

**GIVING HOPE, INC. AND SUBSIDIARY**

Consolidated Financial Statements  
and Supplementary Information  
With Independent Auditors' Report  
Years Ended December 31, 2022 and 2021

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# DYESS & ASSOCIATES

A Corporation of Certified Public Accountants

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851 Park Avenue  
Mandeville, Louisiana 70448

Members American Institute  
of Certified Public Accountants

(985) 624-5544  
FAX (985) 624-5533

## Independent Auditors' Report

To the Board of Directors  
Giving Hope, Inc.  
New Orleans, Louisiana

### Opinion

We have audited the accompanying consolidated financial statements of Giving Hope, Inc. (a Louisiana not-for-profit corporation) and subsidiary, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Giving Hope, Inc. and subsidiary as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Giving Hope, Inc and subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to the 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 the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Giving Hope Inc and subsidiary'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 auditor's 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.

## Independent Auditors' Report (continued)

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 Giving Hope, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raises substantial doubt about Giving Hope, Inc'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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Financial Position - Consolidating, the Schedule of Activities - Consolidating, and the Schedule of Functional Expenses - Consolidating is presented for additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Dyess and Associates*

Mandeville, LA

October 5, 2023

**Giving Hope, Inc. and Subsidiary**  
Consolidated Statements of Financial Position

Assets

	December 31	
	2022	2021
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 2,538,188	\$ 1,073,164
Accounts receivable	13,020	17,190
Donated inventory	77,400	89,795
Prepaid expenses	210,216	19,250
Total current assets	2,838,824	1,199,399
Property, buildings and equipment, net	3,815,061	3,920,088
Other assets:		
Deposits	1,723	1,723
Total assets	\$ 6,655,608	\$ 5,121,210
 <b>Liabilities and net assets:</b>		
Current liabilities:		
Accounts payable	\$ 22,027	\$ 86,794
Accrued liabilities	17,389	6,009
Current portion of long term debt	-	80,515
Deferred revenue	10,417	-
Total liabilities	49,833	173,318
Net assets:		
Without donor restrictions	446,566	290,618
With donor restrictions	6,159,209	4,657,274
Total net assets	6,605,775	4,947,892
Total liabilities and net assets	\$ 6,655,608	\$ 5,121,210

The accompanying notes are an integral part of these financial statements

**Giving Hope, Inc. and Subsidiary**  
Consolidated Statements of Activities and Changes in Net Assets

	Years Ended December 31,	
	<u>2022</u>	<u>2021</u>
<b>Changes in Net Assets Without Donor Restrictions:</b>		
Revenues and gains		
Contributions of food, grocery and other products	\$ 13,128,860	\$ 10,601,318
Corporate contributions	344,300	243,110
Event revenue	751,475	543,033
Individual donations	294,515	178,742
Contributed goods and services	959,287	600,975
Grants	7,000	-
Program revenue	<u>151,159</u>	<u>148,916</u>
<b>Total Revenues and Gains Without Donor Restrictions</b>	<u>15,636,596</u>	<u>12,316,094</u>
<b>Net Assets Released from Restrictions:</b>		
Expiration of time restrictions	<u>155,948</u>	<u>108,376</u>
<b>Total Net Assets Released from Restrictions</b>	<u>155,948</u>	<u>108,376</u>
<b>Total Revenues, Gains, and Other Support Without Donor Restrictions</b>	15,792,544	12,424,470
<b>Expenses and Losses</b>		
Food pantry	13,972,813	11,210,037
Missions and outreach	2,059,317	1,522,561
Fundraising	557,659	179,764
General and administrative	<u>229,584</u>	<u>371,379</u>
<b>Total Expenses</b>	<u>16,819,373</u>	<u>13,283,741</u>
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	(1,026,829)	(859,271)
<b>Changes in Net Assets With Donor Restrictions</b>		
Corporate contributions	1,539,780	411,854
Profit for a purpose donations	186,956	261,540
Event revenue	-	144,150
Individual donations	697,305	213,401
Grants	416,618	243,136
Net assets released from restrictions	<u>(155,948)</u>	<u>(108,376)</u>
<b>Net Increase (Decrease) in Net Assets With Donor Restrictions</b>	<u>2,684,711</u>	<u>1,165,705</u>
<b>Increase (Decrease) in Total Net Assets</b>	1,657,882	306,434
<b>Net Assets, Beginning of Year</b>	<u>4,947,892</u>	<u>4,641,458</u>
<b>Net Assets, End of Year</b>	<u>\$ 6,605,774</u>	<u>\$ 4,947,892</u>

The accompanying notes are an integral part of these financial statements

**Giving Hope, Inc. and Subsidiary**  
Consolidated Statement of Functional Expenses  
Years ended December 31, 2022 and 2021

	<b>2022</b>				
	Program Services		Supporting Services		Total
	Food Pantry	Other Outreach	Fundraising Expenses	General Expenses	
Advertising	\$ -	\$ -	\$ 23,094	\$ 43,632	\$ 66,726
Bad debts	-	-	-	-	-
Bank charges	-	-	11,379	13,235	24,614
Banquet expenses	-	-	190,599	-	190,599
Cell phone	-	-	-	865	865
Charitable contribution pledged	-	400,072	-	-	400,072
Charitable contribution PFP grants	13,000	-	-	-	13,000
Contract labor	-	179,167	-	-	179,167
Depreciation	-	111,902	-	27,228	139,130
Dues and subscriptions	19,908	-	-	-	19,908
Freight and delivery	870	-	-	-	870
Gas	-	33,637	-	-	33,637
Hot meals	-	133,153	-	-	133,153
In-kind food	13,141,255	-	-	-	13,141,255
In-kind gala items	-	-	88,296	-	88,296
In-kind volunteer labor	684,180	-	-	-	684,180
In-kind rental space	-	-	-	-	-
Insurance	-	43,436	-	62,591	106,027
Interest	-	-	-	-	-
Meals and entertainment	4,076	865	-	-	4,941
Miscellaneous	143	-	-	(84,928)	(84,785)
Office expense	(621)	-	-	6,079	5,458
Other fundraising expense	-	-	225,893	-	225,893
Outside services/contract labor	-	516	-	115,363	115,879
Payroll expense: wages	-	830,302	-	-	830,302
Payroll expense: taxes	-	76,364	-	-	76,364
Payroll expense: other	10,828	13,195	-	-	24,023
Professional development	-	-	-	-	-
Professional fees	-	-	-	40,484	40,484
Program supplies	-	124,373	18,398	-	142,771
Rent	44,221	-	-	-	44,221
Repairs and maintenance	54,953	7,979	-	5,012	67,944
Taxes	-	-	-	23	23
Travel	-	48,611	-	-	48,611
Utilities	-	55,745	-	-	55,745
<b>Total functional expenses</b>	<b>\$ 13,972,813</b>	<b>\$ 2,059,317</b>	<b>\$ 557,659</b>	<b>\$ 229,584</b>	<b>\$ 16,819,373</b>

The accompanying notes are an integral part of these financial statements

**Giving Hope, Inc. and Subsidiary**  
Consolidated Statement of Functional Expenses  
Years ended December 31, 2022 and 2021

	<b>2021</b>				
	Program Services		Supporting Services		Total
	Food Pantry	Other Outreach	Fundraising Expenses	General Expenses	
Advertising	\$ -	\$ -	\$ 25,495	\$ 52,139	\$ 77,634
Bad debts	-	-	-	51,662	51,662
Bank charges	-	-	968	16,984	17,952
Banquet expenses	-	-	102,695	-	102,695
Cell phone	-	-	-	1,259	1,259
Charitable contribution pledged	-	280,053	-	-	280,053
Charitable contribution PFP grants	4,700	-	-	-	4,700
Contract labor	-	184,167	-	-	184,167
Depreciation	-	117,451	-	20,503	137,954
Dues and subscriptions	12,012	-	-	-	12,012
Freight and delivery	2,559	-	-	-	2,559
Gas	-	17,889	-	-	17,889
Hot meals	-	39,666	-	-	39,666
In-kind food	10,593,420	-	-	-	10,593,420
In-kind volunteer labor	535,656	-	-	-	535,656
In-kind rental space	-	-	-	-	-
Insurance	-	837	-	86,407	87,244
Interest	-	-	-	1,680	1,680
Meals and entertainment	16,194	-	-	-	16,194
Miscellaneous	871	-	-	12,204	13,075
Office expense	672	-	-	14,429	15,101
Outside services/contract labor	-	1,493	-	78,384	79,877
Payroll expense: wages	-	568,566	-	-	568,566
Payroll expense: taxes	-	45,707	-	-	45,707
Payroll expense: other	14,803	30,329	-	-	45,132
Professional development	-	-	-	5,000	5,000
Professional fees	-	-	-	38,914	38,914
Program supplies	-	148,691	25,605	-	174,296
Repairs and maintenance	29,150	12,598	-	3,173	44,921
Taxes	-	-	-	1,541	1,541
Travel	-	8,267	-	6,160	14,427
Utilities	-	72,789	-	-	72,789
<b>Total functional expenses</b>	<b>\$ 11,210,037</b>	<b>\$ 1,547,561</b>	<b>\$ 129,763</b>	<b>\$ 396,380</b>	<b>\$ 13,283,741</b>

The accompanying notes are an integral part of these financial statements



**Giving Hope, Inc. and Subsidiary**  
Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2022	2021
<b>Change in cash and cash equivalents:</b>		
Cash flows from operating activities:		
Changes in net assets	\$ 1,657,883	\$ 306,434
Adjustments to reconcile changes in net assets to net cash		
Depreciation	139,130	137,954
Provision for uncollectible contributions receivables	51,662	51,662
Restricted contributions and net assets released from restriction	(306,433)	(155,107)
Donated real estate included in contributions	-	(15,685)
(Increase) decrease in operating assets:		
Accounts receivable	(47,493)	3,792
Inventory	12,395	(7,898)
Prepaid expenses	(190,966)	14,352
Increase (decrease) in operating liabilities:		
Accounts payable	(64,768)	1,883
Accrued expenses	11,379	4,709
Contributions restricted for long term purposes:		
Grant revenue	10,417	(24,999)
Net cash (used in) provided by operating activities	1,273,206	317,097
Cash flows from investing activities:		
Proceeds from loan	-	101,737
Loan forgiveness	(104,209)	-
Payments on loan	-	(21,222)
Purchases of property and equipment	(34,104)	(72,800)
Net cash (used in) provided by investing activities	(138,313)	7,715
Cash flows from financing activities:		
Restricted contributions and net assets released from restriction	306,433	155,107
Net cash (used in) provided by financing activities	306,433	155,107
Net (decrease) increase in cash and cash equivalents	1,441,326	479,919
Cash and cash equivalents, beginning of year	1,073,164	593,245
Cash and cash equivalents, end of year	\$ 2,514,490	\$ 1,073,164
Noncash Activity:		
Donated real estate	\$ -	\$ 15,685
Donated stock	-	-
Total Noncash activity	\$ -	\$ 15,685

The accompanying notes are an integral part of these financial statements

**Giving Hope, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements  
December 31, 2022  
(See Independent Auditors' Report)

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The consolidated financial statements include the accounts of Giving Hope, Inc., which is incorporated under the laws of the State of Louisiana as a not-for-profit religious corporation, and Giving Hope Realty, LLC., a wholly owned subsidiary of Giving Hope, Inc. which manages the leases on its real estate. Giving Hope Inc and Giving Hope Realty, LLC are collectively referred to as the "Organization". The primary activities of the Organization include providing food pantries in New Orleans, Gretna and Kansas City, building orphanages in foreign countries and supporting missions and outreach programs in and around New Orleans. The Organization's primary sources of revenue and other support are derived from free-will and in-kind contributions as well as grants. Approximately 45% and 65% of total food contributions came from Second Harvesters' Food Bank in 2022 and 2021, respectively.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contribution is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Major Suppliers and Contributors**

The Organization purchases all of its non-donated food for distribution and a large portion of the food used in the hot meals from a local supplier at the same rate as Feeding America and Second Harvesters Food Bank. The Organization's daily operations of serving hot meals and providing food could be impacted by the supplier's inability or unwillingness to supply Giving Hope's orders at the same rate as Feeding America. The Organization is also a recipient of several grants to serve hot meals to senior citizens and the deserving community, to provide more food boxes to a greater number of recipients, and to provide services through a community center. The loss of these grants could greatly impact the Organization's daily operations.

**Property and Depreciation**

Property and equipment is generally stated at cost, if purchased, or fair value, if donated. Depreciation is computed on a straight-line basis over estimated useful lives as follows:

Furniture, fixtures and equipment	5-20 years
Leasehold improvements	10 years
Buildings	40 years

Asset additions over \$2,500 are capitalized, as are betterments and renewals. Maintenance and repairs are charged to operations as incurred. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as donor contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**Giving Hope, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements  
December 31, 2022  
(See Independent Auditors' Report)

**NOTE 1 - SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributed Services**

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization received more than 57,000 volunteer hours in 2022.

**Contributions and Deferred Revenue**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of donated assets. A donor restriction expires when a stipulated time restriction ends or a purpose restriction is accomplished. At that time, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Income is recorded as deferred revenue when received in advance and recognized when earned.

**Income Taxes**

The Organization, a local not-for-profit in New Orleans, Louisiana, is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) as well as state income taxes. Therefore, no provision for income taxes is made. Annually, the Organization is required to file Form 990, Return of Organization Exempt From Income Tax with the Internal Revenue Service (IRS). Based on its review, the Organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements, including any position that would jeopardize the Organization's tax exempt status. Tax returns remain open for examination by the IRS for three years after filing. Tax returns for 2022 and the previous three years remain open for examination by taxing authorities.

**Basis of Accounting and Use of Estimates**

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**Cost Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and amortization which are allocated on asset use.

**Compensated Absences**

The employees of the Organization are entitled to paid vacation and sick dates, depending on job classification, length of service and other factors. No liability has been recorded in the accompanying financial statements due to immateriality. The Organization's policy is to recognize the costs of compensated absences when paid.

**Inventory Pricing**

Inventory consists of donated and purchased products for distribution. Donated products are valued per pound at an average of national wholesale prices as determined by Feeding America. Purchased products are valued at the purchase cost of those products as determined by the first-in, first-out method.

**Giving Hope, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements  
December 31, 2022  
(See Independent Auditors' Report)

**NOTE 1 - SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**In-Kind Contributions**

In-kind contributions are reflected as contributions at fair value on the date of donation and are reported as unrestricted support unless specific donor stipulations specify how donated assets must be used. The Organization receives in-kind contributions of food and other products from various donors. In-kind donations of products, the related inventory, and the cost of donated food distributed are valued at an average of the national wholesale prices as determined by Feeding America. The Organization received 6,837,948 and 5,922,524 pounds, in 2022 and 2021, valued at \$13,128,860 and \$10,601,318 during the years ended December 31, 2022 and 2021, respectively. The average price per pound used for food products was \$1.92 and \$1.79 at December 31, 2022 and 2021, respectively.

All donated services recognized created a non-financial asset or required specialized skills that would have been purchased if not donated. The Organization received an in-kind donation for services; the value of donated services totaled \$684,180 and \$535,656 for the years ended December 31, 2022 and 2021, respectively. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed. There are numerous other individuals who volunteer their time and perform a variety of tasks to assist the Organization with the food donation program, fundraising, and administrative support. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition as contributions.

**Advertising costs**

The Organization charges advertising cost to operations in the year the expense is incurred. During the years ended December 31, 2022 and 2021, advertising expenses incurred were \$66,726 and \$77,635, respectively.

**NOTE 2 - RESTRICTIONS ON NET ASSETS**

**Giving Hope Community Center**

In June 2019, Desire Street Ministries donated property to Giving Hope Realty, LLC, a wholly owned subsidiary of Giving Hope, Inc. This tract of land and associated buildings includes a community center/gymnasium, a daycare center, a medical office building, a residential duplex and a barber shop. The gift is conditional with reversionary rights until March 31, 2023. One of the conditions of this donation requires Giving Hope, Inc. to direct \$300,000 of its funds per year to maintain the property in compliance with the terms of the donation and subsidize charitable programming at the property. In addition, the Organization is to contract with Thrive New Orleans to manage the property and those programs. The book value of this property is \$3,594,535 and \$3,687,525 at December 31, 2022 and 2021, respectively and is included in net assets with donor restrictions on the consolidated statement of financial position.

As part of the donation, Giving Hope, Inc. accepted the leases which were in place at the time of the donation, and to use reasonable efforts to renew each lease if possible. Program revenue on the statement of activities and changes in net assets includes rental income of \$78,310 for the year ended December 31, 2022. Minimum lease income for these properties are as follows:

2023	\$	52,470
2024		<u>8,745</u>
Total	\$	<u><u>61,215</u></u>

The community center also receives donor restricted donations specifically for the purchase of equipment or directly for the community center.

**Hope House**

As part of its mission, Giving Hope builds orphanages around the world. These projects are directly funded by individuals and businesses. The annual Giving Hope gala provides the community with an option to donate to this cause.

**Giving Hope, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements  
December 31, 2022  
(See Independent Auditors' Report)

**NOTE 2 - RESTRICTIONS ON NET ASSETS (continued)****Hope the Food Pantry**

As the foundation of the mission, Giving Hope Inc operates food pantries in New Orleans, Gretna and Kansas City, serving the poor with monthly food boxes provided by individuals and corporate sponsors. Giving Hope's food pantry also provides the elderly with hot meals. Kitchens at two different elderly care residences have been made available for Giving Hope to prepare the meals through generous grants from Baptist Community Ministries, Methodist Healthcare, Christopher Homes, Inc., The Greater New Orleans Foundation, the Pratt Stanton Manor Foundation, United Way, and the James M. Cox Foundation. Many of these grants cover multiple years as long as Giving Hope meets the minimum required meal distribution.

**Profit for a Purpose**

Another part of the Giving Hope mission is to serve the needy, poor and disadvantaged in various communities. Contributors are given an opportunity to restrict their contributions to causes in their communities such as the Boys and Girls Club or CityServe New Orleans. A majority of the contributions come directly from individuals and businesses in that community and through the annual gala.

**Headquarters Capital Campaign**

Giving Hope Inc. is raising funds to build a headquarters in New Orleans for all its activities. The facility will include administrative offices, a food pantry, a commercial kitchen with capacity for 2000 meals a day, offices and meeting space available to churches and other nonprofit entities for community events, and a warehouse for storage.

**Hope for a Home**

Another part of the the Giving Hope mission is serving the families wishing to adopt a child internationally.

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

	December 31	
	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 2,551,208	\$ 1,090,354
Less financial assets unavailable for general expenditures within one year, due to net assets with donor restrictions	<u>2,720,623</u>	<u>969,749</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ (169,415)</u>	<u>\$ 120,605</u>

**NOTE 4 - CASH AND CASH EQUIVALENTS**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statement of financial position to sum to the amounts shown in the statement of cash flows:

	December 31	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,091,622	\$ 782,546
Cash equivalents restricted	<u>446,566</u>	<u>290,618</u>
Total cash, cash equivalents and restricted cash shown on the statement of cash flows	<u>\$ 2,538,188</u>	<u>\$ 1,073,164</u>

**Giving Hope, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements  
December 31, 2022  
(See Independent Auditors' Report)

**NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	December 31	
	2022	2021
Miscellaneous receivables	\$ 64,733	\$ 68,902
Employee receivables	(50)	(50)
	64,683	68,852
Less: Allowance for doubtful accounts	(51,662)	(51,662)
	\$ 13,021	\$ 17,190

**NOTE 6 - INVENTORIES**

Inventory consists of the following:

	December 31	
	2022	2021
Food pantry	\$ 77,400	\$ 89,795
	\$ 77,400	\$ 89,795

**NOTE 7 - PROPERTY AND EQUIPMENT**

Property and equipment, stated at cost, consists of the following:

	December 31	
	2022	2021
Machinery & shop equipment	\$ 226,795	\$ 192,691
Furniture & fixtures	107,539	107,539
Company vehicles	55,137	55,137
Building	3,735,289	3,735,289
Land	200,396	200,396
Leasehold improvements	34,612	34,612
	4,359,768	4,325,664
Less accumulated depreciation	(544,707)	(405,576)
	\$ 3,815,061	\$ 3,920,088

Depreciation and amortization expense on the above totaled \$139,130 and \$137,954 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 8 - OTHER PAYABLES AND ACCRUED LIABILITIES**

Other payables and accrued liabilities consist of the following:

	December 31	
	2022	2021
Accrued Liabilities	\$ 9,060	\$ -
Taxes payable	8,330	6,009
	\$ 17,390	\$ 6,009

**Giving Hope, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements  
December 31, 2022  
(See Independent Auditors' Report)

**NOTE 9 - NOTES PAYABLE**

	December 31	
	2021	2020
Unsecured PPP loan of \$101,736 with interest at 1%. Monthly principal and interest payments of approximately \$5,725 with a final balloon payment due April 2022.	<u>\$ -</u>	<u>\$ 80,515</u>

Future minimum payment obligations:

This was a PPP loan which was forgiven in 2022

**NOTE 10- CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Periodically, cash may exceed the federally insured amount. The Organization has not experienced any losses on such accounts.

**NOTE 11 - NET ASSETS**

The Organization's net assets are divided into net assets without donor restrictions and net assets with donor restrictions. The net assets without donor restrictions consists of all free-will donations with no donor restrictions, net assets with donor restrictions released from restrictions, and the accumulated operational income and expense. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	December 31	
	2022	2021
<u>Net assets with donor restrictions available for the following purposes:</u>		
Profit for a Purpose	\$ 765,862	\$ 962,347
Headquarters Capital Campaign	1,892,095	-
Giving Hope Community Center	<u>3,501,252</u>	<u>3,694,927</u>
Total temporarily restricted net assets	<u>\$ 6,159,209</u>	<u>\$ 4,657,274</u>
<u>Net assets released from restriction:</u>		
Profit for a Purpose	\$ 155,948	\$ 108,376
Total net assets released from restrictions	<u>\$ 155,948</u>	<u>\$ 108,376</u>

**NOTE 12 - RELATED PARTIES**

During the years ended December 31, 2022 and 2021, the Organization received \$1,838,447 and \$443,460 respectively, in donations from multiple entities and a trust owned by a board member.

The same board member's company also donated free rental space to the Organization, no value has been assigned to same.

**Giving Hope, Inc. and Subsidiary**  
Notes to Consolidated Financial Statements  
December 31, 2022  
(See Independent Auditors' Report)

**NOTE 13 - LEASE OBLIGATIONS**

The Organization has a lease with St. Martin's Manor, Inc. for non-exclusive use of a portion of the building known as St. Martin's Manor. The term of this lease is five years commencing April 1, 2019 ending March 31, 2023. The leased premises shall be used for the preparation of meals for the needy including, but not limited to, residents of St. Martin's Manor, Annunciation Manor and St. Teresa's Villa. As a primary element of the consideration of the lease, lessor expects that meals will be made available to residents of St. Martin's Manor on a regular and consistent basis. The Organization pays the entity \$1,000 per month for use of the kitchen facilities and the utilities. These payments are included in utilities expense. Minimum lease obligations are as follows:

2023	\$ <u>3,000</u>
Total	\$ <u><u>3,000</u></u>

In April, 2022, the Organization entered into an 18 month lease at a warehouse in Harahan, LA which has an option to renew for an additional year at an increased rate. Rent is 4,387 per month plus 51.5% of real estate taxes assessed. Minimum lease obligations are as follows:

2023	\$ <u>43,875</u>
Total	\$ <u><u>43,875</u></u>

The Organization subleases 2200 square feet of office and warehouse space in Marrerro for the Stumpf Food Pantry in January, 2021. Annual rent is \$1/year. There are 4 one year options to renew. The organization is required to maintain property and building and has to have comprehensive liability insurance. The Organization has not recorded the fair market value of the property.

**NOTE 14 - RECLASSIFICATION**

Certain amounts in the prior financial statements have been reclassified for comparative purposes to conform with current year presentation.

**NOTE 15 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 5, 2023, the date when the financial statements were available to be issued. In 2023, the Organization is working to build an orphanage at Hope House Philippines. They have also opened food pantries in Monterrey, CA and Lubbock, Texas.



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# DYESS & ASSOCIATES

A Corporation of Certified Public Accountants

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851 Park Avenue  
Mandeville, Louisiana 70448

Members American Institute  
of Certified Public Accountants

(985) 624-5544  
FAX (985) 624-5533

## Independent Auditors' Report on Consolidating Information

To the Board of Directors  
Giving Hope, Inc.  
New Orleans, Louisiana

We have audited the consolidated financial statements of Giving Hope, Inc and subsidiary as of and for the years ended December 31, 2022 and 2021, and our report thereon dated September 29, 2023, which expressed an unmodified opinion on those financial statements, appears on page one. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the Consolidating Schedule of Financial Position, the Consolidating Schedule of Activities and Changes in Net Assets, and the Consolidating Schedule of Functional Expenses is presented for the purpose of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations and cash flows of the individual companies and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information in the Consolidating Schedule of Financial Position, the Consolidating Schedule of Activities and Changes in Net Assets, and the Consolidating Schedule of Functional Expenses is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Dyess and Associates*  
Mandeville, LA

September 29, 2023

**Giving Hope, Inc. and Subsidiary**  
 Consolidating Schedule of Financial Position  
 As of December 31, 2022

	<u>Giving Hope, Inc.</u>	<u>Giving Hope Realty, LLC</u>	<u>Consolidated Total</u>	<u>Eliminations</u>	<u>Balance</u>
<b><u>Assets</u></b>					
Current assets:					
Cash	\$ 2,538,188	\$ -	\$ 2,538,188	\$ -	\$ 2,538,188
Accounts receivable	13,020	-	13,020	-	13,020
Donated inventory	77,400	-	77,400	-	77,400
Prepaid expenses	<u>210,216</u>	<u>-</u>	<u>210,216</u>	<u>-</u>	<u>210,216</u>
Total current assets	<u>2,838,824</u>	<u>-</u>	<u>2,838,824</u>	<u>-</u>	<u>2,838,824</u>
Property and equipment, net	28,639	3,786,422	3,815,061	-	3,815,061
Other assets:					
Deposits	<u>-</u>	<u>1,723</u>	<u>1,723</u>	<u>-</u>	<u>1,723</u>
Total assets	<u>\$ 2,867,463</u>	<u>\$ 3,788,145</u>	<u>\$ 6,655,608</u>	<u>\$ -</u>	<u>\$ 6,655,608</u>
<b><u>Liabilities and Net Assets</u></b>					
Current liabilities:					
Accounts payable	\$ 22,027	\$ -	\$ 22,027	\$ -	\$ 22,027
Accrued liabilities	17,389	-	17,389	-	17,389
Current portion of LTD	-	-	-	-	-
Deferred revenue	<u>10,417</u>	<u>-</u>	<u>10,417</u>	<u>-</u>	<u>10,417</u>
Total liabilities	<u>49,833</u>	<u>-</u>	<u>49,833</u>	<u>-</u>	<u>49,833</u>
Net assets:					
Without donor restrictions	197,400	93,218	290,618	-	290,618
With donor restrictions	<u>2,620,232</u>	<u>3,694,927</u>	<u>6,315,159</u>	<u>-</u>	<u>6,315,159</u>
Total net assets	<u>2,817,632</u>	<u>3,788,145</u>	<u>6,605,777</u>	<u>-</u>	<u>6,605,777</u>
Total liabilities & net assets	<u>\$ 2,867,465</u>	<u>\$ 3,788,145</u>	<u>\$ 6,655,610</u>	<u>\$ -</u>	<u>\$ 6,655,610</u>

The accompanying notes are an integral part of these financial statements

**Giving Hope, Inc. and Subsidiary**  
Consolidating Schedule of Activities and Changes in Net Assets  
For the year ended December 31, 2022

	<u>Giving Hope, Inc</u>	<u>Giving Hope Realty, LLC</u>	<u>Consolidated Total</u>	<u>Eliminations</u>	<u>Balance</u>
<b>Changes in Net Assets Without Donor Restrictions:</b>					
Revenues and gains					
Contributed food	\$13,128,860	\$ -	\$13,128,860	\$ -	\$13,128,860
Corporate contributions	344,300	-	344,300	-	344,300
Event revenue	748,975	2,500	751,475	-	751,475
Individual donations	294,515	-	294,515	-	294,515
Contributed goods services	812,984	59,519	872,503	-	872,503
Grants	7,000	-	7,000	-	7,000
Program revenue	<u>65,364</u>	<u>85,795</u>	<u>151,159</u>	<u>-</u>	<u>151,159</u>
<b>Total Revenues and Gains Without Donor Restrictions</b>	<u>15,401,998</u>	<u>147,814</u>	<u>15,549,812</u>	<u>-</u>	<u>15,549,812</u>
<b>Net Assets Released from Restrictions:</b>					
Expiration of time restriction	<u>103,376</u>	<u>5,000</u>	<u>108,376</u>	<u>-</u>	<u>108,376</u>
<b>Total Net Assets Released from Restrictions</b>	<u>103,376</u>	<u>5,000</u>	<u>108,376</u>	<u>-</u>	<u>108,376</u>
<b>Total Revenues, Gains, and Other Support Without Donor Restrictions</b>	15,505,374	152,814	15,658,188	-	15,658,188
<b>Expenses and Losses</b>					
Food pantry	13,928,591	-	13,928,591	-	13,928,591
Missions and outreach	1,636,960	400,081	2,037,041	-	2,037,041
Fundraising	218,468	-	218,468	-	218,468
General and administrative	<u>353,400</u>	<u>-</u>	<u>353,400</u>	<u>-</u>	<u>353,400</u>
<b>Total Expenses</b>	<u>16,137,419</u>	<u>400,081</u>	<u>16,537,500</u>	<u>-</u>	<u>16,537,500</u>
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	(632,045)	(247,267)	(879,312)	-	(879,312)
<b>Changes in Net Assets with Donor Restrictions</b>					
Corporate contributions	1,531,234	8,546	1,539,780	-	1,539,780
Profit for purpose donations	186,956	-	186,956	-	186,956
Event revenue	-	-	-	-	-
Individual donations	687,330	9,975	697,305	-	697,305
Grants	322,683	83,333	406,016	-	406,016
Net assets released from restrictions	<u>(103,376)</u>	<u>(5,000)</u>	<u>(108,376)</u>	<u>-</u>	<u>(108,376)</u>
<b>Net Increase (Decrease) in Net Assets With Donor Restrictions</b>	<u>2,624,827</u>	<u>96,854</u>	<u>2,721,681</u>	<u>-</u>	<u>2,721,681</u>
<b>Increase (Decrease) in Total Net Assets</b>	1,992,782	(150,413)	1,842,369	-	1,842,369
<b>Net Assets, Beginning of Year</b>	<u>1,026,023</u>	<u>3,921,870</u>	<u>4,947,893</u>	<u>-</u>	<u>4,947,893</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,018,805</u>	<u>\$ 3,771,457</u>	<u>\$ 6,790,262</u>	<u>\$ -</u>	<u>\$ 6,790,262</u>

The accompanying notes are an integral part of these financial statements

**Giving Hope, Inc. and Subsidiary**  
Consolidating Schedule of Functional Expenses  
Year ended December 31, 2022

	<u>Giving Hope, Inc.</u> <u>Program Services</u>		<u>Giving Hope, Inc.</u> <u>Supporting Services</u>		<u>Giving Hope</u> <u>Realty LLC</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>Total</u>
	<u>Food</u> <u>Pantry</u>	<u>Other</u> <u>Outreach</u>	<u>Fundraising</u> <u>Expenses</u>	<u>General</u> <u>Expenses</u>	<u>Program</u> <u>Services</u>		
Advertising	\$ -	\$ -	\$ 23,094	\$ 43,632	\$ -	\$ -	\$ 66,726
Bad debts	-	-	-	-	-	-	-
Bank charges	-	-	11,379	13,235	-	-	24,614
Banquet expenses	-	-	190,599	-	-	-	190,599
Cell phone	-	-	-	865	-	-	865
Contribution pledged	-	400,072	-	-	-	-	400,072
Charitable PFP grants	13,000	-	-	-	-	-	13,000
Contract labor	-	-	-	-	179,167	-	179,167
Depreciation	-	-	-	27,620	111,510	-	139,130
Dues and subscriptions	19,908	-	-	-	-	-	19,908
Freight and delivery	870	-	-	-	-	-	870
Gas	-	33,637	-	-	-	-	33,637
Hot meals	-	133,153	-	-	-	-	133,153
In-kind food	13,141,255	-	-	-	-	-	13,141,255
In-kind gala items	-	-	88,296	-	-	-	88,296
In-kind volunteer labor	684,180	-	-	-	-	-	684,180
Insurance	-	-	-	62,591	43,436	-	106,027
Interest	-	-	-	-	-	-	-
Meals & entertainment	4,076	865	-	-	-	-	4,941
Miscellaneous	143	-	-	(84,928)	-	-	(84,785)
Office expense	(621)	-	-	6,079	-	-	5,458
Other fundraising exp	-	-	225,893	-	-	-	225,893
Outside services	-	-	-	115,363	516	-	115,879
Payroll expense: wages	-	830,302	-	-	-	-	830,302
Payroll expense: taxes	-	76,364	-	-	-	-	76,364
Payroll expense: other	10,828	13,195	-	-	-	-	24,023
Professional develop	-	-	-	-	-	-	-
Professional fees	-	-	-	40,484	-	-	40,484
Program supplies	-	149,373	(6,602)	-	-	-	142,771
Rent	44,221	-	-	-	-	-	44,221
Repairs & maintenance	54,953	-	-	3,284	9,707	-	67,944
Taxes	-	-	-	23	-	-	23
Travel	-	-	-	48,611	-	-	48,611
Utilities	-	-	-	-	55,745	-	55,745
Total functional expenses	<u>\$ 13,972,813</u>	<u>\$ 1,636,961</u>	<u>\$ 532,659</u>	<u>\$ 276,859</u>	<u>\$ 400,081</u>	<u>\$ -</u>	<u>\$ 16,819,373</u>

The accompanying notes are an integral part of these financial statements