

**SOCIETY OF ST. VINCENT DEPAUL  
ARCHDIOCESE OF CHICAGO –  
CENTRAL OPERATIONS**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2024 AND 2023**

SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO –  
CENTRAL OPERATIONS

---

TABLE OF CONTENTS

---

---

INDEPENDENT AUDITORS' REPORT.....	3-4
-----------------------------------	-----

FINANCIAL STATEMENTS

Statements of Financial Position .....	5
Statements of Activities.....	6
Statements of Functional Expenses.....	7-8
Statements of Cash Flows .....	9
Notes to Financial Statements.....	10-19



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Society of St. Vincent DePaul Archdiocese of Chicago  
Orland Park, Illinois

### **Qualified Opinion**

We have audited the accompanying financial statements of SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO – CENTRAL OPERATIONS (a nonprofit organization) (the Society), 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO – CENTRAL OPERATIONS 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 Qualified Opinion**

As more fully described in Note 2 to the financial statements, the Society operates two resale thrift stores, but does not maintain adequate records to support the receipt and sale (tracking) of donated items, their valuation, and any necessary periodic adjustment of thrift store inventory. As a result, we were unable to obtain sufficient appropriate audit evidence regarding both the non-cash contributions to the thrift stores and the inventory balance related to the thrift stores as of September 30, 2024 and 2023, as well as the related cost of goods sold for the years then ended. Consequently, we were unable to determine whether any adjustments might be necessary to inventory, cost of goods sold, changes in net assets, and related disclosures in the accompanying financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO – CENTRAL OPERATIONS and to meet our other 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 qualified audit opinion.

### **Adoption of New Accounting Principles**

As more fully described in Note 1 to the financial statements, as of October 1, 2023, management adopted a new accounting principle that prescribes the recognition, measurement, presentation, and disclosure requirements related to the allowance for credit losses. Our opinion is not modified with respect to this matter.

As more fully described in Note 1 to the financial statements, as of October 1, 2022, management adopted a new accounting principle that prescribes the recognition, measurement, presentation, and disclosure requirements related to the leases and right-of-use assets and liabilities. Our opinion is not modified with respect to this matter.

## **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 SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO – CENTRAL OPERATIONS ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO – CENTRAL OPERATIONS' 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 SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO – CENTRAL OPERATIONS' 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.

*Warady & Davis LLP*

September 3, 2025

SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO -  
CENTRAL OPERATIONS

STATEMENTS OF FINANCIAL POSITION

As of September 30	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 343,469	\$ 535,724
Investments	746,673	513,145
Other Receivables	27,984	—
Inventory	167,177	167,177
Prepaid Expenses	79,410	111,317
Total Current Assets	<b>1,364,713</b>	<b>1,327,363</b>
<b>PROPERTY AND EQUIPMENT</b>		
Transportation Equipment	351,341	350,885
Furniture and Fixtures	253,281	245,931
Leasehold Improvements	452,636	452,636
	<b>1,057,258</b>	<b>1,049,452</b>
Less: Accumulated Depreciation and Amortization	<b>920,344</b>	<b>918,981</b>
	<b>136,914</b>	<b>130,471</b>
<b>NONCURRENT ASSETS</b>		
Operating Lease Right-of-Use Assets, net of Accumulated Amortization of \$586,131 and \$287,021	971,183	1,270,293
Security Deposits	20,425	20,425
	<b>991,608</b>	<b>1,290,718</b>
	<b>\$ 2,493,235</b>	<b>\$ 2,748,552</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 11,246	\$ 18,826
Accrued Payroll Liabilities	32,870	22,882
Other Accrued Expenses	37,379	13,500
Operating Lease Liabilities	321,285	304,222
Total Current Liabilities	<b>402,780</b>	<b>359,430</b>
<b>NONCURRENT LIABILITIES</b>		
Operating Lease Liabilities, net	714,424	1,035,709
Total Liabilities	<b>1,117,204</b>	<b>1,395,139</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	<b>1,376,031</b>	<b>1,353,413</b>
	<b>\$ 2,493,235</b>	<b>\$ 2,748,552</b>

SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO -  
CENTRAL OPERATIONS

STATEMENTS OF ACTIVITIES

For the Years Ended September 30

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE, AND GAINS</b>						
<b>REVENUES</b>						
Sales, net of Discounts	\$ 2,479,807	\$ —	\$ 2,479,807	\$ 2,487,717	\$ —	\$ 2,487,717
Cash Donations	140,724	—	140,724	214,208	—	214,208
Conference Dues	37,071	—	37,071	12,880	—	12,880
Total Support and Revenue	<u>2,657,602</u>	<u>—</u>	<u>2,657,602</u>	<u>2,714,805</u>	<u>—</u>	<u>2,714,805</u>
<b>EXPENSES</b>						
<b>Program Services</b>						
Direct Assistance to the Poor	417,718	—	417,718	345,115	—	345,115
Resale Stores' Operations	1,976,833	—	1,976,833	1,925,839	—	1,925,839
Total Program Services	<u>2,394,551</u>	<u>—</u>	<u>2,394,551</u>	<u>2,270,954</u>	<u>—</u>	<u>2,270,954</u>
<b>Supporting Services</b>						
Management and General	247,230	—	247,230	235,242	—	235,242
Fundraising	40,423	—	40,423	38,931	—	38,931
Total Supporting Services	<u>287,653</u>	<u>—</u>	<u>287,653</u>	<u>274,173</u>	<u>—</u>	<u>274,173</u>
Total Expenses	<u>2,682,204</u>	<u>—</u>	<u>2,682,204</u>	<u>2,545,127</u>	<u>—</u>	<u>2,545,127</u>
<b>OTHER INCOME (EXPENSE)</b>						
Interest Income	44,813	—	44,813	20,986	—	20,986
Gain on Sale of Property and Equipment	27,034	—	27,034	—	—	—
Unallocated Payments to National Organization	(24,627)	—	(24,627)	(25,132)	—	(25,132)
Total Other Income (Expense)	<u>47,220</u>	<u>—</u>	<u>47,220</u>	<u>(4,146)</u>	<u>—</u>	<u>(4,146)</u>
<b>CHANGE IN NET ASSETS</b>	<b>22,618</b>	<b>—</b>	<b>22,618</b>	<b>165,532</b>	<b>—</b>	<b>165,532</b>
Net Assets, Beginning	1,353,413	—	1,353,413	1,187,881	—	1,187,881
<b>NET ASSETS, END</b>	<b>\$ 1,376,031</b>	<b>\$ —</b>	<b>\$ 1,376,031</b>	<b>\$ 1,353,413</b>	<b>\$ —</b>	<b>\$ 1,353,413</b>

See accompanying notes and accountants' report.

SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO -  
CENTRAL OPERATIONS

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2024

			Supporting Services			
	Direct Assistance to the Poor	Retail Stores' Operations	Total	Management and General	Fundraising	Total
Salaries	\$ 109,087	\$ 1,114,793	\$ 1,223,880	\$ 40,172	\$ 17,230	\$ 1,281,282
Payroll Taxes	8,137	83,150	91,287	2,996	1,285	95,568
Employee Benefits	12,903	131,854	144,757	4,751	2,038	151,546
Advertising and Promotion	—	—	—	1,915	—	1,915
Bank and Credit Card Fees	—	—	—	31,997	—	31,997
Client Aid	283,777	—	283,777	—	—	283,777
Depreciation and Amortization	—	41,767	41,767	3,713	928	46,408
Insurance	3,320	101,999	105,319	7,274	2,037	114,630
Meetings	—	—	—	463	—	463
Office Expense	—	3,197	3,197	37,221	5,607	46,025
Professional Services	494	5,046	5,540	68,203	78	73,821
Supplies	—	39,502	39,502	—	—	39,502
Rent, Utilities, and Security	—	378,006	378,006	33,601	8,400	420,007
Repairs and Maintenance	—	28,434	28,434	2,528	632	31,594
Travel and Entertainment	—	49,085	49,085	12,396	2,188	63,669
	\$ 417,718	\$ 1,976,833	\$ 2,394,551	\$ 247,230	\$ 40,423	\$ 2,682,204

See accompanying notes and accountants' report.

SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO -  
CENTRAL OPERATIONS

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended September 30, 2023

			Total	Supporting Services		Total
	Direct Assistance to the Poor	Retail Stores' Operations		Management and General	Fundraising	
Salaries	\$ 54,340	\$ 1,009,743	\$ 1,064,083	\$ 38,755	\$ 16,558	\$ 1,119,396
Payroll Taxes	4,313	80,149	84,462	3,076	1,314	88,852
Employee Benefits	7,685	142,810	150,495	5,481	2,342	158,318
Advertising and Promotion	—	—	—	1,621	—	1,621
Bank and Credit Card Fees	—	—	—	25,866	—	25,866
Client Aid	275,900	—	275,900	—	—	275,900
Commissions	—	—	—	1,732	—	1,732
Depreciation and Amortization	—	39,874	39,874	3,544	886	44,304
Insurance	2,658	120,679	123,337	8,233	2,394	133,964
Interest	—	—	—	5	—	5
Meetings	—	—	—	153	—	153
Office Expense	—	2,253	2,253	47,590	4,727	54,570
Professional Services	219	4,067	4,286	53,957	67	58,310
Supplies	—	56,362	56,362	—	—	56,362
Rent, Utilities, and Security	—	374,117	374,117	33,255	8,314	415,686
Repairs and Maintenance	—	33,016	33,016	2,935	734	36,685
Travel and Entertainment	—	62,769	62,769	9,039	1,595	73,403
	\$ 345,115	\$ 1,925,839	\$ 2,270,954	\$ 235,242	\$ 38,931	\$ 2,545,127

See accompanying notes and accountants' report.

SOCIETY OF ST. VINCENT DEPAUL ARCHDIOCESE OF CHICAGO -  
CENTRAL OPERATIONS

STATEMENTS OF CASH FLOWS

For the Years Ended September 30	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	<u>\$ 22,618</u>	<u>\$ 165,532</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	46,408	44,304
Amortization of Operating Lease Right-of-Use Assets	299,110	287,021
Gain on Sale of Property and Equipment	(27,034)	—
Changes in Assets and Liabilities:		
(Increase) Decrease in Other Receivables	(27,984)	1,779
Decrease (Increase) in Prepaid Expenses and Other Assets	31,907	(5,846)
Decrease in Accounts Payable	(7,580)	(19,671)
Increase in Accrued Payroll	9,988	22,882
Increase in Other Accrued Expenses	23,879	343
Increase (Decrease) in Operating Lease Liabilities, net	<u>(304,222)</u>	<u>(287,283)</u>
Total Adjustments	<u>44,472</u>	<u>43,529</u>
Net Cash Provided by Operating Activities	<u>67,090</u>	<u>209,061</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(52,851)	(73,270)
Purchases of Investments	(728,072)	(1,011,744)
Reinvested Interest Income	(31,456)	(13,145)
Proceeds from Sale of Property and Equipment	27,034	—
Proceeds from Sales of Investments	<u>526,000</u>	<u>512,000</u>
Net Cash Used by Investing Activities	<u>(259,345)</u>	<u>(586,159)</u>
NET DECREASE IN CASH	(192,255)	(377,098)
Cash, Beginning	<u>535,724</u>	<u>912,822</u>
<b>CASH, END</b>	<u><b>\$ 343,469</b></u>	<u><b>\$ 535,724</b></u>

## NOTES TO FINANCIAL STATEMENTS

---

### **NATURE OF ORGANIZATION**

The Society of St. Vincent DePaul Archdiocese of Chicago (the Society) was founded in the Archdiocese of Chicago on December 31, 1857, and incorporated in the State of Illinois on March 11, 1879 for the purpose of collecting, receiving and applying funds, material goods, and time and skills of the members to the relief and aid of poor and indigent persons in need of immediate assistance.

These financial statements include only the central operations of the Society which includes operations of the central warehouse and two resale thrift stores. The Society maintains resale store operations as one of its special works of charity. The resale store operations have two purposes; to provide usable clothing and furniture to individuals with marginal incomes at a low price, and to provide clothing and furniture to the truly destitute, free of charge.

These financial statements excludes the activities of the local conferences, which are usually affiliated with a parish, are organized into district councils, and provide assistance and support to the needy in immediate neighborhoods. As most of the 76 active conferences operate as separate independent groups having their own officers and treasury and are subject to the bylaws of the Society, they are not included in these financial statements.

### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist in understanding the Society's financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

### **FINANCIAL STATEMENT PRESENTATION**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). This guidance requires the Society to report information regarding its financial position and activities, based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

**Net Assets Without Donor Restriction** - Net assets that are not subject to donor-imposed stipulations plus those resources for which donor-imposed purpose and time stipulations have been satisfied. Net assets without donor restriction may otherwise be designated for specific purposes by action of the Board of Directors.

**Net Assets With Donor Restriction** - Amounts that are stipulated by donors for specific programmatic purposes, the acquisition of equipment or use in future periods. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), these net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restriction.

The Society has not received any net assets stipulated by donors to be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Contributions received with donor restrictions that are met in the same reporting year are reported as support without donor restrictions. Expenses are reported as decreases in net assets without donor restriction.

NOTES TO FINANCIAL STATEMENTS

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**USE OF ESTIMATES**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**CASH EQUIVALENTS**

The Society considers all liquid instruments with an original maturity of three months or less to be cash equivalents. As of September 30, 2024 and 2023, there were no cash equivalents.

**CONCENTRATION OF CREDIT RISK**

The Society maintains cash with a financial institution, which at times, may exceed federally insured limits. The Society has not experienced any losses in such accounts thus, management believes the Society is not exposed to any significant credit risk on cash.

**INVESTMENTS AND FAIR VALUE**

The Society follows the provisions of the FASB Codification for accounting for investments held by not-for-profit organizations. This standard requires that investments in marketable securities be accounted for at fair value. Fair value is based on quoted market prices. The Society invests in United States Treasury Bills (T-Bills). Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are adjusted and reported at fair value on a recurring basis as of each September 30. Interest income is earned on the accrual basis.

**OTHER RECEIVABLES**

Other receivables are reported at net realizable value, which is the amount management expects to collect from balances outstanding at year-end and are comprised of proceeds to be received for the sale of transportation equipment and a refund due to the Society for state unemployment taxes. The entire receivable balance was collected after year-end, thus an allowance for credit losses is not considered necessary.

**INVENTORY**

Inventory is primarily comprised of clothing, furniture, jewelry, household goods, children's toys, and other miscellaneous items. Inventory records are not maintained throughout the year and management is unable to estimate inventory levels at year end (see Note 2).

NOTES TO FINANCIAL STATEMENTS

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPERTY AND EQUIPMENT**

Property and equipment purchases of \$1,500 or more are recorded at cost and depreciated over their estimated useful lives on a straight-line basis. Leasehold improvements are amortized over the shorter of the useful life of the improvement or the lease term including extension periods since the Society has a reasonable expectation that the renewal options will be exercised. Expenditures for additions, renewals and betterments are capitalized whereas expenditures for maintenance and repairs are charged to expenses as incurred.

<u>Asset Class</u>	<u>Years</u>
Transportation Equipment .....	5
Furniture and Fixtures .....	5 – 10
Leasehold Improvements (Life of the Lease) .....	3 – 16

Depreciation and amortization expense was \$46,408 and \$44,304 for the years ended September 30, 2024 and 2023.

**RECOGNITION OF SUPPORT AND REVENUE**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a 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 substantially met. The Society has not received promises to give, unconditional or conditional, for the years ended September 30, 2024 and 2023.

The Society considers the sale of thrift store items as a contract with a customer. The Society's revenues received from such sales are recognized when the Society's performance obligations are satisfied which is generally the point in time when the sold item is transferred to the customer. Payment is due at the time of sale. Amounts are not collected in advance, thus there is no deferred revenue on the statements of financial position. There are no contracts which contain variable consideration or contract modifications. Returns are unlikely but are recorded on the date of return when they occur.

Special events revenue, which includes registration fees, sponsorships and purchases of auction items or raffle tickets, is recorded as revenue when the event occurs. If the amount is received in advance, the amount considered a direct benefit is deferred until the event occurs and presented in deferred revenue on the statements of financial position, while the contribution portion, the excess amount paid over the direct benefit, is recorded when received. The Society held no special fundraising events for the year ended September 30, 2024 and 2023.

NOTES TO FINANCIAL STATEMENTS

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CONTRIBUTIONS OF NONFINANCIAL ASSETS**

The Society recognizes as revenue the fair value of donated facilities, materials and certain donated services. The criteria for recording donated services as contributions are as follows:

- require specialized skills (accounting, financial, legal, etc.).
- are provided by a person with such skill.
- would ordinarily be purchased if not contributed to the Society.

In addition, the Society receives donated services from a variety of unpaid volunteers including board members. No amounts have been reflected in the financial statements for such services since they do not meet the recognition criteria for accounting for contributions received and made.

In accordance with accounting standards for recognizing donated goods for re-sale in thrift stores under the FASB Codification topic on *Accounting for Contributions Received and Contributions Made*, the value of donated used goods and materials are not reflected in the statements of activities. See Note 6 for additional information on donated merchandise and goods received which were subsequently distributed to the poor.

**ADVERTISING COSTS**

The Society expenses advertising costs as they are incurred. For the years ended September 30, 2024 and 2023, advertising and promotion expenses were \$1,915 and \$1,621.

**INCOME TAXES**

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Society has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Society is similarly exempt for state income tax purposes by applicable state law.

The Society adopted the guidance in the FASB Codification topic related to uncertainty in income taxes which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Society has taken or expects to take in its tax returns, including positions that the Society is exempt from income taxes or not subject to income taxes on unrelated business income. Under the guidance, the Society may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the taxing authority having full knowledge of all relevant information. Management believes the Society has appropriate support for the positions taken on its returns.

NOTES TO FINANCIAL STATEMENTS

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Expenses are charged directly to program services or supporting services categories based upon specific identification where possible. Expenses which are not directly identifiable by program or supporting services are allocated among the programs and supporting services benefited based on appropriate methods determined by management. These methods include allocation of salaries, payroll taxes, employee benefits, insurance, and any other costs deemed to be related to time and efforts expended by employees on the different functional categories. Allocation of rent, utilities, security, depreciation and amortization, and repairs and maintenance are on the basis of space utilization percentages occupied by the various functions.

**RECENTLY ADOPTED ACCOUNTING GUIDANCE**

**CREDIT LOSSES**

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Society that are subject to the guidance in FASB ASC 326 are the Society's accounts receivable resulting from exchange transactions. The Society's allowance for uncollectible receivables from non-exchange transactions, which are the Society's grants, pledges and contributions receivable, are specifically excluded from the scope of this new standard.

Effective October 1, 2023, the Society adopted the requirements of this ASC using the modified retrospective approach. The adoption did not have a material impact on the Society's financial statements and resulted only in additional footnote disclosures.

**LEASES**

In February 2016, the FASB issued guidance ASC 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. Under this standard, commencing October 1, 2022, all the Society's real estate leases that have lease terms exceeding 12 months will now be required to be recorded on the statements of financial position as ROU assets accompanied by liabilities for the present value of the lease payments that the Society is obligated to make in order to obtain control of the leased assets for the duration of each lease term. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NOTES TO FINANCIAL STATEMENTS

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

RECENTLY ADOPTED ACCOUNTING GUIDANCE (Continued)

LEASES (Continued)

The Society adopted this new standard, using the modified retrospective approach with October 1, 2022 as the date of initial adoption and utilized all of the available practical expedients. The adoption had a material impact on the Society’s statements of financial position but did not have a material impact on the statements of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard resulted in an increase in operating lease ROU assets of \$1,557,314, and an increase in operating lease liabilities of \$1,627,214 at October 1, 2022.

The Society determines if an arrangement is a lease or contains a lease at the inception of the contract. Our operating lease is presented under the captions operating lease right-of-use assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities.

The lease term includes all non-cancellable periods and may include options to extend (or to not terminate) the lease when it is reasonably certain that the Society will exercise the option. Leases that have a term of 12 months or less at the commencement date are expensed on a straight-line basis over the lease term and do not result in the recognition of an ROU asset or lease liability.

**NOTE 2—DEPARTURES FROM U.S. GAAP**

The Society neither maintains records for its non-cash donations to the thrift stores, nor does it perform an annual physical inventory count. Under U.S. GAAP, non-cash donations should be reported at fair value at the time of donation and reported separately from donations of financial assets on the statements of activities, and the resulting cost of goods sold should be reported as a program services expense on the statements of functional expenses. Due to the fact that records are not maintained by the Society for these items, no such amounts are reported in the statements of activities or functional expenses. The Society utilizes a software to track inventory levels, however, only sales are tracked. Without a year-end physical inventory count the reports generated by the inventory software cannot be relied upon, thus, the auditors are not able to obtain reasonable assurance of the accuracy of amounts reported as inventory on the statements of financial position.

**NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are comprised of the following at September 30:

	<b>2024</b>	<b>2023</b>
Cash.....	\$ 343,469	\$ 535,724
Other Receivables.....	27,984	—
	<b>\$ 371,453</b>	<b>\$ 535,724</b>

The Society maintains enough liquid assets to meet the needs of 90 days of operating expenses. If revenues for the year ending September 30, 2025 are relatively consistent with the current year, the amount of liquid assets at September 30, 2024 is sufficient for current operating needs.

NOTES TO FINANCIAL STATEMENTS

---

---

**NOTE 4—FAIR VALUE MEASUREMENTS**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The FASB Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access at the measurement date.

Level 2 Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2024 and 2023.

*Level 1 Fair Value Measurements*

The fair value of T-Bills (U.S. Government obligations) are based on quoted market prices, when available and are valued using Level 1 inputs at September 30, 2024 and 2023.

*Level 2 Fair Value Measurements*

There are no Level 2 fair value measurements at September 30, 2024 and 2023.

*Level 3 Fair Value Measurements*

There are no Level 3 fair value measurements at September 30, 2024 and 2023.

NOTES TO FINANCIAL STATEMENTS

---

**NOTE 4—FAIR VALUE MEASUREMENTS (Continued)**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes the Society’s valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Level 1 T-Bill investments totaled \$746,673 and \$513,145 at September 30, 2024 and 2023, and have original maturity periods that range from six to twelve months with interest rates that range from 4.0% to 5.0%.

**NOTE 5—PREPAID EXPENSES AND OTHER ASSETS**

Prepaid Expenses and Other Assets consisted of the following at September 30:

	<b>2024</b>	<b>2023</b>
<i>Current Assets</i>		
Prepaid Insurance .....	\$ 17,465	\$ 19,372
Prepaid Rent .....	-	30,000
Donated and Purchased Graves for Needy Families.....	<b>61,945</b>	<b>61,945</b>
	<b>\$ 79,410</b>	<b>\$ 111,317</b>
<i>Noncurrent Assets</i>		
Security Deposits.....	<b>\$ 20,425</b>	<b>\$ 20,425</b>

Security deposits include deposits on the resale store operating leases for Libertyville and Orland Park at September 30, 2024 and 2023. Donated and purchased graves are to be provided to families in need in future periods.

The Society currently owns 17 graves, which it intends to provide to families in need. The graves were recorded at fair value at the time the grave was donated or at cost of purchased.

**NOTE 6—DONATED GOODS, SERVICES, AND FACILITIES**

Donated merchandise and clothing to be sold in the thrift stores are not being recorded when received (Note 2). The Society did not receive other goods, services, or use of facilities during the years ended September 30, 2024 and 2023.

**NOTE 7—OPERATING LEASES**

The Society has entered into two Chicagoland real estate operating leases for its store facilities and distribution center described below. The Society also has a separate, month-to-month storage lease arrangement for excess inventory.

NOTES TO FINANCIAL STATEMENTS

---

**NOTE 7—OPERATING LEASES (Continued)**

On May 30, 2014, the Society entered into a 7-year lease agreement for an Orland Park store facility, which commenced on September 15, 2014. The base rent payments range from \$10,425 to \$12,090 with the first three months of rent fully abated. The lease agreement offers two options for five-year extensions with minimum monthly rent from \$12,392 to \$15,476. The lease requires the Society to pay its share of real estate taxes and certain expenses on the property. On February 1, 2021, the Society amended the lease for the Orland Park store which extends the lease through September 15, 2026 with a flat monthly rent of \$15,000 beginning on February 1, 2021. The monthly rent payments include the Society’s share of real estate taxes, maintenance and insurance. If all monthly rent is paid timely through November of each year, December rent will be abated by the landlord. The lease ROU asset and liability was calculated utilizing the Society’s risk-free discount rate at October 1, 2022 (4.16%), according to the Society’s elected policy. For each of the years ended September 30, 2024 and 2023, total rent expense from such lease was \$175,570, and is included in rent, utilities, and security on the statements of functional expenses.

On July 28, 2018, the Society entered into a five-year and one-month lease agreement for a resale store facility and a distribution center in Libertyville, Illinois, which commenced October 1, 2018. The lease agreement offers three options for five-year extensions at 2.5% escalation per annum. Monthly rent payments range from \$8,250 to \$14,000 during the term of the lease, and the first month was abated. During 2020, the Society negotiated with the landlord to allow for deferral of two months’ rent which was paid in October and November, 2023. On June 13, 2023, the Society amended the lease for the Libertyville store, which extends the lease through October 31, 2028 with monthly payments that range from \$14,350 to \$15,840 during the term of the lease. The lease ROU asset and liability was calculated utilizing the Society’s risk-free discount rate at October 1, 2022 (4.01%), according to the Society’s elected policy. The risk-free rate applied to this lease is less than the rate used for the Orland Park lease described above, despite both lease assets being exchanged for lease liabilities on October 1, 2022, because the longer the lease term, the higher the assumed risk, and therefore the higher the discount rate will be. For each of the years ended September 30, 2024 and 2023, total rent expense from such lease was \$171,169, and is included in rent, utilities, and security on the statements of functional expenses.

Options to renew the above leases that have not yet been exercised, were not considered when assessing the value of the ROU assets because the Society is not reasonably certain that it will exercise the options to renew the leases. The ROU assets and operating lease liabilities balances were as follows as of September 30:

	<b>2024</b>	<b>2023</b>
Operating Lease Right-of-Use Assets.....	<b>\$ 1,557,314</b>	<b>\$ 1,557,314</b>
Operating Lease Liabilities.....	<b>\$ 1,035,709</b>	<b>\$ 1,339,931</b>
Less: Current Portion.....	<b>(321,285)</b>	<b>(304,222)</b>
Long-Term Portion .....	<b>\$ 714,424</b>	<b>\$ 1,035,709</b>

NOTES TO FINANCIAL STATEMENTS

**NOTE 7—OPERATING LEASES (Continued)**

Future minimum lease payments of operating lease liabilities as of September 30, 2024:

Year Ending September 30:

2025 .....	\$	356,146
2026 .....		360,550
2027 .....		185,064
2028 .....		189,690
2029 .....		<u>15,840</u>
		1,107,290

Less: Interest (Discount to net Present Value)..... (71,581)

Present Value of Operating Lease Liabilities..... \$ 1,035,709

Additional required information about the Society’s leases is as follows as of September 30:

	<u>2024</u>	<u>2023</u>
Lease Costs (Included In Rent, Utilities, and Security):		
Operating Lease Cost .....	\$ 346,739	\$ 346,739
Supplemental Cash Flows Information		
Cash Paid for Amounts Included in Measuring Operating Lease Liabilities:		
Operating Cash Flows for Operating Leases .....	\$ 381,200	\$ 376,000
Lease Assets Obtained in Exchange for Lease Obligations:		
Operating Leases .....	—	1,557,314
Weighted-Average Remaining Lease Term (Years) .....	3.38	4.28
Weighted Average Discount Rate .....	4.06%	4.06%

**NOTE 8—RELATED-PARTY TRANSACTIONS**

Contributions from officers and members of the Board of Directors and their foundations or donor-advised funds amounted to \$2,315 and \$2,500 for the years ended September 30, 2024 and 2023.

**NOTE 9—SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 3, 2025, the date which the financial statements were available for issuance. There were no subsequent events which require disclosure.