

**SOUTH SUBURBAN
HUMANE SOCIETY**

**Annual Financial Report
For the Fiscal Years Ended
September 30, 2024 and 2023**

Prepared By:

**HEARNE & ASSOCIATES, P.C.
Certified Public Accountants and
Business Consultants**

South Suburban Humane Society
(An Illinois Not-For-Profit Corporation)

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David A. Phelan - Sr. Auditor

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
South Suburban Humane Society
Matteson, Illinois

Opinion

We have audited the accompanying statements of financial position of South Suburban Humane Society (an Illinois Not-For-Profit Corporation), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 South Suburban Humane Society as of September 30, 2024 and 2023, and the changes in its net assets and its 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 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Suburban Humane Society and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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.

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 South Suburban Humane Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain responsible 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 and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will

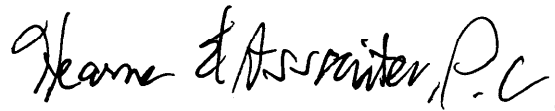
always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 South Suburban Humane Society'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 aggregate, that raise substantial doubt about South Suburban Humane Society'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.

February 24, 2025
Mokena, IL



Hearne & Associates, P.C.
Certified Public Accountants

South Suburban Humane Society
(An Illinois Not-For-Profit Corporation)

Statements of Financial Position
September 30, 2024 and 2023

Assets	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and Cash Equivalents	\$ 764,119	\$ 1,298,844
Investments	482,390	337,217
Receivables	19,754	-
Prepaid Expenses	<u>70,335</u>	<u>33,588</u>
Total Current Assets	<u>1,336,598</u>	<u>1,669,649</u>
Property and Equipment:		
Land and Improvements	24,423	74,878
Building and Improvements	8,961,367	9,364,736
Vehicles	108,652	108,652
Furniture & Equipment	1,050,707	1,041,145
Less: Accumulated Depreciation	<u>(1,130,982)</u>	<u>(1,282,365)</u>
Net Property and Equipment	<u>9,014,167</u>	<u>9,307,046</u>
Right of Use Assets - Operating Lease		
Equipment	<u>42,495</u>	<u>54,231</u>
Total Right of Use Assets	<u>42,495</u>	<u>54,231</u>
Total Assets	<u><u>\$ 10,393,260</u></u>	<u><u>\$ 11,030,926</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 86,841	\$ 58,532
Accrued Compensation & Taxes	112,340	100,549
Deferred Revenue	17,458	21,095
Other Liabilities	-	5,736
Compensated Absences	75,115	42,953
Grant Award Overpayment	93,000	361,440
Operating Lease Obligations, due in one year	12,210	12,051
Mortgage Payable, due in one year	<u>40,227</u>	<u>38,793</u>
Total Current Liabilities	<u>437,191</u>	<u>641,149</u>
Noncurrent Liabilities:		
Grant Award Overpayment	268,440	-
Operating Lease Obligations, due in more than one year	30,285	42,180
Mortgage Payable	<u>290,794</u>	<u>331,021</u>
Total Noncurrent Liabilities	<u>589,519</u>	<u>373,201</u>
Total Liabilities	<u>1,026,710</u>	<u>1,014,350</u>
Net Assets:		
Without Donor Restriction	9,366,550	10,016,576
With Donor Restriction	<u>-</u>	<u>-</u>
Total Net Assets	<u>9,366,550</u>	<u>10,016,576</u>
Total Liabilities and Net Assets	<u><u>\$ 10,393,260</u></u>	<u><u>\$ 11,030,926</u></u>

The accompanying notes are an integral part of the financial statements.

South Suburban Humane Society
(An Illinois Not-For-Profit Corporation)

Statement of Activities
For the Year Ended September 30, 2024

	<u>Without Donor Restriction</u>	<u>With Donor Restricted</u>	<u>Total</u>
Public Support and Revenues:			
Adoptions	\$ 397,726	\$ -	\$ 397,726
Clinic Fees	2,372,008	-	2,372,008
Grants	430,218	-	430,218
Contributions of Cash and Other Financial Assets			
Unrestricted Donations and Contributions	512,595	-	512,595
Capital Campaign Contributions	33,633	-	33,633
Fundraising	827,291	-	827,291
Investment Income, net	23,289	-	23,289
Thrift Shop Sale	<u>298,982</u>	<u>-</u>	<u>298,982</u>
 Total Public Support and Revenues	 <u>4,895,742</u>	 <u>-</u>	 <u>4,895,742</u>
 Functional Expenses			
Program Services	5,246,386	-	5,246,386
Management and General	84,201	-	84,201
Fundraising	<u>158,929</u>	<u>-</u>	<u>158,929</u>
 Total Functional Expenses	 5,489,516	 -	 5,489,516
Impairment Loss on Fixed Assets	<u>56,252</u>	<u>-</u>	<u>56,252</u>
Total Expenses	<u>5,545,768</u>	<u>-</u>	<u>5,545,768</u>
 Change in Net Assets	 (650,026)	 -	 (650,026)
 Net Assets, Beginning of Year	 <u>10,016,576</u>	 <u>-</u>	 <u>10,016,576</u>
 Net Assets, End of Year	 <u>\$ 9,366,550</u>	 <u>\$ -</u>	 <u>\$ 9,366,550</u>

The accompanying notes are an integral part of the financial statements.

South Suburban Humane Society
(An Illinois Not-For-Profit Corporation)

Statement of Activities
For the Year Ended September 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
Public Support and Revenues:			
Adoptions	\$ 245,267	\$ -	\$ 245,267
Clinic Fees	1,890,436	-	1,890,436
Grants	380,698	-	380,698
Donations and Contributions			
Unrestricted Donation and Contributions	330,804	-	330,804
Unrestricted Capital Campaign Contributions	28,684	-	28,684
Fundraising	589,401	-	589,401
Bequests	258,876	-	258,876
Investment Income	5,532	-	5,532
Thrift Shop Sale	300,010	-	300,010
Miscellaneous Income	231	-	231
	<hr/>	<hr/>	<hr/>
Total Public Support and Revenues	4,029,939	-	4,029,939
	<hr/>	<hr/>	<hr/>
Functional Expenses			
Program Services	4,161,152	22,000	4,183,152
Management and General	54,491	-	54,491
Fundraising	140,853	-	140,853
	<hr/>	<hr/>	<hr/>
Total Expenses	4,356,496	22,000	4,378,496
	<hr/>	<hr/>	<hr/>
Change in Net Assets	(326,557)	(22,000)	(348,557)
	<hr/>	<hr/>	<hr/>
Net Assets, Beginning of Year,	10,343,133	22,000	10,365,133
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	\$ 10,016,576	\$ -	\$ 10,016,576
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

South Suburban Humane Society

(An Illinois Not-For-Profit Corporation)

Statement of Functional Expenses
For the Year Ended September 30, 2024

		<u>Support Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,751,480	\$ 19,900	\$ 19,900	\$ 2,791,280
Subcontractors	149,797	-	-	149,797
Payroll Taxes	219,402	-	-	219,402
Health Insurance	61,384	-	-	61,384
Worker's Compensation	18,694	-	-	18,694
Advertising & Promotion	4,998	-	-	4,998
Animal Care	1,050,375	-	-	1,050,375
Auto Expense	11,434	-	-	11,434
Depreciation	336,832	-	-	336,832
Fundraising	-	-	116,693	116,693
Dues and Subscriptions	6,314	-	-	6,314
Insurance	70,888	-	-	70,888
Merchandise	588	-	-	588
Merchant Fees	46,189	-	-	46,189
Office Expenses and Postage	54,466	2,364	-	56,830
Outside and Professional Services	136,938	-	22,336	159,274
Repairs & Maintenance	144,896	-	-	144,896
Software Subscriptions	31,606	-	-	31,606
Telephone	22,556	-	-	22,556
Training and Education	11,760	-	-	11,760
Utilities	115,789	-	-	115,789
Miscellaneous	-	49,408	-	49,408
Interest Expense	-	12,529	-	12,529
Total Functional Expense	<u>\$ 5,246,386</u>	<u>\$ 84,201</u>	<u>\$ 158,929</u>	<u>\$ 5,489,516</u>

The accompanying notes are an integral part of the financial statements.

South Suburban Humane Society

(An Illinois Not-For-Profit Corporation)

Statement of Functional Expenses
For the Year Ended September 30, 2023

		<u>Support Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,122,308	\$ 19,900	\$ 19,900	\$ 2,162,108
Subcontractors	82,840	-	-	82,840
Payroll Taxes	160,876	-	-	160,876
Health Insurance	23,926	-	-	23,926
Worker's Compensation	35,149	-	-	35,149
Advertising & Promotion	10,608	-	-	10,608
Animal Care	871,444	-	-	871,444
Auto Expense	1,127	-	-	1,127
Depreciation	333,921	-	-	333,921
Fundraising	-	-	120,953	120,953
Dues and Subscriptions	22,080	-	-	22,080
Insurance	43,245	-	-	43,245
Interest	-	14,019	-	14,019
Merchandise	588	-	-	588
Office Expenses and Postage	52,747	637	-	53,384
Outside and Professional Services	102,447	-	-	102,447
Repairs & Maintenance	141,173	-	-	141,173
Telephone	24,983	-	-	24,983
Training and Education	1,887	-	-	1,887
Utilities	129,343	-	-	129,343
Miscellaneous	22,460	19,935	-	42,395
Total Functional Expense	<u>\$ 4,183,152</u>	<u>\$ 54,491</u>	<u>\$ 140,853</u>	<u>\$ 4,378,496</u>

The accompanying notes are an integral part of the financial statements.

South Suburban Humane Society

(An Illinois Not-For-Profit Corporation)

Statements of Cash Flows

For the Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (650,026)	\$ (348,557)
Adjustments to reconcile Change in Net Assets to		
Net Cash Provided By Operating Activities:		
Depreciation, Property and Equipment	336,832	333,921
Amortization, Property and Equipment	11,736	-
(Gain) Loss on Disposal of Fixed Asset	29,125	12,354
Impairment Loss, Property and Equipment	56,252	-
Change in Assets - Decrease (Increase)		
Receivables	(19,754)	193,993
Prepaid Expenses	(36,747)	(22,359)
Promises to Give	-	22,000
Security Deposits	-	3,998
Change in Liabilities - Increase (Decrease)		
Accounts Payable	28,309	(24,581)
Accrued Compensation & Taxes	11,791	41,366
Deferred Income	(3,637)	21,095
Other Liabilities	(5,736)	(6,898)
Lease Obligation	(11,736)	-
Compensated Absences	<u>32,162</u>	<u>(5,433)</u>
Net Cash Provided (Used) By Operating Activities	<u>(221,429)</u>	<u>220,899</u>
Cash Flows from Investing Activities:		
Change in Investment Activity - Decrease (Increase)	(145,173)	(337,217)
Purchase of Fixed Assets	(161,541)	(125,598)
Proceeds from Sale of Assets	<u>32,211</u>	<u>-</u>
Net Cash Provided By (Used) by Investing Activities	<u>(274,503)</u>	<u>(462,815)</u>
Cash Flows from Financing Activities:		
Changes in Mortgage Payable Increase (Decrease)	<u>(38,793)</u>	<u>(179,560)</u>
Net Cash Provided By (Used) by Financing Activities	<u>(38,793)</u>	<u>(179,560)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(534,725)	(421,476)
Cash and Cash Equivalents, Beginning of Year	<u>1,298,844</u>	<u>1,720,320</u>
Cash and Cash Equivalents, End of Year	<u>\$ 764,119</u>	<u>\$ 1,298,844</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Payments for Interest	<u>\$ 12,529</u>	<u>\$ 14,019</u>

The accompanying notes are an integral part of the financial statements.

South Suburban Humane Society
(An Illinois Not-For Profit Corporation)

Notes to the Financial Statements
September 30, 2024 and 2023

1. Nature of the Organization and Significant Accounting Policies

Organization and Nature of Activities

South Suburban Humane Society (SSHS) was incorporated on April 30, 1970 in the State of Illinois as a not-for-profit organization. The purpose of the Society is the prevention of cruelty to animals, the relief of suffering among animals, reducing the pet overpopulation through aggressive spay/neuter programs and the extension of humane education.

Basis of Accounting

The Society's financial statements have been prepared in accordance with the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

SSHS presents financial information pursuant to Financial Accounting Standards Board (FASB) Accounting Standards for Not-For-Profit Entities which establishes standards for external financial reporting by not-for-profit organizations and requires the resources be classified into distinct net asset categories according to externally (donor) imposed restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions are net assets without donor restrictions. The assets include the revenues and expenses of the primary operations of the Organization. Donor restricted contributions and grants whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or grant-imposed stipulation that may or will be met either by actions of the Organization and/or the passage of time are classified as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. There were no assets with donor restrictions as of September 30, 2024 and 2023, respectively .

Cash and Cash Equivalents

For purposes of reporting cash flows, cash is defined as cash on hand, and amounts held at federally insured financial institutions. Investments with an original maturity of three months or less are considered short-term for these purposes.

Functional Expenses

The Society allocated its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program, management and general, or fundraising activity are allocated directly to those programs or activities. The expenses that are allocated include salaries and related costs which are allocated on the basis of estimated time and effort. Other expenses are allocated based on the Society's estimated usage for each activity.

South Suburban Humane Society
(An Illinois Not-For Profit Corporation)

Notes to the Financial Statements
September 30, 2024 and 2023

1. Nature of the Organization and Significant Accounting Policies (continued)

Investments

Investments are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset in an orderly transaction between market participants at the measurement date. Interest income is recorded on the accrual basis. The Organization has investments in U.S. Treasury Bills with a local financial institution in the amount of \$482,390 and \$337,217 for September 30, 2024 and 2023, respectively.

Advertising

The Society expenses non direct response advertising as incurred. For the years ended September 30, 2024 and 2023 advertising expense is \$4,998 and \$10,608, respectively .

Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from promises to give, grants, contracts, etc. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable grants and accounts receivable. The allowance for doubtful accounts as of June 30, 2024, and 2023 is \$-0- and \$-0-, respectively.

Fixed Assets

Property and equipment are recorded at cost, while donated fixed assets are recorded at fair value on the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the useful lives of five to ten years for equipment and ten to forty for building and improvements. Depreciation expense for the years ended September 30, 2024 and 2023 amounts to \$336,832 and \$333,921 , respectively.

The carrying value of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. During the current fiscal year, the Homewood Adoption Center ceased operations, and the property was subsequently sold in the fiscal year ending September 30, 2025. Since the sales price (fair market value) for the property exceeded the net book value, the impairment loss of \$56,252 was recognized in the current fiscal year ending September 30, 2024.

Income Taxes

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, a provision for income taxes has not been made on the financial statements. It is also classified as other than a private foundation. The Society has no

South Suburban Humane Society
(An Illinois Not-For Profit Corporation)

Notes to the Financial Statements
September 30, 2024 and 2023

1. Nature of the Organization and Significant Accounting Policies (continued)

unrelated business income during the years ended September 30, 2024 and 2023 and therefore, no provision for federal or state income taxes has been made in the accompanying financial statements.

FASB Accounting Standard Codification (ASC) 740 Income Taxes ("ASC 740") provides that a tax benefit from an uncertain tax position may be recognized when it is more-likely-than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on technical merits. Income tax positions must be a more likely-than-not recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods. This interpretation also provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Society's adoption of ASC 740 had no impact on the Society's financial position or results of operations. The only tax years subject to examination by major tax jurisdictions are those within the statutory limits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition for Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give; that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions resulting from split-interest agreements, measured at the time into which the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified from restrictions. Donor-restricted contributions, whose restrictions are met in the same period as received, are shown as contributions without donor restrictions on the statement of activities.

South Suburban Humane Society
(An Illinois Not-For Profit Corporation)

Notes to the Financial Statements
September 30, 2024 and 2023

1. Nature of the Organization and Significant Accounting Policies (continued)

Revenue Recognition for Government Grants

The Organization received revenue from a cost-reimbursable county grant, which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditure compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. The Organization uses the allowance method to determine the uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Bequest

Contributions are recognized as received from donors who have bequeathed the Organization cash or other assets as part of their inheritance wishes. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction.

Right of Use Leased Assets and Liabilities – Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. Cash and Cash Equivalents

At September 30, 2024, the Society's deposits were not fully insured as the balances were above the Federally Insured limit (of \$250,000) by \$470,627. At September 30, 2023, the Society's deposits were not fully insured as the balances were above the Federally Insured limit (of \$250,000) by \$879,768.

South Suburban Humane Society
(An Illinois Not-For Profit Corporation)

Notes to the Financial Statements
September 30, 2024 and 2023

3. Investments

Fair Value Measurement

Fair Value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Society groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value these levels are:

Level 1: Inputs are unadjusted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Inputs are other observable inputs, either directly or indirectly, including

- Quoted prices for similar assets/liabilities in active markets.
- Quoted prices for identical or similar assets in non-active markets.
- Inputs other than quoted prices that are observable for the asset/liability.
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

As of September 30, 2024, the Society's investments are measured using the market valuation method and the following valuation inputs:

	<u>9/30/2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Treasuries	<u>\$482,390</u>	<u>\$482,390</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$482,390</u>	<u>\$482,390</u>	<u>\$ -</u>	<u>\$ -</u>

The following table shows the maturity date of the Society's investments as of September 30, 2024:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More Than 10 Years</u>
Treasury Bills	<u>\$ 482,390</u>	<u>\$ 482,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 482,390</u>	<u>\$ 482,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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3. Investments (continued)

As of September 30, 2023, the Society's investments are measured using the market valuation method and the following valuation inputs:

	<u>9/30/2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Treasuries	<u>\$337,217</u>	<u>\$337,217</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$337,217</u>	<u>\$337,217</u>	<u>\$ -</u>	<u>\$ -</u>

The following table shows the maturity date of the Society's investments as of September 30, 2023:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More Than 10 Years</u>
Treasury Bills	<u>\$337,217</u>	<u>\$ 337,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$337,217</u>	<u>\$ 337,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

4. Liquidity

Financial Assets available for operations for South Suburban Humane Society totaled \$1,246,509 and \$1,636,061 as of September 30, 2024 and 2023, respectively. South Suburban Humane Society had a balance of \$764,119 in cash and cash equivalents for the current fiscal year ending September 30, 2024. This is a decrease of \$534,725 from the previous year.

	<u>2024</u>	<u>2023</u>
Financial Assets at the year end		
Cash and Cash Equivalents	\$ 764,119	\$ 1,298,844
Investments	<u>482,390</u>	<u>337,217</u>
Total Financial Assets	1,246,509	1,636,061
Less: Amounts not available within one year		
Net Assets with Donor Restrictions	<u>-</u>	<u>-</u>
Total Amounts not available within one year	<u>-</u>	<u>-</u>
Financial Assets available to meet general expenditures over the next twelve months	<u>\$ 1,246,509</u>	<u>\$ 1,636,061</u>

South Suburban Humane Society also has a line of credit in the amount of \$200,000. (See Note 5 for additional details) The balance of the line of credit at September 30, 2024 and 2023 was \$-0-.

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5. Fixed Assets

The Organization recorded depreciation expense of \$336,832 and amortized the right-of-use asset in the amount of \$11,736. The following table shows the fixed asset activity for the year ending September 30, 2024:

	Beginning Balance	Additions	Disposals	Ending Balance
Property and Equipment:				
Land and Improvements	\$ 74,878	\$ -	\$ (50,455)	\$ 24,423
Building and Improvements	9,364,736	151,978	(555,347)	8,961,367
Vehicles	108,652	-	-	108,652
Furniture & Equipment	1,041,145	9,562	-	1,050,707
Less: Accumulated Depreciation	(1,282,365)	(336,832)	488,215	(1,130,982)
Net Property and Equipment	<u>\$ 9,307,046</u>	<u>\$ (175,292)</u>	<u>\$ (117,587)</u>	<u>\$ 9,014,167</u>
	Beginning Balance	Additions	Amortization	Ending Balance
Right of Use Assets - Operating Lease				
Equipment	\$ 54,231	\$ -	\$ (11,736)	\$ 42,495
Total Right of Use Assets	<u>\$ 54,231</u>	<u>\$ -</u>	<u>\$ (11,736)</u>	<u>\$ 42,495</u>

During the current fiscal year, the Homewood Adoption Center ceased operations, and the property was subsequently sold in the fiscal year ending September 30, 2025. Since the sales price for the property exceeded the net book value, the impairment loss of \$56,252 was recognized in the current fiscal year ending September 30, 2024.

6. Long-Term Liabilities

The following table shows the long-term liabilities for the Organization:

	Beginning Balance	Issuances	Retirements	Ending Balance	Due in One Year
Mortgage Payable	\$ 369,814	\$ -	\$ 38,793	\$ 331,021	40,227
Grant Award Overpayment	361,440	-	-	361,440	93,000
Operating Lease Obligations	54,231	-	11,736	42,495	12,210
Compensated Absences	42,953	32,162	-	75,115	-
	<u>\$ 828,438</u>	<u>\$ 32,162</u>	<u>\$ 50,529</u>	<u>\$ 810,071</u>	<u>\$ 145,437</u>

Mortgage Payable

In January 2022, the Organization was approved for a draw mortgage in the amount of \$1.2 million dollars. The draw mortgage carries a rate of 3.5% and is to be paid over the next ten years. The Organization's agreement includes monthly payments of \$4,277 with an annual interest rate of 3.50%

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6. Long-Term Liabilities (continued)

The agreement has a maturity date of December 31, 2031. As of year ending September 30, 2024 and 2023, the balance was \$331,021 and \$369,814, respectively .

The following table shows the expected future mortgage payments:

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2025	\$ 40,227	\$ 11,094	\$ 51,321
2026	41,678	9,643	51,321
2027	43,181	8,140	51,321
2028	44,720	6,601	51,321
2029	46,352	4,969	51,321
2030-2031	<u>114,863</u>	<u>4,978</u>	<u>119,841</u>
Total	<u>\$ 331,021</u>	<u>\$ 45,425</u>	<u>\$ 376,446</u>

Grant Award Overpayment

During construction of the new facility, the Organization received reimbursements for expenses in the form of a grant from Cook County. The expenses for reimbursement were not to exceed \$7 million according to the grant agreement. Subsequent to completion of the building, it was determined the County overpaid the Organization in the amount of \$361,440. The grant was amended, and the revised amount is \$7,268,440. The Organization has agreed to pay \$93,000 and will provide services to reimburse for the remaining \$268,440. The revised grant term has been extended to October 31, 2026.

Operating Lease Obligation

On March 29, 2022, the Organization agreed to an operating leasing agreement for laundry equipment. The agreement matures on March 28, 2028 and has monthly payments of \$1,059. The right of use asset was recorded at a cost of \$72,308 using a discount rate of 1.35%. As of September 30, 2024 and 2023, the right of use assets had a carrying balance and lease obligation of \$42,495 and \$54,231, respectively.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

The following shows the expected future operating lease obligation payments :

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2025	\$ 12,210	\$ 498	\$ 12,708
2026	12,376	332	12,708
2027	12,544	164	12,708
2028	<u>5,365</u>	<u>18</u>	<u>5,383</u>
Total	<u>\$ 42,495</u>	<u>\$ 1,012</u>	<u>\$ 43,507</u>

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6. Long-Term Liabilities (continued)

Line of Credit

On June 19, 2020, South Suburban Humane Society opened a line of credit for \$200,000. The line of credit carries a 3.75% annual interest rate. As of September 30, 2024 and 2023, SSHS carried a balance of \$-0-, respectively.

7. Grant Program

The Organization currently participates in a grant program with Cook County, Illinois. This grant is subject to inspection of the related to records associated with this grant. The Organization believes that any noncompliance will not have a material effect on its financial statements.

8. Capital Campaign

In order to supplement expenses expected for the ongoing expansion of the organization, SSHS started a Capital Campaign in which donations were received in the form of conditional contributions. The contributions are contingent on whether the project is to occur. For fiscal years ending September 30, 2024 and 2023, the Society received \$33,633 and \$28,684 in Capital Campaign contributions, respectively.

9. Subsequent Events

The date to which events occurring after September 30, 2024, the date of the most recent balance sheet, have been evaluated for possible adjustments to the financial statements or disclosure is the date of the independent auditor's report, the date the financial statements were issued. Any subsequent events requiring disclosure (if applicable) are discussed in the relevant footnote.