

Nobel Neighbors
"Community Development,
City of Chicago Housing Resource Center,
and a HUD Housing Counseling Agency"
Audited Financial Statements
(Accrual Basis)
December 31, 2011

NOBEL NEIGHBORS
"Community Development,
Housing Resource Center, and
HUD Housing Counseling Agency"

ACCRUAL BASIS FINANCIAL STATEMENTS
For the Year Ended December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nobel Neighbors
Chicago, Illinois

We have audited the accompanying statement of financial position of **Nobel Neighbors** (an Illinois nonprofit organization) as of **December 31, 2011**, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. The prior year, **December 31, 2010**, financial data is presented for comparison purposes. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Nobel Neighbors** as of **December 31, 2011**, and its statement of activities and changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Fortineaux & Associates, LLC
Evergreen Park, Illinois
August 10, 2012

Nobel Neighbors
"Community Development, Housing Resource Center, and
HUD Housing Counseling Agency"
Statement of Financial Position
(Accrual Basis)
As of December 31, 2011 and 2010

	ASSETS	2011	2010
Current Assets			
Cash checking account (overdraft)	(\$10,237)	\$274	
Contracts and grants receivable	<u>29,889</u>	<u>42,591</u>	
Total Current Assets	19,652	42,865	
Longterm Assets			
Security deposits office space	0	0	
Property and Equipment			
Office equipment and furniture	5,725	5,725	
Less: accumulated depreciation	<u>(5,725)</u>	<u>(5,725)</u>	
Total Net Property and Equipment	0	0	
	Total Assets	<u>\$19,652</u>	<u>\$42,865</u>

LIABILITIES AND NET ASSETS

Current Liabilities			
Accounts payable	\$9,417	\$17,454	
Accrued payroll expenses payable	<u>15,288</u>	<u>13,661</u>	
Total Current Liabilities	24,705	31,115	
Net Assets - Unrestricted funds	<u>(5,053)</u>	<u>11,750</u>	
	Total Liabilities and Net Assets	<u>\$19,652</u>	<u>\$42,865</u>

See Auditor's Report and notes to the financial statements.

Nobel Neighbors
"Community Development, Housing Resource Center, and
HUD Housing Counseling Agency"
Statement of Activities and Changes in Net Assets
(Accrual Basis)
For Year Ending December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Revenue		
Public Support Revenue		
Individuals, Corporations, and Foundations	\$66,050	\$83,170
Government Contracts and Grants	<u>80,786</u>	<u>138,345</u>
Total Public Support	146,836	221,515
Other Revenue		
Membership Dues	0	0
Sale of Affordable Housing	0	0
Miscellaneous Income	<u>0</u>	<u>4,304</u>
Total Other Revenue	0	4,304
Total Public Support and Revenue	146,836	225,819
Operating Expenses		
Program Services		
Affordable Housing Community Outreach	19,000	37,549
IHDA and National Foreclosure Housing Programs	32,869	61,334
Homeownership Housing Counseling	34,604	34,962
Housing Resource Center Technical Assistance Community	27,690	37,025
Home Foreclosure Prevention Counseling	<u>35,608</u>	<u>58,551</u>
Total Program Services	149,771	229,421
Supporting Services		
Management and General	<u>13,868</u>	<u>7,690</u>
Total Operating Expenses	<u>163,639</u>	<u>237,111</u>
Increase in Unrestricted Net Assets	(16,803)	(11,292)
Net Assets at Beginning of Year	<u>11,750</u>	<u>23,042</u>
Net Assets at End of Year	<u>(\$5,053)</u>	<u>\$11,750</u>

See Auditor's Report and notes to the financial statements.

Nobel Neighbors
"Community Development, Housing Resource Center, and
HUD Housing Counseling Agency"
Statement of Functional Expenses
(Accrual Basis)
For Year Ending December 31, 2011 and 2010

	<u>Program Services</u>	<u>Supporting Services</u>	<u>2011 Total</u>	<u>2010 Total</u>
	Homeownership Counseling Housing Resources Foreclosure Prevention Community Organizing	Management and General		
Salaries and Related Expenses				
Salaries and wages	\$98,273	\$10,900	<u>\$109,173</u>	<u>\$173,000</u>
Employee fringe benefits	162		162	1,950
Payroll taxes	<u>8,337</u>	<u>945</u>	<u>9,282</u>	<u>13,644</u>
Total Salaries and Related Expenses	106,772	11,845	<u>118,617</u>	<u>188,594</u>
Other Expenses				
Professional services fees	20,932		20,932	6,757
Community affairs, meetings, and conferences	787		787	13,166
Occupancy rent	8,640	960	9,600	9,610
Insurance	4,160		4,160	4,724
Office expenses and supplies	4,954	640	5,594	10,794
Postage and shipping	300		300	245
Telephone	2,521	280	2,801	2,238
Training and seminars	197		197	650
Printing and publications	508		508	180
License, fees, and permits	0	<u>143</u>	<u>143</u>	<u>153</u>
Total Other Expenses	42,999	2,023	<u>45,022</u>	<u>48,517</u>
Total Expenses	<u>\$149,771</u>	<u>\$13,868</u>	<u>\$163,639</u>	<u>\$237,111</u>

See Auditor's Report and notes to the financial statements.

Nobel Neighbors
"Community Development, Housing Resource Center, and
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Statement of Cash Flows
For Year Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	(\$16,803)	(\$11,292)
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	none	none
Decrease (Increase) in Contracts and Grants Receivable	12,702	(29,371)
(Increase) in Security Deposits	0	0
(Decrease) Increase in Accounts Payable	(8,037)	14,520
(Decrease) Increase in Accrued Payroll Payable	<u>1,627</u>	<u>(80)</u>
Total Adjustments	6,292	(14,931)
NET CASH (USED IN) OPERATING ACTIVITIES	(10,511)	(26,223)
INVESTING ACTIVITIES:		
Sale of affordable housing	0	0
Purchase of equipment	<u>none</u>	<u>none</u>
NET CASH (USED IN) INVESTING ACTIVITIES	0	0
FINANCING ACTIVITIES:		
Payoff mortgages note payable	0	0
Loans from banks and funding sources	<u>none</u>	<u>none</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	0	0
NET INCREASE IN CASH	(10,511)	(26,223)
Cash Surplus (Overdraft), Beginning of Year	274	26,497
CASH Surplus (Overdraft), END OF YEAR	<u>(\$10,237)</u>	<u>\$274</u>

See Auditor's Report and notes to the financial statements.

Nobel Neighbors
Notes to the Financial Statements
December 31, 2011

Note 1 - Description of Organization

Nobel Neighbors is a non-profit multi-issue grassroots community based organization created to improve the quality of life in West Humboldt Park and Near Westside communities of Chicago. It provides program activities to better the economic and social environment for the residents of the neighborhood. The organization focuses its efforts on building better communities. It is dedicated to developing grassroots leadership to enable community members to work together to improve their own community.

The organization was incorporated September 26, 1989 under the Illinois General Not-For-Profit Corporation Act. The organization is exempt from income tax under Section 501(c)(3) of U.S. Internal Revenue Code and Illinois Attorney General State Law. Contributions to Nobel Neighbors are tax deductible within the limitations prescribed by the Internal Revenue Code.

Nobel Neighbors held conferences on housing, predatory lending, preventing foreclosures, held public meetings with neighborhood groups, improved city services to the poor, created drug and gang prevention partnerships with the Police Districts, initiated activities to rehab old homes, developed home loan program, started community gardens, and worked towards efforts to demolish dangerous buildings in the community.

Nobel Neighbors is dedicated to developing grassroots leadership to enable community members to work together to improve their community.

Note 2 - Basis of Accounting

The organization's policy is to prepare its financial statements on the accrual basis of accounting. Revenue and related assets are recognized when earned, and expenses and related liabilities are recognized when the obligation is incurred.

Note 3 - Use of Estimates

The preparation of financial statements in accordance with the accrual basis of accounting requires management to make estimates and assumptions that affect financial statement amounts and disclosures. Actual results could differ from those estimates and assumptions.

Nobel Neighbors
Notes to the Financial Statements
December 31, 2011

Note 4 - Cash Equivalents

The organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. Nobel Neighbors checking account is at North Community Bank.

Note 5 - Property and Equipment

Expenditures for property and equipment are stated at cost and consist office furniture, office equipment, and computers. Donated property and equipment is recorded at its estimated fair market value at the date of donation. The cost is expensed and corresponding accumulated cost is recorded as accumulated depreciation.

Note 6 - Office Lease

Nobel Neighbors leases its office spaces from Mission of Christ Evangelical Lutheran Church. Rent is payable monthly at \$800 per month on a month by month basis; and, there is no written lease agreement.

Note 7 - Recognition of Restrictions on Public Support and Revenue

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Public support and revenue are recorded when received.

Nobel Neighbors
Notes to the Financial Statements
December 31, 2011

Note 8 - Support from Government Contracts and Grants

Nobel Neighbors received funding from the following governmental agencies:

City of Chicago CDBG Grant HCS

Contracts Award Amount	<u>\$29,167</u>
Amount Received	\$19,444
Grant Contract Receivable	<u>9,723</u>
Total	<u>\$29,167</u>

Homeownership Counseling Services (HCS) CFDA 14.218

City of Chicago CDBG Grant TACOM

Contracts Award Amount	<u>\$25,000</u>
Amount Received	\$16,668
Grant Contract Receivable	<u>8,332</u>
Total	<u>\$25,000</u>

Technical Assistance Community (TACOM) CFDA 14.218

Total City of Chicago Support \$54,167

Illinois Housing Development Authority

Contracts Award Amount	<u>\$26,919</u>
Amount Received	\$23,835
Grant Contract Receivable	<u>3,084</u>
Total	<u>\$26,919</u>

National Foreclosure Mitigation Counseling Program

Accounts receivable amount due \$3,084

Total Government Support \$80,786

Non-Government

Esperanza (Wells Fargo Foundation) Contract Award Amount \$8,750

Grant Contract Receivable amount due \$8,750

Nobel Neighbors
Notes to the Financial Statements
December 31, 2011

Note 9 - Support from Individuals, Corporations, and Foundations

Nobel Neighbors received funding from the following:

Walt Schiller	\$300
Roger Tamte	4,000
James Ludeen	4,000
Sulzer Family Foundation	4,000
U.S. Bank	5,000
Esperanza (Wells Fargo Foundation)	8,750
Bank of America	20,000
Chase Bank	20,000
Others	<u>-0-</u>
Total Support	<u>\$66,050</u>

Note 10 - Contributed Services

Many individuals volunteer their time to help the organization with its community activities. During the year ended December 31, 2011, the organization received over 7,550 volunteer hours that were not recorded on the books.

Note 11 - Contracts and Grants Receivable

City of Chicago Dept of Housing	\$18,055
Illinois Housing Development Authority	3,084
Nueva Esperanza, Inc.	<u>8,750</u>
Total	<u>\$29,889</u>

Nobel Neighbors
Notes to the Financial Statements
December 31, 2011

Note 12 - Prior Years Affordable Housing Program

Affordable Housing Program develops and supports low income housing in the community. Its mission is to retain residents who no longer can afford to live in the community due to increase in the cost of housing. The community is actively involved in the program with security, demolition, maintenance, rehab, and the search of a family in need of affordable housing. Nobel Neighbors completed two affordable housing projects the first in year 2003, 4103 W. Potomac, and second in year 2004, 1025 N. Keystone, both sold to low-income family from West Humboldt Park Community.

Nobel Neighbor counsel low-income families in search of rental housing or affordable housing to purchase, work with landlords to provide livable rental units, and advocate with banks and mortgage companies to invest in the community.

Note 13 - Personnel and Management

Management personnel time is devoted to development and coordination of program services. And, at times both the delivery and management of program activities are performed by management. This is due to the size of organization and the lack of funds to retain additional full-time staff. The organization depends heavily on volunteer workers.

Note 14 - Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Functional expenses are allocated to programs and supporting services based on specific identification. Expenses that relate to more than one program or support activity are allocated based on salary expenditure.