

Black Men United Foundation
Independent Auditor's Report
And Financial Statements
For the Years Ended
December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Black Men United Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Black Men United Foundation ("the Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note B to the financial statements, the Organization adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842) during the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

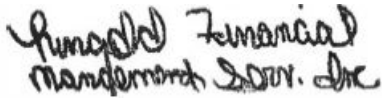
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Consolidated Year-End Financial Report (CYEFR), as required by the State of Illinois Grant Accountability and Transparency Act (GATA), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the CYEFR is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Ringold Financial Management Services, Inc." in a cursive, stylized font.

Ringold Financial Management Services, Inc.
Tinley Park, IL
November 6, 2024

BLACK MEN UNITED FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 169,850	\$ -
Grants and Contributions Receivable	99,455	71,250
Due from Related Party	-	20,000
Security Deposit	2,200	1,000
Total Current Assets	<u>271,505</u>	<u>92,250</u>
Fixed Assets		
Right-of-Use Assets - Operating, net	135,026	35,203
Leasehold Improvements	88,784	-
Furniture and Fixtures	12,000	12,000
Computer Equipment	25,332	25,332
Automobiles	165,900	165,900
Less: Accumulated Depreciation and Amortization	<u>(71,888)</u>	<u>(31,102)</u>
Total Fixed Assets	<u>355,154</u>	<u>207,333</u>
Total Assets	<u><u>\$ 626,659</u></u>	<u><u>\$ 299,583</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Bank Overdraft	\$ -	\$ 21,531
Line of Credit	60,176	30,000
Accounts Payable	14,215	13,988
Accrued Expenses	107,683	6,008
Due to Related Party	29,078	-
Current Portion of Note Payable	-	7,844
Current Portion of Lease Liabilities - Operating	<u>111,115</u>	<u>23,302</u>
Total Current Liabilities	<u>322,267</u>	<u>102,673</u>
Long Term Liabilities		
Note Payable	-	3,245
Lease Liabilities - Operating	<u>23,911</u>	<u>11,901</u>
Total Long Term Liabilities	<u>23,911</u>	<u>15,146</u>
Total Liabilities	<u><u>346,178</u></u>	<u><u>117,819</u></u>
Net Assets		
Without Donor Restrictions	187,190	181,764
With Donor Restrictions:		
Purpose Restricted	<u>93,291</u>	<u>-</u>
Total With Donor Restrictions	<u>93,291</u>	<u>-</u>
Total Net Assets	<u>280,481</u>	<u>181,764</u>
Total Liabilities and Net Assets	<u><u>\$ 626,659</u></u>	<u><u>\$ 299,583</u></u>

See independent auditor's report and accompanying notes to financial statements

BLACK MEN UNITED FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 295,709	\$ 205,000	\$ 500,709	\$ 135,309	\$ -	\$ 135,309
Government Grants and Contracts	1,812,626	-	1,812,626	559,383	-	559,383
In-Kind Revenue	1,611,820	-	1,611,820	192,232	-	192,232
Other Revenue	12,291	-	12,291	-	-	-
Net Assets Released From Restrictions:						
Satisfaction of Purpose Restrictions	111,709	(111,709)	-	-	-	-
	<u>111,709</u>	<u>(111,709)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	3,844,155	93,291	3,937,446	886,924	-	886,924
Expenses						
Program Services	3,583,910	-	3,583,910	486,610	-	486,610
Management and General	229,385	-	229,385	220,370	-	220,370
Fundraising	25,434	-	25,434	-	-	-
Total Expenses	3,838,729	-	3,838,729	706,980	-	706,980
Change in Net Assets	5,426	93,291	98,717	179,944	-	179,944
NET ASSETS, beginning of year	181,764	-	181,764	1,820	-	1,820
NET ASSETS, end of year	\$ 187,190	\$ 93,291	\$ 280,481	\$ 181,764	\$ -	\$ 181,764

See independent auditor's report and accompanying notes to financial statements

BLACK MEN UNITED FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Supporting Services	
Expenses					
Salaries and Wages	\$ 717,140	\$ 44,274	\$ 3,900	\$ 48,174	\$ 765,314
Payroll Taxes	59,596	3,170	634	3,804	63,400
Grants and Stipends	270,021	-	-	-	270,021
Professional Services	299,563	55,318	-	55,318	354,881
Advertising and Marketing	90,813	22,991	1,150	24,141	114,954
Office Expenses	54,146	13,708	685	14,393	68,539
Information Technology	9,782	2,476	124	2,600	12,382
Occupancy and Storage	140,411	35,547	1,777	37,324	177,735
Travel	-	-	16,756	16,756	16,756
Depreciation and Amortization	32,221	8,157	408	8,565	40,786
Insurance	-	7,090	-	7,090	7,090
Food and Produce	67,518	8,700	-	8,700	76,218
Repairs and Maintenance	-	16,535	-	16,535	16,535
Youth Program Costs	31,484	-	-	-	31,484
Supplies	1,768,040	-	-	-	1,768,040
Training and Professional Development	41,675	6,550	-	6,550	48,225
Miscellaneous Expenses	1,500	4,869	-	4,869	6,369
Total Expenses	\$ 3,583,910	\$ 229,385	\$ 25,434	\$ 254,819	\$ 3,838,729

See independent auditor's report and accompanying notes to financial statements

BLACK MEN UNITED FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Total
Expenses			
Salaries and Wages	\$ 132,055	\$ 44,018	\$ 176,073
Payroll Taxes	10,102	3,368	13,470
Grants	849	-	849
Bank and Other Service Fees	-	7,753	7,753
Professional Services	110,670	54,493	165,163
Advertising and Marketing	-	12,150	12,150
Office Expenses	21,559	14,373	35,932
Information Technology	-	5,420	5,420
Occupancy and Storage	36,536	24,358	60,894
Travel	-	7,971	7,971
Depreciation	18,661	12,441	31,102
Insurance	1,969	1,312	3,281
Food and Produce	5,400	-	5,400
Repairs and Maintenance	-	18,870	18,870
Youth Program Costs	148,809	-	148,809
Miscellaneous Expenses	-	13,843	13,843
Total Expenses	<u><u>\$ 486,610</u></u>	<u><u>\$ 220,370</u></u>	<u><u>\$ 706,980</u></u>

See independent auditor's report and accompanying notes to financial statements

BLACK MEN UNITED FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 98,717	\$ 179,944
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	39,961	31,102
Amortization	825	-
Amortization of Right-of-Use Assets - Operating	57,444	11,516
Donation of Fixed Assets	-	(192,232)
Changes in operating assets and liabilities:		
Security Deposit	(1,200)	(1,000)
Grants and Contributions Receivable	(28,205)	(71,250)
Due from Related Party	20,000	(20,000)
Bank Overdraft	(21,531)	21,531
Accounts Payable	227	13,988
Accrued Expenses	101,675	6,008
Due to Related Party	29,078	-
Lease Liabilities - Operating	(57,444)	(11,516)
Cash provided (used) by operating activities:	<u>239,547</u>	<u>(31,909)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(88,784)	(11,000)
Cash used by investing activities:	<u>(88,784)</u>	<u>(11,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of Credit Proceeds	170,786	30,000
Line of Credit Repayment	(140,610)	-
Note Payable Proceeds	-	23,248
Note Payable Repayment	(11,089)	(12,159)
Cash provided by financing activities:	<u>19,087</u>	<u>41,089</u>
Net increase (decrease) in cash and cash equivalents	169,850	(1,820)
CASH AT BEGINNING OF YEAR	<u>-</u>	<u>1,820</u>
CASH AT END OF YEAR	<u><u>\$ 169,850</u></u>	<u><u>\$ -</u></u>
Supplementary Disclosures:		
Interest paid	\$ 2,506	\$ 306
Taxes paid	\$ -	\$ -

See independent auditor's report and accompanying notes to financial statements

BLACK MEN UNITED FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

NOTE A. Description of the Organization and Program Activity

Black Men United Foundation (the Organization) is a 501(c)(3) nonprofit organization that focuses on the restoration and rebuilding of Black communities across America under the leadership of Black Men. The Organization creates an alliance of men of African descent to mobilize its resources and empower communities through economics, safety, and spirituality.

Support for the Organization's programs comes primarily from contributions from donors and government grants and contracts.

NOTE B. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes into funds established in accordance with their nature and purpose.

These financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into two classes of net assets – without donor restrictions and with donor restrictions.

Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions: Net assets not subject to donor-imposed restrictions. This class can also include net assets designated by the Board of Directors to be reserved for future use.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or passage of time. This class can also include net assets with restrictions that are perpetual in nature. The Organization maintained net assets with donor restrictions as of December 31, 2023. The Organization did not maintain net assets with donor restrictions as of December 31, 2022.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers cash on deposit at banks and highly liquid investments with original maturities of three months or less at the date of purchase to be cash and cash equivalents. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

BLACK MEN UNITED FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

NOTE B. Summary of Significant Accounting Policies (Continued)

Grants and Contributions Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Management determines an allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2023 and 2022, management believes all promises to give are collectable, therefore, no allowance has been established.

Furniture and Equipment

The Organization capitalizes all purchases for property and equipment of \$500 or more with an estimated useful life of more than one year. Purchased property and equipment are carried at cost. Donated property and equipment, if applicable, are carried at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives for vehicles (five years), office equipment (five years), and furniture and fixtures (seven years). Amortization is computed using the straight-line method over the shorter of the estimated useful life or the remaining lease term for leasehold improvements. Depreciation and amortization expense was \$40,786 and \$31,102 for the years ended December 31, 2023 and 2022, respectively.

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed 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 activities as net assets released from restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Government Contracts

Government grants consist primarily of State cost-reimbursement grants. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with the relevant grant provisions.

Donated Services and In-Kind Contributions

Donated materials are recorded as support in the amount of their estimated fair value as of the date of receipt. The Organization generally reports revenue from donated materials as support without donor restrictions unless explicit donor stipulations specify the manner in which donated assets should be used.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Services provided by volunteers are not recognized as contributions because they do not meet recognition criteria prescribed by generally accepted accounting principles. Donated professional services are recorded at the respective fair values of the services received.

BLACK MEN UNITED FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

NOTE B. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the accompanying statement of activities. The functional classification of expenses presents the natural classification detail of expenses by function. Expenses directly attributable to a specific functional area are reported as expenses to those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas. The expenses that are allocated include information technology, depreciation and amortization, and occupancy, which are allocated on a square-footage basis, as well as personnel costs, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income. The Organization had no unrelated business income during the years ended December 31, 2023 and 2022 and, therefore, no provision for federal or State income taxes has been made in the accompanying financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more likely than not" of being sustained when challenged or when examined by the applicable tax authority. For the years ended December 31, 2023 and 2022, management has determined that there were no material uncertain tax positions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Liquidity and Availability

The Organization monitors its liquidity to be able to meet its operating needs and other contractual commitments. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	2023	2022
Cash and Cash Equivalents	\$ 169,850	\$ -
Grants and Contributions Receivable	99,455	71,250
Due from Related Party	-	20,000
Total Financial Assets	269,305	91,250
Less: Amounts not available to be used within one year		
Net Assets with Donor Restrictions	(93,291)	-
Financial assets available to meet general expenditures within one year	<u>\$ 176,014</u>	<u>\$ 91,250</u>

BLACK MEN UNITED FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

NOTE B. Summary of Significant Accounting Policies (Continued)

Liquidity and Availability (Continued)

The Organization does not have a formal liquidity policy but strives to maintain liquid financial assets sufficient to cover operating expenses. As more fully described in Notes C and F, the Organization also has revolving lines of credit with banks and with its founder, which it could draw upon in the event of an unanticipated liquidity need.

Leases

The Organization determines if an arrangement is or contains a lease at inception of a contract. A contract is determined to be or contain a lease if it conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization has elected the following practical expedients and accounting policy elections related to its lease agreements:

- ROU assets and lease liabilities are not recorded for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.
- Lease components are not separated from non-lease components in its lease contracts.
- The risk-free discount rate is used to determine the present value of the future minimum lease payments for all leases.

Changes in Accounting Policy

Credit Losses

The Organization adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326), for the year ended December 31, 2023, and the change was applied on a modified retrospective basis. The standard requires changes to the existing methods of determining the estimate of current expected credit losses (allowance). Management believes the standard improves the consistency and appropriateness of this estimate. The adoption of this ASU did not have a material impact on the financial statements and did not result in a material change in accounting as the Organization does not have trade receivables. As such, no adjustment has been made to the beginning net assets as of January 1, 2023, the adoption date.

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 requires that contributed nonfinancial assets be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and improves disclosures related to contributed nonfinancial assets. This ASU is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.

The Organization adopted ASU 2020-07 for the year ended December 31, 2022, and the change was applied on a retrospective basis. Management believes the standard improves the usefulness and understandability of the Organization's financial reporting. The adoption of this ASU did not have a material impact on the financial statements and did not result in a material change in accounting.

BLACK MEN UNITED FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

NOTE B. Summary of Significant Accounting Policies (Continued)

Changes in Accounting Policy (Continued)

Leases

The Organization adopted ASU 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements for the year ended December 31, 2022. The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU 2016-02, the Organization recognized a right-of-use asset of \$46,719 and lease liabilities of \$46,719 in its statement of financial position as of July 1, 2022, the date it entered into its operating lease agreement. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2023 and 2022 were \$114,954 and \$12,150, respectively.

NOTE C. Lines of Credit and Note Payable

The Organization had a line of credit for \$30,000 under a revolving note with United Trust Bank. The note had a variable interest rate equal to the prime rate published by the Wall Street Journal (7.5% at December 31, 2022) plus 3% per annum and collateralized by a security interest in selected collateral. The maturity date of the revolving note was June 22, 2023. At December 31, 2022, the outstanding balance was \$30,000.

During the year ended December 31, 2023, the Organization entered into a revolving line of credit agreement for \$150,000 with Wintrust Bank, N.A. The note has an variable interest rate equal to the prime rate published by the Wall Street Journal (8.5% at December 31, 2023) plus 0.5% per annum and collateralized by a security interest in selected collateral. The maturity date of the revolving note is September 25, 2024. At December 31, 2023, the outstanding balance was \$60,176.

The Organization had a term note for \$23,248 with United Trust Bank. The note had an annual interest rate of 2%. Principal and interest payments of \$666 were due monthly. The term note was secured by a vehicle owned by the Organization. The original maturity of the term note was May 11, 2024. During the year ended December 31, 2023, the note was repaid in full. For the years ended December 31, 2023 and 2022, the Organization recorded interest expense of \$ 2,506 and \$306, respectively.

NOTE D. Lease Commitments

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from the lease agreements. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The Organization's operating leases consist of real estate leases for office space and storage space.

BLACK MEN UNITED FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

NOTE D. Lease Commitments (Continued)

On June 30, 2022, the Organization entered into an operating lease agreement with an unrelated party for its main office space. The agreement called for monthly lease payments of \$2,000 and had an original expiration date of June 30, 2024. On July 1, 2023, the agreement was amended to extend the lease term through December 31, 2024. The amendment also increased the square footage, and the monthly lease payments were increased to \$5,000. On June 1, 2023, the Organization entered into an operating lease agreement with the same landlord for storage space at the same address. The agreement calls for monthly lease payments of \$4,000 and has an expiration date of May 30, 2025.

On August 1, 2023, the Organization entered into an operating lease agreement with an unrelated party for office space. The agreement calls for monthly lease payments of \$600 and has an expiration date of July 31, 2025.

Future maturities of the operating lease liabilities are presented in the following table for the fiscal years ending December 31:

2024	\$ 115,200
2025	24,200
Total Future Undiscounted Lease Payments	139,400
Less: Present Value Discount	(4,374)
Total Lease Liabilities	<u>\$ 135,026</u>

Additional information on the operating leases is presented in the following table for the years ended December 31, 2023 and 2022:

	2023	2022
<i>Components of Lease Cost:</i>		
Operating lease cost	\$ 73,000	\$ 12,000
Short-term lease cost	-	12,000
Total Lease Cost	<u>\$ 73,000</u>	<u>\$ 24,000</u>
<i>Supplemental cash flow information related to leases:</i>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 73,000</u>	<u>\$ 12,000</u>
<i>Noncash financing and investing cash flows:</i>		
ROU assets obtained in exchange for lease liabilities		
Operating leases – new leases	\$ 105,817	\$ 46,719
Operating lease – amendment	86,653	-
Total ROU assets obtained in exchange for lease liabilities	<u>\$ 192,470</u>	<u>\$ 46,719</u>
<i>Supplemental statement of financial position related to leases:</i>		
ROU Assets	\$ 192,470	\$ 46,719
Less: Accumulated Amortization	(57,444)	(11,516)
ROU Assets, Net	<u>\$ 135,026</u>	<u>\$ 35,203</u>
Lease Liabilities	<u>\$ 135,026</u>	<u>\$ 35,203</u>
Weighted Average Remaining Lease Terms	1.25 years	1.5 years
Weighted Average Discount Rates	4.88%	2.84%

BLACK MEN UNITED FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

NOTE D. Lease Commitments (Continued)

Short-Term Lease

The Organization had a short-term operating lease agreement for its main office space for the period of January – June 2022. The agreement called for monthly lease payments of \$2,000. This lease is excluded from the ROU assets and lease liabilities as the short-term lease exemption was applied.

Other Leases

The Organization has two operating lease agreements for storage space with two unrelated parties. These two agreements are on a month-to-month basis and can be terminated by either party at any time. These agreements call for monthly lease payments of \$4,000. These month-to-month lease agreements are excluded from the ROU assets and lease liabilities.

NOTE E. In-Kind Contributions

During years ended December 31, 2023 and 2022, the Organization recognized significant in-kind contributions in the amount of \$1,611,820 and \$192,232, respectively. For 2023, the in-kind contributions consisted of supplies and materials purchased for amounts significantly less than their retail value. For 2022, the in-kind contributions consisted entirely of donated fixed assets. The contributions are valued at the approximate fair values identified by vendors, donors, and management. There were no donor-imposed restrictions associated with the in-kind contributions received. The donated fixed assets and supplies and merchandise are being utilized for the Organization's program activities.

NOTE F. Related Party Transactions

The Organization has a revolving line of credit arrangement with its founder. Under this arrangement, the founder makes interest-free loans to the Organization to cover operating expenses and repayments are made as funds become available. At December 31, 2023, the due to related party balance was \$29,078.

During the year ended December 31, 2022, the Organization made payments in excess of the amounts borrowed which resulted in a due from related party balance. At December 31, 2022, the due from related party balance was \$20,000.

NOTE G. Net Assets with Donor Restrictions

Net assets with donor restrictions (restricted for the purpose indicated) are as follows:

	2023	2022
<u>Purpose Restricted:</u>		
<i>Chicago Cred Violence Reduction</i>	\$ 62,284	\$ -
<i>Chicago Cred FLIP Implementation</i>	31,007	-
Total Net Assets with Donor Restrictions	<u>\$ 93,291</u>	<u>\$ -</u>

NOTE H. Subsequent Events

Management has evaluated subsequent events through November 6, 2024, the date which the financial statements were available to be issued. Management has determined there were no subsequent events which require adjustment or disclosure.

SUPPLEMENTARY INFORMATION

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

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11/07/24

Grantee Name	Blackmen United Foundation
ID Numbers	AUDIT:42558 Grantee:695531 UEI:TA42RLP82BA1 FEIN:853050761
Audit Period	1/1/2023 - 12/31/2023
Submitted	11/07/2024; John Harrell; CEO; revjharrell@gmail.com; 7733315998
Accepted	
Program Count	4

All Programs Total				
Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	895,550.00	0.00	159,888.89	1,055,438.89
Fringe Benefits	110,589.25	0.00	7,956.00	118,545.25
Travel	8,965.32	0.00	0.00	8,965.32
Equipment	0.00	0.00	0.00	0.00
Supplies	63,378.80	0.00	40,897.63	104,276.43
Contractual Services	80,100.00	0.00	48,457.51	128,557.51
Consultant (Professional Services)	76,500.00	0.00	503,000.00	579,500.00
Construction	0.00	0.00	0.00	0.00
Occupancy - Rent and Utilities	42,600.00	0.00	17,736.74	60,336.74
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	13,450.00	0.00	43.20	13,493.20
Training and Education	14,450.00	0.00	7,350.00	21,800.00
Direct Administrative Costs	39,500.00	0.00	479,162.00	518,662.00
Miscellaneous Costs	73,509.00	0.00	761,611.03	835,120.03
ALN 21.027 CSLFRF	0.00	0.00	0.00	0.00
All Grant Specific Categories	318,617.00	0.00	0.00	318,617.00
TOTAL DIRECT EXPENDITURES	1,737,209.37	0.00	2,026,103.00	3,763,312.37
Indirect Costs	75,416.65	0.00	0.00	75,416.65
TOTAL EXPENDITURES	1,812,626.02	0.00	2,026,103.00	3,838,729.02

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State Agency	Department Of Human Services (444)
Program Name	Black Men United for Reformation, Restoration and Resilience (444-80-2693)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	10.00 Base:

Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	504,750.00	0.00	0.00	504,750.00
Fringe Benefits	62,026.00	0.00	0.00	62,026.00
Travel	8,965.32	0.00	0.00	8,965.32
Supplies	21,877.00	0.00	0.00	21,877.00
Contractual Services	47,000.00	0.00	0.00	47,000.00
Consultant (Professional Services)	64,000.00	0.00	0.00	64,000.00
Occupancy - Rent and Utilities	39,000.00	0.00	0.00	39,000.00
Telecommunications	10,750.00	0.00	0.00	10,750.00
Training and Education	9,250.00	0.00	0.00	9,250.00
Direct Administrative Costs	39,500.00	0.00	0.00	39,500.00
Miscellaneous Costs	73,509.00	0.00	0.00	73,509.00
Indirect Costs	52,000.00	0.00	0.00	52,000.00
TOTAL DIRECT EXPENDITURES	932,627.32	0.00	0.00	932,627.32

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Department Of Human Services (444)
Program Name	Community Equity Grassroots E&T Initiative (444-80-2459)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	10.00 Base:177,271.30

Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	132,500.00	0.00	0.00	132,500.00
Fringe Benefits	9,371.25	0.00	0.00	9,371.25
Supplies	19,500.00	0.00	0.00	19,500.00
Contractual Services	9,600.00	0.00	0.00	9,600.00
Occupancy - Rent and Utilities	3,600.00	0.00	0.00	3,600.00
Telecommunications	2,700.00	0.00	0.00	2,700.00
Indirect Costs	17,727.65	0.00	0.00	17,727.65
Grant Exclusive Line Item(s)	90,000.00	0.00	0.00	90,000.00
TOTAL DIRECT EXPENDITURES	284,998.90	0.00	0.00	284,998.90

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Department Of Human Services (444)
Program Name	Illinois Youth Investment Program-Summer (IYIP-S) (444-80-3080)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	72,800.00	0.00	0.00	72,800.00
Fringe Benefits	17,581.00	0.00	0.00	17,581.00
Supplies	6,001.80	0.00	0.00	6,001.80
Grant Exclusive Line Item(s)	228,617.00	0.00	0.00	228,617.00
TOTAL DIRECT EXPENDITURES	324,999.80	0.00	0.00	324,999.80

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Illinois Criminal Justice Information Authority (546)
Program Name	American Rescue Plan Act SFY23 (546-00-2940)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	10.00 Base:56890

Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	185,500.00	0.00	0.00	185,500.00
Fringe Benefits	21,611.00	0.00	0.00	21,611.00
Supplies	16,000.00	0.00	0.00	16,000.00
Contractual Services	23,500.00	0.00	0.00	23,500.00
Consultant (Professional Services)	12,500.00	0.00	0.00	12,500.00
Training and Education	5,200.00	0.00	0.00	5,200.00
Indirect Costs	5,689.00	0.00	0.00	5,689.00
TOTAL DIRECT EXPENDITURES	270,000.00	0.00	0.00	270,000.00

**Illinois Grant Accountability and Transparency
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Program Name	Other grant programs and activities
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Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	0.00	159,888.89	159,888.89
Fringe Benefits	0.00	0.00	7,956.00	7,956.00
Supplies	0.00	0.00	40,897.63	40,897.63
Contractual Services	0.00	0.00	48,457.51	48,457.51
Consultant (Professional Services)	0.00	0.00	503,000.00	503,000.00
Occupancy - Rent and Utilities	0.00	0.00	17,736.74	17,736.74
Telecommunications	0.00	0.00	43.20	43.20
Training and Education	0.00	0.00	7,350.00	7,350.00
Direct Administrative Costs	0.00	0.00	479,162.00	479,162.00
Miscellaneous Costs	0.00	0.00	761,611.03	761,611.03
TOTAL DIRECT EXPENDITURES	0.00	0.00	2,026,103.00	2,026,103.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

Program Name	All other costs not allocated			
Category	State	Federal	Other	Total
	0.00	0.00	0.00	0.00
TOTAL DIRECT EXPENDITURES	0.00	0.00	0.00	0.00

RINGOLD

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

***Auditing, Accounting, Tax Services, Advisory Services, Program & Project
Management, Supplier Diversity & Compliance, Training***

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Black Men United Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Black Men United Foundation ("the Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

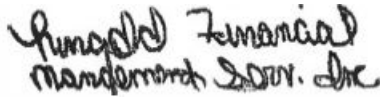
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Ringold Financial Management Services, Inc." in a cursive, stylized font.

Ringold Financial Management Services, Inc.
Tinley Park, IL
November 6, 2024

BLACK MEN UNITED FOUNDATION
SCHEDULE OF FINDINGS
December 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on financial statements:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ Yes	<u> X </u> No	
• Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	<u> X </u> None reported	
Noncompliance material to the financial statements?	_____ Yes	<u> X </u> No	

Section II – Financial Statement Findings

No financial statement findings were reported for the year ended December 31, 2023.