



CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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H.O.P.E, INC
(A NON PROFIT ORGANIZATION)
AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL
REPORT
FOR THE YEAR ENDING December 31, 2019
AND
INDEPENDENT AUDITORS' REPORT

Prepared By:

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H.O.P.E, INC
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TABLE OF CONTENTS

	Page
Independent Auditors' Report	3-4
Comparative Statement of Financial Position	5
Comparative Statement of Activities	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 -10



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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, 2019, 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, 2019, 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.



Atlanta, Georgia
March 2, 2020

H.O.P.E, INC
(A NON-PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDING DECEMBER 31, 2019

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Unrestricted Cash and Cash Equivalents	\$12,402	\$16,771
Savings	1	779
Temporarily Restricted Cash (See Note D)	<u>13,551</u>	<u>27,173</u>
Total Cash and Cash Equivalents	\$25,954	\$44,723
Other Assets	1,020	30
TOTAL CURRENT ASSETS	<u>\$26,974</u>	<u>\$44,753</u>
 TOTAL ASSETS	 <u>\$26,974</u>	 <u>\$44,753</u>
 <u>LIABILITIES & NET ASSETS</u>		
LIABILITIES		
Accounts Payable	\$9,604	\$2,962
 NET ASSETS		
Without donor restrictions - Unrestricted	\$3,819	\$14,618
With donor restrictions - Restricted	<u>13,551</u>	<u>27,173</u>
TOTAL NET ASSETS	<u>\$17,370</u>	<u>\$41,791</u>
 TOTAL LIABILITIES & NET ASSETS	 <u>\$26,974</u>	 <u>\$44,753</u>

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, 2019

REVENUES	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Direct Public Support:				
Individual donations	\$18,120		\$18,120	\$18,811
Board Giving	2,889		2,889	1,283
Monthly Donors	9,741		9,741	6,025
Contributions and grants	36,000	73,300	109,300	115,400
Fundraiser and Special Events	16,899		16,899	18,920
In-Kind Gifts	<u>43,215</u>		<u>43,215</u>	<u>6,643</u>
Total Unrestricted Revenue	<u>\$126,864</u>	<u>\$73,300</u>	<u>\$200,164</u>	<u>\$167,082</u>
Membership Fees	<u>180</u>		<u>180</u>	<u>120</u>
Total revenue before releases	<u>\$127,044</u>	<u>\$73,300</u>	<u>\$200,344</u>	<u>\$167,202</u>
Net assets released from restrictions	59,749	(59,749)	0	0
Total revenue and support	<u>\$186,793</u>	<u>\$13,551</u>	<u>\$200,344</u>	<u>\$167,202</u>
EXPENSES				
Program Expenses:				
Business & Program Expenses	\$55,701	-	\$55,701	\$31,163
Fundraising Events	10,342		10,342	18,104
Salaries & Wages	57,695	-	57,695	40,726
Payroll Taxes	15,166	-	15,166	8,337
Contract & Outside Services	15,740	-	15,740	4,752
Community Outreach	<u>58,345</u>	-	<u>58,345</u>	<u>22,535</u>
Total Program expenses	\$212,989	-	\$212,989	\$125,617
Administrative Expenses:				
General & Administrative	\$7,775	-	\$7,775	\$12,446
Marketing & Communications	1,861	-	1,861	1,657
Office Occupancy Expense	394	-	394	4,515
Benefits	<u>1,746</u>	-	<u>1,746</u>	<u>2,524</u>
Total Admin expenses	\$11,776	-	\$11,776	\$21,142
Total Expenses	<u>\$224,765</u>	-	<u>\$224,765</u>	<u>\$146,759</u>
Change in net assets	(\$37,972)	\$13,551	(\$24,421)	\$20,443
Net assets, beginning of year	\$41,791	-	\$41,791	\$21,770
Prior Period Adjustment	0		0	(422)
NET ASSETS, END OF YEAR	\$3,819	\$13,551	\$17,370	\$41,791

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, 2019

	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income (Loss)	(\$24,421)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Increase in payables	6,642
Net cash provided by operating activities	(\$17,779)
NET INCREASE (DECREASE) IN CASH	(17,779)
CASH AND CASH EQUIVALENTS, BEG OF YEAR	\$44,753
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$26,974</u>

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, 2019

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 accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2019.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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.

H.O.P.E, INC
(A NON PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2019

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

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, 2019 is \$0.

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 \$73,300 of restricted cash during the year from various organizations which was deposited into the Bank of America Restricted account. There was \$59,749 of restricted cash released and used for operating expenses leaving a balance of \$13,551 in the Bank of America account at the end of year.

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.

F.) Functional Expenses

Management has not created a formal allocation of expenses on a functional basis in the statement of activities. Accordingly, the statement of activities does not reflect between Program, Management, and Fundraising Activities. It has been part of the management discussion to adopt this change in accounting policy.

H.O.P.E, INC
(A NON PROFIT ORGANIZATION)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING DECEMBER 31, 2019

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 \$157,129 for the year ended December 31, 2019. Also, the organization received other revenues through membership fees in the amount of \$180 and In-kind gifts of \$43,215.

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, 2019, 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 2019, 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.