

**Audited Financial Statements
And Supplementary Information**

**Lincoln Village Preservation Corporation
Huntsville, Alabama**

**For the 12 Months Ended
June 30, 2025**

Tucker, Smith & Associates, P.C.

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Huntsville, Alabama

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November 26, 2025

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, 2025, 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, 2025, 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

November 26, 2025

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which 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

November 26, 2025

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 22 and 23 and the Statement of Functional Activities – Lincoln Academy on page 24 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 & Associates, P.C.

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

STATEMENT OF FINANCIAL POSITION

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2025

ASSETS

Current assets:

Cash and cash equivalents – Unrestricted	\$ 380,275	
Investments – Unrestricted	4,423,215	
Cash and cash equivalents – Temporarily restricted	1,165,463	
Investments – Temporarily restricted	<u>30,071</u>	
Total current assets		\$ 5,999,024

Property and equipment:

Buildings – Lincoln Village North housing	6,410,298	
Buildings – Lincoln Village housing	1,180,053	
Buildings – Lincoln Academy	805,584	
Land and land improvements – Lincoln Village North	373,319	
Land – Lincoln Village	134,716	
Furniture and equipment	68,219	
Land – Lincoln Academy	60,000	
Vehicles	45,071	
Less: Accumulated depreciation	<u>(1,327,540)</u>	
Property and equipment, net		7,749,720

Other assets:

Right of use asset	45,500	
Deposits	<u>31,490</u>	
Total other assets		<u>76,990</u>
Total assets		<u>\$ 13,825,734</u>

LIABILITIES AND NET ASSETS

Current liabilities:

Deferred revenue	\$ 588,823	
Unearned revenue – Academy tuition	141,388	
Accounts payable	23,914	
Lease liability (current portion)	14,620	
Tenant security deposits	<u>13,070</u>	
Total current liabilities		\$ 781,815

Long-term liability:

Lease liability (long-term portion)	<u>30,880</u>	
Total liabilities		\$ 812,695

Net assets:

Without donor restrictions	11,817,505	
With donor restrictions	<u>1,195,534</u>	
Total net assets		<u>13,013,039</u>
Total liabilities and net assets		<u>\$ 13,825,734</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

Lincoln Village Preservation Corporation
Huntsville, Alabama

For the Year Ended
June 30, 2025

	2025		Total
	Without Donor Restrictions	With Donor Restrictions	
SUPPORT			
Contributions	\$ 1,373,430	\$ 192,641	\$ 1,566,071
SGO Tuition Grants	-	818,335	818,335
Grants	-	546,000	546,000
Net assets released from restrictions	1,985,930	(1,985,930)	-
Total support	<u>3,359,360</u>	<u>(428,954)</u>	<u>2,930,406</u>
REVENUES			
Investment income	270,947	65,275	336,222
Rent received	193,077	-	193,077
Facilities rental income	37,321	-	37,321
Academy tuition received	30,035	-	30,035
Preschool tuition received	21,297	-	21,297
Learning lab tuition received	3,892	-	3,892
Summer camp tuition	2,970	-	2,970
Total revenue	<u>559,539</u>	<u>65,275</u>	<u>624,814</u>
Total support and revenue	<u>3,918,899</u>	<u>(363,679)</u>	<u>3,555,220</u>
EXPENSES			
Program services expense:			
Lincoln Academy	925,353	-	925,353
Lincoln Village Ministry	279,859	-	279,859
Housing	720,070	-	720,070
Other	572,202	-	572,202
Supporting services expense:			
Management and general	19,672	-	19,672
Fundraising and development	198,135	-	198,135
Total expenses	<u>2,715,291</u>	<u>-</u>	<u>2,715,291</u>
Change in net assets	1,203,608	(363,679)	839,929
Net assets, beginning of period	<u>10,613,897</u>	<u>1,559,213</u>	<u>12,173,110</u>
Net assets, end of period	<u>\$ 11,817,505</u>	<u>\$ 1,195,534</u>	<u>\$ 13,013,039</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS

Lincoln Village Preservation Corporation
Huntsville, Alabama

For the Year Ended
June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES		\$ 839,929
Change in net assets		\$ 839,929
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	\$ 276,803	
Increase in unearned revenue	16,666	
Increase in tenant security deposits	6,320	
Increase in accounts payable	2,648	
Decrease in credit card payable	(7,402)	
Increase in deposits	(11,010)	
Decrease in deferred revenue	(147,079)	
Net investment income	<u>(336,222)</u>	
Net additions and deductions		<u>(199,276)</u>
Net cash provided by operating activities		640,653
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	233,732	
Purchase of mower and trailer	(10,959)	
Purchases of vehicles	(28,071)	
Investment advisory fees	(39,929)	
Net purchases and sales of investment securities	(1,170,656)	
Payments for rental houses and improvements	<u>(1,374,623)</u>	
Net cash used for investing activities		<u>(2,390,506)</u>
Net decrease in cash		(1,749,853)
CASH AT BEGINNING OF PERIOD		<u>3,295,591</u>
CASH AT END OF PERIOD		<u>\$ 1,545,738</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS – Continued

Lincoln Village Preservation Corporation
Huntsville, Alabama

For the Year Ended
June 30, 2025

SUPPLEMENTAL DISCLOSURES

Cash per Statement of Financial Position:

Cash and cash equivalents – Unrestricted	\$ 380,275
Cash and cash equivalents – Temporarily restricted	<u>1,165,463</u>
Total cash	<u><u>\$ 1,545,738</u></u>

Noncash investing and financing transactions:

Right of use asset leased	\$ 58,488
Reduction of lease liability for payments made	12,988
Reduction of right of use asset for payments made	(12,988)
Lease liability for right of use asset received	<u>(58,488)</u>
Total noncash investing and financing transactions:	<u><u>\$ -</u></u>

There was no interest expense and no income tax expense for the year ended June 30, 2025.

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2025

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 revenues are recognized in the period in which they are 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. The following are descriptions of these two net asset classes:

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

Net Assets with Donor Restrictions. 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, 2025

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 make. Realized and unrealized investment gains and losses are included in investment income.

PROPERTY AND EQUIPMENT

Long-lived items of property and equipment with a cost or value of 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. All 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, 2025

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.

LEASES

LVPC has elected to not apply the recognition requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842) ("ASC 842") to short-term operating leases, which are defined as leases with a term of twelve months or less. LVPC has elected to account for short-term operating leases as an expense on a straight-line basis over the lease term. Long-term operating leases, which are defined as leases with a term of more than twelve months, are accounted for in conformity with FASB ASU 2016-02.

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 non-cancelable leases.

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2025

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.

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.

ADVERTISING COSTS

Advertising costs are expensed as incurred.

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.

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2025

LVPC has not had any tax, interest, or penalties assessed by income or excise taxing authorities for the year ended June 30, 2025, or for the year ended June 30, 2024. 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 2022 to 2025).

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, 2025:

<u>Description</u>	<u>Balance</u>
Stifel Financial Advisors – Smart Rate bank deposits	\$1,131,060
ServisFirst Bank – SGO	165,340
Stifel Financial Advisors – Cash in accounts	79,881
ServisFirst Bank – Money market	54,788
United Community Bank – Money market	52,225
ServisFirst Bank – Operations	34,773
United Community Bank – Online donations	23,132
PayPal	5,379
ServisFirst Bank – Flex account	3,278
Petty cash	59
ServisFirst Bank – Housing	<u>(4,177)</u>
Total cash and cash equivalents	<u>\$1,545,738</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, 2025, LVPC had cash deposits at ServisFirst Bank that exceeded the FDIC insured amount by \$8,179. See the note on investments that follows for details of exposure to credit risk for financial assets held by Stifel, Nicolaus & Company, Inc. (“Stifel”) at June 30, 2025.

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2025

INVESTMENTS

The Organization maintains four investment accounts at Stifel. On June 30, 2025, there were investments valued at \$4,453,286 and a total of \$1,210,941 in cash and cash equivalents in the four accounts, for total account value of \$5,664,227. LVPC also maintains an account with UBS Financial Services (“UBS”) that is used for receiving contributions of stock and other securities from donors. This temporary holding account does not retain a balance because the gifts of securities are immediately liquidated on receipt. The proceeds are sent to the Organization by UBS in the form of a check which is deposited into the operating or housing cash account as designated. A donation is recognized when the check is deposited. 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

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, 2025, there were no transfers of the Organization’s investments within the fair-value measurement hierarchy.

Exposure to Credit Risk and Interest Rate Risk

FDIC insurance does not apply to the \$4,453,286 balance of investments held by Stifel at June 30, 2025. \$79,881 Stifel–Cash in accounts at June 30, 2025, is FDIC insured, as is \$170,119 of the Stifel Financial Advisors–Smart Rate bank deposits. The remaining \$960,941 of the Stifel Financial Advisors–Smart Rate bank deposits are not FDIC insured at June 30, 2025.

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, 2025, are as follows:

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2025

Fixed income securities:

Corporate bonds:

	<u>FMV at 6/30/2025</u>	<u>Moody's Rating</u>	<u>Standard & Poor's Rating</u>	<u>Maturity</u>
Costco Whsl Corp New SR Note 1.750%	\$ 93,271	Aa3	AA	4/20/2032
Honeywell Intl Inc SR Unsecd Note 1.750%	93,043	A2	A	9/1/2031
Florida Pwr & Light Co 1 st Mtg Bond 2.450%	92,612	Aa2	A+	2/3/2032
Amgen Inc SR Note 2.450%	92,497	Baa1	BBB+	2/21/2030
Thermo Fisher Scientific SR Note 2.000%	92,378	A3	A-	10/15/2031
Target Corp Unsecd Note 2.650%	92,355	A2	A	9/15/2030
Amazon.com Inc Unsecd Note 2.100%	92,318	A1	AA	5/12/2031
Coca Cola Co Unsecd Note 2.250%	92,038	A1	A+	1/5/2032
Lilly Eli & Co SR Note 3.375%	91,948	Aa3	A+	3/15/2029
Blackrock Inc Unsecd Note 3.250%	91,365	Aa3	AA-	4/30/2029
Adobe Inc Note 2.300%	91,289	A1	A+	2/1/2030
Lowe's Cos Inc Note 3.100%	91,197	Baa1	BBB+	5/3/2027
CSX Corp Unsecd Note 4.250%	90,997	A3	BBB+	3/15/2029
PPG Inds Inc Unsecd Note 3.750%	90,883	A3	BBB+	3/15/2028
Northrop Grumman Corp SR Note 3.250%	90,842	Baa1	BBB+	1/15/2028
Apple Inc Note 3.200%	90,802	Aaa	AA+	5/11/2027
Walt Disney Co SR Medium Term Note 1.850%	90,735	A2	A	7/30/2026
Home Depot Inc Note 2.800%	90,593	A2	A	9/14/2027
Priceline Grp Inc SR Note 3.600%	90,420	A3	A-	6/1/2026
Salesforce.com Inc SR Note 3.700%	90,358	A1	A+	4/11/2028
Comcast Corp New Note 3.150%	<u>90,266</u>	A3	A-	3/1/2026
Securities Total	<u>\$1,922,207</u>			

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

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2025

credit risk. At June 30, 2025, 100% of LVPC's investments were held by custodial brokerage Stifel and are represented by the following types of investments:

Equities	51.47%
Fixed income (corporate bonds)	47.90%
Mutual funds	0.63%

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, 2025, LVPC has no investments in funds subject to foreign currency risk.

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.

Investment Income

Net investment income for the year ended June 30, 2025, was recorded as follows:

	<u>Amount</u>
<u>Investment income from:</u>	
Net unrealized capital gains / (losses)	\$245,366
Interest and dividends:	
Ministry	171,595
Endowment	62,137
Investment advisory fees	(39,929)
Net realized capital gains / (losses)	<u>(102,947)</u>
Net investment income	<u>\$336,222</u>

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2025

CAPITAL ASSETS

Capital Assets Used in Rental Activities. Property used in residential rental activities had the following balances on June 30, 2025:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Buildings	\$6,722,285	\$(850,838)	\$5,871,447
Land and improvements	491,619	-	491,619
Vehicles	<u>45,071</u>	<u>(21,218)</u>	<u>23,853</u>
Total	<u>\$7,258,975</u>	<u>\$(872,056)</u>	<u>\$6,386,919</u>

Capital Assets Not Being Depreciated. At June 30, 2025, the following capital assets are not being depreciated: \$868,066 of rental houses and improvements (recently purchased or completed and not yet in service, being renovated, or currently not rented); \$508,035 of rental property land and land improvements (both in service and out of service); and \$60,000 of land at Lincoln Academy.

Donations of Capital Assets. A recorded donation of a capital asset in the current year was a 2012 Tacoma pickup truck which was capitalized at its estimated fair market value of \$14,000 on June 6, 2025.

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

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, are 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, 2025:

<u>Revenue deferred for:</u>	<u>Amount</u>
Operating grants	\$238,650
Lincoln Academy	191,115
Housing	112,462
Documentary	27,664
Lincoln Academy facility	<u>18,932</u>
Total deferred revenue	<u>\$588,823</u>

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2025

LEASE

LVPC has a lease agreement with Mobile Modular Management Corporation for a modular classroom. The lease agreement is for a thirty-six-month period beginning May 1, 2025. The operating lease has fixed monthly payments of around \$1,382 per month, with delivery charges of \$12,450 and return charges of \$6,864. Total charges for the life of the lease will be \$69,063. LVPC made payments of \$17,393 in the fiscal year ended June 30, 2025.

The following table shows right of use assets and lease liabilities, and the associated financial statement line items, as of June 30, 2025 (asset and liability have been discounted to present values):

<u>Lease-Related Asset and Liabilities</u>	<u>Financial Statement Line Items</u>	<u>June 30, 2025</u>
Right of use asset	Other assets	<u>\$45,500</u>
Lease liability:		
Operating lease	Other current liabilities	\$14,620
Operating lease	Long-term liability	<u>30,880</u>
Total lease liability		<u>\$45,500</u>

Lease liability maturities as of June 30, 2025, are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Operating Lease</u>
2026	\$14,620
2027	13,728
2028	<u>17,152</u>
Total lease liability	<u>\$45,500</u>

The discount rate related to the lease liability was 6.5%, which is an estimate of LVPC's incremental borrowing rate, as the discount rate implicit in the lease cannot be readily determined.

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2025

NET ASSET RESTRICTIONS

Net Assets with Donor Restrictions. Net assets with donor restrictions consisted of the following on June 30, 2025:

<u>Temporarily restricted by donor for:</u>	<u>Amount</u>
Endowment accounts	\$1,161,650
Neighborhood savings plan	16,363
Tenant incentive savings fund	16,363
Mercy Ministries	<u>1,158</u>
Total net assets with donor restrictions	<u>\$1,195,534</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.

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*

NOTES TO FINANCIAL STATEMENT

Lincoln Village Preservation Corporation
Huntsville, Alabama

June 30, 2025

CONCENTRATIONS FOR REVENUE

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

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.

NOTE 6 – AVAILABILITY OF FINANCIAL ASSETS TO MEET CASH NEEDS

At June 30, 2025, LVPC had financial assets available to meet cash needs for general expenditures within one year of that date. Unrestricted cash and unrestricted investments of \$4,803,490 at June 30, 2025, comfortably exceed total cash expenses of \$2,438,488 for the fiscal year ended June 30, 2025. No further analysis is necessary.

NOTE 7 – 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 24. The support, revenues, and expenses reported on this supplementary statement are included in the total support, revenues, and expenses reported on page 7.

NOTE 8 – SUBSEQUENT EVENTS

DATE THROUGH WHICH CONSIDERED

For the purpose of the accompanying financial statements, subsequent events have been evaluated through November 26, 2025, 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, 2025

	Lincoln Village			Program Services			Supporting Services			Total
	Academy	Ministry	Total	Housing	Other	Total	Management and General	Fundraising and Development	Total	
Salaries and wages	\$ 556,848	\$ 161,943	\$ 718,791	\$ 236,236	\$ 486,125	\$ 1,441,152	\$ -	\$ 144,960	\$ 1,586,112	
Depreciation expense	25,407	-	25,407	251,396	-	276,803	-	-	276,803	
Employee insurance	57,264	10,069	67,333	15,190	495	83,018	-	8,042	91,060	
Repairs and maintenance	14,799	2,241	17,040	54,051	10,847	81,938	-	-	81,938	
Insurance	18,658	9,702	28,360	51,369	1,363	81,092	-	-	81,092	
Payroll taxes and benefits	40,273	27,347	67,620	-	-	67,620	-	-	67,620	
Utilities	40,964	10,241	51,205	10,589	2,082	63,876	-	-	63,876	
Grant expenses	88	-	88	60,596	-	60,684	-	-	60,684	
Food and beverages	50,081	-	50,081	-	1,202	51,283	-	-	51,283	
Grounds maintenance	19,099	-	19,099	15,745	-	34,844	-	-	34,844	
Security	27,476	-	27,476	-	-	27,476	-	-	27,476	
Banquet expense	-	-	-	-	-	-	-	27,114	27,114	
Technology expense	5,304	17,883	23,187	-	-	23,187	-	-	23,187	
Modular classroom	-	-	-	-	17,393	17,393	-	-	17,393	
Contract labor	6,615	-	6,615	-	8,153	14,768	-	2,609	17,377	
Staff bonuses	-	17,044	17,044	-	-	17,044	-	-	17,044	
Office expense	7,354	6,138	13,492	-	1,748	15,240	-	-	15,240	
Field staff expenses	-	-	-	-	11,902	11,902	-	-	11,902	
Accounting and return prep.	-	-	-	-	-	-	11,886	-	11,886	
Documentary expense	-	-	-	-	-	-	-	11,500	11,500	
Workers compensation	2,697	1,105	3,802	4,004	3,404	11,210	-	-	11,210	
Education and development	4,988	1,614	6,602	-	4,280	10,882	-	-	10,882	
Supplies	-	-	-	8,963	1,771	10,734	-	-	10,734	
Curriculum	-	-	-	-	10,346	10,346	-	-	10,346	
Automobile expense	4,672	-	4,672	4,855	315	9,842	-	-	9,842	

Textbooks	7,986	-	-	-	7,986	-	-	-	-	7,986
Bank and credit card fees	-	7,498	-	-	7,498	-	-	-	-	7,498
Meetings	-	-	-	-	-	6,186	-	-	-	6,186
Special events	3,015	-	2,857	-	5,872	-	-	-	-	5,872
Computers and software	5,717	-	-	-	5,717	-	-	-	-	5,717
Employee appreciation	-	5,665	-	-	5,665	-	-	-	-	5,665
Supplemental materials	1,308	-	2,792	-	4,100	-	-	-	-	4,100
Janitorial and cleaning	4,051	-	-	-	4,051	-	-	-	-	4,051
Teacher allotment	4,000	-	-	-	4,000	-	-	-	-	4,000
Field trips	2,332	-	1,146	-	3,478	-	-	-	-	3,478
Tools and equipment	-	3,465	-	-	3,465	-	-	-	-	3,465
Fundraising and marketing	-	-	-	-	-	-	3,418	-	-	3,418
Testing	3,195	-	-	-	3,195	-	-	-	-	3,195
Taxes and licenses	-	-	2,760	-	2,760	-	-	-	-	2,760
Uniforms	2,688	-	-	-	2,688	-	-	-	-	2,688
Copier and printing	2,194	-	-	-	2,194	-	-	-	-	2,194
Waste disposal	1,820	-	-	-	1,820	-	-	-	-	1,820
Student data software	1,793	-	-	-	1,793	-	-	-	-	1,793
Counseling	-	-	1,730	-	1,730	-	-	-	-	1,730
Attorney fees	-	-	-	-	-	1,600	-	-	-	1,600
Volunteer expenses	-	-	1,406	-	1,406	-	-	-	-	1,406
Background checks	-	1,369	-	-	1,369	-	-	-	-	1,369
Accreditation expenses	1,200	-	-	-	1,200	-	-	-	-	1,200
Telephone	1,074	-	-	-	1,074	-	-	-	-	1,074
Pest control	22	-	851	-	873	-	-	-	-	873
Staff expense	-	-	845	-	845	-	-	-	-	845
Professional fees	-	-	-	-	-	-	492	-	-	492
Library expenses	371	-	-	-	371	-	-	-	-	371
Total expenses	\$ 925,353	\$ 279,859	\$ 720,070	\$ 572,202	\$ 2,497,484	\$ 19,672	\$ 198,135	\$ 2,715,291		
by function										

STATEMENT OF FUNCTIONAL ACTIVITIES
LINCOLN ACADEMY

Lincoln Village Preservation Corporation
Huntsville, Alabama

For the Year Ended
June 30, 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Contributions	\$ -	\$ 41,267	\$ 41,267
SGO Tuition Grants	-	818,335	818,335
Grants	-	25,000	25,000
Net assets released from restrictions	<u>922,257</u>	<u>(922,257)</u>	<u>-</u>
Total support	<u>922,257</u>	<u>(37,655)</u>	<u>884,602</u>
REVENUES			
Investment income	-	65,275	65,275
Academy tuition received	30,035	-	30,035
Facilities rental income	37,321	-	37,321
Other income	<u>42</u>	<u>-</u>	<u>42</u>
Total revenue	<u>67,398</u>	<u>65,275</u>	<u>132,673</u>
Total support and revenue	989,655	27,620	1,017,275
EXPENSES			
Program services expense	<u>925,353</u>	<u>-</u>	<u>925,353</u>
Change in net assets	<u>\$ 64,302</u>	<u>\$ 27,620</u>	<u>\$ 91,922</u>