

# **HUMANITARIAN SERVICE PROJECT**

March 31, 2024

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Certified Public Accountants

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To the Members and Board of Directors of  
Humanitarian Service Project

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Humanitarian Service Project (a nonprofit Organization), which comprise the statement of financial position as of March 31, 2024 and 2023, and the related statements 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 Humanitarian Service Project as of March 31, 2024 and 2023, and the changes in its net assets and its functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Humanitarian Service Project 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 Humanitarian Service Project's ability to continue as a going concern within one year after the date that the financial statements are available to be used.

#### **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 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 Humanitarian Service Project'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 Humanitarian Service Project'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.

#### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2023 financial statements and we expressed an unqualified opinion on those audited financial statements in our report dated October 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Wagner, Sim & Co.*

Oakbrook Terrace, IL  
October 9, 2024

HUMANITARIAN SERVICE PROJECT  
STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2024 AND 2023

Exhibit A

	March 31,	
	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 431,772	\$ 605,601
Prepaid expenses	-	4,393
Total current assets	<u>\$ 431,772</u>	<u>\$ 609,994</u>
NONCURRENT ASSETS:		
Cash - Restricted	\$ 382,851	\$ 471,899
Long-term investments	1,337,754	951,160
Total noncurrent assets	<u>\$ 1,720,605</u>	<u>\$ 1,423,059</u>
PROPERTY, PLANT AND EQUIPMENT:		
Land and improvements	\$ 371,272	\$ 371,272
Office building	956,265	956,265
Storehouse	6,024	6,024
Vehicles	105,777	33,850
Right-of-use assets - net	20,458	-
Equipment	149,745	124,734
Furniture and fixtures	9,500	9,500
	<u>\$ 1,619,041</u>	<u>\$ 1,501,645</u>
Less - accumulated depreciation	<u>642,388</u>	<u>607,738</u>
Total net property, plant and equipment	<u>\$ 976,653</u>	<u>\$ 893,907</u>
Total assets	<u><u>\$ 3,129,030</u></u>	<u><u>\$ 2,926,960</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES -		
Accounts payable	<u>\$ 2,309</u>	<u>\$ 1,567</u>
LONG-TERM LIABILITIES -		
Lease liabilities	<u>\$ 13,929</u>	<u>\$ -</u>
Total liabilities	<u>\$ 16,238</u>	<u>\$ 1,567</u>
NET ASSETS		
Without donor restrictions	\$ 1,801,697	\$ 1,802,875
With donor restrictions	1,311,095	1,122,518
Total net assets	<u>\$ 3,112,792</u>	<u>\$ 2,925,393</u>
Total liabilities and net assets	<u><u>\$ 3,129,030</u></u>	<u><u>\$ 2,926,960</u></u>

The accompanying notes on Exhibit E are an integral part of this statement.

HUMANITARIAN SERVICE PROJECT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2024  
(With Comparative Totals for 2023)

Exhibit B

	Without Donor Restrictions	With Donor Restrictions	Memorandum Only Totals March 31,	
			2024	2023
REVENUES, GAINS, LOSSES, OTHER SUPPORT AND RECLASSIFICATIONS				
Contributions	\$ 423,518	\$ 20,270	\$ 443,788	\$ 439,449
Grants	143,156	-	143,156	75,093
Bequests	20,385	-	20,385	-
Realized gain (loss) on sale of securities	6,843	71,406	78,249	1,548
Unrealized gain (loss) on market value fluctuation	18,943	96,901	115,844	(79,504)
Investment income - net of fees of \$2,972	39,296	-	39,296	34,672
Contributed goods	876,210	-	876,210	678,129
Contributed services	2,832	-	2,832	3,937
Total revenues, gains, losses, and other support	\$ 1,531,183	\$ 188,577	\$ 1,719,760	\$ 1,153,324
Net assets released from restrictions	-	-	-	-
Total revenue, gains, losses, other support and reclassifications	\$ 1,531,183	\$ 188,577	\$ 1,719,760	\$ 1,153,324
EXPENSES:				
Program services:				
Senior Citizen Project	\$ 277,172	\$ -	\$ 277,172	\$ 265,828
Children's Project	633,647	-	633,647	396,651
Christmas Offering Project	460,775	-	460,775	450,558
Supporting activities:				
Management and general	109,618	-	109,618	104,499
Fundraising	51,149	-	51,149	45,775
Total expenses	\$ 1,532,361	\$ -	\$ 1,532,361	\$ 1,263,311
CHANGE IN NET ASSETS	\$ (1,178)	\$ 188,577	\$ 187,399	\$ (109,987)
NET ASSETS AT BEGINNING OF YEAR	1,802,875	1,122,518	2,925,393	3,035,380
NET ASSETS AT END OF YEAR	\$ 1,801,697	\$ 1,311,095	\$ 3,112,792	\$ 2,925,393

The accompanying notes on Exhibit E are an integral part of this statement.

HUMANITARIAN SERVICE PROJECT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2024  
(With Comparative Totals for 2023)

	Program Services			Supporting Activities		Memorandum Only	
	Senior Citizen Project	Children's Project	Christmas Offering Project	Management and General	Fundraising	Totals	
						2024	2023
Assistance to individuals	\$ 161,510	\$ 483,744	\$ 368,456	\$ -	\$ -	\$ 1,013,710	\$ 808,980
Contributed services	-	-	-	2,832	-	2,832	3,937
Salaries	41,925	43,181	44,177	76,276	37,569	243,128	226,973
Payroll taxes	3,193	3,290	3,366	5,812	2,863	18,524	17,346
Staff group insurance and pension	4,893	7,153	6,635	9,746	4,800	33,227	31,285
Supplies/copies	1,550	4,652	775	116	659	7,752	6,716
Telephone	1,736	1,735	651	65	152	4,339	4,931
Postage and mailing	2,259	2,259	1,770	124	1,118	7,530	6,218
Building occupancy	5,804	10,812	2,976	1,362	-	20,954	14,043
Utilities	4,336	13,007	3,252	1,084	-	21,679	18,294
Small equipment/software	2,663	3,988	1,346	701	-	8,698	17,105
Professional services	-	-	-	3,625	-	3,625	2,875
Printing, mailing and copying	4,194	4,194	4,194	140	1,258	13,980	13,355
Advertising/development	15,015	15,015	10,920	1,820	2,730	45,500	8,337
Insurance	8,399	8,398	3,149	1,050	-	20,996	21,220
Interest	169	169	64	21	-	423	-
Volunteer development	493	1,478	493	-	-	2,464	4,188
Training	-	-	-	2,698	-	2,698	1,399
Miscellaneous	4,266	4,266	1,599	533	-	10,664	7,222
Contract services	-	-	-	-	-	-	1,972
Internet/Website	5,221	5,221	1,989	-	-	12,431	13,947
Total expenses before depreciation	\$ 267,626	\$ 612,562	\$ 455,812	\$ 108,005	\$ 51,149	\$ 1,495,154	\$ 1,230,343
Depreciation	9,546	21,085	4,963	1,613	-	37,207	32,968
Total expenses	\$ 277,172	\$ 633,647	\$ 460,775	\$ 109,618	\$ 51,149	\$ 1,532,361	\$ 1,263,311

The accompanying notes on Exhibit E are an integral part of this statement.

HUMANITARIAN SERVICE PROJECT  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2024  
(With Comparative Totals for 2023)

Exhibit D

	Without Donor Restrictions	With Donor Restrictions	Memorandum Only Totals March 31,	
			2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Contributions, bequests and grants received	\$ 587,059	\$ -	\$ 587,059	\$ 497,392
Payments to employees and vendors	(610,554)	-	(610,554)	(551,103)
Interest paid	(423)	-	(423)	-
Interest received	39,296	-	39,296	34,672
Net assets released from restrictions	-	-	-	-
Net cash provided (used by) operating activities	<u>\$ 15,378</u>	<u>\$ -</u>	<u>\$ 15,378</u>	<u>\$ (19,039)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of property and equipment	\$ (96,938)	\$ -	\$ (96,938)	\$ (24,349)
Purchase of securities	(92,501)	(206,580)	(299,081)	(433,617)
Sale of securities	9,318	97,262	106,580	79,148
Net cash provided (used by) investing activities	<u>\$ (180,121)</u>	<u>\$ (109,318)</u>	<u>\$ (289,439)</u>	<u>\$ (378,818)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>				
Cash contributions for long-term purposes	\$ -	\$ 20,270	\$ 20,270	\$ 17,150
Payments of financing leases	(9,086)	-	(9,086)	-
Net cash provided (used by) financing activities	<u>\$ (9,086)</u>	<u>\$ 20,270</u>	<u>\$ 11,184</u>	<u>\$ 17,150</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS &amp; RESTRICTED CASH</b>	<b>\$ (173,829)</b>	<b>\$ (89,048)</b>	<b>\$ (262,877)</b>	<b>\$ (380,707)</b>
<b>CASH AND CASH EQUIVALENTS &amp; RESTRICTED CASH AT BEGINNING OF YEAR</b>	<b><u>605,601</u></b>	<b><u>471,899</u></b>	<b><u>1,077,500</u></b>	<b><u>1,458,207</u></b>
<b>CASH AND CASH EQUIVALENTS &amp; RESTRICTED CASH AT END OF YEAR</b>	<b><u>\$ 431,772</u></b>	<b><u>\$ 382,851</u></b>	<b><u>\$ 814,623</u></b>	<b><u>\$ 1,077,500</u></b>
<b>SUPPLEMENTAL DISCLOSURES</b>				
<b>NONCASH INVESTING AND FINANCING TRANSACTIONS -</b>				
Right-of-use assets obtained in exchange for new lease liabilities	\$ 16,017	\$ -	\$ 16,017	\$ -

The accompanying notes on Exhibit E are an integral part of this statement.



HUMANITARIAN SERVICE PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2024

Exhibit E

NOTE 1 - DESCRIPTION OF ORGANIZATION

The mission of the Humanitarian Service Project is to alleviate the pain and suffering that poverty brings to needy seniors and children living in DuPage and Kane Counties, Illinois, without discrimination or exclusion for any reason through various activities such as Christmas Offerings, Children's and Senior Citizen projects.

The Humanitarian Service Project is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable State laws and contributions to it are tax deductible within limitations prescribed by the Code. The Humanitarian Service Project has been classified by the I.R.S. as an organization that is not a private foundation within the meaning of Section 509(A)(1).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Boards in its Statement of Financial Accounting Standard (SFAS) No. ASU No 2016-14, Financial Statements of Not-for-Profit Organizations. Under those provisions, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- A. Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Items that effect this net asset category principally consist of contributions and grants that have no restrictions.
- B. With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by the actions of the Organization or the passage of time. Items that effect this net asset category are contributions and grants for which donor-imposed restrictions have not been met in the year of receipt, including contributions and grants for buildings and equipment not yet placed in service; endowment contributions; and investment returns on “true” endowment funds, and endowments where the principal maybe expended upon the passage of a stated period of time (term endowments). Expirations of restrictions on net assets with donor restriction, including reclassification of restricted contributions and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Contributions and Grants

Gifts of cash and other assets received without donor stipulations are reported as support and net assets without donor restrictions and are recorded as income when received. Gifts received with a donor stipulation that limits their use are reported as support and net assets with donor restrictions and are recorded as income when received. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as support and net assets without donor restrictions.

Grants are either classified as a contribution if no commensurate value is given to the grantor or as an agency transaction (contract) if commensurate value is given to the grantor. All our grants are considered contributions, as no commensurate value is exchanged with the grantor.

Grants are then classified as unconditional or conditional contributions. An unconditional contribution is a contribution without conditions and is recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. A conditional contribution is a contribution that contains a donor-imposed condition, a barrier that has to be overcome before the recipient is entitled to the assets transferred or promised. These contributions are accounted for as a liability until the barriers to entitlement are overcome. All of our grants are considered unconditional contributions because none of them have donor-imposed conditions.

HUMANITARIAN SERVICE PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2024

Exhibit E  
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

Functional Allocation of Expenses

The cost of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statement of functional expenses. 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 expenses that are allocated include salaries and benefits which are allocated on a basis of estimates of time and effort; building occupancy and utilities which are allocated on a square-footage basis; depreciation which is allocated on a basis of square-footage and usage of asset; supplies, telephone, postage and mailing, voluntary development, and miscellaneous expense which are allocated on a basis of estimated activity; small equipment/software, printing/mailling/copying, advertising, and internet website which are allocated on a basis of estimated usage; and insurance which is allocated on an estimated coverage basis.

Cash and Cash Equivalents

For purposes of reporting cash flows, the cash equivalents include all checking, money market, NOW accounts, and certificates of deposit that mature in one year or less. Cash equivalents purchased with endowment funds are classified as long-term investments under noncurrent assets.

At various times during the year, the Organization's cash in bank balance may have exceeded the federally insured limit of \$250,000. The Organization's bank balances totaled \$407,382. The Organization's uninsured balances were \$-0-.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income restricted by a donor is reported as an increase in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income is needed.

Land, Buildings, Equipment and Depreciation

Acquisitions of property and equipment generally in excess of \$2,000 are capitalized. Depreciation of exhaustible plant and equipment records at cost is provided over the estimated useful lives of the assets using the straight-line method. Depreciation expense for the year ended March 31, 2024 was \$37,207 compared to \$32,968 for 2023. No assets were pledged or subject to lien.

Any equipment that is donated is recorded at the approximate fair value of the asset at the date of donation.

Donated Goods and Service

Noncash donations are recorded as contributions at the approximate fair value of the asset at the date of donation. During the year, \$876,210 were received in various donated goods.

The Organization has hundreds of individuals who volunteer their time and perform a variety of tasks that assist the Organization with their projects and administrative work. The Organization estimated that they received more than 4,392 - volunteer hours for the year. The hourly rate used for the report was \$18.00/hour. Total hourly services equaled \$79,055. There was also a \$2,832 pro bono accounting service that was included in professional services. Total donated services equaled \$81,887.

Donated Securities

Donated securities are recorded at the approximate market value of the security at the date of donation. During the year, there were no donated securities.

HUMANITARIAN SERVICE PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2024

Exhibit E  
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Interest Expense

Total interest expense for the year ended March 31, 2024 and 2023 was \$ 423 and \$ -0-, respectively. Total interest capitalized during the year ended March 31, 2024 and 2023, was -0- and \$ -0-, respectively.

Liquidity and Availability

Financial assets available for general expenditure that is without donor or other restrictions limiting their use, within one year of March 31, 2024 and 2023 comprise the following:

	<u>2024</u>	<u>2023</u>
Total financial assets	\$2,152,377	\$2,033,053
Prepaid expenses	-	(4,393)
Donor-imposed restrictions	<u>(1,311,095)</u>	<u>(1,122,518)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 841,282</u>	<u>\$ 906,142</u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range or financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations, if any, will be discharged.

Endowment Funds

The Humanitarian Service Project's (HSP) Net Assets with Donor Restrictions consists of endowment funds for the purpose of sustaining the Senior Citizen and the Children's Project. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of HSP has interpreted the Uniform Prudent Management Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, HSP classifies as Net Assets with Donor Restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the donor gift instrument at the time the accumulation is added to the fund.

*Investment Return Objectives, Risk Parameters, and Strategies:* HSP has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are approved for investment in a diversified asset mix, which includes equity and debt securities as well as short term cash fund that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 5%, while growing the funds if possible.

*Spending Policy:* HSP has a policy of appropriating for distribution each year up to 5% of its endowment fund's average fair value of the prior 12 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, HSP considered long-term expected return on its investment assets, the nature and duration of the individual endowment funds, both of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

HUMANITARIAN SERVICE PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2024

Exhibit E  
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents approximate fair value due to ease of liquidation of cash and short-term maturity of certificates of deposit. The carrying value of investments approximate fair value due to the use of quoted market prices and other relevant information generated by market transactions.

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 431,772	\$ 431,772
Cash – restricted	382,851	382,851
Equity and fixed income securities	1,337,754	1,337,754

Compensated Absences

Compensated absences including vacation pay and other employee benefits are not accrued and included in the financial statements because the Organization does not believe the amount would be material to the financial statements in whole.

Comparative Information

The financial statements include certain prior-year end summarized information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2023 from which the summarized financial information was derived.

NOTE 3 - GRANT INCOME

During the year, the Organization received a 4,756 grant from the DuPage County Treasurer to be used for the Senior Citizen Project. The funds were all spent during the year.

During the year, the Organization received a \$2,000 grant from the St. Margaret Mary Catholic Church of which \$1,000 was to be used for the Senior Citizen Project and \$1,000 was to be used for the Children's Project. The funds were all spent during the year.

During the year, the Organization received a \$3,000 grant from the Ecolab Foundation to be used for the Senior Citizen Project. The funds were all spent during the year.

During the year, the Organization received a \$75,700 grant from the DuPage Community Foundation of which \$21,000 was to be used for the Senior Citizen's Project, \$49,000 was to be used for the Children's Project and \$5,700 was to be used for general operations. The funds were all spent during the year.

During the year, the Organization received a \$1,200 grant from the Wheaton Lions Charities to be used for the Senior Citizen's Project. The funds were all spent during the year.

During the year, the Organization received a \$5,000 grant from the Mulholland Family Foundation to be used for the Senior Citizen's Project. The funds were all spent during the year.

During the year, the Organization received a \$5,000 grant from the Josephine Kott Memorial Trust to be used for the Senior Citizen's Project. The funds were all spent during the year.

During the year, the Organization received a \$12,000 grant from the Wakerly Family Foundation to be used for the Children's Project. The funds were all spent during the year.

HUMANITARIAN SERVICE PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2024

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NOTE 3 - GRANT INCOME – continued:

During the year, the Organization received a \$5,000 grant from the Walter and Edith Best Foundation to be used for the Children's Project. The funds were all spent during the year.

During the year, the Organization received a \$250 grant from the Batavia Mothers Club to be used for the Children's Project. The funds were all spent during the year.

During the year, the Organization received a \$5,000 grant from Webb Foundation to be used for the Children's Project. The funds were all spent during the year.

During the year, the Organization received a \$4,000 grant from a Montgomery Ward Foundation to be used for the Children's Project. The funds were all spent during the year.

During the year, The Organization received a \$12,000 grant from the Northern Illinois Food Bank to be used for the Children's Project. The funds were all spent during the year.

During the year, the Organization received an \$8,000 grant from McMaster-Carr Supply Company to be used for general operations. The funds were all spent during the year.

During the year, the Organization received a \$250 grant from Paul J Garrett to be used for general operations. The funds were all spent during the year.

Total grants received during the year was \$143,156. All of the grants were considered unconditional contributions without donor restrictions because all of the donor restrictions were satisfied during the year.

NOTE 4 - RESTRICTIONS ON NET ASSETS

Net Assets with Donor Restrictions consisted of the following at March 31, 2024 and 2023:

Endowments funds

The composition of and changes in donor-restricted endowments net assets as of and for the year ended March 31, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$1,122,518	\$1,154,884
Contributions	20,270	17,150
Realized gain (loss) on sale of securities	71,406	7,631
Net appreciation (depreciation)	96,901	(57,147)
Amounts appropriated for expenditure	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$1,311,095</u>	<u>\$1,122,518</u>

NOTE 5 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$431,772	\$ 605,601
Cash – restricted	<u>382,851</u>	<u>471,899</u>
Cash, cash equivalents, and restricted cash shown in the Statement of Cash Flows	<u>\$814,623</u>	<u>\$1,077,500</u>

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NOTE 5 – CASH AND CASH EQUIVALENTS – continued

Restricted cash represents cash received with a donor-imposed restriction that limits the use of that cash to the acquisition of endowments and for unused contributions and grants whose donor-imposed restrictions have not been met. Unless donor stipulations limit the use of the assets for a period of time or for a particular purpose, the donor-imposed restriction expires when the assets are placed in service in accordance with FASB ASC 958-205-45-12.

NOTE 6 - FORGIVEABLE MORTGAGE AND FOREGIVABLE NOTE

In 2006, the Humanitarian Service Project received a grant in the amount of \$421,730 provided by the DuPage Community Development Commission from the U.S. Department of Housing and Urban Development Block Grant Program for the purpose of purchasing the facility at 465 Randy Road in Carol Stream, Illinois. As a requirement of this grant, the Humanitarian Service Project has executed a Forgivable Mortgage and Forgivable Note for the term of twenty years. No payments are required on this Mortgage and Note unless the property at 465 Randy Road is disposed of before the expiration of time.

NOTE 7 - FAIR VALUE MEASUREMENTS

Fair value measurements for assets reported at fair value on a recurring basis were determined based on:

Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level One)	Significant Other Observable Inputs (Level Two)	Significant Unobservable Inputs (Level Three)
Long-term investments:				
Cash – restricted	\$ 382,851	\$ 382,851	\$ -	\$ -
Equity securities:				
Domestic	1,099,583	1,099,583	-	-
International	<u>54,272</u>	<u>54,272</u>	<u>-</u>	<u>-</u>
Total equity securities	\$1,536,706	\$1,536,706	\$ -	\$ -
Fixed income securities -				
Domestic	<u>183,899</u>	<u>183,899</u>	<u>-</u>	<u>-</u>
Total long-term investments	<u>\$1,720,605</u>	<u>\$1,720,605</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 - PENSION PLAN

The Organization currently offers a 401(k) plan and had a Simple IRA prior to January, 2022. All employees are eligible to participate in the 401(k) plan after one year of service. Employees can contribute up to 6% of their earnings to the retirement plan then the Organization will match up to 4% of the employee annual salary. Total pension expense for the year ended March 31, 2024 was \$9,289 and March 31, 2023 was \$8,352.

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NOTE 9 – NEW ACCOUNTING GUIDANCE IMPLEMENTATION

Effective November 28, 2023, the Organization implemented the requirements in the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 842, Leases using the modified retrospective transition method. There was no cumulative effect adjustment to the Organization's statements of financial position as of March 31, 2023, as they had no leases.

The new lease guidance required the recognition of a right-of-use asset and a lease liability for finance leases. The Organization elected the practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases. The Organization has not elected the hindsight practical expedient.

A of November 28, 2023, approximately \$16,017 in financial lease right-of-use assets and corresponding lease liabilities were recognized. Adoption of the new guidance did not have a significant impact on the statements of financial position, activities or cash flow for the year ended March 31, 2023.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Organization leases a 2023 Ford Bronco under finance leases with a 36 month term, respectively. Purchase options are available at the end of the lease. Incremental borrowing rate is 8.5% and down payment was \$6,998.

The lease agreements do not include any variable payments, material residual guarantee or restrictive covenants.

The following summarizes the line items in the statements of financial position that include amounts for operating leases as of March 31, 2024:

Lease right-of-use assets – net	<u>\$20,458</u>
Lease liabilities	<u>\$13,929</u>

The components of operating lease expenses that are included in the statements of activities for the year ended March 31, 2024 is as follows:

Finance lease cost	\$423
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Weighted average lease term and discount rate as of March 31, 2024 were as follows:

Weights average remaining lease term	2.50
Weights average discount rate	8.5 years

The maturities of finance lease liabilities as of March 31, 2024 were as follows:

2025	\$ 6,025
2026	6,025
2027	<u>3,514</u>
	\$15,564
Less interest	<u>1,635</u>
Present value of lease liability	<u>\$13,929</u>

NOTE 11 - SUBSEQUENT EVENTS

There were no subsequent events that must be reported on. The Organization has evaluated subsequent events through October 9, 2024, the financial statement issuance date.