

**SEIZE THE FUTURE  
DEVELOPMENT FOUNDATION**

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

for the year ended June 30, 2016

**Weber & Associates CPAs, LLC**

Certified Public Accountants

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SEIZE THE FUTURE DEVELOPMENT FOUNDATION  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Seize the Future Development Foundation  
Aurora, Illinois

We have audited the accompanying financial statements of Seize the Future Development Foundation (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities 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. 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 Seize the Future Development Foundation as of June 30, 2016, 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 Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 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.

*Acher & Associates*

Aurora, Illinois  
November 15, 2016

SEIZE THE FUTURE DEVELOPMENT FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
as of June 30, 2016

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ASSETS

Current assets:	
Cash and cash equivalents	\$ 315,790
Accounts receivable	500
Prepaid expenses	2,721
	<u>319,011</u>
Other assets:	
Property	353,000
Total assets	<u>\$ 672,011</u>

LIABILITIES AND NET ASSETS

Liabilities	
Current liabilities:	
Accounts payable	\$ 22,955
Accrued payroll and related taxes	3,616
Total liabilities	<u>26,571</u>
Net Assets	
Unrestricted	396,435
Temporarily restricted	249,005
Total net assets	<u>645,440</u>
Total liabilities and net assets	<u>\$ 672,011</u>

See accompanying notes to financial statements.

SEIZE THE FUTURE DEVELOPMENT FOUNDATION  
STATEMENT OF ACTIVITIES  
for the year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Contributions, gifts, and grants	\$ 107,914	\$ 727,750	\$ 835,664
In kind contributions	21,770	-	21,770
Reimbursements	11,000	-	11,000
Interest income	321	-	321
Miscellaneous income	214	-	214
Net assets released from restrictions	<u>1,054,209</u>	<u>(1,054,209)</u>	<u>-</u>
Total revenues and support	<u>1,195,428</u>	<u>(326,459)</u>	<u>868,969</u>
<b>EXPENSES</b>			
Program services	801,211	-	801,211
Management and general	<u>131,470</u>	<u>-</u>	<u>131,470</u>
Total expenses	<u>932,681</u>	<u>-</u>	<u>932,681</u>
<b>CHANGE IN NET ASSETS</b>	262,747	(326,459)	(63,712)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>133,688</u>	<u>575,464</u>	<u>709,152</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 396,435</u>	<u>\$ 249,005</u>	<u>\$ 645,440</u>

See accompanying notes to financial statements.

SEIZE THE FUTURE DEVELOPMENT FOUNDATION  
STATEMENT OF CASH FLOWS  
for the year ended June 30, 2016

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CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (63,712)
Adjustments to reconcile change in net assets to net cash from operating activities	
Change in assets and liabilities	
Accounts receivable	500
Prepaid expenses	1,892
Accounts payable and accrued expenses	<u>24,615</u>
Net cash used in operating activities	<u>(36,705)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property held for investment	<u>(353,000)</u>
Net cash used in investing activities	<u>(353,000)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(389,705)
 CASH, BEGINNING OF YEAR	<u>705,495</u>
 CASH, END OF YEAR	<u><u>\$ 315,790</u></u>

See accompanying notes to financial statements.

SEIZE THE FUTURE DEVELOPMENT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

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1. DESCRIPTION OF ACTIVITIES

Seize the Future Development Foundation (the Organization) was formed as a not-for-profit organization whose purpose is to motivate and facilitate the revitalization and development of Aurora and its downtown. The Organization is also known as Invest Aurora Illinois City of Lights, Invest in Aurora, and Invest Aurora.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization are prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when the stipulated time restriction expires or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers highly liquid short-term investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of demand deposits.

Advertising costs

The Organization expenses advertising costs as incurred. Expenses incurred were \$4,765 for the year ended June 30, 2016.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Income from activities not directly related to the Organization's tax exempt purpose is subject to federal and state income tax as unrelated business income.



SEIZE THE FUTURE DEVELOPMENT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

For the year ended June 30, 2016, the Organization had no unrelated business income and consequently, there was no provision for income taxes.

Uncertain Tax Positions

The Organization has adopted guidance issued by the Financial Accounting Standards Board relating to uncertain tax positions. The Organization's policy is to classify income tax related interest and penalties in interest expense and other miscellaneous expenses, respectively. The tax years 2013, 2014 and 2015 for income tax returns filed in the U.S. federal jurisdiction and the state of Illinois (the Organization's major tax jurisdictions) remain open and subject to examination. The Organization has analyzed tax positions taken and believes that income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would have a material adverse effect on the Organization's financial condition, results of operations or cash flows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

3. CONCENTRATION OF CREDIT RISK

The Organization maintains its bank account balances in four financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Bank account balances did not exceed federally insured limits at June 30, 2016.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2016 consisted of cash for the following purposes:

Finish Line Downtown Program	\$ 249,005
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SEIZE THE FUTURE DEVELOPMENT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

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5. OPERATING LEASES

On October 9, 2013 the Organization entered into a vehicle lease that expires January 9, 2017. The future minimum lease payments required under the vehicle lease for the year ending June 30, 2017 amount to \$4,122.

Total lease expense for the year ended June 30, 2016 was \$8,244.

6. DONATED FACILITY AND SERVICES

The value of contributions that enhance a non-financial asset and contributed services which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying financial statements. In-kind contributions are recognized as revenue and expenses in the accompanying statement of activities at their estimated fair value, as provided by the donor, at the date of receipt. In-kind contributions consist of contributed office space that benefits both program and supporting services. The total value of such donations is recorded as both revenue and expense in the statement of activities. The Organization recorded \$21,770 of donated office space during the year ended June 30, 2016.

7. COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

8. RETIREMENT PLAN

Retirement benefits for the Organization are provided through a Simple IRA plan. During the year ended June 30, 2016, the Organization elected to make a dollar match of elective deferrals up to 3% of each eligible employee's compensation. The Organization's retirement plan expense for the year ended June 30, 2016 was \$9,575.

SEIZE THE FUTURE DEVELOPMENT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

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9. OTHER ASSETS

The Organization committed to a significant investment in the Aurora Downtown Revitalization project (the Project). To promote the readiness of the Project and secure the property, during the year ended June 30, 2016, the Organization purchased property with the intent to execute an option agreement with a Project partnering party to develop and rehabilitate a portion of the property. The property is recorded at cost and is carried on the statement of financial position as other assets.

10. RELATED PARTY TRANSACTIONS

During the current year, the Organization organized Aurora St. Charles Senior Living NFP, LLC, a for-profit entity, for the purpose of acquiring and rehabilitating a property in Aurora, Illinois. The rehabilitation project is intended to restore a historical building to its original grandeur while providing independent living apartments for seniors. During the current year, the Organization received a contribution of \$93,750 from the for-profit entity and paid \$350 for other costs related to the for-profit entity.

11. SUBSEQUENT EVENTS

On July 8, 2016, the Organization entered into an option agreement to grant The Community Builders, Inc. an option to acquire, develop and rehabilitate the property purchased by the Organization during the 2016 fiscal year.

In October 2016, the Dunham Fund Board of Advisors approved the Organization's grant request for the Seize the Future Revolving Loan Program in the amount of \$1,000,000 payable over three years as follows: \$250,000 in 2016, \$500,000 in 2017, and \$250,000 in 2018.

The Company has evaluated subsequent events through November 15, 2016, the date the financial statements were available to be issued.

SEIZE THE FUTURE DEVELOPMENT FOUNDATION  
SCHEDULE OF FUNCTIONAL EXPENSES  
for the year ended June 30, 2016

FUNCTIONAL EXPENSES	Program Services	Management and General	Total
Salary and wages	\$ 356,548	\$ 53,277	\$ 409,825
Retirement plan	8,330	1,245	9,575
Payroll taxes	29,565	4,418	33,983
Bank fees	-	319	319
Insurance	7,265	29,060	36,325
Marketing	38,105	-	38,105
Office expense	-	12,906	12,906
Rent expense	18,940	2,830	21,770
Postage	528	-	528
Professional fees	-	19,841	19,841
Subscriptions	5,617	-	5,617
Telephone and internet	-	5,035	5,035
Vehicle expense	11,460	1,273	12,733
Business recruiting	10,280	-	10,280
Community and regional development	268,553	-	268,553
Meeting	16,318	-	16,318
Organizational development	7,739	-	7,739
Travel	10,845	1,205	12,050
Meals and entertainment	9,816	-	9,816
Senior living center	350	-	350
Miscellaneous	952	61	1,013
Total functional expenses	<u>\$ 801,211</u>	<u>\$ 131,470</u>	<u>\$ 932,681</u>