

HUMANITARIAN SERVICE PROJECT

March 31, 2025

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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, 2025 and 2024, 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, 2025 and 2024, 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 it 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 2024 financial statements and we expressed an unqualified opinion on those audited financial statements in our report dated October 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wagner, Sim & Co.

Oakbrook Terrace, IL
September 10, 2025

HUMANITARIAN SERVICE PROJECT
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2025 AND 2024

Exhibit A

	March 31,	
	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 494,481	\$ 431,772
Prepaid expenses	-	-
Total current assets	\$ 494,481	\$ 431,772
NONCURRENT ASSETS:		
Cash - Restricted	\$ 160,185	\$ 382,851
Long-term investments	1,590,908	1,337,754
Total noncurrent assets	\$ 1,751,093	\$ 1,720,605
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	105,777
Right-of-use assets - net	28,880	20,458
Equipment	137,323	149,745
Furniture and fixtures	9,500	9,500
	\$ 1,615,041	\$ 1,619,041
Less - accumulated depreciation	669,891	642,388
Total net property, plant and equipment	\$ 945,150	\$ 976,653
Total assets	\$ 3,190,724	\$ 3,129,030
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 8,613	\$ 2,309
Current lease liability	8,908	5,034
Accrued compensated absences	27,860	-
Total current liabilities	\$ 45,381	\$ 7,343
LONG-TERM LIABILITIES :		
Lease liabilities	\$ 25,101	\$ 13,929
Less - current lease liability	8,908	5,034
Total long-term liabilities	\$ 16,193	\$ 8,895
Total liabilities	\$ 61,574	\$ 16,238
NET ASSETS		
Without donor restrictions	\$ 1,771,317	\$ 1,801,697
With donor restrictions	1,357,833	1,311,095
Total net assets	\$ 3,129,150	\$ 3,112,792
Total liabilities and net assets	\$ 3,190,724	\$ 3,129,030

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, 2025
(With Comparative Totals for 2024)

Exhibit B

	Without Donor Restrictions	With Donor Restrictions	Memorandum Only Totals March 31,	
			2025	2024
REVENUES, GAINS, LOSSES, OTHER SUPPORT AND RECLASSIFICATIONS				
Contributions	\$ 547,107	\$ 19,814	\$ 566,921	\$ 443,788
Grants	62,000	-	62,000	143,156
Bequests	-	-	-	20,385
Realized gain (loss) on sale of securities	2,632	9,317	11,949	78,249
Unrealized gain (loss) on market value fluctuation	4,600	29,607	34,207	115,844
Investment income - net of fees of \$2,782	52,473	-	52,473	39,296
Contributed goods	985,244	-	985,244	876,210
Contributed services	8,672	-	8,672	2,832
Total revenues, gains, losses, and other support	\$ 1,662,728	\$ 58,738	\$ 1,721,466	\$ 1,719,760
Net assets released from restrictions	12,000	(12,000)	-	-
Total revenue, gains, losses, other support and reclassifications	\$ 1,674,728	\$ 46,738	\$ 1,721,466	\$ 1,719,760
EXPENSES:				
Program services:				
Senior Citizen Project	\$ 275,661	\$ -	\$ 275,661	\$ 277,172
Children's Project	749,537	-	749,537	633,647
Christmas Offering Project	493,230	-	493,230	460,775
Supporting activities:				
Management and general	132,483	-	132,483	109,618
Fundraising	54,197	-	54,197	51,149
Total expenses	\$ 1,705,108	\$ -	\$ 1,705,108	\$ 1,532,361
CHANGE IN NET ASSETS	\$ (30,380)	\$ 46,738	\$ 16,358	\$ 187,399
NET ASSETS AT BEGINNING OF YEAR	1,801,697	1,311,095	3,112,792	2,925,393
NET ASSETS AT END OF YEAR	<u>\$ 1,771,317</u>	<u>\$ 1,357,833</u>	<u>\$ 3,129,150</u>	<u>\$ 3,112,792</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, 2025
(With Comparative Totals for 2024)

Exhibit C

	Program Services			Supporting Activities		Memorandum Only	
	Senior Citizen Project	Children's Project	Christmas Offering Project	Management and General	Fundraising	Totals	
						2025	2024
Assistance to individuals	\$ 153,106	\$ 588,441	\$ 395,298	\$ -	\$ -	\$ 1,136,845	\$ 1,013,710
Contributed services	-	-	-	8,672	-	8,672	2,832
Salaries	46,386	57,136	53,624	85,352	42,039	284,537	243,128
Payroll taxes	3,539	4,339	4,085	6,518	3,210	21,691	18,524
Staff group insurance and pension	5,158	7,392	6,928	10,190	5,019	34,687	33,227
Supplies/copies	871	2,612	435	66	370	4,354	7,752
Telephone	3,280	3,280	1,230	122	287	8,199	4,339
Postage and mailing	2,811	2,811	2,202	155	1,392	9,371	7,530
Building occupancy	7,141	13,302	3,662	1,675	-	25,780	20,954
Utilities	5,159	15,477	3,869	1,290	-	25,795	21,679
Small equipment/software	4,011	5,871	2,006	1,100	-	12,988	8,698
Professional services	-	-	-	4,100	-	4,100	3,625
Printing, mailing and copying	3,411	3,411	3,411	116	1,022	11,371	13,980
Advertising/development	4,717	4,716	3,430	572	858	14,293	45,500
Insurance	9,136	9,135	3,426	1,140	-	22,837	20,996
Interest	700	700	262	87	-	1,749	423
Volunteer development	609	1,826	609	-	-	3,044	2,464
Training	-	-	-	1,317	-	1,317	2,698
Miscellaneous	3,356	3,357	1,259	420	-	8,392	10,664
Contract services	-	-	-	489	-	489	-
Internet/Website	6,100	6,101	2,324	-	-	14,525	12,431
Total expenses before depreciation	\$ 259,491	\$ 729,907	\$ 488,060	\$ 123,381	\$ 54,197	\$ 1,655,036	\$ 1,495,154
Depreciation	16,170	19,630	5,170	9,102	-	50,072	37,207
Total expenses	\$ 275,661	\$ 749,537	\$ 493,230	\$ 132,483	\$ 54,197	\$ 1,705,108	\$ 1,532,361

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, 2025
(With Comparative Totals for 2024)

Exhibit D

	Without Donor Restrictions	With Donor Restrictions	Memorandum Only Totals	
			2025	March 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:				
Contributions, bequests and grants received	\$ 609,107	\$ -	\$ 609,107	\$ 587,059
Payments to employees and vendors	(634,291)	-	(634,291)	(610,554)
Interest paid	(1,749)	-	(1,749)	(423)
Interest received	52,473	-	52,473	39,296
Net assets released from restrictions	12,000	(12,000)	-	-
Net cash provided (used by) operating activities	<u>\$ 37,540</u>	<u>\$ (12,000)</u>	<u>\$ 25,540</u>	<u>\$ 15,378</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	\$ -	\$ -	\$ -	\$ (96,938)
Purchase of securities	(106,292)	(239,792)	(346,084)	(299,081)
Sale of securities	139,850	9,312	149,162	106,580
Net cash provided (used by) investing activities	<u>\$ 33,558</u>	<u>\$ (230,480)</u>	<u>\$ (196,922)</u>	<u>\$ (289,439)</u>
CASH FLOWS FROM FINANCING ACTIVITIES :				
Cash contributions for long-term purposes	\$ -	\$ 19,814	\$ 19,814	\$ 20,270
Payments of financing leases	(8,389)	-	(8,389)	(9,086)
Net cash provided (used by) financing activities	<u>\$ (8,389)</u>	<u>\$ 19,814</u>	<u>\$ 11,425</u>	<u>\$ 11,184</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS & RESTRICTED CASH	\$ 62,709	\$ (222,666)	\$ (159,957)	\$ (262,877)
CASH AND CASH EQUIVALENTS & RESTRICTED CASH AT BEGINNING OF YEAR	<u>431,772</u>	<u>382,851</u>	<u>814,623</u>	<u>1,077,500</u>
CASH AND CASH EQUIVALENTS & RESTRICTED CASH AT END OF YEAR	<u>\$ 494,481</u>	<u>\$ 160,185</u>	<u>\$ 654,666</u>	<u>\$ 814,623</u>
SUPPLEMENTAL DISCLOSURES				
NONCASH INVESTING AND FINANCING TRANSACTIONS -				
Right-of-use assets obtained in exchange for new lease liabilities	\$ 18,569	\$ -	\$ 18,569	\$ 16,107

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

HUMANITARIAN SERVICE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

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, 2025

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/ mailing/ 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 \$486,634. 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, 2025 was \$50,072 compared to \$37,207 for 2024. 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, \$985,244 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 5,523 - volunteer hours for the year. The hourly rate used for the report was \$18.00/hour. Total hourly services equaled \$99,414. There was also a \$8,672 pro bono accounting service that was included in professional services. Total donated services equaled \$108,086.

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, 2025

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, 2025 and 2024 was \$ 1,749 and \$423, respectively. Total interest capitalized during the year ended March 31, 2025 and 2024, 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, 2025 and 2024 comprise the following:

	2025	2024
Total financial assets	\$2,245,574	\$2,152,377
Prepaid expenses	-	-
Donor-imposed restrictions	<u>(1,357,833)</u>	<u>(1,311,095)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 887,741</u>	<u>\$ 841,282</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, 2025

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	\$ 494,481	\$ 494,481
Cash – restricted	160,185	160,185
Equity and fixed income securities	1,590,908	1,590,908

Accrued Compensated Absences

The Organization provides vacation and sick leave benefits to its employees. A liability is accrued for employees' rights to receive compensation for future absences, such as vacation benefits, when all four of the following conditions are met: (1) the employee's right to receive compensation for future absences is attributable to services already rendered, (2) the right is vested or accumulates, (3) payment is probable, and (4) the amount can be reasonable estimated.

The Organization's policy for vacation leave allows employees to accumulate a certain amount of vacation time, which is paid to them upon termination. Accordingly, the Organization accrues a liability for all unused vacation time.

In contrast, sick leave does not vest and is generally not paid out upon termination. Therefore, a liability is not accrued for sick leave until it is used.

The accrued compensated absences liability is calculated using the pay rates in effect at the statement of financial position date and includes salary-related payments, such as the employer's share of FICA and Medicare taxes. The liability is reported in the Statement of Financial Position and is separated into current and long-term portions based on management's estimate of the timing of future payments.

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, 2024 from which the summarized financial information was derived.

NOTE 3 - GRANT INCOME

During the year, the Organization received a \$3,000 grant from the George M. 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 \$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 \$1,500 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 \$22,000 grant from the EFSP National Board Program of which \$11,000 was to be used for the Senior Citizen's Project and \$11,000 was 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, 2025

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NOTE 3 - GRANT INCOME – continued:

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 \$2,550 grant from the Andrew 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 \$2,000 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 \$12,000 grant from the Wakerly Family 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 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 \$750 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 \$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 \$6,000 grant from McMaster-Carr Supply Company to be used for general operations. The funds were all spent during the year.

Total grants received during the year was \$62,000. 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, 2025 and 2024:
Endowments funds

The composition of and changes in donor-restricted endowments net assets as of and for the year ended March 31, 2025 and 2024, are as follows:

	2025	2024
Endowment net assets, beginning of year	\$1,311,095	\$1,122,518
Contributions	19,814	20,270
Realized gain (loss) on sale of securities	9,317	71,406
Net appreciation (depreciation)	29,607	96,901
Amounts appropriated for expenditure	(12,000)	-
Endowment net assets, end of year	<u>\$1,357,833</u>	<u>\$1,311,095</u>

NOTE 5 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2025 and 2024 consist of the following:

	2025	2024
Cash and cash equivalents	\$ 494,481	\$431,772
Cash – restricted	160,185	382,851
Cash, cash equivalents, and restricted cash shown in the Statement of Cash Flows	<u>\$ 654,666</u>	<u>\$814,623</u>

HUMANITARIAN SERVICE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

Exhibit E
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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:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level One)</u>	<u>Significant Other Observable Inputs (Level Two)</u>	<u>Significant Unobservable Inputs (Level Three)</u>
Long-term investments:				
Cash – restricted	<u>\$ 160,185</u>	<u>\$ 160,185</u>	<u>\$ -</u>	<u>\$ -</u>
Equity securities:				
Domestic	\$1,098,972	\$1,098,972	\$ -	\$ -
International	<u>55,273</u>	<u>55,273</u>	<u>-</u>	<u>-</u>
Total equity securities	<u>\$1,154,245</u>	<u>\$1,154,254</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed income securities -				
Domestic	<u>\$ 436,663</u>	<u>\$ 436,663</u>	<u>\$ -</u>	<u>\$ -</u>
Total long-term investments	<u>\$1,751,093</u>	<u>\$1,751,093</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 9% 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, 2025 was \$8,991 and March 31, 2024 was \$9,289.

HUMANITARIAN SERVICE PROJECT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

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NOTE 9 – NEW ACCOUNTING GUIDANCE IMPLEMENTATION

During the year, the Organization implemented the requirements in the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 710-10 Compensated Absences.

The new compensated absences guidance requires the recognition of an accrual for vacation, sick leave, and other forms of paid time off. Accrued compensation absences as of March 31, 2025 is \$27,860.

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 monthly payment is \$502.

During the year, the Organization leased a Konica copier under finance leases with a 60 month term, respectively. Purchase options are available at end of lease. Incremental borrowing rate is 6% with a down payment of \$609. The monthly payment is \$359.

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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Lease right-of-use assets – net	<u>\$28,880</u>	<u>\$20,458</u>
Lease liabilities	<u>\$25,101</u>	<u>\$13,929</u>

The components of operating lease expenses that are included in the statements of activities for the year ended March 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Finance lease cost	<u>\$1,749</u>	<u>\$ 423</u>

Weighted average lease term and discount rate as of March 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Weights average remaining lease term	3.39 years	2.5 years
Weights average discount rate	6.85%	8.50%

The maturities of finance lease liabilities as of March 31, 2025 were as follows:

2026	\$10,333
2027	7,822
2028	4,308
2029	4,308
2030	<u>1,180</u>
	\$27,951
Less interest	<u>2,850</u>
Present value of lease liability	<u>\$25,101</u>

NOTE 11 - SUBSEQUENT EVENTS

There were no subsequent events that must be reported on. The Organization has evaluated subsequent events through September 10, 2025, the financial statement issuance date.