

LITTLE BLACK PEARL WORKSHOP, INC.  
(An Illinois Not-For Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

LITTLE BLACK PEARL WORKSHOP, INC.  
(An Illinois Not-For-Profit Corporation)  
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June 30, 2020 and 2019

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Little Black Pearl Workshop, Inc.  
Chicago, Illinois

We have audited the accompanying financial statements of Little Black Pearl Workshop, Inc. (An Illinois Not-For-Profit Corporation) which comprise the Statement of Financial Position as of June 30, 2020 and 2019, and related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the years 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. 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 positions of Little Black Pearl Workshop, Inc. as of June 30, 2020 and 2019, 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.

*Broutman & Co., P.C.*

Chicago, Illinois  
October 19, 2020

**Little Black Pearl Workshop, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>		
CASH	\$ 423,104	\$ 76,541
ACCOUNTS RECEIVABLE	<u>46,114</u>	<u>22,613</u>
<b>Total Current Assets</b>	<u>\$ 469,218</u>	<u>\$ 99,154</u>
<b>PROPERTY AND EQUIPMENT:</b>		
LAND	\$ 309,000	\$ 309,000
BUILDINGS	9,047,306	9,047,306
IMPROVEMENTS	96,753	96,753
CONSTRUCTION IN PROGRESS	127,000	0
AUTOMOBILES AND VANS	30,689	30,689
OFFICE EQUIPMENT	402,406	402,406
EDUCATIONAL EQUIPMENT	32,141	32,141
FURNITURE AND FIXTURES	324,059	324,059
WEBSITE DEVELOPMENT	49,645	49,645
SOFTWARE	<u>13,144</u>	<u>13,144</u>
Total Property and Equipment	\$ 10,432,143	\$ 10,305,143
Less: Accumulated Depreciation	<u>(4,391,667)</u>	<u>(4,156,995)</u>
<b>Net Property and Equipment</b>	<u>\$ 6,040,476</u>	<u>\$ 6,148,148</u>
<b>OTHER ASSETS:</b>		
DEPOSITS	<u>\$ 6,950</u>	<u>\$ 6,950</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 6,516,644</u></u>	<u><u>\$ 6,254,252</u></u>

**Little Black Pearl Workshop, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

**LIABILITIES AND NET ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT LIABILITIES:</b>		
ACCOUNTS PAYABLE	\$ 138,440	\$ 162,621
EMPLOYEE TAXES WITHHELD AND ACCRUED	800,709	718,085
ACCRUED SALARIES	41,602	62,752
ACCRUED INTEREST AND PENALTIES	3,129,221	2,936,109
PAYROLL PROTECTION PLAN LOAN	231,700	0
<b>Total Current Liabilities</b>	<u>\$ 4,341,671</u>	<u>\$ 3,879,567</u>
<b>LONG-TERM LIABILITIES:</b>		
NOTE PAYABLE - BUILDING	\$ 4,740,337	\$ 4,740,337
LESS: CURRENT PORTION	<u>0</u>	<u>0</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 4,740,337</u>	<u>\$ 4,740,337</u>
<b>Total Liabilities</b>	<u>\$ 9,082,008</u>	<u>\$ 8,619,904</u>
<b>NET ASSETS:</b>		
WITHOUT DONOR RESTRICTIONS	\$ (2,565,364)	\$ (2,365,652)
WITH DONOR RESTRICTIONS	<u>0</u>	<u>0</u>
<b>Total Net Assets</b>	<u>\$ (2,565,364)</u>	<u>\$ (2,365,652)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 6,516,644</u></u>	<u><u>\$ 6,254,252</u></u>

**Little Black Pearl Workshop, Inc.**  
**(An Illinois Not-For-Profit Corporation)**  
**Statement of Activities and Changes In Net Assets**  
**For the Year Ended June 30, 2020**

	With Donor Restrictions	Without Donor Restrictions	Total
<b>REVENUES:</b>			
PROGRAM	\$ 2,401,389	\$ 0	\$ 2,401,389
FUNDRAISING	53,895	0	53,895
INTEREST INCOME	5	0	5
MISCELLANEOUS INCOME	13,165	0	13,165
OTHER INCOME	8,130	0	8,130
CONTRIBUTIONS	<u>7,678</u>	<u>0</u>	<u>7,678</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,484,263</u>	<u>\$ 0</u>	<u>\$ 2,484,263</u>
<b>EXPENSES:</b>			
PROGRAM	\$ 2,261,184	\$ 0	\$ 2,261,184
MANAGEMENT AND GENERAL	289,675	0	289,675
FUND RAISING	<u>133,116</u>	<u>0</u>	<u>133,116</u>
<b>TOTAL EXPENSES</b>	<u>\$ 2,683,975</u>	<u>\$ 0</u>	<u>\$ 2,683,975</u>
<b>CHANGE IN NET ASSETS</b>	\$ (199,712)	\$ 0	\$ (199,712)
<b>NET ASSETS AT JULY 1, 2019</b>	<u>(2,365,652)</u>	<u>0</u>	<u>(2,365,652)</u>
<b>NET ASSETS AT JUNE 30, 2020</b>	<u><u>\$ (2,565,364)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (2,565,364)</u></u>

**FOR THE YEAR ENDED JUNE 30, 2019**

<b>REVENUES:</b>			
PROGRAM	\$ 2,175,214	\$ 0	\$ 2,175,214
INTEREST INCOME	3	0	3
OTHER INCOME	23,437	0	23,437
CONTRIBUTIONS	<u>4,040</u>	<u>0</u>	<u>4,040</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,202,694</u>	<u>\$ 0</u>	<u>\$ 2,202,694</u>
<b>EXPENSES:</b>			
PROGRAM	\$ 2,301,344	\$ 0	\$ 2,301,344
MANAGEMENT AND GENERAL	496,232	0	496,232
FUND RAISING	<u>107,551</u>	<u>0</u>	<u>107,551</u>
<b>TOTAL EXPENSES</b>	<u>\$ 2,905,127</u>	<u>\$ 0</u>	<u>\$ 2,905,127</u>
<b>CHANGE IN NET ASSETS</b>	\$ (702,433)	\$ 0	\$ (702,433)
<b>NET ASSETS AT JULY 1, 2018</b>	<u>(1,663,219)</u>	<u>0</u>	<u>(1,663,219)</u>
<b>NET ASSETS AT JUNE 30, 2019</b>	<u><u>\$ (2,365,652)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (2,365,652)</u></u>

**Little Black Pearl Workshop, Inc.**  
**(An Illinois Not-For-Profit Corporation)**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**

	<b>-- Program --</b>	<b>---- Supportive Services ----</b>		
	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fund Raising</b>	<b>Total</b>
SALARIES AND RELATED EXPENSES	\$ 1,484,425	\$ 207,129	\$ 34,522	\$ 1,726,075
EDUCATIONAL EXPENSES	121,664	0	0	121,664
SUPPLIES	10,871	49	8	10,928
OCCUPANCY	154,293	21,529	3,588	179,411
TRANSPORTATION	2,441	0	0	2,441
MORTGAGE AND OTHER INTEREST	223,270	31,154	5,192	259,616
DEPRECIATION AND AMORTIZATION	201,952	28,046	4,674	234,672
MISCELLANEOUS AND OTHER COSTS	<u>62,267</u>	<u>1,768</u>	<u>85,131</u>	<u>149,167</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 2,261,184</u></b>	<b><u>\$ 289,675</u></b>	<b><u>\$ 133,116</u></b>	<b><u>\$ 2,683,975</u></b>

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

SALARIES AND RELATED EXPENSES	\$ 1,523,464	\$ 219,385	\$ 85,358	\$ 1,828,207
EDUCATIONAL EXPENSES	128,351	0	0	128,351
SUPPLIES	1,706	244	81	2,031
OCCUPANCY	137,285	19,612	6,537	163,435
TRANSPORTATION	3,860	289	96	4,244
MORTGAGE AND OTHER INTEREST	244,714	226,497	5,410	476,621
DEPRECIATION AND AMORTIZATION	197,967	28,046	9,349	235,361
MISCELLANEOUS AND OTHER COSTS	<u>63,998</u>	<u>2,160</u>	<u>720</u>	<u>66,878</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 2,301,344</u></b>	<b><u>\$ 496,232</u></b>	<b><u>\$ 107,551</u></b>	<b><u>\$ 2,905,127</u></b>

Little Black Pearl Workshop, Inc.  
(An Illinois Not-for-Profit Corporation)  
Statement of Cash Flows  
For the Years Ended June 30, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received From Grants and Support	\$ 2,377,888	\$ 2,176,612
Cash Paid To Suppliers for Goods and Services	(1,959,282)	(2,136,156)
Interest Received	5	3
Interest Paid (Net)	(259,616)	(104,020)
Cash Received from Contributions and Fundraising	61,573	4,040
Cash Received From Other Income	21,295	23,437
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 241,863	\$ (36,084)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Paid for Construction in Progress	\$ (127,000)	\$ 0
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash Activity From Mortgage and Loan Payable (Net)	\$ 0	\$ (17,246)
Cash Received from Payroll Protection Loan	231,700	0
Cash Activity From Miscellaneous Receivable	0	6,800
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$ 231,700	\$ (10,446)
Net Increase (Decrease) in Cash and Equivalents	\$ 346,563	\$ (46,530)
Cash and Equivalents at July 1,	76,541	123,071
Cash and Equivalents at June 30,	\$ 423,104	\$ 76,541
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest Paid	259,616	104,020
Income taxes paid	0	0



LITTLE BLACK PEARL WORKSHOP, INC.  
(An Illinois Not-For-Profit Corporation)  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

## **1. Organization and Purpose:**

Little Black Pearl Workshop, Inc. (LBPW) is an Illinois not-for-profit organization dedicating to providing educational training opportunities in the inner-city Chicago children. LBPW's mission is to create opportunities for youth and adults to deepen their creative involvement through the arts, cultivate their entrepreneurial skills and use the arts as a means for economic empowerment and community transformation. Program participants contribute to the health and well-being of their families and community by exercising a sense of pride and collective teamwork through economic self-sufficiency in the art. In School and After School Workshops are offered to respond to the varying demands from schools and participants. In School Workshops are designed for teachers and students to demonstrate connections between art and academic through interdisciplinary curriculum. After School Workshops develop art skills while exposing youth to professional opportunities in the arts.

### **School Programs:**

LBPW received funding for six programs during this fiscal year.

The CPS is funded by Chicago Board of Education. This program consists of seven grants - Tuition, S.G.S.A., SBB, Non – SBB, Facility Supplement, Special Education Reimbursement, Title 1, and Other.

The City of Chicago funds two Community Development Block Grant Programs.

Miscellaneous Grants came from various small Foundation grants.

LBPW also earns revenue from their Café and space rental

## **2. Summary of Significant Accounting Policies:**

The following is a summary of significant accounting policies followed in the preparation of these financial statements. The policies conform to generally accepted accounting principles and have been consistently applied.

**Accounting Method** - The accrual method of accounting is used for both financial and tax reporting purposes and accordingly reflects all significant receivables, payables and other liabilities.

**Basis of Presentation** - The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence

LITTLE BLACK PEARL WORKSHOP, INC.  
(An Illinois Not-For-Profit Corporation)  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

of restrictions on use that are placed by its donors: net assets without donor restrictions and assets with donor restrictions.

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*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. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other 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.

**Revenue Recognition** — Public support and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

All 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 a stipulated time restriction ends 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 restriction. Temporarily restricted contributions whose restrictions are met in the same year are reported as unrestricted support.

LITTLE BLACK PEARL WORKSHOP, INC.  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Deferred revenue is recorded for resources received in advance from grants and others. Revenue from these advances is recognized at the time the related expense or expenditure has been incurred.

**Cash and Cash Equivalents** — For purposes of financial statement presentation, LBPW considers bank deposits and certificates of deposit with an original maturity of three months or less at the date of purchase to be cash equivalents.

**Property and Equipment** - All acquisitions of property and equipment in excess of \$750 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. All expenditures for property and equipment under \$750 are expensed directly. Property and equipment are carried at cost, or if donated, at the approximate fair value at the day of donation. Depreciation and amortization is computed on the straight-line method, over the estimated useful lives of the assets (3 to 25 years). Certain programs provide funding for the acquisition of property and equipment, which are charged to those programs as capitalized equipment on the schedule of functional expenses only. Accordingly, subsequent depreciation of such assets is not charged to those programs.

**Accounts Receivable** - Accounts receivable are stated at the amount billed to the public or governmental agencies. Past due status is based on contractual terms with funding agencies. LBPW does not charge interest or late fees on amounts past due. No allowance for doubtful accounts was deemed necessary at June 30, 2020 or 2019. Management periodically evaluates past due accounts and writes accounts off to expense based on LBPW's past experience, known and inherent risks in the accounts, and adverse situations that may affect an entity's ability to pay.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs related to more than one function have been allocated among the programs and supporting services benefited.

**Use of Estimates** - The preparation of financial statements in accordance 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 reported amounts of revenue and expenses during the reporting period. Significant estimates used in the preparation of these financial statements include that there are no uncollectible accounts receivable and the allocations of general, administrative and other expenses to individual program activities. Actual results could differ from those estimates. It is reasonably possible that the recorded amounts or related disclosures could significantly change in the near future, as new information is available.

**Income Taxes** - LBPW is a not-for-profit entity, as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from income taxes, except to the extent of any unrelated business income. There was no

LITTLE BLACK PEARL WORKSHOP, INC.  
(An Illinois Not-For-Profit Corporation)  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

unrelated business income for the year ended June 30, 2019. In addition, LBPW qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(1)(2).

LBPW believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Functional Allocation of Expenses** – Directly identifiable expenses are charged to programs and supportive services. Expenses related to more than one function are charged to programs and supportive services on the basis of full-time equivalents. Management and Administrative include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of LBPW. They are allocated to the various programs on the indirect cost basis.

**Valuation** - LBPW adopted Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, expands the disclosure requirements around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The value of all of the LBPW's assets and liabilities which are required to be carried at fair value are valued at quoted prices in active markets for identical assets and liabilities and are, therefore, considered Level I assets and liabilities.

**Subsequent Events** - Management has evaluated subsequent events through October 27, 2020, the date the financial statements were available to be issued.

### **3. Concentration of Income:**

Revenue received directly or indirectly as a percent of total public support and revenue from Chicago Public Schools was 64.11 % in 2020 and 60.25% 2019. Future levels of program activities are dependent on these organizations, and the continued support of other government agencies and organizations at the same or higher levels.

### **4. Forbearance Agreement**

Per a forbearance Agreement with Harris Bank, N.A., LBPW acknowledged and was considered in default of the mortgage and line of credit on October 1, 2013. Harris agreed to forbear their rights and remedies under the loan documents during the “standstill period” (period from default to original payoff date of loans on September 2, 2015.) LBPW agrees to pay \$20,000 on the first of each month at a rate of 3%. It will be at Harris’s discretion whether to apply payments to interest, principle or fees. LBPW also agrees to ensure continued payments on all insurance and real estate taxes on the collateralized property. Also, LBPW will no longer have access to the line of credit.

LITTLE BLACK PEARL WORKSHOP, INC.  
(An Illinois Not-For-Profit Corporation)  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**5. Contingencies:**

**Fees and Grants Received** — LBPW has received significant financial assistance from numerous state and local government agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant and funding agreements and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Agency. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the financial position of the Agency at June 30, 2020 and 2019.

**6. Mortgage Payable:**

LBPW had a \$5,185,000 Mortgage loan agreement with its bank collateralize by a 40,000 square foot facility. The interest is stated at a floating rate equivalent to the bank's prime rate payable in monthly installments of \$36,878, interest based on a 30-year amortization but the term for payment of principal and interest is 7 years with a balloon payment of remaining principal balance due on September 2, 2015. The balance as of June 30, 2020 was \$4,740,337 and in 2019 was \$4,740,337 and interest was accrued through those dates. See forbearance agreement note 4.

**7. Accrued Interest and Penalties:**

Accrued Interest and Penalties was \$3,129,221 as of June 30, 2020. The accrued interest is \$2,702,903 and the accrued penalties are \$426,318.

Accrued Interest and Penalties was \$2,936,109 as of June 30, 2019. The accrued interest is \$2,532,003 and the accrued penalties are \$404,106.

**8. Employee taxes withheld and accrued:**

Employee taxes withheld and accrued consisted of \$798,273 from the March, 2015 through June, 2020 Quarter 941's, IL-941's Illinois unemployment UC-3's.

**9. Tax Agreements:**

LBPW is negotiating an agreement with the IRS as of the date of this audit. There has been no resolution to be reported as of June 30, 2020

**10. Donated Services:**

LITTLE BLACK PEARL WORKSHOP, INC.  
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NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

LBPW benefits from a substantial number of volunteer hours performed by community members. No amounts have been reflected in the financial statements for these donated services. LBPW generally pays for services requiring specific expertise. Donated services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by LBPW.

**11. 5-Year Payouts of Notes:**

The 5-Year payments on notes payable are as follows;

<u>Note</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Harris Bank, N.A.	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000

**12. Concentration of Credit Risk:**

LBPW maintains cash and deposit accounts at two financial institutions located in Chicago, Illinois. Balances in excess of \$250,000 per institution are not insured by the Federal Deposit Insurance Corporation. There were uninsured bank balances of \$174,448 as of June 30, 2019 and \$0 as of June 30, 2018.

**13. Payroll Protection Loan:**

LBPW received a loan from J.P. Morgan Chase in the amount of \$231,700 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated May 8, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. No determination has been made as to whether the Company will be eligible for forgiveness, in whole or in part. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The loan may be repaid at any time with no prepayment penalty.

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**INDEPENDENT AUDITOR'S REPORT**  
**ON SUPPLEMENTARY PROGRAM INFORMATION**

Board of Directors  
Little Black Pearl Workshop, Inc.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Little Black Pearl Workshop, Inc. taken as a whole. The accompanying Statement of Functional Revenues and Expenses for the year ended June 30, 2020 supplementary Program information on page 14 is presented for purposes of additional analysis and, is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Broutman & Co., P.C.*

Chicago, Illinois  
October 19, 2020

**Little Black Pearl Workshop, Inc.**  
**(An Illinois Not-For-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**  
**For the Year Ended June 30, 2020**

	<b>CPS BOARD OF EDUCATION</b>	<b>LBPW</b>	<b>Total</b>
Program Revenue	<u>\$ 1,592,704</u>	<u>\$ 808,685</u>	<u>\$ 2,401,389</u>
Operating Expenses:			
SALARIES AND RELATED EXPENSES	\$ 1,132,162	\$ 352,263	\$ 1,484,425
EDUCATIONAL EXPENSES	119,945	1,719	121,664
SUPPLIES	10,765	106	10,871
OCCUPANCY	108,005	46,288	154,293
TRANSPORTATION	1,709	732	2,441
MORTGAGE AND OTHER INTEREST	156,289	66,981	223,270
DEPRECIATION AND AMORTIZATION	141,654	60,298	201,952
MISCELLANEOUS AND OTHER COSTS	<u>43,408</u>	<u>18,859</u>	<u>62,267</u>
Total Operating Expenses	<u>\$ 1,713,938</u>	<u>\$ 547,246</u>	<u>\$ 2,261,184</u>
Change in Net Assets	<u>\$ (121,234)</u>	<u>\$ 261,439</u>	<u>\$ 140,205</u>