

**WOMEN'S BUSINESS DEVELOPMENT CENTER**

**Financial Statements and  
Independent Auditors' Report**

**For the Year Ended June 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Women's Business Development Center

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Women's Business Development Center ("WBDC")**, a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the WBDC as of June 30, 2019, 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.

## ***Report on Summarized Comparative Information***

We have previously audited the WBDC's 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated February 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Other Matters***

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 information 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 March 3, 2020, on our consideration of the WBDC'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 WBDC'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 WBDC's internal control over financial reporting and compliance.



Chicago, Illinois  
March 3, 2020

**WOMEN'S BUSINESS DEVELOPMENT CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2019**  
**(with summarized comparative totals for 2018)**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash	\$ 1,671,912	\$ 1,457,593
Contributions receivable	318,675	223,250
Government grants receivable	222,611	337,929
Miscellaneous receivables	25,659	33,834
Certificate of deposit	154,793	153,337
Prepaid expenses	44,573	45,490
Notes receivable - microloans, net of reserve of \$70,000 and \$50,000 respectively	492,532	441,079
Property and equipment, net	61,150	80,015
Security deposit	6,738	6,738
<b>TOTAL ASSETS</b>	<b>\$ 2,998,643</b>	<b>\$ 2,779,265</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 53,683	\$ 74,526
Accrued expenses	-	30,000
Accrued payroll and related taxes	49,576	52,310
Accrued compensated absences	63,841	57,472
Deferred rent	61,400	63,876
<b>Total Liabilities</b>	<b>228,500</b>	<b>278,184</b>
<b>Net Assets</b>		
Without donor restrictions		
Board-designated	1,641,048	1,562,436
Undesignated	694,403	517,044
With donor restrictions	434,692	421,601
<b>Total Net Assets</b>	<b>2,770,143</b>	<b>2,501,081</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,998,643</b>	<b>\$ 2,779,265</b>

The accompanying Notes are an integral part of these Financial Statements.

**WOMEN'S BUSINESS DEVELOPMENT CENTER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**  
**(with summarized comparative totals for 2018)**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2019</u>	<u>2018</u>
<b>REVENUES AND SUPPORT</b>				
<b>Public Support</b>				
Contributions	\$ 1,101,430	\$ 1,190,012	\$ 2,291,442	\$ 2,016,338
Grants - Governmental Agencies	942,595	-	942,595	1,187,959
<b>Total Public Support</b>	<u>2,044,025</u>	<u>1,190,012</u>	<u>3,234,037</u>	<u>3,204,297</u>
<b>Other Revenue</b>				
Seminars	59,754	-	59,754	34,454
Fees from Women's Business Owners	1,145,361	-	1,145,361	1,094,965
Fee Income from National Certification Organization	215,337	-	215,337	205,180
Loan Fees	15,026	-	15,026	4,306
Interest and Dividend Income	3,266	-	3,266	2,552
Program Interest	47,016	-	47,016	49,257
Gain on Sale of Loans	-	-	-	16,000
<b>Total Other Revenue</b>	<u>1,485,760</u>	<u>-</u>	<u>1,485,760</u>	<u>1,406,714</u>
<b>Net Assets Released from Restrictions</b>	1,176,921	(1,176,921)	-	-
<b>TOTAL REVENUES AND SUPPORT</b>	<u>4,706,706</u>	<u>13,091</u>	<u>4,719,797</u>	<u>4,611,011</u>
<b>EXPENSES</b>				
Program Services	3,956,603	-	3,956,603	4,291,197
Management and General	218,568	-	218,568	124,351
Fundraising	275,564	-	275,564	290,711
<b>TOTAL EXPENSES</b>	<u>4,450,735</u>	<u>-</u>	<u>4,450,735</u>	<u>4,706,259</u>
<b>CHANGE IN NET ASSETS</b>	<u>255,971</u>	<u>13,091</u>	<u>269,062</u>	<u>(95,248)</u>
<b>NET ASSETS, Beginning of Year</b>	<u>2,079,480</u>	<u>421,601</u>	<u>2,501,081</u>	<u>2,596,329</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 2,335,451</u>	<u>\$ 434,692</u>	<u>\$ 2,770,143</u>	<u>\$ 2,501,081</u>

The accompanying Notes are an integral part of these Financial Statements.

**WOMEN'S BUSINESS DEVELOPMENT CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2019**  
**(with summarized comparative totals for 2018)**

	Emerging Business	Established Business	Access to Capital	Child Care	Certification	Conferences	Veterans Program	Total Program Services	Management and General	Fundraising	2019 Total	2018 Total
<b>Salaries and Related Expenses</b>												
Salaries	\$ 452,289	\$ 830,376	\$ 72,121	\$ 62,801	\$ 433,565	\$ 41,797	\$ 66,631	\$ 1,959,580	\$ 137,866	\$ 155,831	\$ 2,253,277	\$2,243,971
Group Benefits	47,158	86,854	7,403	6,643	45,237	4,450	6,876	204,621	14,576	16,106	235,303	218,472
Employees' Savings 401k Plan	12,028	22,023	1,881	1,682	11,504	1,087	1,786	51,991	3,632	4,158	59,781	63,144
Payroll Taxes	32,557	59,757	5,180	4,527	31,191	3,007	4,797	141,016	9,910	11,215	162,141	184,580
<b>Total Salaries and Related Expenses</b>	<b>544,032</b>	<b>999,010</b>	<b>86,585</b>	<b>75,653</b>	<b>521,497</b>	<b>50,341</b>	<b>80,090</b>	<b>2,357,208</b>	<b>165,984</b>	<b>187,310</b>	<b>2,710,502</b>	<b>2,710,167</b>
Advertising and Promotional	483	953	96	64	493	57	64	2,210	165	7,156	9,531	1,200
Amortization and Depreciation	3,801	6,947	589	533	3,628	341	566	16,405	1,144	1,316	18,865	22,654
Provision for Uncollectible Microloans, net of Recoveries	-	-	47,215	-	-	-	-	47,215	-	-	47,215	30,624
Bank and Credit Card Charges	10,418	18,996	1,599	1,476	9,915	914	1,564	44,882	3,893	3,610	52,385	49,277
Conferences, Trainings and Meetings	14,627	27,551	761	1,523	10,873	287,398	3,052	345,785	1,524	1,743	349,052	405,960
Equipment Rental, Repairs and Maintenance	3,218	5,861	490	454	3,059	285	481	13,848	958	1,116	15,922	15,689
Insurance	6,123	11,118	947	854	5,830	529	926	26,327	1,836	2,141	30,304	30,500
Loan Origination Fees	-	-	7,531	-	-	-	-	7,531	-	-	7,531	7,136
Occupancy	57,136	93,134	6,250	5,838	58,688	3,548	6,276	230,870	9,799	14,484	255,153	263,111
Office Expense	7,399	11,439	917	736	7,114	33,945	898	62,448	1,824	1,776	66,048	49,742
Postage and Shipping	1,342	2,596	235	184	1,449	142	187	6,135	430	445	7,010	9,251
Printing	704	1,032	472	9	2,259	21,722	99	26,297	22	210	26,529	15,049
Professional Fees	26,250	46,934	3,429	3,366	23,834	2,489	2,588	108,890	9,490	8,498	126,878	116,287
Program Supplies	1,971	13,939	-	6,035	-	23	-	21,968	-	-	21,968	10,121
Services - Center	7,267	15,786	1,353	953	7,288	113,157	982	146,786	5,089	25,986	177,861	224,109
Services - Technology	17,521	38,741	6,429	2,514	16,187	35,266	2,841	119,499	4,822	6,069	130,390	159,500
Services - Client	37,272	140,691	6,535	3,130	39,488	1,847	3,452	232,415	5,220	7,932	245,567	352,514
Subscription and Dues	874	1,621	131	119	828	73	134	3,780	373	311	4,464	10,045
Telephone	7,698	7,876	651	581	3,970	379	614	21,769	1,255	1,432	24,456	24,596
Travel	19,850	36,066	2,688	1,490	47,076	4,528	2,637	114,335	4,740	4,029	123,104	198,727
<b>Total</b>	<b>\$ 767,986</b>	<b>\$ 1,480,291</b>	<b>\$ 174,903</b>	<b>\$ 105,512</b>	<b>\$ 763,476</b>	<b>\$ 556,984</b>	<b>\$ 107,451</b>	<b>\$ 3,956,603</b>	<b>\$ 218,568</b>	<b>\$ 275,564</b>	<b>\$ 4,450,735</b>	<b>\$4,706,259</b>

The accompanying Notes are an integral part of these Financial Statements.

**WOMEN'S BUSINESS DEVELOPMENT CENTER**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2019**  
**(with summarized comparative totals for 2018)**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 269,062	\$ (95,248)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	18,865	22,654
Amortization of deferred rent	(2,476)	7,581
Provision for uncollectible microloans, net of loan recovery	20,000	30,624
(Increase) decrease in operating assets:		
Contributions receivable	(95,425)	153,050
Government grants receivable	115,318	(14,522)
Miscellaneous receivables	8,175	(7,438)
Prepaid expenses	917	(44,264)
Increase (decrease) in operating liabilities:		
Accounts payable	(20,843)	(69,893)
Accrued expenses	(30,000)	12,000
Accrued payroll and related taxes	(2,734)	7,861
Accrued compensated absences	6,369	12,937
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>287,228</b>	<b>15,342</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Microloans made	(308,070)	(211,733)
Collections of microloans	236,617	273,569
Proceeds from the sale of microloans		59,134
Deposits in certificate of deposit	(1,456)	(841)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(72,909)</b>	<b>120,129</b>
<b>NET INCREASE IN CASH</b>	<b>214,319</b>	<b>135,471</b>
<b>CASH, Beginning of Year</b>	<b>1,457,593</b>	<b>1,322,122</b>
<b>CASH, End of Year</b>	<b>\$ 1,671,912</b>	<b>\$ 1,457,593</b>

The accompanying Notes are an integral part of these Financial Statements.

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE 1 – NATURE OF ACTIVITIES**

The Women's Business Development Center (WBDC) is a 33-year-old economic development organization, incorporated in 1986 as an Illinois not-for-profit corporation. Its founders believed that business ownership was the critical path for women's economic empowerment and self-sufficiency. During the ensuing years, the WBDC has responded to shifting Chicagoland demographics and community needs, which has expanded its mission and focus to serve other underserved populations and communities. Its mission today is to support and accelerate business development and growth, targeting women and serving all diverse entrepreneurs, in order to strengthen their participation in, and impact on, the economy.

The WBDC is headquartered in Chicago, Illinois, with offices in Aurora, Richton Park, and the Little Village neighborhood. It also serves a nine-state Midwest region as a third-party certifier of Women Business Enterprises (WBE's) as part of the Women's Business Enterprise National Council (WBENC). The WBDC territory is inclusive of Illinois, Wisconsin, Minnesota, Iowa, Kansas, Missouri, Nebraska, North Dakota, and South Dakota. Its major markets, in which it has offices and staff, are Chicago, Milwaukee, Twin Cities, Kansas City, and St. Louis.

The WBDC provides a range of programs and services for successive stages of the business life cycle, including:

- Individualized advising
- Specialized curricula and workshops
- Procurement and matchmaking opportunities
- Government contracting assistance
- Financial education, debt and equity placement, and direct lending
- Women's business enterprise (WBE) certification

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting:**

WBDC's financial statements are prepared in accordance with accounting principles generally accepted in United States of America (GAAP).

**Net assets:**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets without donor restrictions** – Net assets available to finance the general operations of WBDC. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of WBDC, the environment in which it operates and the purposes specified in its Articles of Incorporation. Voluntary resolutions by the Board of Directors to designate a portion of WBDC's net assets without donor restrictions for specified purposes do not result in restricted funds. Since designations are voluntary and may be reversed by the Board of Directors at any time, designated net assets are included under the caption "net assets without donor restrictions."

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Net Assets without donor restrictions - Continued**

WBDC's Board-designated net assets without donor restrictions as of June 30, 2019 and 2018 consists of an operating reserve fund. The Board also designated that any remaining loan principal after the expiration of grants of loan funds should continue to be used to make loans in the future. Board-designated unrestricted net assets as of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Operating reserve	\$ 486,992	\$ 486,992
Loan fund	<u>1,154,056</u>	<u>1,075,444</u>
Total board-designated	<u>\$ 1,641,048</u>	<u>\$ 1,562,436</u>

**Net assets with donor restrictions** - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are 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. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Cash:**

Cash consists of cash and other highly liquid investments with an original maturity of three months or less when purchased.

**Grants and pledges receivable:**

Grants and pledges receivable include unconditional promises to give. All unconditional promises to give are expected to be collected during the succeeding year; therefore, no present value discount was applied to the balance. Management has determined that the contributions and grants receivable are fully collectible; therefore, no allowance for uncollectible accounts was considered necessary at June 30, 2019 and 2018.

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Property and equipment and related depreciation and amortization:**

Leasehold improvements and purchased office equipment are recorded at cost. Donated property and equipment are recorded at their estimated fair value at the date of donation. Major additions and improvements of \$5,000 or more are capitalized while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed currently. Depreciation is computed over the estimated useful lives of the related assets using the straight-line method. Amortization of leasehold improvements is computed over the lesser of the useful life of the improvement or the life of the lease using the straight-line method.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2019 and 2018

**Fair value of financial instruments:**

Cash and certificate of deposit

Cash and certificate of deposit are recorded at carrying value which approximates fair value.

Investments

Investments are recorded at fair value in the accompanying financial statements. Fair value is determined based on the fair value measurement principles prescribed by the Financial Accounting Standard Board.

**Deferred rent:**

WBDC records rent expense on a straight-line basis over the life of the related leases. The difference between rent expense recorded and the amount paid is reflected as deferred rent in the statement of financial position.

**Contributed goods and services:**

Contributed goods are reflected as contributions at their fair value at date of donation and are reported as without donor restrictions unless explicit donor stipulations specify how donated assets must be used. WBDC recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. During fiscal years 2019 and 2018, the Organization estimated and recorded contributions for professional services, advertising, volunteer speakers, consulting, airline tickets, and rent in the amount of \$263,912 and \$305,932, respectively.

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Contributed goods and services - continued**

WBDC receives services from a large number of volunteers who give significant amounts of their time to WBDC but do not meet the criteria for financial statement recognition. During each of fiscal years 2019 and 2018, management estimates the Organization received approximately 1,785 and 1,650 hours of volunteer services valued at \$126,000 and \$121,000, respectively.

**Functional allocation of expenses:**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses except for provision for uncollectible microloans, loan origination fees and program supplies were allocated on the basis of estimates of time and effort. Certain costs directly attributable to one program or supporting function are charged directly to that function.

**Use of estimates:**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

**Accounting Standard Issued:**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). WBDC implemented this new standard during fiscal year ended June 30, 2019 and has adjusted the presentation in these financial statements accordingly including net assets classification and the inclusion of qualitative and quantitative disclosures about liquidity and availability of resources.

**Subsequent events:**

Subsequent to June 30, 2019, the Organization entered into a revolving credit facility evidenced by a promissory note that is restricted for providing small business loans. The note allows for borrowings up to \$500,000. Under the terms of the note, the Organization is obligated to make interest only payments to the Lender on outstanding balances beginning on January 1, 2020 and continuing on the first day of each April, July, October and January thereafter to and including July 1, 2024. A final payment of all outstanding principal and unpaid interest is due at maturity, September 25, 2024. There were no advances on the note as of March 6, 2020.

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Subsequent events - continued**

The note is collateralized by all assets of the Organization up to the outstanding amount of the loan and is subject to various covenants. The Lender's security interest in the collateral remains until all of the indebtedness has been paid and satisfied in full by the Organization. Thereafter, the Lender shall release its security interest in the Organization's collateralized assets.

The note bears interest determined on the date and on the amount borrowed. The interest rate will be 100 basis points over the 5-year Treasury Rate at the time of the borrowing.

Management has evaluated subsequent events through March 3, 2020, the date that the financial statements were available to be issued. Other than the subsequent event disclosed above, there were no additional material subsequent events that require adjustment or disclosure in the financial statements.

**NOTE 3 – TAX STATUS**

WBDC is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes pursuant to Section 501(a) of the Code. In addition, the IRS has determined that WBDC is not a private foundation within the meaning of Section 509(a) of the Code.

WBDC has adopted the requirements for accounting for uncertain tax positions and management has determined that WBDC was not required to record a liability related to uncertain tax positions as of June 30, 2019 and 2018.

WBDC is no longer subject to examination by the Internal Revenue Service for years prior to 2016.

**NOTE 4 – LIQUIDITY AND AVAILABILITY**

WBDC strives to maintain liquid financial assets sufficient to cover six months of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments. The following table reflects WBDC's financial assets as of June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE 4 – LIQUIDITY AND AVAILABILITY - Continued**

June 30, 2019	
Financial Assets at year-end:	
Cash & certificates of deposit	\$ 1,826,705
Contribution and miscellaneous receivable	344,334
Government receivable	222,611
Notes receivable - microloans	492,532
<hr/>	
Total financial assets	2,886,182
Less amounts not available to use within one year	
Notes receivable - microloans	285,034
Net assets with donor restrictions	40,000
<hr/>	
Financial assets available to meet general expenditures within one year	\$ 2,561,148

WBDC regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. WBDC monitors liquidity by reviewing monthly financial statements, preparing monthly budgetary projections, and monitoring cash and receivables.

In addition to financial assets available to meet general expenditures over the next 12 months, WBDC operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

WBDC's governing board has designated a portion of its without donor restrictions resources for other purposes. These board designated net assets remain available and may be spent at the discretion of the Board.

**WOMEN’S BUSINESS DEVELOPMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE 5 – PROPERTY AND EQUIPMENT**

The components of property and equipment were as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Computers	\$ 37,000	\$ 37,000
Furniture and Fixtures	75,800	75,800
Equipment	40,072	40,072
Leasehold Improvements	105,201	105,201
	<u>258,073</u>	<u>258,073</u>
Less accumulated depreciation and amortization	(196,923)	(178,058)
Property and equipment, net	<u>\$ 61,150</u>	<u>\$ 80,015</u>

**NOTE 6 – CONCENTRATION OF CREDIT RISK**

WBDC maintains its cash balances in bank accounts which, at times, may exceed federally-insured limits. Management believes that WBDC is not exposed to any significant credit risk on cash.

**NOTE 7 – NOTES RECEIVABLE - MICROLOANS**

WBDC provides access to capital to support the growth of women owned businesses. The notes receivable-microloans balance includes loan principal plus fees and consists of thirty-four promissory notes ranging from \$2,200 to \$61,500. The interest rates range from 8% to 15% and maturity dates through February of 2023. Notes expected to be collected in one year up to five years are recorded at net realizable value because that amount, although not equivalent to the present value of estimated future cash flows, results in a reasonable estimate of fair value. The allowance for uncollectible microloans is \$70,000 and \$50,000 at June 30, 2019 and 2018, respectively.

**NOTE 8 – LEASES**

WBDC occupies office spaces in Chicago, Illinois under a lease which expires February 28, 2023 and provides for base rent with three percent annual increases. In addition, the lease includes operating expenses and real estate tax increases over the base year, as defined in the lease. WBDC also leases office space in various other cities under short-term lease agreements.

Occupancy expense for the years ended June 30, 2019 and 2018 for these leases was \$255,153 and \$263,111 respectively.

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE 8 – LEASES - Continued**

Future minimum lease payments under all operating agreements are as follows:

Year ended June 30,	
2020	\$ 207,360
2021	213,580
2022	219,988
2023	<u>149,560</u>
	<u>\$ 790,488</u>

**NOTE 9 –NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Access to Capital Program	\$ 19,750	\$ -
Certification Scholarships	1,091	5,125
Childcare Education	55,512	21,263
Database Assessment	-	2,000
General Business Education	500	35,000
Latina Entrepreneurial Accelerated Development Program	10,000	2,500
Pitch Competition	9,000	-
Regional Programming	169,078	95,000
ScaleUp Program	87,991	139,228
Supplier Diversity	7,187	85,547
Veterans Program	<u>74,583</u>	<u>35,938</u>
Total Net Assets With Donor Restrictions	<u>\$ 434,692</u>	<u>\$ 421,601</u>

**NOTE 10 – RETIREMENT FUND COMMITMENTS**

WBDC sponsors an employees' savings plan (the Plan) which qualifies under Section 401(k) of the Code. The plan is administered by a plan administrator. Eligibility requirements are defined by the plan. For the fiscal years ended June 30, 2019 and 2018, WBDC contributed an amount based on participants' compensation and amount of compensation deferred, which totaled to \$59,781 and \$63,144, respectively.

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

WBDC has received funds from state and federal grants in the current year which are subject to audits by granting agencies. Management believes that any adjustments that might arise from these audits would be insignificant to WBDC's operations.

**NOTE 12 – COMPARATIVE TOTALS FOR PRIOR YEAR**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with WBDC's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Year Ended June 30, 2019**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Number	Project Year	<b>Total</b>
<b>Department of Defense:</b>				
Pass-through program from Illinois Department of Commerce & Economic Opportunity: Procurement Technical Assistance for Business Firms	12.002	19-601115	July 1, 2018 - June 30, 2019	\$ 86,000
<b>U.S. Department of Housing and Urban Development:</b>				
Pass-through programs from Cook County of Illinois: Community Development Block Grant Program	14.218	1711-080	October 1, 2017 - September 30, 2018	18,393
Community Development Block Grant Program	14.218	1811-087	October 1, 2018 - September 30, 2019	53,586
<b>Total Community Development Block Grant Program</b>				<u>71,979</u>
<b>U.S. Small Business Administration</b>				
Women's Business Ownership Assistance - Chicago	59.043	SBAHQ-17-W-0025	September 30, 2017 - September 29, 2018	36,670
Women's Business Ownership Assistance - Aurora	59.043	SBAHQ-15-W-0029	September 30, 2017 - September 29, 2018	27,409
Women's Business Ownership Assistance - Chicago	59.043	SBAHQ-17-W-0025	September 30, 2018 - September 29, 2019	112,755
Women's Business Ownership Assistance - Aurora	59.043	SBAHQ-15-W-0029	September 30, 2018 - September 29, 2019	112,291
<b>Total Women's Business Ownership Assistance *</b>				<u>289,125</u>
Federal and State Technology Partnership	59.058	SBAHQ-17-G-0007	September 30, 2017 - September 29, 2018	39,082
Federal and State Technology Partnership	59.058	SBAHQ-18-G-0006	September 30, 2018 - September 29, 2019	94,603
<b>Total Federal and State Technology Partnership</b>				<u>133,685</u>
Pass-through programs from Illinois Department of Commerce & Economic Opportunity: Small Business Development Centers	59.037	18-561141	January 1, 2018 - December 31, 2018	120,000
Small Business Development Centers	59.037	18-565141	January 1, 2019 - December 31, 2019	120,000
<b>Total Small Business Development Centers</b>				<u>240,000</u>
<b>Total U.S. Small Business Administration</b>				662,810
<b>Total Expenditures of Federal Awards</b>				<u>\$ 820,789</u>

See Independent Auditors' Report and Notes to Schedule of Expenditures of Federal Awards

\* Denotes a major program

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of WBDC and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of WBDC, it is not intended to and does not present the financial position, changes in net assets or cash flows of WBDC.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – INDIRECT COST RATE**

WBDC has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4 – SUBRECIPIENTS**

WBDC did not provide any Federal awards to subrecipients during the year ended June 30, 2019.

**NOTE 5 – LOANS AND LOAN GUARANTEES**

WBDC did not receive loans or loan guarantees for the year ended June 30, 2019.

**NOTE 6 – NON-CASH ASSISTANCE**

WBDC did not receive non-cash assistance for the year ended June 30, 2019.

**NOTE 7 – INSURANCE**

WBDC did not receive insurance assistance to reimburse losses for the year ended June 30, 2019.

**INDEPENDENT AUDITORS' 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  
Women's Business Development Center

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 **Women's Business Development Center ("WBDC")**, a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the WBDC's internal control over financial reporting (internal control) to determine the 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 WBDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the WBDC'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

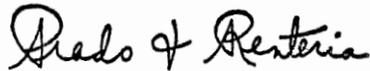
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the WBDC'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 determination of financial statement amounts. 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 WBDC'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 "Shado J. Renteria". The signature is written in a cursive style with a large initial 'S'.

Chicago, Illinois  
March 3, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
Women's Business Development Center

**Report on Compliance for Each Major Federal Program**

We have audited **Women's Business Development Center's ("WBDC")** compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the WBDC's major federal programs for the year ended June 30, 2019. The WBDC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the WBDC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the WBDC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the WBDC's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the WBDC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

Management of the WBDC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the WBDC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the WBDC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Chicago, Illinois  
March 3, 2020

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

Financial Statements

- |   |                                      |
|---|--------------------------------------|
| 1) Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | <b><u>Unmodified</u></b>             |
| 2) Internal control over financial reporting:   |                                      |
| • Material weakness(es) identified?   | _____ Yes <u>  X  </u> No            |
| • Significant deficiency(ies) identified?   | _____ Yes <u>  X  </u> None reported |
| 3) Noncompliance material to financial statements noted?  | _____ Yes <u>  X  </u> No            |

Federal Awards

- |   |                                      |
|---|--------------------------------------|
| 1) Internal control over major federal programs:  |                                      |
| • Material weakness(es) identified?   | _____ Yes <u>  X  </u> No            |
| • Significant deficiency(ies) identified?   | _____ Yes <u>  X  </u> None reported |
| 2) Type of auditors' report issued on compliance for major federal programs:                          | <b><u>Unmodified</u></b>             |
| 3) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____ Yes <u>  X  </u> No            |

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
59.043	Women's Business Ownership Assistance

Dollar threshold used to distinguish between type A and type B Programs: \_\_\_\_\_ \$750,000

Auditee qualified as low risk auditee? \_\_\_\_\_   X   Yes    \_\_\_\_\_ No

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.



## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To The Board of Directors of  
Women's Business Development Center

We have audited the financial statements of **Women's Business Development Center ("WBDC")**, an Illinois not-for-profit corporation, as of June 30, 2019 and for the year then ended and have issued our report thereon dated March 3, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying information in the additional schedule on page 25 is presented for the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Prado &amp; Renteria".

Chicago, Illinois  
March 3, 2020

**WOMEN'S BUSINESS DEVELOPMENT CENTER  
ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT  
CONSOLIDATED YEAR END FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2019**

<b>CSFA Number</b>	<b>Program Name</b>	<b>State</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
420-35-0069	Procurement Technical Assistance for Business Firms	\$ 42,000	\$ 86,000	\$ 128,567	\$ 256,567
420-35-0083	Small Business Development Centers	-	240,000	242,995	482,995
	Other Grant Programs and Activities	-	494,789	-	494,789
	All Other Costs Not Allocated	-	-	3,216,384	3,216,384
	<b>Totals</b>	<b>\$ 42,000</b>	<b>\$ 820,789</b>	<b>\$ 3,587,946</b>	<b>\$ 4,450,735</b>

The accompanying Notes are an integral part of these Financial Statements.