

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.

Report on Audited Financial Statements

May 31, 2019 and 2018

**MANNING SILVERMAN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
(847) 459-8850**

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
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Home Office

175 Olde Half Day Rd, Suite 290

Lincolnshire, IL 60069

P: (847) 459-8850

F: (847) 537-8954

www.manningsilverman.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
St. Martin de Porres House of Hope, Inc.
Chicago, Illinois

We have audited the accompanying financial statements of St. Martin de Porres House of Hope, Inc. (an Illinois not-for-profit corporation), which comprise the statements of financial position as of May 31, 2019 and 2018 and the 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

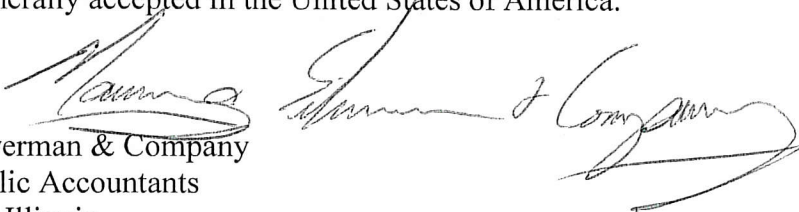
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audits to obtain reasonable assurance about 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 Organization'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 Organization'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 St. Martin de Porres House of Hope, Inc. as of May 31, 2019 and 2018, and the results of its activities and changes in net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Manning Silverman & Company
Certified Public Accountants
Lincolnshire, Illinois

August 16, 2019

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and Cash Equivalents	\$ 77,197	\$ 65,731
Receivables:		
Grants Receivable	3,727	2,132
Other Current Assets	11,326	15,169
Prepaid Expenses	<u>5,005</u>	<u>9,278</u>
Total Current Assets	97,255	92,310
Building and Improvements, Furniture, Equipment and Vehicles Net of Accumulated Depreciation of \$1,233,895 and \$1,203,217 for 2019 and 2018, respectively	269,435	293,383
Investments	<u>508,859</u>	<u>789,350</u>
Total Assets	<u>\$ 875,549</u>	<u>\$ 1,175,043</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 11,747	\$ 36,210
Accrued Payroll	<u>11,329</u>	<u>11,085</u>
Total Current Liabilities	<u>23,076</u>	<u>47,295</u>
Net Assets:		
Without Donor Restrictions		
Undesignated	839,973	66,118
Board Designated	<u>-</u>	<u>1,018,400</u>
Total Net Assets without Donor Restrictions	839,973	1,084,518
With Donor Restrictions	<u>12,500</u>	<u>43,230</u>
Total Net Assets	<u>852,473</u>	<u>1,127,748</u>
Total Liabilities and Net Assets	<u>\$ 875,549</u>	<u>\$ 1,175,043</u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED MAY 31, 2019 AND 2018**

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Support				
Contributions	\$ 398,214	\$ 12,500	\$ 410,714	\$ 43,230
Grants from Government Agencies	38,818	-	38,818	62,350
Total Support	437,032	12,500	449,532	491,072
Other Revenue				
Special Events, Net of Direct Expenses of \$7,099 and \$16,410 for 2019 and 2018, respectively	3,910	-	3,910	29,343
Investment Income, Net	(5,491)	-	(5,491)	34,042
In-Kind Contributions	8,405	-	8,405	136,298
Net Assets Released from Restrictions	43,230	(43,230)	-	55,192
Total Other Revenue	50,054	(43,230)	6,824	254,875
Total Support and Other Revenue	487,086	(30,730)	456,356	745,947
Expenses				
Program Services:				
Behavioral Health Counseling	79,362	-	79,362	80,352
Substance Abuse	157,186	-	157,186	149,396
Food Program	119,703	-	119,703	193,497
Health and Wellness	592	-	592	86,692
Shelter	184,041	-	184,041	156,998
Total Program Services	540,884	-	540,884	666,935
Supporting Services:				
Management and General Fundraising and Development	115,115	-	115,115	64,460
	75,632	-	75,632	197,998
Total Supporting Services	190,747	-	190,747	262,458
Total Expenses	731,631	-	731,631	929,394
(Decrease) in Net Assets	(244,545)	(30,730)	(275,275)	(183,447)
Net Assets, Beginning of Year	1,084,518	43,230	1,127,748	1,267,964
Net Assets, End of Year	\$ 839,973	\$ 12,500	\$ 852,473	\$ 1,084,518

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2019

	Program Services					Supporting Services			Total Expenses	
	Behavioral Health Counseling	Substance Abuse	Food Program	Health and Wellness	Shelter	Total Program Services	Management and General	Fundraising and Development		Total Supporting Services
Salaries	\$ 48,152	\$ 92,968	\$ 45,931	\$ -	\$ 104,112	\$ 291,163	\$ 30,759	\$ 29,410	\$ 60,169	\$ 351,332
Payroll Taxes	5,977	11,299	5,655	-	12,758	35,689	3,264	2,506	5,770	41,459
Employee Benefits	4,028	6,408	4,465	-	11,644	26,545	5,779	2,467	8,246	34,791
Total Salaries and Related Expenses	58,157	110,675	56,051	-	128,514	353,397	39,802	34,383	74,185	427,582
Advertising and Marketing	153	276	149	-	315	893	193	2,870	3,063	3,956
Bank Charges and Fees	11	20	9	-	15	55	1,472	582	2,054	2,109
Computer and IT Expenses	478	1,079	625	-	2,795	4,977	749	586	1,335	6,312
Dues and Subscriptions	187	649	272	-	407	1,515	340	258	598	2,113
In-Kind Donations	-	-	6,331	-	1,361	7,692	-	-	-	7,692
In-Kind Professional Services	-	-	-	-	-	-	713	-	713	713
Insurance	1,159	2,195	1,081	-	2,440	6,875	2,255	694	2,949	9,824
Miscellaneous	-	-	-	-	400	400	1,759	505	2,264	2,664
Occupancy Expenses and Maintenance	5,796	14,327	5,298	163	23,345	48,929	3,832	3,176	7,008	55,937
Office Expenses and Supplies	1,755	4,236	1,720	-	5,262	12,973	1,336	1,165	2,501	15,474
Postage and Shipping	72	125	58	-	153	408	43	729	772	1,180
Printing and Reproduction	23	71	21	-	(3)	112	16	3,944	3,960	4,072
Professional Fees	2,276	4,919	2,667	-	4,678	14,540	58,719	23,303	82,022	96,562
Program Expenses	3,699	8,116	39,552	429	2,754	54,550	-	-	-	54,550
Telephone	853	1,671	822	-	1,891	5,237	561	538	1,099	6,336
Travel, Meetings and Conferences	420	521	880	-	460	2,281	326	205	531	2,812
Vehicle Expense	149	220	110	-	244	723	273	69	342	1,065
Total Expenses Before Depreciation	75,188	149,100	115,646	592	175,031	515,557	112,389	73,007	185,396	700,953
Depreciation	4,174	8,086	4,057	-	9,010	25,327	2,726	2,625	5,351	30,678
Total Expenses	\$ 79,362	\$ 157,186	\$ 119,703	\$ 592	\$ 184,041	\$ 540,884	\$ 115,115	\$ 75,632	\$ 190,747	\$ 731,631

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2018

	Program Services					Supporting Services			Total Expenses	
	Behavioral Health Counseling	Substance Abuse	Food Program	Health and Wellness	Shelter	Total Program Services	Management and General	Fundraising and Development		Total Supporting Services
Salaries	\$ 50,698	\$ 83,740	\$ 63,366	\$ 51,975	\$ 73,288	\$ 323,067	\$ 27,649	\$ 54,830	\$ 82,479	\$ 405,546
Payroll Taxes	5,583	9,220	6,970	5,716	8,064	35,553	3,044	6,037	9,081	44,634
Employee Benefits	1,656	3,105	2,069	1,696	2,511	11,037	12,059	1,792	13,851	24,888
Total Salaries and Related Expenses	57,937	96,065	72,405	59,387	83,863	369,657	42,752	62,659	105,411	475,068
Advertising and Marketing	157	259	196	160	831	1,603	319	6,545	6,864	8,467
Bank Charges and Fees	-	-	-	-	-	-	480	490	970	970
Computer and IT Expenses	-	-	-	-	379	379	416	422	838	1,217
Dues and Subscriptions	133	137	564	85	833	1,752	113	1,287	1,400	3,152
In-Kind Food Donations	-	-	46,664	-	-	46,664	-	-	-	46,664
In-Kind Professional Services	-	-	-	-	-	-	-	78,750	78,750	78,750
Insurance	1,156	1,909	1,443	1,183	1,670	7,361	630	1,250	1,880	9,241
Miscellaneous	72	7,605	64	3	2,745	10,489	1,806	57	1,863	12,352
Occupancy Expenses and Maintenance	6,630	10,270	8,818	7,183	31,306	64,207	5,891	6,713	12,604	76,811
Office Expenses and Supplies	1,786	3,260	2,230	1,891	5,787	14,954	2,339	2,328	4,667	19,621
Postage and Shipping	82	136	103	84	119	524	108	929	1,037	1,561
Printing and Reproduction	122	202	153	125	176	778	242	564	806	1,584
Professional Fees	7,248	16,874	9,653	7,420	10,469	51,664	4,512	29,825	34,337	86,001
Program Expenses	-	-	45,010	4,330	10,721	60,061	-	-	-	60,061
Telephone	685	1,131	855	701	1,887	5,259	374	741	1,115	6,374
Travel, Meetings and Conferences	579	5,290	637	285	773	7,564	2,330	1,367	3,697	11,261
Vehicle Expense	135	262	169	138	195	899	168	146	314	1,213
Total Expenses Before Depreciation	76,722	143,400	188,964	82,975	151,754	643,815	62,480	194,073	256,553	900,369
Depreciation	3,630	5,996	4,533	3,717	5,244	23,120	1,980	3,925	5,905	29,025
Total Expenses	\$ 80,352	\$ 149,396	\$ 193,497	\$ 86,692	\$ 156,998	\$ 666,935	\$ 64,460	\$ 197,998	\$ 262,458	\$ 929,394

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
(Decrease) in Net Assets	\$ (275,275)	\$ (195,409)
Adjustments to Reconcile (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	30,679	29,025
Unrealized Loss on Investments	3,516	49,640
Decrease (Increase) in Assets		
Grants Receivable	(1,595)	38,651
In-Kind Receivable	-	11,732
Prepaid Expenses and Deposits	4,273	(3,762)
Other Current Assets	3,843	(15,169)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(24,463)	33,410
Accrued Payroll	244	(20,703)
	<u>(258,778)</u>	<u>(72,585)</u>
Net Cash (Used in) Operating Activities		
Cash Flows from Investing Activities		
Purchase of Investments	(927,915)	(350,934)
Sales of Investments	929,890	467,352
Net Cash Transferred from Investment Fund	275,000	(100,000)
Purchase of Fixed Assets	(6,731)	(25,563)
	<u>270,244</u>	<u>(9,145)</u>
Net Cash Provided by (Used in) Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	11,466	(81,730)
Cash and Cash Equivalents, Beginning of Year	<u>65,731</u>	<u>147,460</u>
Cash and Cash Equivalents, End of Year	<u>\$ 77,197</u>	<u>\$ 65,731</u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019 AND 2018

Note 1 – Organization and Nature of Activities

St. Martin de Porres House of Hope, Inc. (the “Organization”) is an Illinois not-for-profit corporation dedicated to providing housing for women and children in the Chicago Woodlawn community.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accounts of the Organization are maintained on the accrual basis. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- 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-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

During the year ended May 31, 2019, the board undesignated all net assets that had previously been board designated. There are no net assets with board designation as of May 31, 2019.

Revenue Recognition: Contributions, Grants and Contracts

Contracts and grants are recognized as revenue in the periods in which the contracts or grants are received, at the face amounts stated therein; however, they may be subject to adjustment in subsequent periods. All revenues from contracts or grants are considered to be available for unrestricted use unless specifically restricted as to time or purpose by the respective grantors or contracting agencies. Amounts received that are designated for future periods or are restricted for specific purposes are reported as support with donor restrictions that increases the net assets with donor restrictions class. Contract and grant revenues for which time or purpose restrictions expire in the period received are considered to be without donor restrictions.

A restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restrictions.

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2019 AND 2018

Donations are recognized as revenue upon receipt of donors' commitments. Unconditional promises to give, which do not state a due date or use restriction, are presumed to be without donor restrictions.

Donated Goods and Services

A substantial number of volunteers have donated their time to the Organization during the year. These volunteer activities include participating on the Board of Directors and numerous committees. These donated services are not reflected in the financial statements because the services do not meet the criteria for inclusion therein.

Donated services that create or enhance nonfinancial assets or that require specialized skills may be provided by individuals possessing those skills. They would typically need to be purchased if not provided by donation and are recorded at their fair values in the period received.

Contributions of donated noncash assets are recorded at their fair values in the period received. The Organization reports these gifts as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

Grants Receivable

Grants receivable are stated at face value. To the extent that collections on particular accounts are at less than face value, the Organization adjusts gross revenues in the periods in which such collections are made.

Property and Equipment

Property and equipment is recorded at historical cost. The Organization capitalizes fixed asset additions over \$500. Depreciation is computed using the straight-line method for all property and equipment. The estimated useful lives in computing depreciation are as follows:

<u>Description</u>	<u>Years</u>
Machinery and Equipment	5
Furniture and Fixtures	5 – 7

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in the statements of activities and changes in net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, excluding those amounts contained in the investment portfolios.

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2019 AND 2018

Fair Value Measurements

Under GAAP, *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

The Organization's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to measurements involving significant unobservable inputs (Level III measurements). The three levels of fair value hierarchy are as follows:

Level I Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level II Valuation based on inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets, or liabilities in markets that are not active, that is, markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level III Valuation based on inputs that are unobservable for an asset or liability and should be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input, therefore, reflects the Organization's assumptions about what market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Expenses that are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. Certain costs have been allocated among the programs and supporting services benefited based on time devoted to the functional areas and other appropriate methods.

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2019 AND 2018

Use of Estimates

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

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation. It is also required to recognize or derecognize in its financial statements positions taken or expected to be taken in a tax return on a “more likely than not” threshold. The Organization does not believe its financial statements include any uncertain tax positions. The Organization’s income tax filings for the years ending May 31, 2015 and thereafter remain subject to examination by the Internal Revenue Service.

Change in Accounting Principle

On August 18, 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. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The implementation had no impact on previously reported net assets.

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2019 AND 2018

Note 3 – Liquidity and Availability of Resources

The following table reflects the Organization’s financial assets as of May 31, 2019 and 2018, respectively, 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 or internal board designations. Amounts not available to meet general expenditures within one year also may include assets with donor restrictions.

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 77,197	\$ 65,731
Investments	508,859	789,350
Grants Receivable	3,727	2,132
Other Current Assets	11,326	15,169
Prepaid Expenses	5,005	9,278
Less: restricted by donors with purpose and time restrictions	<u>(12,500)</u>	<u>(43,230)</u>
Total Current Assets	<u>\$ 593,614</u>	<u>\$ 838,430</u>

Note 4 – Buildings and Improvements, Furniture, Equipment and Vehicles

The following is a summary of buildings and improvements, furniture, equipment and vehicles as of May 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 70,000	\$ 70,000
Buildings and Improvements	1,102,547	1,102,547
Furniture and Fixtures	107,653	107,653
Machinery and Equipment	206,535	204,304
Vehicles	12,095	12,096
Website	<u>4,500</u>	<u>-</u>
	1,503,330	1,496,600
Less: Accumulated Depreciation	<u>(1,233,895)</u>	<u>(1,203,217)</u>
Total	<u>\$ 269,435</u>	<u>\$ 293,383</u>

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2019 AND 2018

Note 5 – Concentrations

Financial Instruments

The Organization places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. The Organization maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

The Organization has significant investments in stocks, bonds, and mutual funds and, therefore, is subject to concentrations of credit risk. Investments are made by the investment managers engaged by the Organization, and the investments are monitored for the Organization by an investment advisor. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization and its beneficiaries.

Note 6 – In-Kind Donations

The Organization frequently receives in-kind donations from outside organizations and individuals. These donations consist of hot meals and other food products. The values of the contributions are determined by the Organization's chef in conjunction with the outside organizations, based on what it would cost St. Martin de Porres to prepare the meals internally or purchase the products.

Note 7 – Investments

The Organization's investments are to benefit its long-term financial position. They consist of cash and cash equivalents, equities and corporate, government and municipal bonds. GAAP requires net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, to be classified and reported based on the existence or absence of donor-imposed restrictions, of which there are none.

During the year ended May 31, 2019, the board undesignated its investment account which was designated as an endowment as of the year ended May 31, 2018 and in prior years.

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2019 AND 2018

The Organization's investments, all of which are considered to be Level I under the fair value hierarchy described above, consist of the following at May 31, 2019 and 2018:

	2019		2018	
	Cost	Market	Cost	Market
Cash	\$ 6,215	\$ 6,215	\$ 84,008	\$ 84,008
Equities	256,093	249,576	273,400	280,642
Corporate Bonds	247,103	253,068	283,238	274,618
Government Bonds	-	-	198,346	150,082
	\$ 509,411	\$ 508,859	\$ 838,992	\$ 789,350

The following schedule summarizes the investment return and its components for the years ended May 31, 2019 and 2018:

	2019	2018
Interest and Dividends	\$ 14,452	\$ 27,289
Realized Gain (Loss)	(8,984)	63,322
Unrealized Gain (Loss)	(3,516)	(49,640)
Advisory and Transaction Fees	(7,443)	(6,929)
Net Investment Return	\$ (5,491)	\$ 34,042

Endowment assets are managed by a professional investment manager to provide a rate of return commensurate with a low level of investment risk. The Organization has adopted investment and spending policies for the endowment assets that attempt to preserve these assets while providing a modest return to be withdrawn annually and spent for general purposes.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on mutual fund investments than on other securities to achieve its long-term return objectives within prudent risk constraints. Interest and dividends and unrealized and realized gains and losses are included in the statements of activities and changes in net assets.

Investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in any of the enumerated risks in the near-term could materially affect investment balances and the amounts reported in the financial statements.

ST. MARTIN DE PORRES HOUSE OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
MAY 31, 2019 AND 2018

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions represent grants applicable to periods subsequent to the date of the financial statements, the details of which are as follows:

Grantor	2019			
	Beginning Balance	Amount	Expended	Ending Balance
Hospital Sisters of St. Francis	\$ 10,000	\$ -	\$ (10,000)	\$ -
San Francisco Foundation	33,230	-	(33,230)	-
Hope Ministries	-	10,000	-	10,000
Thomas W. Dower Foundation	-	2,500	-	2,500
	<u>\$ 43,230</u>	<u>\$ 12,500</u>	<u>\$ (43,230)</u>	<u>\$ 12,500</u>

Grantor	2018			
	Beginning Balance	Amount	Expended	Ending Balance
North Shore Baptist Church	\$ 1,460	\$ -	\$ (1,460)	\$ -
Service Club of Chicago	11,732	-	(11,732)	-
Sisters of Charity of the Blessed Virgin Mary	9,000	-	(9,000)	-
Dominican Sisters of Springfield Illinois	3,000	-	(3,000)	-
Hospital Sisters of St. Francis	10,000	10,000	(10,000)	10,000
Hope Ministries	20,000	-	(20,000)	-
San Francisco Foundation	-	33,230	-	33,230
	<u>\$ 55,192</u>	<u>\$ 43,230</u>	<u>\$ (55,192)</u>	<u>\$ 43,230</u>

Note 9 – Subsequent Events

The Organization is changing its name to Southside Center of Hope. The name change is pending as of August 16, 2019.

Subsequent events have been evaluated through August 16, 2019, which is the date the financial statements were available to be issued. There are no other subsequent events requiring recognition and/or disclosure in the financial statements.