

# Southside Center of Hope



## Financial Statements

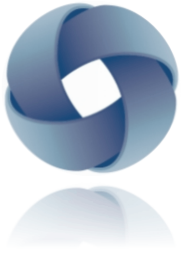
For the Year Ended  
May 31, 2021



## Southside Center of Hope

### Table of Content

	<u>Page(s)</u>
Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6 - 7
Statement of Cash Flows	8 - 9
Notes to the Financial Statements	10 - 21



Illinois NFP Audit & Tax, LLP  
*Certified Public Accountants*

## **Independent Auditor's Report**

To the Board of Directors  
Southside Center of Hope  
Chicago, Illinois

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

We have audited the accompanying financial statements of Southside Center of Hope, which comprise the statement of financial position as of May 31, 2021, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Southside Center of Hope as of May 31, 2021, 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.

*IL NFP Audit & Tax, LLP*

Chicago, Illinois

September 3, 2021

**Southside Center of Hope**  
**Statement of Financial Position**  
**May 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 162,855	\$ 0	\$ 162,855
Investments	381,654	0	381,654
Accounts Receivable	60	0	60
Gift Certificates	2,767	0	2,767
Prepaid Expenses	2,991	0	2,991
<b>Total Current Assets</b>	550,327	0	550,327
<b>Total Fixed Assets, Net</b>	11,045	0	11,045
<b>Total Assets</b>	\$ 561,372	\$ 0	\$ 561,372
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 16,024	\$ 0	\$ 16,024
Accrued Payroll	3,611	0	3,611
<b>Total Current Liabilities</b>	19,635	0	19,635
<b>Total Liabilities</b>	19,635	0	19,635
<b>Total Net Assets</b>	541,737	0	541,737
<b>Total Liabilities and Net Assets</b>	\$ 561,372	\$ 0	\$ 561,372

**Southside Center of Hope**  
**Statement of Activities**  
**For the Year Ended May 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Support and Gains</b>			
Grants and Contributions			
Contributions	\$ 129,655	\$ 0	\$ 129,655
Foundations	113,850	0	113,850
Governments	68,043	0	68,043
Corporations	36,767	0	36,767
Total Grants and Contributions	<u>348,315</u>	<u>0</u>	<u>348,315</u>
In-Kind Donations	135,532	0	135,532
Net Investment Return	74,063	0	74,063
Miscellaneous	7,444	0	7,444
Net Assets Released from Restrictions:			
Satisfaction of Other Purpose Restrictions	0	0	0
Expiration of Time Restrictions	0	0	0
<b>Total Revenue, Support and Gains</b>	<u>565,354</u>	<u>0</u>	<u>565,354</u>
<b>Expenses and Losses</b>			
Functional Expenses			
Program Services	233,609	0	233,609
Management and General	272,139	0	272,139
Fundraising	64,016	0	64,016
Total Functional Expenses	<u>569,764</u>	<u>0</u>	<u>569,764</u>
Loss on Sale of Fixed Assets	76,774	0	76,774
<b>Total Expenses and Losses</b>	<u>646,538</u>	<u>0</u>	<u>646,538</u>
<b>Change in Net Assets</b>	(81,184)	0	(81,184)
<b>Net Assets,</b>			
<b>Beginning of Year</b>	692,921	0	692,921
<b>Prior Period Adjustment</b>	(70,000)	0	(70,000)
<b>Beginning of Year, Restated</b>	<u>622,921</u>	<u>0</u>	<u>622,921</u>
<b>End of Year</b>	<u>\$ 541,737</u>	<u>\$ 0</u>	<u>\$ 541,737</u>

**Southside Center of Hope**  
**Statement of Functional Expenses**  
**For the Year Ended May 31, 2021**

	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Functional Expenses</b>				
Personnel				
Salaries	\$ 130,081	\$ 55,365	\$ 34,527	\$ 219,973
Payroll Taxes	12,418	108	3,383	15,909
Employee Benefits	12,847	1,002	3,465	17,314
Workers Comp	4,275	2,210	1,245	7,730
Total Personnel	<u>159,621</u>	<u>58,685</u>	<u>42,620</u>	<u>260,926</u>
Advertising and Marketing	562	1,441	202	2,205
Bank Charges and Credit Card Fees	1,774	64	0	1,838
Depreciation	0	20,252	0	20,252
Dues and Subscriptions	4,283	962	863	6,108
Facility Supplies	1,624	450	243	2,317
Food	8,453	443	0	8,896
Information Technology	11,708	4,485	3,146	19,339
Insurance	5,390	8,028	1,174	14,592
Interest	2,464	2,824	915	6,203
Legal Fees	0	133,179	0	133,179
Miscellaneous	0	3,769	0	3,769
Postage and Shipping	453	827	184	1,464
Printing	904	1,098	313	2,315
Professional Fees	10,916	29,215	7,219	47,350
Repairs and Maintenance	8,214	4,936	2,980	16,130
Supplies	3,919	913	248	5,080
Telecommunications	5,360	0	1,335	6,695
Travel	1,758	396	401	2,555
Utilities	6,206	172	2,173	8,551
<b>Total Functional Expenses</b>	<u><u>\$ 233,609</u></u>	<u><u>\$ 272,139</u></u>	<u><u>\$ 64,016</u></u>	<u><u>\$ 569,764</u></u>

**Southside Center of Hope**  
**Statement of Functional Expenses (Continued)**  
**For the Year Ended May 31, 2021**

	<b>Program Services</b>					<b>Total Program Services</b>
	<b>Shelter</b>	<b>Food Program</b>	<b>Case Management</b>	<b>Substance Abuse</b>	<b>Behavioral Health Counseling</b>	
<b>Program Expenses</b>						
Personnel						
Salaries	\$ 94,147	\$ 11,734	\$ 10,993	\$ 10,449	\$ 2,758	\$ 130,081
Payroll Taxes	9,057	992	1,164	881	324	12,418
Employee Benefits	9,034	1,343	1,039	1,130	301	12,847
Workers Comp	3,407	313	194	299	62	4,275
Total Personnel	<u>115,645</u>	<u>14,382</u>	<u>13,390</u>	<u>12,759</u>	<u>3,445</u>	<u>159,621</u>
Advertising and Marketing	437	10	101	9	5	562
Bank Charges and Credit Card Fees	1,312	50	346	15	51	1,774
Dues and Subscriptions	2,991	574	213	476	29	4,283
Facility Supplies	1,057	268	48	221	30	1,624
Food	701	7,752	0	0	0	8,453
Information Technology	8,893	902	952	734	227	11,708
Insurance	3,783	559	354	529	165	5,390
Interest Expense	2,024	43	333	12	52	2,464
Postage and Shipping	427	2	24	0	0	453
Printing	591	22	254	23	14	904
Professional Fees	7,798	707	1,570	488	353	10,916
Repairs and Maintenance	6,219	282	1,527	66	120	8,214
Supplies	901	207	64	2,510	237	3,919
Telecommunications	4,006	498	378	388	90	5,360
Travel	1,259	219	88	181	11	1,758
Utilities	5,435	244	337	179	11	6,206
<b>Total Program Expenses</b>	<u>\$ 163,479</u>	<u>\$ 26,721</u>	<u>\$ 19,979</u>	<u>\$ 18,590</u>	<u>\$ 4,840</u>	<u>\$ 233,609</u>



**Southside Center of Hope  
Statement of Cash Flows  
For the Year Ended May 31, 2021**

**Cash Flows from Operating Activities**

Received from Supporters and Other Sources	\$ 359,354
Interest and Dividends Received	5,602
Paid to Vendors and Employees	(434,283)
Interest Paid	0
Income Taxes Paid	0

<b>Net Cash Used in Operating Activities</b>	(69,327)
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**Cash Flows from Investing Activities**

Proceeds from the Sale of Fixed Assets	66,880
Proceeds from the Sale of Investments	330,264
Payments for the Purchase of Investments	(232,699)

<b>Net Cash Provided by Investing Activities</b>	164,445
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**Cash Flows from Financing Activities**

Payments on Note Payable	(65,400)
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<b>Net Cash Used in Financing Activities</b>	(65,400)
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<b>Net Increase in Cash</b>	29,718
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**Cash and Cash Equivalents,**

<b>Beginning of Year</b>	133,137
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<b>End of Year</b>	\$ 162,855
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**Non-Cash Operating Activities**

In-Kind Donated Services Revenues and Expenses	\$ 133,299
In-Kind Donated Goods Revenues and Expenses	2,233

<b>Total Non-Cash Operating Activities</b>	\$ 135,532
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**Southside Center of Hope**  
**Statement of Cash Flows (Continued)**  
**For the Year Ended May 31, 2021**

**Reconciliation of Change in Net Assets to Net Cash  
Used in Operating Activities**

Change in Net Assets	\$ (81,184)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
Depreciation	20,252
Realized Gain on Investments	(38,558)
Unrealized Gain on Investments	(34,786)
Loss on Sale of Fixed Assets	76,774
Changes in Certain Assets and Liabilities:	
Accounts Receivable	(60)
Gift Certificates	3,655
Prepaid Expenses	(811)
Accounts Payable	(9,955)
Accrued Payroll	(4,654)
Total Adjustments	11,857
<b>Net Cash Used in Operating Activities</b>	<b>\$ (69,327)</b>

**Southside Center of Hope**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2021**

**Note 1 - Principal Activity and Significant Accounting Policies**

***Organization and Nature of Activities***

Southside Center of Hope (the “Organization”) is a not-for-profit corporation incorporated in 1983. The Organization is dedicated to provide housing for women and children in the Chicago Woodlawn community.

To fulfill its mission, the Organization provides the following program services:

*Shelter* - This program offers safe and supportive housing in a 28-bed recovery home for up to 12 months to single women and children who are experiencing homelessness and having recently completed residential treatment and detox.

*Food Program* - The program provides three nutritious meals (breakfast, lunch, dinner) to residents daily.

*Case Management* - The program expands the network of services available to residents by connecting them with external service providers. Residents are connected to community partners for services based on their special needs ranging from medical, behavioral health, legal, education, employment, financial and permanent housing.

*Substance Abuse* - The program provides a wide range of addiction treatment and relapse prevention to women in recovery through individual and group counseling. The model caters to the specific needs of female substance abusers and uses the 12-step program, trauma-informed care, and evidence-based principles.

*Behavioral Health Counseling* - Individual and group counseling is used to address co-curing disorders and help women change behaviors that may have led to their addiction and prevent relapse.

***Basis of Accounting***

The Organization’s accounts are maintained on the accrual basis of accounting. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2021**

**Note 1 - Principal Activity and Significant Accounting Policies (Continued)**

***Basis of Accounting (Continued)***

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 not designated any amounts from net assets without donor restrictions as of May 31, 2021.

*Net Assets With Donor Restrictions* - Net assets subject to donor-imposed 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

***Cash and Cash Equivalents***

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

***Investments and Net Investment Return***

Investments are originally recorded at cost if purchased or if donated, at fair value on the date of donation. Thereafter, investments in marketable equity securities with readily determinable fair values are stated at fair value, and real estate investments and equity securities without readily determinable fair values are stated at cost.

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2021**

**Note 1 - Principal Activity and Significant Accounting Policies (Continued)**

***Investments and Net Investment Return (Continued)***

Net investment return restricted by donors is reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Net investment return consists of interest and dividend income, and when applicable, unrealized gains and losses, realized gains and losses, and investment fees.

***Receivables and Allowance for Doubtful Accounts***

The Organization records receivables that are expected to be collected within one year at net realizable value. Generally accepted accounting principles prescribe receivables expected to be collected in more than one year to be initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset; in subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

***Fixed Assets***

The Organization records fixed asset additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of fixed assets 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.

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2021**

**Note 1 - Principal Activity and Significant Accounting Policies (Continued)**

***Fixed Assets (Continued)***

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 year ended May 31, 2021.

***Interfund Balance***

In an effort to increase transparency and to simplify its financial statements, the Organization presents its statement of financial position on a fund basis which comprises of the following funds: Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

As of May 31, 2021, no interfund payables or receivables exists between the Net Assets without Donor Restrictions Fund and the Net Assets with Donor Restrictions Fund.

***Revenue Recognition - Grants and Contributions***

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Net assets restricted for the acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization when the restrictions are released. Contributed materials are recorded as contributions, when received, at their fair market value when such value can be objectively and accurately determined.

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2021**

**Note 1 - Principal Activity and Significant Accounting Policies (Continued)**

***Income Taxes***

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, the financial statements do not include a provision for income taxes. The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no significant income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

***Functional Expense Allocation***

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. The Organization allocates functional expenses mainly on the basis of estimates of time and effort.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted 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.

***Advertising costs***

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed the first time the advertising takes place, except for direct-response advertising, which is capitalized and amortized over its expected period of future benefits. The Organization had no direct-response advertising during the year ended May 31, 2021. Advertising costs amount to \$2,205.

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2021**

**Note 1 - Principal Activity and Significant Accounting Policies (Continued)**

***Financial Instruments and Credit Risk***

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit, when applicable, with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. As of May 31, 2021, the Organization held no deposits above federally insured limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable donors highly supportive of the Organization's mission. When applicable, although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

**Note 2 - Investments and Net Investment Return**

As of May 31, 2021, investments comprise of the following:

Equities	\$ 195,946
Fixed Income	185,708
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	\$ 381,654
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For the year ended May 31, 2021, net investment return comprises of the following:

Realized Gain on Investments	\$ 38,558
Unrealized Gain on Investments	34,786
Interest and Dividends	5,602
Investment Management Fees	(4,883)
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	\$ 74,063
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**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2021**

**Note 3 - Fair Value Measurements and Disclosures**

When appropriate, the Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available

A three-tier hierarchy categorizes the inputs as follows:

*Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

*Level 2:* Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These 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, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3:* Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2021**

**Note 3 - Fair Value Measurements and Disclosures (Continued)**

When appropriate, the Organization utilizes net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain investments e.g. hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using the NAV per share as a practical expedient are not classified in the fair value hierarchy.

The Organization has no investments valued at net asset value as of May 31, 2021. The following assets are measured at fair value as of May 31, 2021:

	Balance at May 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 195,946	\$ 195,946	\$ 0	\$ 0
Fixed Income	185,708	0	185,708	0
	<u>\$ 381,654</u>	<u>\$ 195,946</u>	<u>\$ 185,708</u>	<u>\$ 0</u>

**Note 4 - Receivables**

At May 31, 2021, receivables consist of and are estimated to be collected as follows:

Collectible in Fiscal Year 2022	\$ 60
Less: Allowance for Doubtful Accounts	<u>0</u>
Receivables, Net	<u>\$ 60</u>

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2021**

**Note 5 - Fixed Assets**

At May 31, 2021, fixed assets comprise of the following:

Furniture and Fixtures	\$	103,157
Machinery and Equipment		154,966
Vehicle		12,096
Website		7,500
Total Cost		277,719
Less: Accumulated Depreciation		(266,674)
Fixed Assets, Net	\$	11,045

Depreciation expense amounts to \$20,252 for the year ended May 31, 2021.

**Note 6 - Loan Forgiveness**

On May 4, 2020, the Organization was approved for a loan in the aggregate amount of \$65,400, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which was enacted on March 27, 2020. The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The PPP loan, which was in the form of a note payable dated May 4, 2020, had an original maturity date of May 4, 2022, and bore interest at a rate of 1.00% per annum, payable monthly commencing on December 4, 2020.

The note payable was unsecured. During the year ended May 31, 2021, the Organization satisfied \$65,400 of the requirements for loan forgiveness, and the amount was forgiven by the Small Business Administration. Revenue recognized from loan forgiveness amounts to \$65,400 for the year ended May 31, 2021. The amount is recorded within grants revenue on the statement of activities.

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2021**

**Note 7 - In-Kind Donations**

Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets, or they require specialized skills which would need to be purchased if they were not donated. Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. For the year ended May 31, 2021, donated services that meet the recognition criteria prescribed by generally accepted accounting principles amount to \$133,299.

Donated goods are recorded at fair value on the date of donation. Donated goods of \$2,233 were received by the Organization during the year ended May 31, 2021.

Donated space is recorded at its estimated fair value on the date of donation. No donated space was received by the Organization during the year ended May 31, 2021.

Donated services and donated goods are recorded within in-kind donations revenue on the statement of activities and within functional expenses on the statement of functional expenses as follows:

	Program Services	Management & General	Fundraising
Food	\$ 2,233	\$ 0	\$ 0
Legal Fees	0	133,179	0
Professional Fees	0	120	0
	<u>\$ 2,233</u>	<u>\$ 133,299</u>	<u>\$ 0</u>

**Note 8 - Lease Commitments**

During the year ended May 31, 2021, the Organization sold its office building and entered into a lease agreement starting June 2021. The lease calls for monthly rent payments of \$3,500 through May 2023.

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2021**

**Note 8 - Lease Commitments (Continued)**

Future minimum lease payments are as follows:

For the Year Ended May 31, 2022	\$	42,000
2023		42,000
		42,000
	\$	84,000

**Note 9 - Liquidity**

At May 31, 2021, the Organization has \$544,569 of financial assets, excluding non-spendable financial assets, available for general expenditures within one year of the balance sheet date. Of this amount, \$0 of financial assets are subject to donor timing or purpose restrictions, excluding general operation restrictions, expiring within one year. No other contractual restrictions exist that make current financial assets unavailable for general expenditure within one year of the balance sheet date.

As of May 31, 2021, the Organization does not expect that its liquidity will deteriorate. Financial assets available within one year of the balance sheet for general expenditures comprise of the following:

Financial Assets Available for General Expenditure:

Cash	\$	162,855
Investments		381,654
Accounts Receivable		60
Total Financial Assets Available for General Expenditure		544,569
Less: Assets Subject to Donor Timing or Purpose Restrictions Excluding General Operation Restrictions		0
Total Financial Assets Available to Meet Cash Needs for General Use Within One Year	\$	544,569

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2021**

**Note 10 - Prior Period Adjustment**

The following prior period adjustment was made as of May 31, 2021 to the correct balances in the corresponding accounts as follows:

	Increase (Decrease)		
	Assets	Liabilities	Net Assets
Fixed Assets	\$ (70,000)	\$ 0	\$ 0
Net Asset Without Donor Restrictions	0	0	(70,000)

**Note 11 - Upcoming Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statement of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending May 31, 2023, and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is not expected to have a significant effect on the Organization's statement of financial position.

**Note 12 - Subsequent Events**

The date to which events occurring after May 31, 2021, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 3, 2021, which is the date on which the financial statements were available to be issued.