

JESUS HOUSE OF HOPE, INC.

Financial Statements
with
Independent Auditors' Report

September 30, 2019
(With Corresponding Totals for September 30, 2018)



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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, 2019, 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.

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.

Auditors' 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 auditors' 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 Jesus House of Hope, Inc. as of September 30, 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.

Report on Summarized Comparative Information

The Jesus House of Hope, Inc.'s 2018 financial statements were audited by other auditors who expressed an unmodified audit opinion on those audited financial statements in their report dated January 22, 2019. In our opinion, the summarized comparative financial information presented herein as of and for the year ended September 30, 2018, 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 22, 2020



Jesus House of Hope, Inc.
Statement of Financial Position
September 30, 2019
(With Corresponding Totals for September 30, 2018)

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 120,721 | \$ 337,236 |
| Accounts and grants receivable | - | 11,481 |
| Inventory - pantry, clothing, and household goods | 324,895 | 251,820 |
| Prepaid expenses and other assets | 1,795 | 1,852 |
| Total current assets | 447,411 | 602,389 |
| Other Assets: | | |
| Investments for transportation | 71,614 | 58,380 |
| Investments for endowment | 278,996 | 262,328 |
| Property and equipment, net | 1,242,304 | 1,216,816 |
| Deposit | 19,734 | 25,495 |
| Total other assets | 1,612,648 | 1,563,019 |
| Total assets | \$ 2,060,059 | \$ 2,165,408 |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 15,516 | \$ 20,792 |
| Accrued compensated absences | 39,976 | 37,879 |
| Deferred revenue | 9,601 | 8,550 |
| Total current liabilities | 65,093 | 67,221 |
| Net Assets: | | |
| Without Donor Restrictions | 1,867,556 | 1,890,042 |
| With Donor Restrictions | 127,410 | 208,145 |
| Total net assets | 1,994,966 | 2,098,187 |
| Total liabilities and net assets | \$ 2,060,059 | \$ 2,165,408 |

See accompanying notes to financial statements.



Jesus House of Hope, Inc.
Statement of Activities
For the year ended September 30, 2019
(With corresponding totals for the year ended September 30, 2018)

| | 2019 | | | 2018 |
|--|-------------------------------|----------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Revenue | | | | |
| Contributions and grants | \$ 948,510 | \$ 82,000 | \$ 1,030,510 | \$ 1,485,546 |
| Donated food, clothing, and household goods | 3,825,490 | - | 3,825,490 | 3,009,316 |
| Thrift store sales, net cost of goods sold of \$524,886 | 503,937 | - | 503,937 | 348,418 |
| Special events, net of direct expenses of \$82,083 | 188,357 | - | 188,357 | 134,027 |
| Other income | 8,386 | 1,234 | 9,620 | 12,768 |
| Net assets released from restrictions | 163,969 | (163,969) | - | - |
| Total revenue | 5,638,649 | (80,735) | 5,557,914 | 4,990,075 |
| Expenses | | | | |
| Program services: | | | | |
| Basic needs | 4,627,020 | - | 4,627,020 | 4,058,207 |
| Life skills | 469,688 | - | 469,688 | 404,751 |
| Total program services | 5,096,708 | - | 5,096,708 | 4,462,958 |
| Supporting services: | | | | |
| Management and general | 116,198 | - | 116,198 | 111,257 |
| Thrift stores | 276,596 | - | 276,596 | 255,177 |
| Fundraising | 171,633 | - | 171,633 | 100,699 |
| Total supporting services | 564,427 | - | 564,427 | 467,133 |
| Total expenses | 5,661,135 | - | 5,661,135 | 4,930,091 |
| Increase (decrease) in net assets | (22,486) | (80,735) | (103,221) | 59,984 |
| Net assets, beginning of year | 1,890,042 | 208,145 | 2,098,187 | 2,038,203 |
| Net assets, end of year | \$ 1,867,556 | \$ 127,410 | \$ 1,994,966 | \$ 2,098,187 |

See accompanying notes to financial statements.

Jesus House of Hope, Inc.

Statement of Functional Expenses

For the year ended September 30, 2019

(With corresponding totals for the year ended September 30, 2018)

| | 2019 | | | 2018 | | | | |
|--|---------------------|-------------------|---------------------|------------------------|-------------------|-------------------|---------------------|---------------------|
| | Program Services | | | Supporting Services | | | Total | |
| | Basic Needs | Life Skills | Total Programs | Management and General | Thrift Stores | Fundraising | Total | |
| Rent and financial aid | \$ 17,868 | \$ 2,828 | \$ 20,696 | \$ - | \$ - | \$ - | \$ 20,696 | \$ 17,954 |
| Clothing and household | 293,467 | 150 | 293,617 | - | - | - | 293,617 | 159,811 |
| Food | 2,971,957 | 54 | 2,972,011 | - | 11 | - | 2,972,022 | 2,575,959 |
| Total direct client assistance | 3,283,292 | 3,032 | 3,286,324 | - | 11 | - | 3,286,335 | 2,753,724 |
| Salaries | 647,940 | 288,145 | 936,085 | 96,959 | 126,910 | 127,827 | 1,287,781 | 1,133,828 |
| Payroll taxes | 52,518 | 18,814 | 71,332 | 5,361 | 12,444 | 15,924 | 105,061 | 86,384 |
| Employee benefits | 31,035 | 18,956 | 49,991 | 3,442 | 5,111 | 7,981 | 66,525 | 52,401 |
| Total payroll and related costs | 731,493 | 325,915 | 1,057,408 | 105,762 | 144,465 | 151,732 | 1,459,367 | 1,272,613 |
| Fees for services | 27,857 | 6,298 | 34,155 | 642 | 1,683 | 963 | 37,443 | 57,733 |
| Advertising and promotion | 15,784 | 1,404 | 17,188 | 349 | 1,507 | 811 | 19,855 | 5,170 |
| Office and supplies | 72,903 | 34,358 | 107,261 | 2,952 | 23,169 | 6,155 | 139,537 | 139,045 |
| Occupancy | 252,171 | 70,298 | 322,469 | 955 | 86,250 | 1,478 | 411,152 | 399,670 |
| Travel | 17,773 | 1,354 | 19,127 | 45 | 4,160 | 113 | 23,445 | 22,772 |
| Conferences and meetings | 5,001 | 1,047 | 6,048 | 410 | 310 | 173 | 6,941 | 5,443 |
| Recognition | 9,982 | 467 | 10,449 | 140 | 284 | 955 | 11,828 | 9,880 |
| Insurance | 47,788 | 7,622 | 55,410 | 1,067 | 3,665 | 1,724 | 61,866 | 67,934 |
| Information technology | 26,153 | 5,173 | 31,326 | 696 | 2,869 | 2,759 | 37,650 | 30,302 |
| Depreciation and amortization | 136,823 | 12,720 | 149,543 | 3,180 | 8,223 | 4,770 | 165,716 | 165,805 |
| Total expenses | \$ 4,627,020 | \$ 469,688 | \$ 5,096,708 | \$ 116,198 | \$ 276,596 | \$ 171,633 | \$ 5,661,135 | \$ 4,930,091 |

See accompanying notes to financial statements.



Jesus House of Hope, Inc.
Statement of Cash Flows
For the year ended September 30, 2019
(With corresponding totals for the year ended September 30, 2018)

| | 2019 | 2018 |
|---|--------------|-------------|
| Cash flows from operating activities: | | |
| Increase (decrease) in net assets | \$ (103,221) | \$ 59,984 |
| Adjustments to reconcile change in net assets to net cash flows provided by (used for) operating activities: | | |
| Depreciation | 165,716 | 165,805 |
| Donated food, clothing and household items | (3,825,490) | (3,009,316) |
| Food, clothing, and household items distributed | 3,752,415 | 3,249,955 |
| Net realized and unrealized return on investments | (9,621) | (10,024) |
| Change in receivables | 11,481 | 20,435 |
| Change in prepaid expenses and other assets | 5,818 | (783) |
| Change in accounts payable and accrued expenses | (3,179) | 28,764 |
| Change in deferred revenue | 1,051 | (12,456) |
| Net cash provided by (used for) operating activities | (5,030) | 492,364 |
| Cash flows from investing activities: | | |
| Purchase of investments | (20,281) | (275,742) |
| Proceeds from investments | - | 120,772 |
| Purchase of property and equipment | (191,204) | (52,722) |
| Net cash used for investing activities | (211,485) | (207,692) |
| Net increase (decrease) in cash and cash equivalents | (216,515) | 284,672 |
| Cash and cash equivalents, beginning of year | 337,236 | 52,564 |
| Cash and cash equivalents, end of year | \$ 120,721 | \$ 337,236 |

See accompanying notes to financial statements.



Jesus House of Hope, Inc.
Notes to Financial Statements
Year ended September 30, 2019

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 the homeless population. There is no cost to residents seeking assistance.

To uphold its mission, House of Hope provides multiple programs to serve people in need at each of its four full service centers in Martin County, Florida – Stuart, Jensen Beach, Indiantown, and Hobe Sound. Each center offers a Client Choice Pantry, thrift store, and case management services. House of Hope also operates an Agriculture and Vocational Production Farm in Palm City, FL, three Nutrition Gardens, a Nutrition Processing Center, the Golden Gate Center for Enrichment, and a stand-alone thrift store in Stuart, FL.

Basic Needs – Basic needs assistance includes food, clothing, and shelter. Approximately 5,500 Martin County residents receive services monthly, of which one third are children. In 2019, House of Hope distributed 900,000 pounds of nutritious food to hungry people, the equivalent of 750,000 meals. Approximately 19,230 items of clothing, furniture, appliances, and small housewares were made available to people in need. These items are located within House of Hope’s four 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.

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 the Golden Gate Center for Enrichment. 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 six 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.

New Accounting Pronouncement

On August 18, 2016, the FASB issues ASU 2016-14, Not-for-Profit Entities (topic 958) Presentation of Financial Statements of Not-for-Profit Entities. House of Hope has adjusted the presentation of its financial statements accordingly, and applied the changes retrospectively to the summarized comparative period presented. The new standards change the following aspects of House of Hope's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed to net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources.

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. Purchased food items are stated at lower or cost of market on the first-in, first-out method.

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 1,127 people contributing 46,039 hours of service during fiscal year 2019, which is equivalent to 22 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.

Disclosure of Subsequent Events

Management has evaluated subsequent events through January 22, 2020, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustments to, or disclosure in, the accompanying financial statements.

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, 2018 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 – Investments

Long-term investments are carried at fair value based on quoted prices in active markets (all Level 1 Measurements), consist of the following at September 30, 2019:

| | Cost | Fair Market Value | Net Unrealized Gains (Losses) |
|---------------------------|-----------|-------------------|-------------------------------|
| Cash and Deposit Accounts | \$ 34,190 | \$ 34,190 | \$ - |
| Bond Funds | 132,982 | 134,831 | 1,849 |
| Equity Funds | 118,252 | 125,199 | 6,947 |
| Exchange Traded Funds | 50,311 | 56,390 | 6,079 |
| | \$335,735 | \$ 350,610 | \$ 14,875 |

Note 4 – Endowments

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, 2019.

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:

- 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, 2019.

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

Endowment funds by net asset classification as of September 30, 2019 and changes in the endowment fund during the year ended September 30, 2019 are as follows:

| | Without Donor | With Donor Restrictions | | Total |
|------------------------------|----------------------------------|---------------------------|---------------------------|------------|
| | Restrictions Board Designated | Temporarily Restricted | Permanently Restricted | |
| Endowment Fund Net Assets | | | | |
| at September 30, 2018 | \$ 262,328 | \$ - | \$ - | \$ 262,328 |
| Contributions | 8,281 | - | - | 8,281 |
| Net investment activity | 8,387 | - | - | 8,387 |
| Appropriated for expenditure | - | - | - | - |
| Endowment Fund Net Assets | | | | |
| at September 30, 2019 | \$ 278,996 | \$ - | \$ - | \$ 278,996 |

Note 5 – Property and Equipment, net

The following is a summary of property and equipment at September 30, 2019:

| | |
|------------------------------|--------------|
| Land | \$ 191,303 |
| Buildings | 1,096,093 |
| Furniture and equipment | 467,019 |
| Vehicles | 184,079 |
| Leasehold improvements | 414,206 |
| Accumulated depreciation | (1,110,396) |
| Total property and equipment | \$ 1,242,304 |

Note 6 – 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, 2019 was \$296,259.

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

| | |
|--------------------|------------|
| September 30, 2020 | \$ 118,861 |
| September 30, 2021 | 34,001 |
| September 30, 2022 | 8,001 |
| September 30, 2023 | 8,001 |
| Thereafter | 64,004 |
| | \$ 232,868 |



Note 7 – 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, 2019, House of Hope had no outstanding balance under the line.

Note 8 – 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 9 – 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, 2019, House of Hope contributed \$9,713 to the plan.

Note 10 – Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2019 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.

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

Net assets with donor restrictions as of September 30, 2019 consist of the following:

| | | |
|--------------------------------|----|---------|
| Transportation equipment fund | \$ | 71,614 |
| Production Farm - Packinghouse | | 42,796 |
| Production Farm | | 13,000 |
| | \$ | 127,410 |

Note 11 – Net Assets Released From Donor Restrictions

During the year, 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:

| | | |
|--------------------------------|----|---------|
| Golden Gate Enrichment Center | \$ | 53,756 |
| Production Farm | | 71,371 |
| Production Farm - Packinghouse | | 7,204 |
| Vocational Training Program | | 8,834 |
| Bridges Out of Poverty | | 13,583 |
| Technology and other programs | | 9,221 |
| | \$ | 163,969 |

Note 12 – Liquidity and Availability of Financial Assets

House of Hope has \$120,721 of financial assets available within one year of the statement of financial position date to meet the cash needs for general operating expenditures. Available current assets consist of operating cash. The House of Hope will fund operating needs through contributions and grants, thrift store sales, and special events. Revenues received in the first quarter of fiscal year end 2020 total over \$500,000. 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 4. 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.

