LVPC is unable at this time to estimate the effect this will have on future financial statements.

NOTE 5 – RISK MANAGEMENT

LVPC is exposed to various risks of loss related to limited torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which it carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years.

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2023

NOTE 6 – STATEMENT OF FUNCTIONAL ACTIVITIES—LINCOLN ACADEMY

LVPC has multiple program services. The statement of activities on page 7 reports the support, revenues, and expenses for the entire reporting entity. For the convenience of management and of funding sources, a statement of functional activities for Lincoln Academy is presented on page 23. The support, revenues, and expenses reported on this supplementary statement are included in the total support, revenues, and expenses reported on page 7.

NOTE 7 – SUBSEQUENT EVENTS

DATE THROUGH WHICH CONSIDERED

For the purpose of the accompanying financial statements, subsequent events have been evaluated through December 7, 2023, which is the date these financial statements were available to be issued.

SCHEDULE OF FUNCTIONAL EXPENSES

Lincoln Village Preservation Corporation
 Huntsville, Alabama

For the Year Ended
 June 30, 2023

	Lincoln Village				Program Services			Supporting Services			Total
	Academy	Ministry	Housing	Other	Total	Management and General	Development	Total			
	\$	\$	\$	\$	\$	\$	\$	\$			
Salaries and wages	457,867	196,990	184,980	308,404	1,148,241	-	152,095	1,300,336			
Repairs and maintenance	23,492	-	149,493	2,338	175,323	-	-	175,323			
Depreciation expense	25,552	-	122,528	-	148,080	-	-	148,080			
Contract labor	100,102	11,025	11,439	13,978	136,544	-	-	136,544			
Payroll taxes and benefits	69,511	18,665	-	-	88,176	-	-	88,176			
Employee insurance	37,423	20,522	8,713	20	66,678	-	-	66,678			
Utilities	33,468	8,012	8,367	1,797	51,644	-	-	51,644			
Insurance	11,431	4,885	28,808	-	45,124	-	-	45,124			
Banquet expense	-	-	-	-	-	-	42,745	42,745			
Food and beverages	39,288	-	-	1,478	40,766	-	-	40,766			
Supplies	15,174	1,373	9,364	787	26,698	-	-	26,698			
Other general/admin. expense	700	2,632	-	2,522	5,854	16,666	3,220	25,740			
Technology expense	676	14,752	-	-	15,428	-	-	15,428			
Curriculum and testing	12,284	-	-	2,032	14,316	-	-	14,316			
Workers compensation	3,032	714	5,262	4,052	13,060	-	-	13,060			
Accounting and return prep.	-	-	-	-	-	11,927	-	11,927			
Special events	4,614	-	-	6,232	10,846	-	-	10,846			
Office expense	4,728	5,026	-	1,012	10,766	-	-	10,766			
Credit card merchant fees	-	8,931	-	-	8,931	-	-	8,931			
Field staff neighborhood exp.	-	2,540	-	4,733	7,273	-	-	7,273			
Automobile/travel expense	1,341	-	4,050	297	5,688	-	-	5,688			
Computers and software	5,481	-	-	-	5,481	-	-	5,481			
Field staff counseling	-	5,150	-	-	5,150	-	-	5,150			
Mercy needs	-	3,648	-	790	4,438	-	-	4,438			
Uniforms	4,157	-	-	-	4,157	-	-	4,157			

Ministry staff expense	-	2,756	-	983	3,739	-	-	3,739
Tools and equipment	-	-	3,106	239	3,345	-	-	3,345
Meetings	-	-	-	-	-	2,945	-	2,945
Waste disposal	2,332	-	-	-	2,332	-	-	2,332
Fundraising and marketing	-	-	-	-	-	-	2,218	2,218
Janitorial and cleaning	1,466	236	-	-	1,702	-	-	1,702
Staff Incentives	-	1,105	-	506	1,611	-	-	1,611
Taxes and licenses	-	-	1,580	-	1,580	-	-	1,580
Fundraising/development	-	-	-	-	-	-	1,363	1,363
Accreditation expenses	1,200	-	-	-	1,200	-	-	1,200
Telephone	929	-	-	-	929	-	-	929
Library expenses	921	-	-	-	921	-	-	921
Little Linc green frog material	-	-	-	801	801	-	-	801
Little Linc blue fish material	-	-	-	798	798	-	-	798
Education costs	-	-	-	780	780	-	-	780
Little Linc parent expenses	-	-	-	373	373	-	-	373
Total expenses	\$ 857,169	\$ 308,962	\$ 537,690	\$ 354,952	\$ 2,058,773	\$ 31,538	\$ 201,641	\$ 2,291,952
by function								

STATEMENT OF FUNCTIONAL ACTIVITIES
LINCOLN ACADEMY

Lincoln Village Preservation Corporation
Huntsville, Alabama

For the Year Ended
June 30, 2023

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
SUPPORT			
Contributions	\$ -	\$ 128,008	\$ 128,008
SGO Tuition Grants	-	502,667	502,667
Grants	-	84,876	84,876
Net assets released from restrictions	<u>715,551</u>	<u>(715,551)</u>	<u>-</u>
Total support	<u>715,551</u>	<u>-</u>	<u>715,551</u>
REVENUES			
Academy tuition received	28,897	-	28,897
Facilities rental income	18,653	-	18,653
Preschool tuition received	14,406	-	14,406
Investment income	3,073	-	3,073
Other income	552	-	552
Lincoln Market Place	<u>544</u>	<u>-</u>	<u>544</u>
Total revenue	<u>66,125</u>	<u>-</u>	<u>66,125</u>
Total support and revenue	781,676	-	781,676
EXPENSES			
Program services expense	<u>857,169</u>	<u>-</u>	<u>857,169</u>
Change in net assets	<u>\$ (75,493)</u>	<u>\$ -</u>	<u>\$ (75,493)</u>