

JESUS HOUSE OF HOPE, INC.

Financial Statements
with
Independent Auditors' Report

September 30, 2021
(With Corresponding Totals for September 30, 2020)



Table of Contents

	Page
Independent Auditors' Report	2-3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets.....	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements.....	8-17





INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jesus House of Hope, Inc.
Stuart, Florida

We have audited the accompanying financial statements of the Jesus House of Hope, Inc., which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jesus House of Hope, Inc. as of September 30, 2021, 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.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jesus House of Hope, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Jesus House of Hope, Inc.'s 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 the entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles 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 the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Jesus House of Hope, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated January 26, 2021. In our opinion, the summarized comparative financial information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dean & Kolodziejczak PLLC

Dean & Kolodziejczak, PLLC
Certified Public Accountants
Vero Beach, FL

January 25, 2022



Jesus House of Hope, Inc.
Statement of Financial Position
September 30, 2021
(With Corresponding Totals for September 30, 2020)

	2021	2020
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,071,256	\$ 849,012
Accounts and grants receivable	15,000	-
Investments	299,135	-
Inventory - pantry, clothing, and household goods	673,505	370,837
Prepaid expenses and other assets	16,196	1,167
Total current assets	2,075,092	1,221,016
Other Assets:		
Investments for transportation	111,732	96,014
Investments for quasi-endowment	334,247	289,425
Property and equipment, net	1,284,156	1,142,045
Deposit	20,019	20,019
Total other assets	1,750,154	1,547,503
Total assets	\$ 3,825,246	\$ 2,768,519
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 32,897	\$ 24,729
Accrued compensated absences	50,122	53,145
Deferred revenue	18,503	-
PPP Loan - Forgiven	-	293,125
Total current liabilities	101,522	370,999
Net Assets:		
Without Donor Restrictions	3,433,046	2,199,185
With Donor Restrictions	290,678	198,335
Total net assets	3,723,724	2,397,520
Total liabilities and net assets	\$ 3,825,246	\$ 2,768,519

See accompanying notes to financial statements.



Jesus House of Hope, Inc.
Statement of Activities
For the year ended September 30, 2021
(With corresponding totals for the year ended September 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue				
Contributions and grants	\$ 2,224,331	\$ 220,103	\$ 2,444,434	\$ 2,070,395
PPP Loan forgiveness	293,125	-	293,125	-
Donated food, clothing, and household goods	8,117,871	-	8,117,871	4,897,835
Thrift store sales, net cost of goods sold of \$599,939	278,776	-	278,776	363,704
Special events, net of direct expenses of \$5,849	24,509	-	24,509	88,832
Other income	49,855	15,718	65,573	11,519
Net assets released from restrictions	143,478	(143,478)	-	-
Total revenue	11,131,945	92,343	11,224,288	7,432,285
Expenses				
Program services:				
Basic needs	8,784,199	-	8,784,199	5,943,604
Life skills	522,354	-	522,354	508,702
Total program services	9,306,553	-	9,306,553	6,452,306
Supporting services:				
Management and general	191,058	-	191,058	182,630
Thrift stores	258,310	-	258,310	241,920
Fundraising	142,163	-	142,163	152,875
Total supporting services	591,531	-	591,531	577,425
Total expenses	9,898,084	-	9,898,084	7,029,731
Increase (decrease) in net assets	1,233,861	92,343	1,326,204	402,554
Net assets, beginning of year	2,199,185	198,335	2,397,520	1,994,966
Net assets, end of year	\$ 3,433,046	\$ 290,678	\$ 3,723,724	\$ 2,397,520

See accompanying notes to financial statements.



Jesus House of Hope, Inc.

Statement of Functional Expenses

For the year ended September 30, 2021

(With corresponding totals for the year ended September 30, 2020)

	2021						2020	
	Program Services			Supporting Services			Total	Total
	Basic Needs	Life Skills	Total Programs	Management and General	Thrift Stores	Fundraising		
Rent and financial aid	\$ 65,306	\$ -	\$ 65,306	\$ -	\$ -	\$ -	\$ 65,306	\$ 53,914
Clothing and household	304,547	-	304,547	-	-	-	304,547	269,971
Food	6,907,686	-	6,907,686	-	-	-	6,907,686	4,212,354
Total direct client assistance	7,277,539	-	7,277,539	-	-	-	7,277,539	4,536,239
Salaries	708,690	328,276	1,036,966	129,398	117,262	104,703	1,388,329	1,363,747
Payroll taxes	53,257	24,364	77,621	9,072	9,045	7,419	103,157	102,098
Employee benefits	79,257	27,179	106,436	3,464	9,302	6,575	125,777	122,659
Total payroll and related costs	841,204	379,819	1,221,023	141,934	135,609	118,697	1,617,263	1,588,504
Fees for professional services	1,161	3,933	5,094	21,905	201	4	27,204	29,721
Advertising and promotion	18,364	1,660	20,024	655	702	8,496	29,877	16,036
Office and supplies	83,302	33,701	117,003	2,096	9,593	5,501	134,193	131,287
Occupancy	308,403	72,440	380,843	1,945	99,653	1,900	484,341	454,479
Travel	21,256	473	21,729	35	4,131	81	25,976	21,359
Conferences and meetings	6,253	859	7,112	212	136	424	7,884	6,573
Recognition	7,172	627	7,799	4,122	330	201	12,452	4,788
Insurance	39,839	6,567	46,406	5,680	1,925	1,283	55,294	51,865
Information technology	40,000	12,596	52,596	3,578	1,407	1,005	58,586	40,462
Depreciation and amortization	139,706	9,679	149,385	8,896	4,623	4,571	167,475	148,418
Total expenses	\$ 8,784,199	\$ 522,354	\$ 9,306,553	\$ 191,058	\$ 258,310	\$ 142,163	\$ 9,898,084	\$ 7,029,731

See accompanying notes to financial statements.



Jesus House of Hope, Inc.
Statement of Cash Flows
For the year ended September 30, 2021
(With corresponding totals for the year ended September 30, 2020)

	2021	2020
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,326,204	\$ 402,554
Adjustments to reconcile change in net assets to net cash flows provided by (used for) operating activities:		
Depreciation	167,475	148,418
Donated food, clothing and household items	(8,117,871)	(4,897,835)
Food, clothing, and household items distributed	7,815,203	4,851,893
Forgiveness of PPP Loan	(293,125)	
Contributions restricted for capital purchases	-	-
Net realized and unrealized return on investments	(60,414)	(11,368)
Net gain on sale of property and equipment	(5,000)	-
Change in receivables	(15,000)	-
Change in prepaid expenses and other assets	(15,029)	343
Change in accounts payable and accrued expenses	5,145	22,382
Change in deferred revenue	18,503	(9,601)
Net cash provided by (used for) operating activities	826,091	506,786
Cash flows from investing activities:		
Purchase of investments	(319,771)	(23,462)
Proceeds from investments	20,510	-
Purchase of property and equipment	(309,586)	(48,158)
Proceeds from sale of property and equipment	5,000	-
Net cash used for investing activities	(603,847)	(71,620)
Cash flows from financing activities:		
Proceeds from PPP loan	-	293,125
Net cash provided by financing activities	-	293,125
Net increase (decrease) in cash and cash equivalents	222,244	728,291
Cash and cash equivalents, beginning of year	849,012	120,721
Cash and cash equivalents, end of year	\$ 1,071,256	\$ 849,012

See accompanying notes to financial statements.



Jesus House of Hope, Inc.
Notes to Financial Statements
Year ended September 30, 2021

Note 1 –Organization and Programs

Jesus House of Hope, Inc. (d/b/a House of Hope, Inc.) is a not-for-profit corporation incorporated in the State of Florida in 1984. The House of Hope operates as a community service agency and is Martin County’s largest basic needs provider. The mission of House of Hope is to empower Martin County residents to overcome hunger and hardship. House of Hope provides food, clothing, furniture, financial assistance, information and referral, and life-changing case management services to Martin County residents in need. House of Hope assists low-income homebound seniors, veterans, low-wage workers, the unemployed or disabled, and people experiencing homelessness. House of Hope also assisted 42 food pantries/agencies as a food bank during fiscal 2021. There were continued significant increases in the need for food and financial assistance because of the impact from the COVID-19 pandemic. House of Hope distributed over 716,000 more pounds of fresh nutritious produce, milk, eggs, cheese, and proteins this year. House of Hope also continued to play a vital role as an essential organization helping local government get food to those who were in quarantine. Project HOPE (Helping Other Progress through Empowerment) case management program assisted 361 individuals with financial assistance totaling \$264,266. Of this total, House of Hope directly processed \$55,499 and assisted in processing an additional \$208,770 disbursed by the Agricultural and Labor Program Inc. (LIHEAP – Low Income Home Energy Assistance Program) and United We Care: Martin County’s COVID-19 Relief Fund. This financial assistance helped residents maintain their housing, utilities, and other household essentials.

To uphold its mission, House of Hope provides multiple programs to serve people in need at each of its four service centers in Martin County, Florida – Stuart, Jensen Beach, Indiantown, and Hobe Sound. Each center offers a Client Choice Pantry, clothes closet, and case management services. House of Hope also operates Growing Hope Farm, a fresh produce production farm in Palm City, four Nutrition Gardens, a Nutrition Processing Center, the Golden Gate Center for Enrichment, and three thrift stores.

Basic Needs – Basic needs assistance includes food, clothing, and financial assistance to keep people in their home. In 2021, 6,718 Martin County residents received services. In 2021, 1,091,924 pounds of food was received from United We Care: Martin County’s COVID-19 CARES Food Relief Fund. This contributed to House of Hope’s distribution of 2,141,162 pounds of food to low income families through our Client Choice Pantries and food pantries/agencies, the equivalent of 1,784,302 meals. Approximately 143,000 items of clothing, furniture, appliances, and small housewares were made available to people in need. These items are located within House of Hope’s thrift stores, and they are provided at no cost. House of Hope also offers financial assistance for rent, mortgage, utilities, critical medical expenses, and prescriptions. During 2021, House of Hope was one of two local agencies that assisted in the distribution of CARES funding which helped people maintain their housing and living expenses due to the impact that the COVID-19 pandemic had on the local economy.

Life Skills – Life skills training is provided by House of Hope’s case workers and program assistants through a variety of methods which include: assisting clients with creating a plan to establish greater stability in their lives, identifying strategies to access trade-related training and scholastic opportunities, referrals to other support services in the community, and educating clients in areas such as household and personal budgeting. A multitude of health related and other educational opportunities are also available through two enrichment centers, the Golden Gate Center for Enrichment and the Jensen Beach service center. Throughout House of Hope, clients are encouraged and empowered to advance towards self-sufficiency and breaking the cycle of poverty.

Funding for House of Hope’s programs and services is derived from donations of cash, property, food, and services by individuals and businesses. House of Hope also receives funding from United Way of Martin County, Children’s Services Council of Martin County, as well as various other organizations and private foundations. Significant support is also derived from thrift store sales of donated items. House of Hope has received eight consecutive 4-star ratings from Charity Navigator.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

ASC topic 820, “Fair Value Measurements and Disclosures”, defines fair value, establishes guidelines for measuring fair value, and expands disclosure regarding fair value measurements. ASC Topic 820 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. ASC Topic 820 establishes and prioritizes three levels of inputs that may be used to measure fair value.

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 – Inputs that are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability.

House of Hope’s significant financial instruments are cash and investments. House of Hope reports its cash and investments at fair value on a recurring basis using level 1 measurements.

Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand, and deposits in money market funds and other deposit instruments with original maturities of less than three months.

Investments

Investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets as investment income. Investment income is reported as increases in net assets without donor restrictions unless the use of the income is limited by donor-imposed restriction or by law.

Inventory

Inventory includes products held in grocery and thrift locations. For grocery locations, contributed food items are valued by weight using an estimated average meal cost in Martin County, Florida based on published rates from the Map the Meal Gap study.

Thrift store inventory is wholly received from donors. Donated thrift items in inventory at fiscal yearend are valued at 50% of their estimated resale selling price as an estimate of wholesale cost.

Property and Equipment

House of Hope follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$2,500. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided using the straight-line method over the estimated useful life of the asset, which ranges from 3-40 years.

Accrued Compensated Absences

House of Hope accrues accumulated unpaid annual leave when earned by the employee. Although House of Hope encourages the use of leave in the year earned, up to 80 hours may be carried forward per year. Eligible employees who terminate their employment with House of Hope are reimbursed for accumulated leave up to 75 hours.

Donated Services

House of Hope receives a significant amount of donated services from unpaid volunteers who assist in fundraising, administration, and program services. Volunteers drive the House of Hope with 746 people contributing 34,304 hours of service during fiscal year 2021, which is equivalent to 15.5 full time staff. These donated services, however, have not been recognized

in the accompanying financial statements because they do not meet the criteria for financial statement recognition under FASB ASC 958.

Contributions

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 restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Other expenses that are common to multiple functions are allocated based on an analysis of personnel time utilized for the related activities.

Income Taxes

Jesus House of Hope, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. In addition, Jesus House of Hope, Inc. has been determined not to be a private foundation under Section 509(a)(2) of the Internal Revenue Code.

Prior Period Information

The financial statements include certain prior year corresponding totals intended to be read only in relation to the current period figures. The corresponding information was derived from Jesus House of Hope's financial statements for the year ended September 30, 2020 and does not herein include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Additionally, the prior year corresponding figures reflect certain reclassifications of amounts to conform to current year presentations.

Note 3 - Concentrations of Credit Risk

House of Hope maintains cash and cash equivalents in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC deposit insurance limit is \$250,000 per depositor, per insured bank. At September 30, 2021, House of Hope held deposits at one financial institution at \$740,533 in excess of federally insured limits. Management has not previously experienced any losses in such accounts and believes the organization is not exposed to any significant credit risk related to its cash balances.

House of Hope maintains investments in securities at a brokerage institution secured by the Securities Investor Protection Corporation up to \$500,000, including a maximum of \$250,000 for cash claims. This SIPC protection would be triggered only in the event of the financial failure and liquidation of a participating securities affiliate and if House of Hope’s securities were not returned. This protection does not cover investment losses in customer accounts due to market fluctuation or other claims for losses incurred. House of Hope held an uninsured investment balance of \$245,114 at September 30, 2021.

Note 4 – Investments

Current and long-term investments are held in brokerage accounts and carried at fair value based on quoted prices in active markets (all Level 1 Measurements). Such investments consist of the following at September 30, 2021:

	Cost	Fair Market Value	Net Unrealized Gains (Losses)
Cash and Deposit Accounts	\$ 20,388	\$ 20,388	\$ -
Bond Funds	281,472	282,569	1,578
Equity Funds	213,038	236,255	24,531
Exchange Traded Funds	169,998	205,902	36,282
	\$684,896	\$ 745,114	\$ 62,391

Net investment return for the fiscal year ended September 30, 2021 is as follows:

Interest and dividend earnings	\$ 9,771
Net realized gain on investments	55,611
Net unrealized loss on investments	(4,809)
	\$ 60,573

Note 5 – Quasi-Endowment

House of Hope has classified a substantial portion of its financial resources as endowment, which is invested to generate income to be used to support operating and strategic initiatives. These assets, at present, include quasi-endowment funds or funds functioning as endowment. Funds functioning as endowment are organization resources designated by the board as endowment and are invested for long-term appreciation and current income. These assets, however, remain available and may be spent at the board’s discretion. Funds functioning as endowments are recorded as unrestricted net assets (net assets without donor restrictions).



Interpretation of Relevant Law

The State of Florida enacted the Uniform Prudent Management of Institutional Funds Act's (UPMIFA) enhanced disclosures required by Accounting Standards Codification Endowments of Not-for-Profit Organizations, Net Assets Classification of Funds Subject to an Enacted Version of the UPMIFA, and Enhanced Disclosure for All Endowment Funds, which became effective July 1, 2012. The board of directors of the organization is requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary, which is a valid interpretation of UPMIFA.

As a result of this interpretation, the organization will classify as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable. The remaining portion of any donor-restricted endowment fund that is not classified as permanently restricted is classified as temporarily restricted until those amounts are appropriated for expenditure by the Board of Directors.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or House of Hope's policies require to retain as a fund of perpetual duration. If this were to occur, House of Hope would not expend any monies from the fund until the fair market value of the fund returns to a level above the principal. House of Hope does not have any deficiencies as of September 30, 2021.

Return Objectives and Risk Parameters

House of Hope has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for operations supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by House of Hope, the endowment assets are invested in a manner that is intended to produce results that meet or exceed certain relevant market benchmark indexes while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

House of Hope relies on a total return strategy in which returns are achieved through capital appreciation and current yield (interest and dividends). House of Hope targets a diversified asset allocation that emphasizes a balance between equities and fixed income securities to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

House of Hope's spending policy establishes prudent objectives for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment. Transfers to operating accounts from the endowment funds earnings require appropriation by the Board or Executive Committee. House of Hope will consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Jesus House of Hope, Inc.
Notes to Financial Statements (continued)

- The duration and preservation of the fund
- The purpose of House of Hope and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of House of Hope
- The investment policies of House of Hope

The permanent restrictions on net assets would consist of contributed assets restricted by the donors as endowment to provide an ongoing source of revenue for House of Hope. House of Hope has no permanently restricted net assets at September 30, 2021.

Quasi-Endowment funds by net asset classification as of September 30, 2021 and changes in the quasi-endowment fund during the year ended September 30, 2021 are as follows:

	Without Donor Restrictions Board Designated	With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Endowment Fund Net Assets				
at September 30, 2020	\$ 289,425	\$ -	\$ -	\$ 289,425
Contributions	1,000	-	-	1,000
Net investment activity	45,567	-	-	45,567
Appropriated for expenditure	(1,745)	-	-	(1,745)
Endowment Fund Net Assets				
at September 30, 2021	\$ 334,247	\$ -	\$ -	\$ 334,247

Note 6 – Property and Equipment, net

The following is a summary of property and equipment at September 30, 2021:

Land	\$ 191,303
Buildings	1,148,722
Furniture and equipment	593,402
Vehicles	198,774
Leasehold improvements	440,554
Construction in Progress	102,065
Accumulated depreciation	(1,390,664)
Total property and equipment	\$ 1,284,156



Note 7 – PPP Loan – Forgiven

On April 28, 2020, House of Hope received a loan in the amount of \$293,125 from CenterState Bank under the Paycheck Protection Program of the Small Business Administration. House of Hope received forgiveness and notification of balance paid in full for final PPP loan termination on December 2, 2020.

Note 8 – Line of Credit

House of Hope maintains a revolving line of credit with a local financial institution with an available principle amount of \$150,000. Interest is paid monthly as accrued on the outstanding principal at Wall Street Journal Prime plus 1%. All accrued interest and outstanding balances are payable at maturity on August 16, 2022. The credit is secured by mortgage on the real property located at 2484 SE Bonita Street. As of September 30, 2021, House of Hope had no outstanding balance under the line.

Note 9 – Keyman Life Insurance

House of Hope maintains a keyman term life insurance policy on its chief executive officer. The annual premium of \$479 was prepaid in full for coverage through September 2022. The policy, as term coverage, has no cash surrender value. The policy has a level death benefit of \$250,000.

Note 10 – Lease Commitments

House of Hope leases space for thrift and service centers located in Stuart, Palm City, Indiantown, Jensen Beach, and Hobe Sound under various operating leases. Lease expense, which is included in occupancy expenses, for the year ended September 30, 2021 was \$350,503.

Committed future annual operating lease payments due under these leases are as follows:

September 30, 2022	\$ 365,479
September 30, 2023	135,769
September 30, 2024	61,724
September 30, 2025	11,465
Thereafter	15,002
	<hr/>
	\$ 589,439

Note 11 – Annuity Obligation

House of Hope entered into a gift annuity agreement (split-interest agreement) with a donor in September 2001. Under the agreement, the donor transferred to House of Hope the ownership of two whole life insurance contracts and in return House of Hope agreed to pay the donor (annuitant) or his wife (joint annuitant) a single annual payment of \$25,782 each year during their joint lifetime beginning in November 2001. The contracts were converted into cash by House of Hope and a portion of the proceeds were used to purchase a single premium deferred

annuity contract with an insurance company. At that time, a beneficial interest asset and annuity obligation were recorded representing the required annual annuity payments over the estimated lifetime of the annuitants. The asset and corresponding liability were full amortized as of September 30, 2018, however, the asset and the obligation continue until the remaining annuitant has departed. As of the passing of the remaining annuitant, no further annual annuity payments will be made and House of Hope will not receive any additional benefits. House of Hope made arrangements such that the insurance company deposits the annual payment due directly to the annuitant. No surrender or change can be made to any aspect of the plan.

Note 12 – Defined Contribution Retirement Plan

House of Hope maintains a simple IRA retirement plan. The plan allows all eligible employees to contribute to retirement savings and requires House of Hope to match dollar-for-dollar up to 3% of an employee’s annual salary. For the year ended September 30, 2021, House of Hope contributed \$13,301 to the plan.

Note 13 – Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2021 relate to contributed assets and related earnings, as applicable, which are temporarily restricted by the respective donors for a specified program or purpose or passage of time.

House of Hope holds an investment fund for purchase and maintenance of transportation equipment. The Transportation Equipment Fund consists of donor restricted contributions and earnings on those contributions. The use and investment of the fund is directed by the Board of Directors.

Net assets with donor restrictions as of September 30, 2021 consist of the following:

Transportation equipment fund	\$ 111,732
Production Farm - Packinghouse	95,969
Production Farm	23,920
Impact 100 - Feeding Families for Success	29,658
Direct aid to families - LEAP	10,000
Other programs	19,399
	\$ 290,678

During the fiscal year 2021, net assets were released from donor restrictions by incurring expenses satisfying restricted purposes for House of Hope operations, or due to passage of time as follows:

Production Farm - Packinghouse	\$ 52,432
Impact 100 - Feeding Families for Success	70,342
Other programs	20,704
	\$ 143,478



Note 14 – Liquidity and Availability of Financial Assets

House of Hope has \$1,385,391 of financial assets available within one year of the statement of financial position date to meet the cash needs for general operating expenditures and programs. Available current assets consist of \$1,071,256 operating cash, \$299,135 in investments, and \$15,000 current receivable. House of Hope will continue to fund operating needs through contributions and grants, thrift store sales, and special events. Additionally, the transportation equipment fund is available for vehicle purchase and maintenance should the need arise. House of Hope's quasi-endowment is available pursuant to note 5. House of Hope also maintains a line of credit to manage any unanticipated liquidity needs. No appropriations from the endowment and no draws on the line have been necessary through the audit report date.

Note 15 - Subsequent Events

Beginning in March 2020, a pandemic of coronavirus affected communities around the world, shutting down business and affecting markets globally. House of Hope has been required at times to close its thrift stores, cancel fundraising events, and modify its basic needs and life skills programming. In addition, as discussed in Note 1, food banking services have been expanded during this time. As the pandemic continues to affect the community continuing into 2022, House of Hope will continue to monitor and comply with state and local regulatory requirements and will adjust operations to meet community needs. It is unknown the period of time for which operations will be altered.

Management has evaluated subsequent events through January 25, 2022, the date the financial statements were available to be issued. Management is not aware of any other events subsequent to the statement of financial position date which would require additional adjustments to, or disclosure in, the accompanying financial statements.

