

TRINITY HOPE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JULY 31, 2021

TRINITY HOPE, INC.

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BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Trinity HOPE, Inc.
Franklin, Tennessee

We have audited the accompanying financial statements of Trinity HOPE, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2021, and the related statements of activities, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trinity HOPE, Inc. as of July 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Bellenfant, PLLC

Nashville, Tennessee

December 6, 2021

TRINITY HOPE, INC.

STATEMENT OF FINANCIAL POSITION

JULY 31, 2021

ASSETS

CURRENT ASSETS

| | |
|---------------------------|------------------|
| Cash and Cash Equivalents | \$ 1,438,389 |
| Accounts Receivable | 8,341 |
| Investments | <u>878,178</u> |
| Total Current Assets | <u>2,324,908</u> |

OTHER ASSETS

| | |
|--------------------|---------------|
| Endowment Fund | <u>38,196</u> |
| Total Other Assets | <u>38,196</u> |

| | |
|--------------|----------------------------|
| Total Assets | <u><u>\$ 2,363,104</u></u> |
|--------------|----------------------------|

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|---------------------------|------------------|
| Deferred Revenue | <u>\$ 39,861</u> |
| Total Current Liabilities | <u>39,861</u> |
| Total Liabilities | <u>39,861</u> |

NET ASSETS

| | |
|---------------------------------------|----------------------------|
| Net Assets Without Donor Restrictions | 2,285,047 |
| Net Assets With Donor Restrictions | <u>38,196</u> |
| Total Net Assets | <u>2,323,243</u> |
| Total Liabilities and Net Assets | <u><u>\$ 2,363,104</u></u> |

The accompanying notes and independent auditor's report are an integral part of these statements.

TRINITY HOPE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JULY 31, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-----------------------------------|---------------------------------------|------------------------------------|---------------------|
| REVENUE | | | |
| Contributions | \$ 2,117,468 | \$ - | \$ 2,117,468 |
| Campaigns | 288,309 | - | 288,309 |
| Interest | 11,956 | - | 11,956 |
| Investment Change in Value | 150,563 | - | 150,563 |
| Other Income | - | 1,123 | 1,123 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenue | \$ 2,568,296 | \$ 1,123 | \$ 2,569,419 |
| | <hr/> | <hr/> | <hr/> |
| EXPENSES | | | |
| Program Services | \$ 1,836,114 | \$ - | \$ 1,836,114 |
| Management and General | 25,686 | - | 25,686 |
| Fundraising | 25,543 | - | 25,543 |
| | <hr/> | <hr/> | <hr/> |
| Total Expenses | 1,887,343 | - | 1,887,343 |
| | <hr/> | <hr/> | <hr/> |
| Change in Net Assets | 680,953 | 1,123 | 682,076 |
| Net Assets, beginning of the year | 1,604,094 | 37,073 | 1,641,167 |
| | <hr/> | <hr/> | <hr/> |
| Net Assets, end of the year | <u>\$ 2,285,047</u> | <u>\$ 38,196</u> | <u>\$ 2,323,243</u> |

The accompanying notes and independent auditor's report are an integral part of these statements.

TRINITY HOPE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JULY 31, 2021

| | Program Services | Management and General | Fundraising | Total |
|--------------------------|-----------------------------|---------------------------------------|--------------------|---------------------|
| Feeding Programs | \$ 1,667,433 | \$ - | \$ - | \$ 1,667,433 |
| Workshops and Training | 5,752 | - | - | 5,752 |
| Travel | 1,258 | 683 | - | 1,941 |
| Bank Fees | 3,123 | 150 | - | 3,273 |
| Postage | 705 | 119 | 1,442 | 2,266 |
| Salaries | 137,716 | 19,165 | 12,720 | 169,601 |
| Payroll Taxes | 10,535 | 1,466 | 973 | 12,974 |
| Newsletters and Mailings | 1,736 | - | 10,106 | 11,842 |
| Website and Online Fees | 3,387 | 257 | - | 3,644 |
| Software | 4,250 | 300 | - | 4,550 |
| Insurance | - | 1,195 | - | 1,195 |
| Equipment | 219 | - | - | 219 |
| Professional Fees | - | 1,000 | - | 1,000 |
| Office Expenses | - | 1,351 | 302 | 1,653 |
| | \$ 1,836,114 | \$ 25,686 | \$ 25,543 | \$ 1,887,343 |
| Total Expenses | \$ 1,836,114 | \$ 25,686 | \$ 25,543 | \$ 1,887,343 |

The accompanying notes and independent auditor's report are an integral part of these statements.

TRINITY HOPE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|-----------------|
| Change in Net Assets | \$ 682,076 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operations | |
| (Increase) Decrease in: Accounts Receivable | 7,395 |
| Increase (Decrease) in: Deferred Revenue | <u>(59,393)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>630,078</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|---------------------|
| (Increase) Decrease in Endowment Accounts | (1,123) |
| (Increase) Decrease in Investment Accounts | <u>(290,563)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(291,686)</u> |
| Net Increase (Decrease) in Cash | 338,392 |
| Cash and Cash Equivalents, beginning of the year | <u>1,099,997</u> |
| Cash and Cash Equivalents, end of the year | <u>\$ 1,438,389</u> |

The accompanying notes and independent auditor's report are an integral part of these statements.

TRINITY HOPE, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Trinity HOPE, Inc. ("the Organization") was incorporated during July 2005 in accordance with the Tennessee General Corporation Act. Its primary purpose is to feed the children of Haiti and teach Christian beliefs.

Financial Statement Presentation

The financial statements of the Organization are presented on the accrual basis of accounting. Revenue is generally recognized when earned. Expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. The Organization had \$2,285,047 of net assets without donor restrictions as of July 31, 2021.

Net assets with donor restrictions - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had \$38,196 of net assets with donor restrictions as of July 31, 2021.

The Organization accounts for contributions in accordance with the requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, contributions received are recorded depending on the existence or nature of any donor restrictions.

TRINITY HOPE, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity when purchased of twelve months or less to be cash and cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

Investments

The Organization accounts for investments in accordance with FASB Accounting Standards Codification topic relating to Accounting for Certain Investments Held by Not-for-Profit Organizations. Under FASB Accounting Standards Codification, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Investment income and unrealized gains and losses are reported as changes in unrestricted net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are reported.

Income Taxes

The Organization has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

The Organization files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Organization's returns for the years prior to fiscal year 2018 are no longer open for examination.

Revenue Recognition

Revenue Recognition - The Organization's revenue recognition policies are as follows:

Contributions - Contributions are recorded as revenue in the period that the related services are rendered.

TRINITY HOPE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Campaigns - Campaign donations are recorded as revenue in the period that the related services are rendered.

Performance Obligations and Revenue Recognition - A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's revenue within the scope of ASC 606 consists of contributions and campaigns. The contract obligations related to these services are satisfied when the services are rendered.

Practical Expedients and Exemptions - There are several practical expedients and exemptions allowed under ASC 606 that impact timing of revenue recognition and disclosures. There were no practical expedients or exemptions that were applied for the year ended July 31, 2021.

Revenues from non-exchange transactions (contributions and campaigns) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

TRINITY HOPE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) required specialized skills are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers have provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met.

Change in Accounting Principle

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Organization for the year ended July 31, 2021.

The Organization determined that there was no cumulative effect adjustment to net assets upon adoption of the new revenue standard as of August 1, 2020. Under ASC 606, revenue is recognized when the Organization transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Accounting Policies for Future Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the fiscal year ending July 31, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

TRINITY HOPE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In September 2020, FASB issued ASU 2020-07, Gifts-In-Kind Presentation and Disclosure. The standard requires that all gifts-in-kind to be disclosed as a separate line item on the Statement of Activities as well as a disclosure in the notes of the financial statements segregating and disclosing each category of gifts-in-kind received during the fiscal year. This distinction will provide more transparency on non-monetary revenues received by the Organization. This standard will be effective for the fiscal year ending July 31, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

2. CERTIFICATES OF DEPOSIT

Certificates of deposit totaled \$422,535 as of July 31, 2021 are included in cash and cash equivalents in the accompanying financial statements. The certificates bear interest at various rates and maturities.

3. FAIR VALUE OF INVESTMENTS

The Organization's investments are reported at fair value in the accompanying statements of financial position.

| Fair Value Measurements at July 31, 2021 | | | | |
|--|-------------------|---|---|--|
| | | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | Fair Value | (Level 1) | (Level 2) | (Level 3) |
| Money Markets | \$ 5,540 | \$ 5,540 | \$ - | \$ - |
| Equities | 676,414 | 676,414 | - | - |
| Fixed Income | 196,224 | 196,224 | - | - |
| | <u>\$ 878,178</u> | <u>\$ 878,178</u> | <u>\$ -</u> | <u>\$ -</u> |

TRINITY HOPE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2021

3. FAIR VALUE OF INVESTMENTS (Continued)

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

4. ENDOWMENT

The Organization has established an endowment fund. The primary purpose is to help fulfill its mission. Gifts are accepted for either general feeding program expenses or administrative expenses. Distribution is allowed only from earnings or appreciation of principal. Distributions are not allowed from the corpus.

| | <u>Cash</u> | <u>Insurance</u> | <u>Total</u> |
|---|------------------|------------------|------------------|
| Endowment Fund, July 31, 2020 | \$ 20,250 | \$ 16,823 | \$ 37,073 |
| Increase in Cash Value - Life Insurance | - | 1,123 | 1,123 |
| Endowment Fund, July 31, 2021 | <u>\$ 20,250</u> | <u>\$ 17,946</u> | <u>\$ 38,196</u> |

A "quasi" endowment fund is established by the Organization and designates funds as Endowment Funds and/or a donor makes unrestricted donations to the Endowment Funds.

A true Endowment Fund is established if a donor makes donations to an Endowment Fund and specifies that the donations become part of the Endowment Fund and often puts purposes and/or conditions on its use. Usually, the income can be used for ordinary purposes.

TRINITY HOPE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2021

5. UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, the Organization's program services have been partially impacted. The extent to which these events will affect the amounts reported in future financial statements remains uncertain.

6. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of July 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

| | |
|---|---------------------|
| Financial assets, at year-end | \$ 2,363,104 |
| Less: assets unavailable for general expenditures within one year, due to donor-imposed restrictions | (38,196) |
| Less: Unrestricted Investments | <u>(878,178)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,446,730</u> |

There is an adequate amount of financial assets available as of July 31, 2021. The Organization effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 6, 2021, which is the date the financial statements were available to be issued.