



Preston CPA

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

50 HURT PLAZA SE SUITE 1438 • ATLANTA, GA 30303 • (404) 217-1742 office • (404) 920-3312 fax

**H.O.P.E, INC**

**(A NON PROFIT ORGANIZATION)**

**AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL  
REPORT**

**FOR THE YEAR ENDING December 31, 2016**

**AND**

**INDEPENDENT AUDITORS' REPORT**

Prepared By:

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## **H.O.P.E, INC**

**(A NON PROFIT ORGANIZATION)**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
H.O.P.E, Inc  
PO Box 3166  
Duluth, Georgia 30096

We have audited the accompanying financial statements of H.O.P.E. Inc (Helping Other People be Empowered) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of H.O.P.E. Inc (Helping Other People be Empowered) as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Melissa D. Preston CPA P.C.

A handwritten signature in black ink, appearing to read 'Melissa D. Preston', with a long horizontal flourish extending to the right.

Atlanta, Georgia  
March 26, 2017

**H.O.P.E, INC**  
**(A NON-PROFIT ORGANIZATION)**  
**STATEMENTS OF FINANCIAL POSITION**

**FOR THE YEAR ENDING DECEMBER 31, 2016**

<u>ASSETS</u>	<u>2015</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Cash Equivalents	\$32,117	\$16,607
Temporarily Restricted Cash	<u>5,000</u>	<u>510</u>
Total Cash and Cash Equivalents	\$37,117	\$17,117
Other Assets	319	365
<b>TOTAL CURRENT ASSETS</b>	<b><u>\$37,436</u></b>	<b><u>\$17,482</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$37,436</u></b>	<b><u>\$17,482</u></b>
<b><u>LIABILITIES &amp; NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts Payable	\$0	\$663
<b>NET ASSETS</b>		
Unrestricted Retained Earnings	\$17,174	37,436
Net Income (Loss)	<u>20,262</u>	<u>(20,617)</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$37,436</u></b>	<b><u>\$16,819</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$37,436</u></b>	<b><u>\$17,482</u></b>

**See the accompanying notes and Independent Auditors' Report**

**H.O.P.E, INC**  
**(A NON PROFIT ORGANIZATION)**  
**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDING DECEMBER 31, 2016**

<b>REVENUES</b>	<b><u>2015</u></b>	<b><u>2016</u></b>
<b>TEMPORARILY RESTRICTED CONTRIBUTIONS:</b>		
Donor Restricted Contributions (See Note D)	\$7,528	\$51,035
Less: Contributions release (Included below)	(\$2,528)	(\$50,525)
<b>UNRESTRICTED CONTRIBUTIONS:</b>		
<b>Direct Public Grants:</b>		
Grants & Other Support	\$50,404	\$32,500
<b>Direct Public Support:</b>		
Individual Donations	\$13,387	\$8,306
Board Giving	11,247	2,530
Fundraiser and Special Events	13,336	15,552
In-Kind Gifts	<u>29,877</u>	<u>17,956</u>
<b>Total Unrestricted Revenue</b>	<b><u>\$118,251</u></b>	<b><u>\$76,843</u></b>
Monthly Donors & Membership Fees	<u>4,790</u>	<u>5,845</u>
<b>TOTAL REVENUES</b>	<b><u>\$123,041</u></b>	<b><u>\$82,688</u></b>
<b>EXPENSES</b>		
Business & Program Expenses	\$19,900	\$23,838
Contract Services & Outside Services	6,487	6,531
Community Outreach	45,819	29,518
General & Administrative Expenses	4,006	5,203
Marketing & Communications	1,112	376
Office Occupancy Expense	1,747	1,477
Benefits	50	2,856
Payroll Taxes	4,708	6,738
Salaries & Wages	<u>18,950</u>	<u>26,770</u>
Total Expenses	\$102,779	\$103,207
<b>Change in net assets</b>	<b>\$20,262</b>	<b>(\$20,617)</b>
<b>Net assets, beginning of year</b>	<b>\$21,941</b>	<b>\$37,436</b>
<b>Prior Period Adjustment</b>	<b>(4,767)</b>	<b>0</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$37,436</b>	<b>\$16,819</b>

See the accompanying notes and Independent Auditors' Report

**H.O.P.E, INC**  
**(A NON PROFIT ORGANIZATION)**  
**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDING DECEMBER 31, 2016**

	<b><u>2016</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income (Loss)	(\$20,617)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Increase in other payables	663
Increase in other asset	(46)
Net cash used by operating activities	(\$20,000)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(20,000)</b>
<b>CASH AND CASH EQUIVALENTS, BEG OF YEAR</b>	<b>\$37,117</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$17,117</u></b>

**See the accompanying notes and Independent Auditors' Report**

**H.O.P.E, INC**  
**(A NON PROFIT ORGANIZATION)**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING DECEMBER 31, 2016**

**NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

H.O.P.E, Inc. (a 501(c)3 tax-exempt organization) offers services that support single parents. H.O.P.E, Inc's mission is to serve low-income single parents working to obtain a college degree by providing assistance in subsidized housing, child care assistance, social services, and life skills.

**A.) Basis of Accounting**

The Financial Statements of the organization have been prepared on the accrual basis in accordance with Generally Accepted Accounting Principles. Income is recognized when earned by the Organization.

**B.) Cash and Cash Equivalents**

For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at Financial Institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. The Organization does not hold short-term investments that will mature three months or less.

**C.) Property and Equipment**

Equipment, furniture, and fixtures are stated at depreciated value. The organization did not purchase equipment. The equipment was donated to the organization. Expenditures for maintenance and repairs are charged to expenses as incurred. Any cost to extend the lives of property is capitalized. Depreciation of property and equipment is computed using the straight line, method over five to fifteen years. There are no fixed assets to report on the financial statements. Therefore, depreciation for the year ended December 31, 2016 is \$0.

**See Independent Auditors' Report**



**H.O.P.E, INC**  
**(A NON PROFIT ORGANIZATION)**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING DECEMBER 31, 2016**

**NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**D.) Contributions**

The organization also adopted SFAS No 116, “Accounting for Contributions Received and Contributions Made,” whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions. The organization received \$51,035 of restricted cash throughout the year which was deposited into the Bank of America Restricted account. There was \$50,525 of restricted cash released and used for operating expenses.

**E.) Estimates in Financial Statements**

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

**NOTE 2 – INCOME TAXES**

H.O.P.E, Inc is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and is not classified as a private foundation. Currently, the organization engages in no activities that would be taxed as unrelated business income.

**NOTE 3 – ATTESTATION OF REVENUE SOURCES**

The organization mainly derives its revenues from Direct Grant Support and other contributions from the general public. The total revenues (cash received) are \$64,732 for the year ended December 31, 2016. Also, the organization received other revenues through membership fees in the amount of \$240.

**See Independent Auditors’ Report**

**H.O.P.E, INC**  
**(A NON PROFIT ORGANIZATION)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDING DECEMBER 31, 2016**

**NOTE 4 – RELATED PARTY TRANSACTIONS**

H.O.P.E, Inc. must comply with regulations. Those regulations require that all related party transactions be disclosed, regardless of their materiality to the financial statements. During the year ended December 31, 2016, there were no related party transactions.

**NOTE 5 – CONCENTRATIONS OF CREDIT RISK**

The Organization maintains its cash balances at Bank of America located in Atlanta, Georgia. Accounts at the banking institution are insured by the Federal Deposit Insurance Corporation for up to \$250,000. During 2016, the Institution had no uninsured balances. This is not considered significant credit risk.

**NOTE 6 – SUBSEQUENT EVENT**

There are no significant subsequent events that occurred up to the audit report date.

**See Independent Auditors' Report**