

LEAGUE OF WOMEN VOTERS OF CHICAGO  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

June 30, 2019 and 2018

# LEAGUE OF WOMEN VOTERS OF CHICAGO

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## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Board of Directors of The League of Women Voters of Chicago

We have reviewed the accompanying statements of The League of Women Voters of Chicago (LWVC) which comprise the statement of assets, liabilities, and net assets-modified accrual basis as of June 30, 2019 and the related statements of support, revenue, and expenses, and changes in net assets, and statement of cash flows, all on the modified accrual basis for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Information***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting, this includes determining that the modified accrual basis of accounting is an acceptable basis for the preparation of financials statements in the circumstances; this includes 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.

### ***Accountants' Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified accrual basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountants' Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified accrual basis of accounting.

### ***Basis of Accounting***

The basis of accounting is described in Note 2 to the financial statements. The financial statements are prepared on the modified accrual basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

### ***Report on Comparative Financial Statements for the Prior Year***

The prior year financial statements presented for comparative purposes were reviewed by James M. Babic, PC. His review report dated October 23, 2018 stated that he was not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with the modified accrual basis of accounting as described in Note 2 of the financial statements.

Bloomington, IL  
August 12, 2019

# LEAGUE OF WOMEN VOTERS OF CHICAGO

## STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED ACCRUAL BASIS

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June 30, 2019 and 2018

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	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 65,245	\$ 79,977
Prepaid expenses	-	991
Total assets	<u>\$ 65,245</u>	<u>\$ 80,968</u>
 <b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 800	\$ 1,550
Net assets, without donor restrictions	<u>64,445</u>	<u>79,418</u>
Total liabilities and net assets	<u>65,245</u>	<u>80,968</u>

# LEAGUE OF WOMEN VOTERS OF CHICAGO

## STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED ACCRUAL BASIS

**Years ended June 30, 2019 and 2018**

	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Public support and revenue:</b>		
Public support:		
Grants and contributions	\$ 10,000	\$ 10,886
Total public support	<u>10,000</u>	<u>10,886</u>
Revenue:		
Membership dues	19,059	24,168
Other	4,596	2,715
Total revenue	<u>23,655</u>	<u>26,883</u>
Total public support and revenue	<u>33,655</u>	<u>37,769</u>
<b>Expenses</b>		
Office occupancy	6,458	4,885
Professional and independent contractor fees	19,790	3,588
Printing, publications, postage, and shipping	918	934
Support of national, state and county associations	11,572	13,096
Events, travel, and meetings	4,547	1,879
Insurance	991	991
Advertising and public relations	482	475
Membership recruitment/directory	870	523
Telecommunications	1,207	1,467
Supplies	739	95
Leadership training	-	60
Donations and gifts	111	50
Dues and subscriptions	204	210
Credit card transaction fees	510	576
Miscellaneous and other	229	618
Total expenses	<u>48,628</u>	<u>29,447</u>
Net increase in net assets	(14,973)	8,322
Net assets without donor restrictions		
Beginning of the year	<u>79,418</u>	<u>71,096</u>
End of the year	<u>\$ 64,445</u>	<u>\$ 79,418</u>

The accompanying notes to the financial statements are an integral part of this statement.

# LEAGUE OF WOMEN VOTERS OF CHICAGO

## STATEMENT OF CASH FLOWS - MODIFIED ACCRUAL BASIS

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Years ended June 30, 2019 and 2018

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	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (14,973)	\$ 8,322
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Changes in assets and liabilities:		
Prepaid expenses	991	-
Accounts payable	<u>(750)</u>	<u>559</u>
<b>Cash provided (used) in operating activities</b>	<u>(14,732)</u>	<u>8,881</u>
<b>Cash, beginning of year</b>	<u>79,977</u>	<u>71,096</u>
<b>Cash, end of year</b>	<u>\$ 65,245</u>	<u>\$ 79,977</u>

LEAGUE OF WOMEN VOTERS OF CHICAGO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 1 - HISTORY AND NATURE OF THE ORGANIZATION

The League of Women Voters of Chicago (LWVC) was incorporated in 1950 under the Illinois Not-for-Profit Act of 1943. LWVC is a non-partisan political organization that facilitates increased understanding of major public policy issues through education and advocacy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation

The financial statements are prepared on the modified accrual basis of accounting which is a basis of accounting that differs from generally accepted accounting principles. Under the modified accrual basis of accounting revenues and their related assets are recorded when received rather than when earned; expenses and their related liabilities are recorded when incurred.

LWVC follows the requirements of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) No. 958-605. Under ASC 958-605, LWVC is required to report 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.

Revenue recognition

Public support and revenue is recognized in the period received. Grants, contributions and membership dues received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as contributions with donor restrictions. These grants, contributions and membership dues also increase net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of support, revenue, expenses and changes in net assets as net assets released from restrictions. Grants, contributions and membership dues with donor restrictions that are used for the purpose specified by the donor in the same year as the contributions is received are recognized as without donor restrictions.

Net assets

Net assets are classified into the two categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions or board designations. Net assets with donor restrictions generally result from contributions whose use by the LWVC is limited by donor-imposed restrictions. Such restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of the end of the fiscal year, all of LWVC's net assets are without donor restrictions.

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions and as an increase in net asset with donor restrictions.

Liquidity

LWVC has approximately \$64,000 of financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date, which consists of the current assets per the statement of financial position. There are no current assets that are unavailable for general use because of contractual or donor-imposed restrictions. LWVC maintains cash on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and assets on hand are adjusted as necessary.

LEAGUE OF WOMEN VOTERS OF CHICAGO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

LWVC is exempt from federal taxes under Section 501(c)4 of the Internal Revenue Code. LWVC's management has determined that FIN 48, which addresses accounting for uncertainty in income taxes, has no effect on its financial statements due to LWVC's tax-exempt status.

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, liabilities, revenues, and expenditures. Actual results could differ from those estimates.

Donated Services

Many of LWVC's officers and supporters donated an inestimable amount of services furthering LWVC's programs and objectives. These donated services are not reported as contributions in the financial statements because they do not meet the criteria of skilled services required to be reported under FASB ASC 958-605-25-16.

Subsequent Events

LWVC has evaluated subsequent events through August 6, 2019, the date financial statements were available to be issued. There were no subsequent events requiring disclosures or adjustments in the financial statements.

NOTE 3 - OCCUPANCY

During the fiscal years ended June 30, 2019 and June 30, 2018 LWVC occupied office space, located at 332 South Michigan Avenue, Chicago, Illinois under an inter-office agreement with the League of Women Voters of Illinois (LWVIL). The term of the annual inter-office agreement began on December 1, 2016 and continued through June 30, 2018 and required LWVC to pay for its pro rata share of office occupancy and other office overhead costs. LWVC renewed their lease with the LWVIL through March 31, 2024 with similar terms, however the new lease can be terminated by either party at the end of any month by giving ninety days advance notice. The total expense incurred under the terms of the annual agreement during the fiscal years ended June 30, 2019 and June 30, 2018 was \$5,819 and \$5,366, respectively, which includes office occupancy costs of \$5,453 and \$4,860 for the fiscal years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 4 - SUPPORT OF NATIONAL, STATE, AND COUNTY ASSOCIATIONS

The League of Women Voters of the United States, the League of Women Voters of Illinois (LWVIL), and the League of Women Voters of Cook County Illinois have allowed the League of Women Voters of Chicago to pay a portion of the per member payment to each from the Education Fund rather than from operations. The Education Fund is a financial instrument that is independently operated by the LWVIL for the benefit of LWVC. For the fiscal years ended June 30, 2019 and June 30, 2018, 65% and 100% of the invoiced per member payment amount is shown on the LWVC's financial statements, respectively.



LEAGUE OF WOMEN VOTERS OF CHICAGO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLES

Presentation of Financial Statements

In August 2016, the FASB issued Accounting Standards update (ASU) 2016-14, *Not-for Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 refreshes current accounting standards by simplifying the presentation of net assets on the face of the financial statements and enhancing disclosures related to liquidity. The LWVC has adopted ASU 2016-14 and has adjusted the presentation of these financial statements accordingly. There was no effect on the change in net assets reported at June 30, 2019 or 2018.

Guidance for Contributions

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 intends to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. ASU 2018-08 will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. ASU 2018-08 is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. The LWVC is currently evaluation the impact of ASU 2018-08 on the LWVC financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally on a straight-line basis. ASU 2016-12 is effective for financial statements issued for fiscal years beginning after December 15, 2019. Early adoption is permitted. The LWVC is currently evaluating the impact of ASU 2018-08 on the LWVC financial statements.