

Southside Center of Hope



Financial Statements

For the Year Ended
May 31, 2023



Illinois NFP Audit and Tax, LLP

Southside Center of Hope
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Independent Auditor's Report

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

Opinion 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, 2023, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion on the Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southside Center of Hope and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southside Center of Hope's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Southside Center of Hope's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southside Center of Hope's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

IL NFP Audit & Tax, LLP

Chicago, Illinois

August 21, 2023

Southside Center of Hope
Statement of Financial Position
May 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash	\$ 16,069	\$ 9,250	\$ 25,319
Investments	288,782	0	288,782
Prepaid Expenses	5,972	0	5,972
Total Current Assets	310,823	9,250	320,073
Total Fixed Assets, Net	15,411	0	15,411
Other Assets			
Security Deposit	7,000	0	7,000
Total Other Assets	7,000	0	7,000
Total Assets	\$ 333,234	\$ 9,250	\$ 342,484
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	\$ 20,237	\$ 0	\$ 20,237
Accrued Payroll	7,204	0	7,204
Total Current Liabilities	27,441	0	27,441
Total Liabilities	27,441	0	27,441
Total Net Assets	305,793	9,250	315,043
Total Liabilities and Net Assets	\$ 333,234	\$ 9,250	\$ 342,484

Southside Center of Hope
Statement of Activities
For the Year Ended May 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Grants and Contributions			
Foundations	\$ 168,550	\$ 9,250	\$ 177,800
Individuals	152,796	0	152,796
Corporations	30,060	0	30,060
Total Grants and Contributions	<u>351,406</u>	<u>9,250</u>	<u>360,656</u>
Earned Income	117,333	0	117,333
In-Kind Donations	15,838	0	15,838
Miscellaneous	2,812	0	2,812
Net Investment Return	(4,311)	0	(4,311)
Net Assets Released from Restrictions:			
Satisfaction of Other Purpose Restrictions	0	0	0
Expiration of Time Restrictions	0	0	0
Total Revenue, Support and Gains	<u>483,078</u>	<u>9,250</u>	<u>492,328</u>
Expenses and Losses			
Functional Expenses			
Program Services	479,544	0	479,544
Management and General	36,590	0	36,590
Fundraising	54,806	0	54,806
Total Functional Expenses	<u>570,940</u>	<u>0</u>	<u>570,940</u>
Loss on Sale of Fixed Assets	2,301	0	2,301
Total Expenses and Losses	<u>573,241</u>	<u>0</u>	<u>573,241</u>
Change in Net Assets	(90,163)	0	(80,913)
Net Assets,			
Beginning of Year	<u>395,956</u>	<u>0</u>	<u>395,956</u>
End of Year	<u>\$ 305,793</u>	<u>\$ 9,250</u>	<u>\$ 315,043</u>

Southside Center of Hope
Statement of Functional Expenses
For the Year Ended May 31, 2023

	Total Program Services	Management and General	Fundraising	Total
Functional Expenses				
Personnel				
Salaries	\$ 233,788	\$ 15,071	\$ 30,327	\$ 279,186
Payroll Taxes	25,278	1,619	3,341	30,238
Employee Benefits	14,676	851	1,662	17,189
Total Personnel	<u>273,742</u>	<u>17,541</u>	<u>35,330</u>	<u>326,613</u>
Bank Charges and				
Credit Card Fees	1,370	87	167	1,624
Depreciation and Amortization	0	9,054	0	9,054
Development and Training	1,783	71	81	1,935
Dues and Subscriptions	179	19	42	240
Facility Supplies	386	410	28	824
Food	12,363	0	0	12,363
Grants to Other Organizations	7,373	0	0	7,373
Information Technology	31,206	1,765	4,683	37,654
Insurance	6,379	342	728	7,449
Interest Expense	2,013	120	223	2,356
Marketing	913	25	393	1,331
Occupancy	37,874	2,401	4,827	45,102
Office Supplies	1,015	100	178	1,293
Postage and Shipping	791	67	140	998
Printing	1,839	129	851	2,819
Professional Services	38,812	2,010	3,549	44,371
Repairs and Maintenance	18,532	574	1,790	20,896
Supplies	28,901	989	0	29,890
Telecommunications	5,065	323	658	6,046
Travel	2,320	117	237	2,674
Utilities	6,688	446	901	8,035
Total Functional Expenses	<u><u>\$ 479,544</u></u>	<u><u>\$ 36,590</u></u>	<u><u>\$ 54,806</u></u>	<u><u>\$ 570,940</u></u>

Southside Center of Hope
Statement of Functional Expenses (Continued)
For the Year Ended May 31, 2023

Program Expense	Program Services						Total Program Services
	Shelter	Case Management	Food Program	Health/ Wellness	Substance Abuse	Workforce Development	
Personnel							
Salaries	\$ 146,025	\$ 35,007	\$ 21,564	\$ 17,986	\$ 12,031	\$ 1,175	\$ 233,788
Payroll Taxes	15,363	3,998	2,268	2,027	1,450	172	25,278
Employee Benefits	9,288	2,155	1,249	1,144	798	42	14,676
Total Personnel	170,676	41,160	25,081	21,157	14,279	1,389	273,742
Bank Charges and							
Credit Card Fees	845	230	126	102	61	6	1,370
Development and							
Training	693	312	576	103	99	0	1,783
Dues and Subscriptions	94	23	20	20	15	7	179
Facility Supplies	313	18	31	20	4	0	386
Food	0	0	12,363	0	0	0	12,363
Grants to							
Other Organizations	0	0	0	0	0	7,373	7,373
Information Technology	18,655	5,795	2,679	2,386	1,565	126	31,206
Insurance	3,945	940	551	476	441	26	6,379
Interest Expense	1,241	314	177	152	120	9	2,013
Marketing	649	92	93	40	37	2	913
Occupancy	23,532	5,731	3,412	2,950	2,068	181	37,874
Office Supplies	637	173	98	56	41	10	1,015
Postage and Shipping	485	106	76	63	48	13	791
Printing	1,115	434	153	103	34	0	1,839
Professional Services	19,008	4,604	2,579	2,256	10,266	99	38,812
Repairs and Maintenance	12,249	2,528	1,709	1,130	847	69	18,532
Supplies	21,729	3,842	0	1,131	0	2,199	28,901
Telecommunications	3,125	774	454	392	295	25	5,065
Travel	885	207	140	106	970	12	2,320
Utilities	4,068	1,016	644	584	339	37	6,688
Total Program Expenses	\$ 283,944	\$ 68,299	\$ 50,962	\$ 33,227	\$ 31,529	\$ 11,583	\$ 479,544

**Southside Center of Hope
Statement of Cash Flows
For the Year Ended May 31, 2023**

Cash Flows from Operating Activities

Received from Supporters and Other Sources	\$ 488,801
Interest and Dividends Received	7,222
Paid to Vendors and Employees	(555,221)
Interest Paid	0
Income Taxes Paid	0

Net Cash Used in Operating Activities	(59,198)
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Cash Flows from Investing Activities

Payments for the Purchase of Fixed Assets	(5,213)
Proceeds from the Sale of Investments	332,686
Payments for the Purchase of Investments	(282,921)

Net Cash Provided by Investing Activities	44,552
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Net Decrease in Cash	(122,890)
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Cash,

Beginning of Year	39,965
End of Year	\$ 25,319

Non-Cash Operating Activities

In-Kind Donated Goods Revenues and Expenses	\$ 15,838
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Total Non-Cash Operating Activities	\$ 15,838
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Southside Center of Hope
Statement of Cash Flows (Continued)
For the Year Ended May 31, 2023

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

Change in Net Assets	\$	<u>(80,913)</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Unrealized Loss on Investments		3,698
Realized Loss on Investments		3,987
Depreciation and Amortization Expense		9,054
Loss on Sale of Fixed Assets		2,301
Changes in Certain Assets and Liabilities:		
Accounts Receivable		8,000
Prepaid Expenses		(206)
Accounts Payable		(5,264)
Accrued Payroll		<u>145</u>
Total Adjustments		<u>21,715</u>
Net Cash Used in Operating Activities	\$	<u><u>(59,198)</u></u>

Southside Center of Hope
Notes to the Financial Statements
For the Year Ended May 31, 2023

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 providing 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 14-bed recovery home for up to 12 months to single women and children who are experiencing homelessness and have recently completed residential treatment and detox.

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.

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

Health/Wellness - Programming that focuses on self-care and includes meditation, yoga therapy, nutrition and exercise.

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.

Workforce Development - The program provides mentorship, educational workshops and job placement opportunities to help residents gain economic independence and break the cycle of poverty.

Southside Center of Hope
Notes to the Financial Statements (Continued)
For the Year Ended May 31, 2023

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

Basis of Accounting (Continued)

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.

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, 2023.

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, 2023

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, 2023

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, 2023.

Leases

Operating leases longer than one year are reported on the statement financial position as a right-of-use (“ROU”) asset and as a operating lease obligation liability on the statement of financial position. The ROU represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization’s incremental borrowing rate is used in determining the present value of lease payments. The implicit rate is used when readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

At May 31, 2023, the Organization reports no long-term operating leases or finance leases. All leases as of May 31, 2023 are short-term operating leases spanning less than twelve months.

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, 2023, no interfund payables or receivables exists between the Net Assets without Donor Restrictions Fund and the Net Assets with Donor Restrictions Fund.

Southside Center of Hope
Notes to the Financial Statements (Continued)
For the Year Ended May 31, 2023

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

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.

Revenue Recognition - Earned Income

Program revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for corresponding services. Revenue is recognized as the underlying performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized.

Revenue Recognition - Disaggregation of Revenue

The following table disaggregates the Organization's revenue from contracts with customers based on the timing of satisfaction of performance obligations for the years ended May 31, 2023:

Revenue Recognized at a Point in Time	\$ 117,333
Revenue Recognized over Time	<u>0</u>
	<u><u>\$ 117,333</u></u>

Southside Center of Hope
Notes to the Financial Statements (Continued)
For the Year Ended May 31, 2023

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, 2023.

Southside Center of Hope
Notes to the Financial Statements (Continued)
For the Year Ended May 31, 2023

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, 2023, 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, 2023, investments comprise of the following:

Equities	\$	146,454
Fixed Income		142,328
		142,328
	\$	288,782

For the year ended May 31, 2023, net investment return comprises of the following:

Interest and Dividends	\$	7,222
Unrealized Loss on Investments		(3,698)
Realized Loss on Investments		(3,987)
Investment Management Fees		(3,848)
		(3,848)
	\$	(4,311)

Southside Center of Hope
Notes to the Financial Statements (Continued)
For the Year Ended May 31, 2023

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.

Southside Center of Hope
Notes to the Financial Statements (Continued)
For the Year Ended May 31, 2023

Note 3 - Fair Value Measurements and Disclosures (Continued)

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.

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, 2023. The following assets are measured at fair value as of May 31, 2023:

	Balance at May 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 146,454	\$ 146,454	\$ 0	\$ 0
Fixed Income	142,328	0	142,328	0
	<u>\$ 288,782</u>	<u>\$ 146,454</u>	<u>\$ 142,328</u>	<u>\$ 0</u>

Southside Center of Hope
Notes to the Financial Statements (Continued)
For the Year Ended May 31, 2023

Note 4 - Fixed Assets

At May 31, 2023, fixed assets comprise of the following:

Machinery and Equipment	\$	25,119
Leasehold Improvements		16,219
Vehicle		12,096
Website		7,500
Furniture and Fixtures		1,897
Total Cost		62,831
Less: Accumulated Depreciation		(47,420)
Fixed Assets, Net	\$	15,411

Depreciation and amortization expense amounts to \$9,054 for the year ended May 31, 2023.

Note 5 - 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, 2023, donated services that meet the recognition criteria prescribed by generally accepted accounting principles amount to \$0. Donated services are recorded within in-kind donations revenue on the statement of activities and within professional services on the statement of functional expenses.

Donated goods are recorded at fair value on the date of donation. The Organization received \$15,838 in donated goods during the year ended May 31, 2023.

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, 2023.

Southside Center of Hope
Notes to the Financial Statements (Continued)
For the Year Ended May 31, 2023

Note 6 - Net Asset Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at May 31, 2023:

Subject to Expenditure for Specific Purpose:	
None	\$ <u>0</u>
Total Subject to Expenditure for Specific Purpose	<u>0</u>
Subject to Passage of Time:	
Expiring During the Fiscal Year Ended May 31, 2024	9,250
Total Subject to Passage of Time	<u>9,250</u>
Total Net Assets with Restrictions	<u><u>\$ 9,250</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions or by the occurrence of the passage of time or other events specified by donors during the year ended May 31, 2023:

Purpose Restrictions Accomplished:	
None	\$ <u>0</u>
Total Purpose Restrictions Accomplished	<u>0</u>
Time Restrictions Satisfied:	
None	0
Total Time Restrictions Satisfied	<u>0</u>
Total Restrictions Released	<u><u>\$ 0</u></u>

Note 7 - Liquidity

At May 31, 2023, the Organization has \$314,101 of financial assets, excluding non-spendable financial assets, available for general expenditures within one year of the balance sheet date. Of this amount, \$9,250 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.

Southside Center of Hope
Notes to the Financial Statements (Continued)
For the Year Ended May 31, 2023

Note 7 - Liquidity (Continued)

At May 31, 2023, the Organization has \$314,101 of financial assets, excluding non-spendable financial assets, available for general expenditures within one year of the balance sheet date. Of this amount, \$9,250 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, 2023, 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	\$ 25,319
Investments	288,782
Total Financial Assets Available for General Expenditure	<u>314,101</u>
Less: Assets Subject to Donor Timing or Purpose Restrictions	
Excluding General Operation Restrictions	<u>(9,250)</u>
Total Financial Assets Available to Meet Cash Needs for	
General Use Within One Year	<u><u>\$ 304,851</u></u>

Note 8 - Recently Implemented and Upcoming Accounting Pronouncements

Recently Implemented Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes the previous 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 under the updated standard are classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Previously, leases were 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 is generally consistent with previous guidance. The Organization implemented ASU 2016-02 during the year ended May 31, 2023.

Southside Center of Hope
Notes to the Financial Statements (Continued)
For the Year Ended May 31, 2023

**Note 8 - Recently Implemented and Upcoming Accounting Pronouncements
(Continued)**

Upcoming Accounting Pronouncements

Significant upcoming accounting pronouncements relevant to the Organization have not been identified as of May 31, 2023.

Note 9 - Subsequent Events

The date to which events occurring after May 31, 2023, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is August 21, 2023, which is the date on which the financial statements were available to be issued.