

HUMANITARIAN SERVICE PROJECT

March 31, 2020

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Certified Public Accountants

17W733 Butterfield Road, Suite G, Oakbrook Terrace, Illinois 60181 • Phone (630) 495-8080 • Fax (630) 495-8025
email: wagnersimco@gmail.com

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, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humanitarian Service Project as of March 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 7, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wagner, Sim & Co.

Oakbrook Terrace, IL
September 17, 2020

HUMANITARIAN SERVICE PROJECT
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2020 AND 2019

Exhibit A

	March 31,	
	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 347,176	\$ 572,034
Prepaid expenses	-	-
Total current assets	\$ 347,176	\$ 572,034
NONCURRENT ASSETS:		
Cash - Restricted	\$ 445,801	\$ 475,635
Long-term investments	818,599	666,724
Total noncurrent assets	\$ 1,264,400	\$ 1,142,359
PROPERTY, PLANT AND EQUIPMENT:		
Land and improvements	\$ 365,195	\$ 365,195
Office building	956,265	953,115
Storehouse	6,024	6,024
Vehicles	51,940	51,940
Equipment	98,251	94,792
Construction in progress	-	800
Furniture and fixtures	9,500	9,500
	\$ 1,487,175	\$ 1,481,366
Less - accumulated depreciation	523,130	485,894
Total net property, plant and equipment	\$ 964,045	\$ 995,472
Total assets	\$ 2,575,621	\$ 2,709,865
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES -		
Accounts payable	\$ 721	\$ 93
NET ASSETS		
Without donor restrictions	\$ 1,573,273	\$ 1,645,640
With donor restrictions	1,001,627	1,064,132
Total net assets	\$ 2,574,900	\$ 2,709,772
Total liabilities and net assets	\$ 2,575,621	\$ 2,709,865

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, 2020
(With Comparative Totals for 2019)

Exhibit B

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Memorandum Only Totals March 31,</u>	
			<u>2020</u>	<u>2019</u>
REVENUES, GAINS, LOSSES, OTHER SUPPORT AND RECLASSIFICATIONS				
Contributions	\$ 278,785	\$ 18,467	\$ 297,252	\$ 224,041
Grants	109,900	-	109,900	102,192
Realized gain (loss) on sale of securities	2,531	22,094	24,625	52,393
Unrealized gain (loss) on market value fluctuation	(35,343)	(77,133)	(112,476)	(25,732)
Investment income - net of fees of \$590	3,782	26,883	30,665	22,058
Contributed goods	782,932	-	782,932	785,286
Contributed services	183,481	-	183,481	112,694
	<u>1,326,068</u>	<u>(9,689)</u>	<u>1,316,379</u>	<u>1,272,932</u>
Total revenues, gains, losses, and other support	\$ 1,326,068	\$ (9,689)	\$ 1,316,379	\$ 1,272,932
 Net assets released from restrictions	 <u>52,816</u>	 <u>(52,816)</u>	 <u>-</u>	 <u>-</u>
 Total revenue, gains, losses, other support and reclassifications	 <u>\$ 1,378,884</u>	 <u>\$ (62,505)</u>	 <u>\$ 1,316,379</u>	 <u>\$ 1,272,932</u>
 EXPENSES:				
Program services:				
Senior Citizen Project	\$ 501,092	\$ -	\$ 501,092	\$ 480,601
Children's Project	260,099	-	260,099	287,312
Christmas Offering Project	532,708	-	532,708	455,961
Supporting activities:				
Management and general	115,686	-	115,686	128,295
Fundraising	41,666	-	41,666	43,760
	<u>1,451,251</u>	<u>-</u>	<u>1,451,251</u>	<u>1,395,929</u>
Total expenses	\$ 1,451,251	\$ -	\$ 1,451,251	\$ 1,395,929
 CHANGE IN NET ASSETS	 \$ (72,367)	 \$ (62,505)	 \$ (134,872)	 \$ (122,997)
 NET ASSETS AT BEGINNING OF YEAR	 <u>1,645,640</u>	 <u>1,064,132</u>	 <u>2,709,772</u>	 <u>2,832,769</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 1,573,273</u>	 <u>\$ 1,001,627</u>	 <u>\$ 2,574,900</u>	 <u>\$ 2,709,772</u>

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, 2020
(With Comparative Totals for 2019)

Exhibit C

	Program Services			Supporting Activities			Memorandum Only	
	Senior Citizen Project	Children's Project	Christmas Offering Project	Management and General	Fundraising	2020	2019	Totals
								March 31,
Assistance to individuals	\$ 274,706	\$ 144,299	\$ 409,084	\$ -	\$ -	\$ 828,089	\$ 854,839	
Contributed services	101,279	19,163	43,220	17,069	-	180,731	110,339	
Salaries	40,037	42,126	46,587	67,951	33,468	230,169	234,205	
Payroll taxes	3,063	3,223	3,564	5,198	2,560	17,608	17,917	
Staff group insurance and pension	6,387	6,012	5,632	7,320	3,606	28,957	31,242	
Supplies/copies	2,416	1,098	439	66	373	4,392	4,323	
Telephone	2,709	1,477	493	74	172	4,925	4,906	
Postage and mailing	1,506	1,180	1,507	83	746	5,022	5,663	
Building occupancy	6,949	6,017	2,321	1,063	-	16,350	13,555	
Utilities	7,218	6,250	2,411	1,104	-	16,983	17,203	
Small equipment/software	5,932	4,917	1,963	1,963	-	14,775	4,291	
Professional services	-	-	-	5,500	-	5,500	4,000	
Printing, mailing and copying	2,879	2,057	2,468	82	741	8,227	8,593	
Advertising	3,851	1,400	1,750	-	-	7,001	4,149	
Insurance	16,165	3,731	3,731	1,244	-	24,871	25,722	
Volunteer development	2,946	680	907	-	-	4,533	3,519	
Training	-	-	-	1,384	-	1,384	2,091	
Miscellaneous	2,244	897	449	897	-	4,487	3,831	
Contract services	-	-	-	2,683	-	2,683	-	
Internet/Website	3,298	2,931	1,099	-	-	7,328	6,969	
Total expenses before depreciation	\$ 483,585	\$ 247,458	\$ 527,625	\$ 113,681	\$ 41,666	\$ 1,414,015	\$ 1,357,357	
Depreciation	17,507	12,641	5,083	2,005	-	37,236	38,572	
Total expenses	\$ 501,092	\$ 260,099	\$ 532,708	\$ 115,686	\$ 41,666	\$ 1,451,251	\$ 1,395,929	

HUMANITARIAN SERVICE PROJECT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020
(With Comparative Totals for 2019)

Exhibit D

	Without Donor Restrictions	With Donor Restrictions	Memorandum Only Totals	
			2020	March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:				
Contributions, bequests and grants received	\$ 383,443	\$ 18,467	\$ 401,910	\$ 311,153
Payments to employees and vendors	(446,974)	-	(446,974)	(454,267)
Interest received	3,782	26,883	30,665	22,058
Net assets released from restrictions	52,816	(52,816)	-	-
Net cash provided (used by) operating activities	<u>\$ (6,933)</u>	<u>\$ (7,466)</u>	<u>\$ (14,399)</u>	<u>\$ (121,056)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	\$ (5,809)	\$ -	\$ (5,809)	\$ (6,440)
Purchase of securities	(248,476)	(330,023)	(578,499)	(217,729)
Sale of securities	36,360	307,655	344,015	170,731
Net cash provided (used by) investing activities	<u>\$ (217,925)</u>	<u>\$ (22,368)</u>	<u>\$ (240,293)</u>	<u>\$ (53,438)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (224,858)	\$ (29,834)	\$ (254,692)	\$ (174,494)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>572,034</u>	<u>475,635</u>	<u>1,047,669</u>	<u>1,222,163</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 347,176</u></u>	<u><u>\$ 445,801</u></u>	<u><u>\$ 792,977</u></u>	<u><u>\$ 1,047,669</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	<u>\$ (72,367)</u>	<u>\$ (62,505)</u>	<u>\$ (134,872)</u>	<u>\$ (122,997)</u>
Adjustment to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	\$ 37,236	\$ -	\$ 37,236	\$ 38,572
Stock donation	(5,242)	-	(5,242)	(15,080)
Realized (gain) loss on sale of securities	(2,531)	(22,094)	(24,625)	(52,393)
Unrealized (gain) loss on market value fluctuation	35,343	77,133	112,476	25,732
(Increase) decrease in food inventory	-	-	-	10,000
Increase (decrease) in accounts payable	628	-	628	(4,890)
Total adjustments	<u>\$ 65,434</u>	<u>\$ 55,039</u>	<u>\$ 120,473</u>	<u>\$ 1,941</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (6,933)</u></u>	<u><u>\$ (7,466)</u></u>	<u><u>\$ (14,399)</u></u>	<u><u>\$ (121,056)</u></u>

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

HUMANITARIAN SERVICE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

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.

Public Support, Revenue and Expenses

Contribution income is recorded when cash is received or when donated assets are transferred. Expenses are recorded in accordance with the accrual basis of accounting.

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. Accordingly, certain costs have been allocated among the program and supporting activities.

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.

HUMANITARIAN SERVICE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

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

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 \$283,258. 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, 2020 was \$37,236 compared to \$38,572 for 2019. 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, \$782,932 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 10,041 - volunteer hours for the year. The hourly rate used for the report was \$18.00/hour. Total hourly services equaled \$180,731. There was also a \$2,750 pro bono accounting service that was included in professional services. Total donated services equaled \$183,481.

Donated Securities

Donated securities are recorded at the approximate market value of the security at the date of donation. During the year, donated securities valued at \$5,242 were received from an anonymous donor.

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, 2020 and 2019 was \$ -0- and \$ -0-, respectively. Total interest capitalized during the year ended March 31, 2020 and 2019, was -0- and \$ -0-, respectively.

Financial Assets

As of March 31, 2020, all current assets reported in the statement of financial position are considered financial assets available within one year for general expenditures.

HUMANITARIAN SERVICE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

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

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.

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	\$347,176	\$347,176
Cash – restricted	445,801	445,801
Equity and fixed income securities	818,599	818,599

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.

HUMANITARIAN SERVICE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:
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, 2019 from which the summarized financial information was derived.

NOTE 3 - GRANT INCOME

During the year, the Organization received a \$3,200 grant from the George Eisenberg Foundation to be used for the Senior Citizen Project. The funds were all spent during the year.

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

During the year, the Organization received a \$1,200 grant from the Bethany Lutheran Church to be used for the Senior Citizen Project. The funds were all spent during the year.

During the year, the Organization received a \$5,000 grant from the Andrew and Alice Fischer Trust to be used for the Senior Citizen Project. The funds were all spent during the year.

During the year, the Organization received a \$25,000 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 Matson Navigation Foundation to be used for the Senior Citizen Project. 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 Project. The funds were all spent during the year.

During the year, the Organization received a \$4,000 grant from The Mulholland Family Foundation to be used for the Senior Citizen Project. The funds were all spent during the year.

During the year, the Organization received a \$3,000 grant from the Chaddick Foundation to be used for Senior Citizen 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 an \$800 grant from the Glen Ellyn Rotary Club to be used for the Senior Citizen Project. The funds were all spent during the year.

During the year, the Organization received an \$800 grant from the Naperville Noon Lions to be used for the Senior Citizen Project. The funds were all spent during the year.

During the year, the Organization received a \$5,000 grant from the TCF Foundation 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 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 \$10,000 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, 2020

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NOTE 3 - GRANT INCOME

During the year, the Organization received a \$3,000 grant from the International Paper Foundation 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 the Grace Bersted Foundation to be used for the Children's Project. The funds were all spent during the year.

During the year, the Organization received a \$1,000 grant from the Naper Kiwanis Foundation to be used for the Children's Project. The funds were all spent during the year.

During the year, the Organization received a \$2,000 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 \$500 grant from the Geneva Womens 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 the Abra Prentice 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 the DuPage Community Foundation to be used for the Children's Project. The funds were all spent during the year.

During the year, the Organization received a \$700 grant from the Batavia Rotary Club 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 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 \$2,500 grant from the EFS Foundation 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 the Paul and Dottie Foundation to be used for general operations. The funds were all spent during the year.

During the year, the Organization received a \$6,000 grant from McMaster - Carr to be used for general operations. The funds were all spent during the year.

Total grants received during the year was \$109,900.

NOTE 4 - RESTRICTIONS ON NET ASSETS

Net Assets with Donor Restrictions consisted of the following at March 31, 2020:

Endowments funds

The composition of and changes in donor-restricted endowments net assets as of and for the year ended March 31, 2020, are as follows:

Endowment net assets, beginning of year	\$1,064,132
Contributions	18,467
Investment income	26,883
Realized gain (loss) on sale of securities	22,094
Net appreciation (depreciation)	(77,133)
Amounts appropriated for expenditure	<u>(52,816)</u>
Endowment net assets, end of year	<u>\$1,001,627</u>

HUMANITARIAN SERVICE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

Exhibit E
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NOTE 5 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2020 and 2019 consist of the following:

	2020	2019
Cash and cash equivalents	\$347,176	\$ 572,034
Cash – restricted	445,801	475,635
Cash, cash equivalents, and restricted cash shown in the Statement of Cash Flows	\$ 792,977	\$1,047,669

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 - 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	\$ 445,801	\$ 445,801	\$ -	\$ -
Equity securities:				
Domestic	\$ 598,898	\$ 598,898	\$ -	\$ -
International	61,723	61,723	-	-
Total equity securities	\$ 660,621	\$ 660,621	\$ -	\$ -
Fixed income securities -				
Domestic	\$ 157,978	\$ 157,978	\$ -	\$ -
Total long-term investments	\$1,264,400	\$1,264,400	\$ -	\$ -

NOTE 7 - 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.

HUMANITARIAN SERVICE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 - PENSION PLAN

The Organization maintains a Simple IRA retirement plan. Full time employees are eligible to participate in the plan after two years of service. Employees can contribute to the retirement plan then the Organization will match up to three percent of the employee annual salary. Total pension expense for the year ended March 31, 2020 was \$2,094 and March 31, 2019 was \$2,039

NOTE 9 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 17, 2020, the financial statement issuance date. The only subsequent event is the Covid-19 Coronavirus Pandemic. The effect of the Coronavirus is the Orgsnization has received approximately \$60,000 in contributions and \$170,000 in grants more than normal at this time of the year. As for the equity and fixed income investments, all of the early 2020 unrealized losses due to the pandemic have been recovered as of August 31, 2020.