

# Southside Center of Hope



## Financial Statements

For the Year Ended  
May 31, 2024



Illinois NFP Audit and Tax, LLP

**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 - 22



## **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, 2024, 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, 2024, 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 19, 2024

**Southside Center of Hope**  
**Statement of Financial Position**  
**May 31, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 152,842	\$ 1,637	\$ 154,479
Investments	281,793	0	281,793
Accounts Receivable	10,667	0	10,667
Prepaid Expenses	5,565	0	5,565
<b>Total Current Assets</b>	<b>450,867</b>	<b>1,637</b>	<b>452,504</b>
<b>Total Fixed Assets, Net</b>	<b>5,079</b>	<b>0</b>	<b>5,079</b>
<b>Total Assets</b>	<b>\$ 455,946</b>	<b>\$ 1,637</b>	<b>\$ 457,583</b>

**Liabilities and Net Assets**

<b>Current Liabilities</b>			
Accounts Payable	\$ 14,977	\$ 0	\$ 14,977
Accrued Payroll	8,188	0	8,188
<b>Total Current Liabilities</b>	<b>23,165</b>	<b>0</b>	<b>23,165</b>
<b>Total Liabilities</b>	<b>23,165</b>	<b>0</b>	<b>23,165</b>
<b>Total Net Assets</b>	<b>432,781</b>	<b>1,637</b>	<b>434,418</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 455,946</b>	<b>\$ 1,637</b>	<b>\$ 457,583</b>

**Southside Center of Hope**  
**Statement of Activities**  
**For the Year Ended May 31, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Support and Gains</b>			
Grants and Contributions			
Foundations	\$ 195,972	\$ 5,000	\$ 200,972
Individuals	124,312	0	124,312
Corporations	23,350	0	23,350
Total Grants and Contributions	<u>343,634</u>	<u>5,000</u>	<u>348,634</u>
Earned Income	128,000	0	128,000
Net Investment Return	33,624	0	33,624
In-Kind Donations	30,483	0	30,483
Gain on Sale of Fixed Assets	6,498	0	6,498
Miscellaneous	175	0	175
Net Assets Released from Restrictions:			
Satisfaction of Other Purpose Restrictions	3,363	(3,363)	0
Expiration of Time Restrictions	9,250	(9,250)	0
<b>Total Revenue, Support and Gains</b>	<u>555,027</u>	<u>(7,613)</u>	<u>547,414</u>
<b>Functional Expenses</b>			
Program Services	233,120	0	233,120
Management and General	110,167	0	110,167
Fundraising	84,752	0	84,752
<b>Total Functional Expenses</b>	<u>428,039</u>	<u>0</u>	<u>428,039</u>
<b>Change in Net Assets</b>	126,988	(7,613)	119,375
<b>Net Assets,</b>			
<b>Beginning of Year</b>	<u>305,793</u>	<u>9,250</u>	<u>315,043</u>
<b>End of Year</b>	<u>\$ 432,781</u>	<u>\$ 1,637</u>	<u>\$ 434,418</u>

**Southside Center of Hope**  
**Statement of Functional Expenses**  
**For the Year Ended May 31, 2024**

	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Functional Expenses</b>				
Personnel				
Salaries	\$ 131,097	\$ 46,073	\$ 36,967	\$ 214,137
Payroll Taxes	12,865	4,227	3,559	20,651
Employee Benefits	10,212	3,520	2,705	16,437
Total Personnel	<u>154,174</u>	<u>53,820</u>	<u>43,231</u>	<u>251,225</u>
Bank and Credit Card Fees	0	1,591	0	1,591
Depreciation and Amortization	0	5,108	0	5,108
Development and Training	0	15,248	0	15,248
Dues and Subscriptions	186	34	99	319
Facility Supplies	5,742	1,611	147	7,500
Food	4,043	13	0	4,056
Information Technology	13,536	3,105	22,781	39,422
Insurance	3,721	1,684	1,168	6,573
Interest Expense	0	1,111	0	1,111
Marketing	0	0	1,657	1,657
Occupancy	6,688	1,365	1,201	9,254
Office Supplies	1,709	803	482	2,994
Postage and Shipping	60	319	15	394
Printing	292	243	3,340	3,875
Professional Services	8,432	20,997	1,528	30,957
Repairs and Maintenance	6,838	1,098	418	8,354
Supplies	23,955	3	7,560	31,518
Telecommunications	1,357	437	341	2,135
Travel	2,217	1,105	725	4,047
Utilities	170	472	59	701
<b>Total Functional Expenses</b>	<u><u>\$ 233,120</u></u>	<u><u>\$ 110,167</u></u>	<u><u>\$ 84,752</u></u>	<u><u>\$ 428,039</u></u>

**Southside Center of Hope**  
**Statement of Functional Expenses (Continued)**  
**For the Year Ended May 31, 2024**

	<b>Program Services</b>					<b>Total Program Services</b>
	<b>Case Management</b>	<b>Permanent Supportive Housing</b>	<b>Recovery Support Services</b>	<b>Food Program</b>	<b>Health/ Wellness</b>	
<b>Program Expense</b>						
Personnel						
Salaries	\$ 106,738	\$ 12,226	\$ 8,048	\$ 1,728	\$ 2,357	\$ 131,097
Payroll Taxes	10,339	1,262	839	183	242	12,865
Employee Benefits	7,788	1,344	657	197	226	10,212
<b>Total Personnel</b>	<b>124,865</b>	<b>14,832</b>	<b>9,544</b>	<b>2,108</b>	<b>2,825</b>	<b>154,174</b>
Dues and Subscriptions	175	0	11	0	0	186
Facility Supplies	4,160	1,249	7	178	148	5,742
Food	80	0	0	3,963	0	4,043
Information Technology	8,321	3,616	722	422	455	13,536
Insurance	3,132	217	290	29	53	3,721
Occupancy	3,204	2,508	244	385	347	6,688
Office Supplies	1,478	84	122	10	15	1,709
Postage and Shipping	55	2	3	0	0	60
Printing	290	1	1	0	0	292
Professional Services	4,229	1,901	1,729	289	284	8,432
Repairs and Maintenance	6,133	501	62	77	65	6,838
Supplies	22,241	565	0	646	503	23,955
Telecommunications	1,030	193	73	29	32	1,357
Travel	1,899	10	297	0	11	2,217
Utilities	131	30	0	5	4	170
<b>Total Program Expenses</b>	<b>\$ 181,423</b>	<b>\$ 25,709</b>	<b>\$ 13,105</b>	<b>\$ 8,141</b>	<b>\$ 4,742</b>	<b>\$ 233,120</b>



**Southside Center of Hope**  
**Statement of Cash Flows**  
**For the Year Ended May 31, 2024**

**Cash Flows from Operating Activities**

Received from Supporters and Other Sources	\$ 466,142
Interest and Dividends Received	6,967
Paid to Vendors and Employees	(392,925)
Interest Paid	0
Income Taxes Paid	0

<b>Net Cash Provided by Operating Activities</b>	80,184
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**Cash Flows from Investing Activities**

Proceeds from the Sale of Fixed Assets	11,722
Proceeds from the Sale of Investments	71,730
Payments for the Purchase of Investments	(34,476)

<b>Net Cash Provided by Investing Activities</b>	48,976
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<b>Net Increase in Cash</b>	129,160
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**Cash,**

<b>Beginning of Year</b>	25,319
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<b>End of Year</b>	\$ 154,479
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**Non-Cash Operating Activities**

In-Kind Donated Goods Revenues and Expenses	\$ 15,483
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In-Kind Donated Services Revenues and Expenses	15,000
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<b>Total Non-Cash Operating Activities</b>	\$ 30,483
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**Southside Center of Hope**  
**Statement of Cash Flows (Continued)**  
**For the Year Ended May 31, 2024**

**Reconciliation of Change in Net Assets to Net Cash  
Provided by Operating Activities**

Change in Net Assets	\$	119,375
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization Expense		5,108
Gain on Sale of Fixed Assets		(6,498)
Realized Gain on Investments		(5,296)
Unrealized Gain on Investments		(24,969)
Changes in Certain Assets and Liabilities:		
Accounts Receivable		(10,667)
Prepaid Expenses		407
Security Deposit		7,000
Accounts Payable		(5,260)
Accrued Payroll		984
Total Adjustments		(39,191)
<b>Net Cash Provided by Operating Activities</b>	<b>\$</b>	<b>80,184</b>

**Southside Center of Hope**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2024**

**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 a social service agency whose mission is to provide housing and a continuum of supportive services to women and children in underserved communities to empower them to transfer their lives.

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

*Case Management* - The program assists families in meeting their goals in securing, accessing, and maintaining permanent supportive housing. Services include assessment, participant-centered service planning, referral, crisis intervention, transportation, and follow-up support.

*Permanent Supportive Housing* - The Independence House’s Permanent Housing Program provides 25 community-based apartments to women with children who have been homeless and are living with a disability; Interfaith Housing Development Corporation holds the leases to these apartments.

*Recovery Support Services* - The program empowers women to reduce their risks of harm who are seeking to live free of alcohol and drugs.

*Food Program* - The program provides healthy food options to families, ensuring they have the food they need to thrive.

*Health/Wellness* - Programming is designed to maintain or improve the well-being of families through proper diet, exercise, stress management, and illness prevention.

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, 2024**

**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, 2024.

*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, 2024**

**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, 2024**

**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, 2024.

***Leases***

Operating leases longer than one year are reported on the statement of 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, 2024, the Organization reports no long-term operating leases or finance leases. All leases as of May 31, 2024 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, 2024, 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, 2024**

**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, 2024:

Revenue Recognized at a Point in Time	\$ 128,000
Revenue Recognized over Time	<u>0</u>
	<u><u>\$ 128,000</u></u>

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2024**

**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, 2024.



**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2024**

**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, 2024, 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, 2024, investments comprise of the following:

Equities	\$ 150,740
Fixed Income	131,053
	<u>281,793</u>
	<u>\$ 281,793</u>

For the year ended May 31, 2024, net investment return comprises of the following:

Unrealized Gain on Investments	\$ 24,969
Interest and Dividends	6,967
Realized Gain on Investments	5,296
Investment Management Fees	(3,608)
	<u>33,624</u>
	<u>\$ 33,624</u>

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2024**

**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, 2024**

**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, 2024. The following assets are measured at fair value as of May 31, 2024:

	Balance at May 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 150,740	\$ 150,740	\$ 0	\$ 0
Fixed Income	131,053	0	131,053	0
	<u>\$ 281,793</u>	<u>\$ 150,740</u>	<u>\$ 131,053</u>	<u>\$ 0</u>

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2024**

**Note 4 - Fixed Assets**

At May 31, 2024, fixed assets comprise of the following:

Machinery and Equipment	\$	21,431
Vehicle		12,096
Website		7,500
Furniture and Fixtures		1,897
Total Cost		42,924
Less: Accumulated Depreciation		(37,845)
Fixed Assets, Net	\$	5,079

Depreciation and amortization expense amounts to \$5,108 for the year ended May 31, 2024.

**Note 5 - In-Kind Donations**

***Donated Services, Donated Goods and Donated Space***

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, 2024, the Organization received \$15,000 in donated services that met the recognition criteria prescribed by generally accepted accounting principles.

Donated goods are recorded at fair value on the date of donation. The Organization received \$15,483 in donated goods during the year ended May 31, 2024.

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, 2024.

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2024**

**Note 5 - In-Kind Donations (Continued)**

*Donated Services, Donated Goods and Donated Space (Continued)*

Revenue related to in-kinds is recorded within in-kind donations revenue on the statement of activities. A corresponding in-kind donations expense is recorded within the following line items on the statement of activities and statement of functional expenses:

	Statement of Functional Expense		
	Program Services	Management & General	Fundraising
Development and Training	\$ 0	\$ 15,000	\$ 0
Supplies	15,483	0	0
	\$ 15,483	\$ 15,000	\$ 0

**Note 6 - Net Asset Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods at May 31, 2024:

Subject to Expenditure for Specific Purpose:	
Furniture	\$ 1,637
Total Subject to Expenditure for Specific Purpose	1,637
Subject to Passage of Time:	
Expiring During the Fiscal Year Ended May 31, 2024	0
Total Subject to Passage of Time	1,637
Total Net Assets with Restrictions	\$ 1,637

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2024**

**Note 6 - Net Asset Restrictions (Continued)**

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, 2024:

Purpose Restrictions Accomplished:	
Furniture	\$ 3,363
Total Purpose Restrictions Accomplished	3,363
Time Restrictions Satisfied:	
Expired During the Fiscal Year Ended May 31, 2024	9,250
Total Time Restrictions Satisfied	9,250
Total Restrictions Released	\$ 12,613

**Note 7 - Liquidity**

At May 31, 2024, the Organization has \$446,939 of financial assets, excluding non-spendable financial assets, available for general expenditures within one year of the balance sheet date. Of this amount, \$1,637 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, 2024, 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	\$ 154,479
Investments	281,793
Accounts Receivable	10,667
Total Financial Assets Available for General Expenditure	446,939
Less: Assets Subject to Donor Timing or Purpose Restrictions	
Excluding General Operation Restrictions	(1,637)
Total Financial Assets Available to Meet Cash Needs for General Use Within One Year	\$ 445,302

**Southside Center of Hope**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended May 31, 2024**

**Note 8 - Recent and Upcoming Accounting Pronouncements**

*Recent Accounting Pronouncements*

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* in relation to accounting for expected credit losses on financial instruments. The accounting pronouncement requires that measurement of expected credit losses be based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. While financial assets such as trade receivables, available-for-sale debt securities, guarantee contracts, loan commitments, and contract assets are within scope of ASU No. 2016-13, other assets such as contributions receivable, loans and receivables between entities under common control, and grants receivable are not within scope. The adoption of this accounting pronouncement had no material impact on the Organization's financial statements.

*Upcoming Accounting Pronouncements*

Significant upcoming accounting pronouncements relevant to the Organization have not been identified as of May 31, 2024.

**Note 9 - Subsequent Events**

The date to which events occurring after May 31, 2024, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is August 19, 2024, which is the date on which the financial statements were available to be issued.