

GIVING HOPE, INC. AND SUBSIDIARY

Consolidated Financial Statements
and Supplementary Information
With Independent Auditors' Report
Years Ended December 31, 2019 and 2018

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Independent Auditors' Report

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

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, 2019 and 2018, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but also 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 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 consolidated 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 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, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principals generally accepted in the United States of America.

Dyess and Associates
Mandeville, LA

October 1, 2020

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

Assets

	December 31	
	<u>2019</u>	<u>2018</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 387,031	\$ 523,347
Accounts receivable	101,702	281
Donated inventory	36,731	7,522
Prepaid expenses	<u>63,686</u>	<u>33,185</u>
Total current assets	<u>589,150</u>	<u>564,335</u>
Property, buildings and equipment, net	4,003,829	105,127
Other assets:		
Deposits	<u>1,723</u>	<u>-</u>
Total assets	<u>\$ 4,594,702</u>	<u>\$ 669,462</u>
 Liabilities and net assets:		
Current liabilities:		
Accounts payable	\$ 38,265	\$ 29,219
Accrued liabilities	3,461	6,102
Deferred revenue	<u>175,000</u>	<u>50,000</u>
Total liabilities	<u>216,726</u>	<u>85,321</u>
Net assets:		
Without donor restrictions	76,443	232,027
With donor restrictions	<u>4,301,533</u>	<u>352,114</u>
Total net assets	<u>4,377,976</u>	<u>584,141</u>
Total liabilities and net assets	<u>\$ 4,594,702</u>	<u>\$ 669,462</u>

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

	December 31	
	2019	2018
Changes in Net Assets Without Donor Restrictions:		
Revenues and gains		
Contributions of food, grocery and other products	\$ 5,951,782	\$ 2,998,637
Corporate contributions	342,400	282,255
Event revenue	546,350	395,819
Individual donations	46,904	122,669
Contributed goods and services	310,648	512,115
Grants	36,847	20,000
Program revenue	160,999	155,552
Total Revenues and Gains Without Donor Restrictions	7,395,930	4,487,047
Net Assets Released from Restrictions:		
Expiration of time restrictions	830,883	584,134
Total Net Assets Released from Restrictions	830,883	584,134
Total Revenues, Gains, and Other Support Without Donor Restrictions	8,226,813	5,071,181
Expenses and Losses		
Food pantry	6,804,376	3,637,703
Missions and outreach	707,780	688,483
Fundraising	324,275	369,284
General and administrative	377,466	327,552
Total Expenses	8,213,897	5,023,022
Increase (Decrease) in Net Assets Without Donor Restrictions	12,916	48,159
Changes in Net Assets With Donor Restrictions		
Corporate contributions	130,285	-
Contribution of real estate	3,920,000	-
Profit for a purpose donations	440,619	490,983
Event revenue	6,500	-
Individual donations	49,725	-
Grants	64,673	65,625
Net assets released from restrictions	(830,883)	(584,134)
Net Increase (Decrease) in Net Assets With Donor Restrictions	3,780,919	(27,526)
Increase (Decrease) in Total Net Assets	3,793,835	20,633
Net Assets, Beginning of Year	584,141	563,508
Net Assets, End of Year	\$ 4,377,976	\$ 584,141

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, 2019 and 2018

	2019				
	Program Services		Supporting Services		Total
	Food Pantry	Other Outreach	Fundraising Expenses	General Expenses	
Advertising	\$ 222	\$ 8,430	\$ 12,940	\$ 47,836	\$ 69,428
Bank charges	100	-	307	10,782	11,189
Banquet expenses	-	-	299,516	-	299,516
Cell phone	825	-	-	650	1,475
Charitable contribution pledged	-	399,911	-	-	399,911
Charitable contribution PFP grants	67,267	-	-	-	67,267
Depreciation	20,736	48,117	-	-	68,853
Dues and subscriptions	1,111	408	4,462	3,503	9,484
Freight and delivery	1,350	-	-	-	1,350
Gas	23,341	-	-	-	23,341
Hot meals	114,189	-	-	-	114,189
In-kind food	5,922,574	-	-	-	5,922,574
In-kind volunteer labor	108,207	-	-	-	108,207
In-kind rental space	55,318	10,692	-	-	66,010
Insurance	-	37,663	-	46,241	83,904
Meals and entertainment	429	149	-	10,829	11,407
Miscellaneous	-	-	-	14,995	14,995
Office expense	2,319	6,477	7,050	19,273	35,119
Outside services/contract labor	9,111	6,762	-	4,800	20,673
Payroll expense: wages	348,669	-	-	123,759	472,428
Payroll expense: taxes	26,673	-	-	8,224	34,897
Payroll expense: other	1,878	12,000	-	41,742	55,620
Professional fees	-	29,152	-	30,496	59,648
Program supplies	62,629	22,355	-	-	84,984
Repairs and maintenance	22,742	22,254	-	9,338	54,334
Taxes	323	-	-	212	535
Travel	2,363	43,517	-	4,786	50,666
Utilities	12,000	59,893	-	-	71,893
Total functional expenses	<u>\$ 6,804,376</u>	<u>\$ 707,780</u>	<u>\$ 324,275</u>	<u>\$ 377,466</u>	<u>\$ 8,213,897</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, 2019 and 2018

	2018				Total
	Program Services		Supporting Services		
	Food Pantry	Other Outreach	Fundraising Expenses	General Expenses	
Advertising	\$ -	\$ -	\$ 58,959	\$ -	\$ 58,959
Bank charges	-	-	-	11,252	11,252
Banquet expenses	-	-	310,325	-	310,325
Cell phone	-	-	-	1,697	1,697
Charitable contribution pledged	87,500	-	-	-	87,500
Charitable contribution PFP grants	269,142	-	-	-	269,142
Data processing	1,418	-	-	-	1,418
Depreciation	-	-	-	21,471	21,471
Dues and subscriptions	9,671	-	-	-	9,671
Freight and delivery	1,544	-	-	-	1,544
Gas	-	16,674	-	-	16,674
Hot meals	-	108,672	-	-	108,672
In-kind food	2,996,703	-	-	-	2,996,703
In-kind volunteer labor	197,983	-	-	-	197,983
In-kind rental space	-	56,569	-	-	56,569
Insurance	-	-	-	58,098	58,098
Meals and entertainment	13,173	1,202	-	-	14,375
Miscellaneous	-	-	-	(13,463)	(13,463)
Office expense	8,532	-	-	12,934	21,466
Outside services/contract labor	-	-	-	17,871	17,871
Payroll expense: wages	-	365,733	-	8,060	373,793
Payroll expense: taxes	-	27,737	-	-	27,737
Payroll expense: other	9,756	15,992	-	-	25,748
Professional development	-	-	-	4,110	4,110
Professional fees	-	-	-	56,457	56,457
Program supplies	-	70,256	-	-	70,256
Rent	-	-	-	75,000	75,000
Repairs and maintenance	42,281	-	-	7,226	49,507
Taxes	-	-	-	3,475	3,475
Travel	-	25,648	-	27,786	53,434
Utilities	-	-	-	35,578	35,578
Total functional expenses	<u>\$ 3,637,703</u>	<u>\$ 688,483</u>	<u>\$ 369,284</u>	<u>\$ 327,552</u>	<u>\$ 5,023,022</u>

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,	
	2019	2018
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	\$ 3,793,835	\$ 20,633
Adjustments to reconcile changes in net assets to net cash		
Depreciation	68,853	21,471
Restricted contributions and net assets released from restriction	(155,584)	27,526
Donated real estate included in contributions	(3,920,000)	-
(Increase) decrease in operating assets:		
Accounts receivable	(101,421)	2,405
Inventory	(29,208)	3,267
Prepaid expenses	(30,501)	(19,777)
Increase (decrease) in operating liabilities:		
Accounts payable	9,045	10,055
Accrued expenses	(2,641)	(3,874)
Contributions restricted for long term purposes:		
Grant revenue	<u>125,000</u>	<u>12,450</u>
Net cash (used in) provided by operating activities	<u>(242,622)</u>	<u>74,156</u>
Cash flows from investing activities:		
Purchases of other assets	(1,723)	-
Purchases of property and equipment	(47,555)	(73,386)
Proceeds from sale of property and equipment	<u>-</u>	<u>-</u>
Net cash (used in) provided by investing activities	<u>(49,278)</u>	<u>(73,386)</u>
Cash flows from financing activities:		
Restricted contributions and net assets released from restriction	<u>155,584</u>	<u>(27,526)</u>
Net cash (used in) provided by financing activities	<u>155,584</u>	<u>(27,526)</u>
Net (decrease) increase in cash and cash equivalents	(136,316)	(26,756)
Cash and cash equivalents, beginning of year	<u>523,347</u>	<u>550,103</u>
Cash and cash equivalents, end of year	<u>\$ 387,031</u>	<u>\$ 523,347</u>
Noncash Activity:		
Donated real estate	<u>\$ 3,920,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019
(See Independent Auditors' Report)

NOTE 1 - SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

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 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.

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.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and checks on hand, and deposits in banks.

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 help serve the hot meals to senior citizens and the deserving community, provide more food boxes to a greater number of recipients and 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 are capitalized, as are betterments and renewals. Maintenance and repairs are charged to operations as incurred.

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 receives more than 9017 volunteer hours per year.

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019
(See Independent Auditors' Report)

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

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 2019 and the previous three years remain open for examination by taxing authorities.

Use of Estimates

The preparation of the 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.

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 3,790,944 and 1,784,903 pounds, in 2019 and 2018, valued at \$5,951,782 and \$2,998,637 during the years ended December 31, 2019 and 2018, respectively. The average price per pound used for food products was \$1.57 and \$1.68 at December 31, 2019 and 2018, respectively.

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019
(See Independent Auditors' Report)

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

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 \$108,207 and \$197,983 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018, advertising expenses incurred were \$69,428 and \$58,959

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	December 31	
	2019	2018
Employee receivables	\$ 150	\$ 281
Miscellaneous receivables	101,552	-
	<u>101,702</u>	<u>281</u>
Less: Allowance for doubtful accounts	-	-
	<u>\$ 101,702</u>	<u>\$ 281</u>

NOTE 3 - INVENTORIES

Inventory consists of the following:

	December 31	
	2019	2018
Food pantry	\$ 36,731	\$ 7,522
Gala inventory	-	-
	<u>\$ 36,731</u>	<u>\$ 7,522</u>

NOTE 4 - PROPERTY AND EQUIPMENT

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

	December 31	
	2019	2018
Machinery & shop equipment	\$ 119,458	\$ 79,088
Furniture & fixtures	36,912	29,758
Company vehicles	49,640	49,640
Building	3,719,604	-
Land	200,396	-
Leasehold improvements	16,412	16,412
	<u>4,142,422</u>	<u>174,898</u>
Less accumulated depreciation	(138,593)	(69,771)
	<u>\$ 4,003,829</u>	<u>\$ 105,127</u>

Depreciation and amortization expense on the above totaled \$68,853 and \$21,471 for the years ended December 31, 2019 and 2018, respectively.

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019
(See Independent Auditors' Report)

NOTE 5 - OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables and accrued liabilities consist of the following:

	December 31	
	2019	2018
Taxes payable	\$ 3,086	\$ 5,726
Other payables	375	376
	\$ 3,461	\$ 6,102

NOTE 6- 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 7 -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.

Net assets with donor restrictions are available for the following purposes:

	2019		2018	
Profit for a Purpose	\$ 381,533	\$ 352,114		
Giving Hope Community Center	3,920,000	-		
Total temporarily restricted net assets	\$ 4,301,533	\$ 352,114		
 <u>Net assets released from restriction</u>				
Hope the Food Pantry	\$ 419,683	\$ 348,670		
Profit for a Purpose	411,200	220,810		
Hope House	-	12,768		
Hope for a Home	-	1,886		
Total net assets released from restrictions	\$ 830,883	\$ 584,134		

NOTE 8 - RELATED PARTIES

During the years ended December 31, 2019 and 2018, the Organization received \$532,240 and \$603,886 respectively, in donations from multiple entities owned by a board member.

The board member's company also provided the Organization with rental space. This donated rental space was not assigned a value. In 2019 and 2018, the Organization purchased an insurance policy for \$65,305 and \$58,098, respectively, through an insurance company managed by a board member.

NOTE 9 -GIVING HOPE REALTY, LLC

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 for 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.

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2019
(See Independent Auditors' Report)

NOTE 9 -GIVING HOPE REALTY, LLC (continued)

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 Schedule of Activities includes rental income of \$41,835 for the year ended December 31, 2019. Minimum lease income for these properties are as follows:

2020	\$	69,270
2021		58,770
2022		52,470
2023		52,470
2024		<u>8,745</u>
Total	\$	<u><u>241,725</u></u>

NOTE 10-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:

2020	\$	12,000
2021		12,000
2022		12,000
2023		<u>3,000</u>
Total	\$	<u><u>39,000</u></u>

NOTE 11 - ADOPTED ACCOUNTING PRONOUNCEMENTS

The Organization has adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic958): Presentation of Financial Statements of Not-for-Profit Entities in year 2018. The Organization has also adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made for year 2019. Certain items have been reclassified due to the implementation of these new pronouncements.

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 1, 2020, the date when the financial statements were available to be issued. This included an evaluation an analysis of the impact of the COVID-19 pandemic, and the determination that this is a nonadjusting subsequent event. As such, the financial position and results of operations as of and for the year ended December 31.2019 have not been adjusted to reflect any impact. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

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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, 2019 and 2018, and our report thereon dated September 15, 2020, which expressed an unmodified opinion on those financial statements, appears on page 1. 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

October 1, 2020

Giving Hope, Inc. and Subsidiary
 Consolidating Schedule of Financial Position
 As of December 31, 2019

	<u>Giving Hope, Inc.</u>	<u>Giving Hope Realty, LLC</u>	<u>Consolidated Total</u>	<u>Eliminations</u>	<u>Balance</u>
<u>Assets</u>					
Current assets:					
Cash	\$ 387,031	\$ -	\$ 387,031	\$ -	\$ 387,031
Accounts receivable	101,702	-	101,702	-	101,702
Donated inventory	36,731	-	36,731	-	36,731
Prepaid expenses	<u>63,686</u>	<u>-</u>	<u>63,686</u>	<u>-</u>	<u>63,686</u>
Total current assets	<u>589,150</u>	<u>-</u>	<u>589,150</u>	<u>-</u>	<u>589,150</u>
Property and equipment, net	83,682	3,920,147	4,003,829	-	4,003,829
Other assets:					
Deposits	<u>-</u>	<u>1,723</u>	<u>1,723</u>	<u>-</u>	<u>1,723</u>
Total assets	<u>\$ 672,832</u>	<u>\$ 3,921,870</u>	<u>\$ 4,594,702</u>	<u>\$ -</u>	<u>\$ 4,594,702</u>
<u>Liabilities and net assets</u>					
Current liabilities:					
Accounts payable	\$ 38,265	\$ -	\$ 38,265	\$ -	\$ 38,265
Accrued liabilities	3,461	-	3,461	-	3,461
Deferred revenue	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>
Total liabilities	<u>216,726</u>	<u>-</u>	<u>216,726</u>	<u>-</u>	<u>216,726</u>
Net assets:					
Without donor restrictions	74,573	1,870	76,443	-	76,443
With donor restrictions	<u>381,533</u>	<u>3,920,000</u>	<u>4,301,533</u>	<u>-</u>	<u>4,301,533</u>
Total net assets	<u>456,106</u>	<u>3,921,870</u>	<u>4,377,976</u>	<u>-</u>	<u>4,377,976</u>
Total liabilities & net assets	<u>\$ 672,832</u>	<u>\$ 3,921,870</u>	<u>\$ 4,594,702</u>	<u>\$ -</u>	<u>\$ 4,594,702</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, 2019

	<u>Giving Hope, Inc</u>	<u>Giving Hope Realty, LLC</u>	<u>Consolidated Total</u>	<u>Eliminations</u>	<u>Balance</u>
Changes in Net Assets Without Donor Restrictions:					
Revenues and gains					
Contributed food	\$ 5,951,782	\$ -	\$ 5,951,782	\$ -	\$ 5,951,782
Corporate contributions	340,530	1,870	342,400	-	342,400
Event revenue	546,350	-	546,350	-	546,350
Individual donations	46,904	-	46,904	-	46,904
Contributed goods services	310,648	-	310,648	-	310,648
Grants	36,847	-	36,847	-	36,847
Program revenue	<u>160,999</u>	<u>-</u>	<u>160,999</u>	<u>-</u>	<u>160,999</u>
Total Revenues and Gains Without Donor Restrictions	<u>7,394,060</u>	<u>1,870</u>	<u>7,395,930</u>	<u>-</u>	<u>7,395,930</u>
Net Assets Released from Restrictions:					
Expiration of time restriction	<u>830,883</u>	<u>-</u>	<u>830,883</u>	<u>-</u>	<u>830,883</u>
Total Net Assets Released from Restrictions	<u>830,883</u>	<u>-</u>	<u>830,883</u>	<u>-</u>	<u>830,883</u>
Total Revenues, Gains, and Other Support Without Donor Restrictions	8,224,943	1,870	8,226,813	-	8,226,813
Expenses and Losses					
Food pantry	6,804,376	-	6,804,376	-	6,804,376
Missions and outreach	613,559	94,221	707,780	-	707,780
Fundraising	324,275	-	324,275	-	324,275
General and administrative	<u>377,466</u>	<u>-</u>	<u>377,466</u>	<u>-</u>	<u>377,466</u>
Total Expenses	<u>8,119,676</u>	<u>94,221</u>	<u>8,213,897</u>	<u>-</u>	<u>8,213,897</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	105,267	(92,351)	12,916	-	12,916
Changes in Net Assets with Donor Restrictions					
Corporate contributions	130,285	-	130,285	-	130,285
Contribution of real estate	-	3,920,000	3,920,000	-	3,920,000
Profit for purpose donations	440,619	-	440,619	-	440,619
Event revenue	6,500	-	6,500	-	6,500
Individual donations	49,725	-	49,725	-	49,725
Grants	64,673	-	64,673	-	64,673
Net assets released from restrictions	<u>(830,883)</u>	<u>-</u>	<u>(830,883)</u>	<u>-</u>	<u>(830,883)</u>
Net Increase (Decrease) in Net Assets With Donor Restrictions	<u>(139,081)</u>	<u>3,920,000</u>	<u>3,780,919</u>	<u>-</u>	<u>3,780,919</u>
Increase (Decrease) in Total Net Assets	(33,814)	3,827,649	3,793,835	-	3,793,835
Net Assets, Beginning of Year	<u>584,141</u>	<u>-</u>	<u>584,141</u>	<u>-</u>	<u>584,141</u>
Net Assets, End of Year	<u>\$ 550,327</u>	<u>\$ 3,827,649</u>	<u>\$ 4,377,976</u>	<u>\$ -</u>	<u>\$ 4,377,976</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, 2019

	Giving Hope, Inc. Program Services		Giving Hope, Inc. Supporting Services		Giving Hope Realty LLC		Consolidated Total
	Food Pantry	Other Outreach	Fundraising Expenses	General Expenses	Program Services	Eliminations	
	Advertising	\$ 222	\$ 8,430	\$ 12,940	\$ 47,836	\$ -	
Bank charges	100	-	307	10,782	-	-	11,189
Banquet expenses	-	-	299,516	-	-	-	299,516
Cell phone	825	-	-	650	-	-	1,475
Contribution pledged	-	399,911	-	-	-	-	399,911
Charitable PFP grants	67,267	-	-	-	-	-	67,267
Depreciation	20,736	740	-	-	47,377	-	68,853
Dues and subscriptions	1,111	408	4,462	3,503	-	-	9,484
Freight and delivery	1,350	-	-	-	-	-	1,350
Gas	23,341	-	-	-	-	-	23,341
Hot meals	114,189	-	-	-	-	-	114,189
In-kind food	5,922,574	-	-	-	-	-	5,922,574
In-kind volunteer labor	108,207	-	-	-	-	-	108,207
In-kind rental space	55,318	10,692	-	-	-	-	66,010
Insurance	-	37,663	-	46,241	-	-	83,904
Meals & entertainment	429	149	-	10,829	-	-	11,407
Miscellaneous	-	-	-	14,995	-	-	14,995
Office expense	2,319	6,477	7,050	19,273	-	-	35,119
Outside services	9,111	6,762	-	4,800	-	-	20,673
Payroll expense: wages	348,669	-	-	123,759	-	-	472,428
Payroll expense: taxes	26,673	-	-	8,224	-	-	34,897
Payroll expense: other	1,878	12,000	-	41,742	-	-	55,620
Professional fees	-	29,152	-	30,496	-	-	59,648
Program supplies	62,629	22,355	-	-	-	-	84,984
Repairs & maintenance	22,742	22,254	-	9,338	-	-	54,334
Taxes	323	-	-	212	-	-	535
Travel	2,363	43,517	-	4,786	-	-	50,666
Utilities	12,000	13,049	-	-	46,844	-	71,893
Total functional expenses	\$ 6,804,376	\$ 613,559	\$ 324,275	\$ 377,466	\$ 94,221	\$ -	\$ 8,213,897

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