
Jesus House of Hope, Inc.
(doing business as House of Hope)

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

Years Ended September 30, 2013 and 2014

Jesus House of Hope, Inc. d/b/a House of Hope
September 30, 2013 and 2014

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Independent Auditors' Report

To the Board of Directors of
Jesus House of Hope, Inc. d/b/a House of Hope

We have audited the accompanying financial statements of Jesus House of Hope, Inc. d/b/a House of Hope, which comprise the consolidated statement of financial position as of September 30, 2013 and 2014, the related statements of activities, functional expenses, and changes in fund balance 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 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 consolidated financial statements are free of 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 consolidated financial position of Jesus House of Hope, Inc. d/b/a House of Hope as of September 30, 2013 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mark Brechbill, PLLC
December 31, 2014

Jesus House of Hope, Inc. d/b/a House of Hope**STATEMENT OF FINANCIAL POSITION**

September 30, 2013 and 2014

	<u>September 30, 2013</u>	<u>September 30, 2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 278,385	\$ 436,768
Investments, including invested cash totaling \$15,664 and \$1,413 as of September 30, 2013 and 2014, respectively	30,816	32,438
Inventory - pantry, clothing and household goods	127,625	298,191
Prepaid expenses	26,492	18,676
Employee and other receivables	36	-
	<u>463,354</u>	<u>786,073</u>
Land	191,303	191,303
Property and equipment, net of accumulated depreciation totaling \$434,372 and \$506,515 as of September 30, 2013 and 2014, respectively	<u>534,180</u>	<u>631,927</u>
TOTAL ASSETS	<u><u>\$ 1,188,837</u></u>	<u><u>\$ 1,609,303</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 9,115	\$ 8,243
Accrued paid time off	<u>23,731</u>	<u>28,534</u>
TOTAL LIABILITIES	<u>32,846</u>	<u>36,777</u>
NET ASSETS		
Unrestricted		
Unrestricted	302,883	451,105
Land, property and equipment	<u>725,483</u>	<u>823,230</u>
Total Unrestricted	1,028,366	1,274,335
Temporarily restricted	<u>127,625</u>	<u>298,191</u>
TOTAL NET ASSETS	<u>1,155,991</u>	<u>1,572,526</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,188,837</u></u>	<u><u>\$ 1,609,303</u></u>

Please read the accompanying Notes to Financial Statements.

Jesus House of Hope, Inc. d/b/a House of Hope**STATEMENT OF ACTIVITIES**

Years ended September 30, 2013 and 2014

	YEAR ENDING SEPTEMBER 30, 2014		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND OTHER REVENUE			
Contributions	\$ 589,744	\$ 344,892	\$ 934,636
Donated food, clothing and household goods	-	1,603,154	1,603,154
Thrift store sales	437,381	-	437,381
Special events, net of direct expenses totaling \$59,788	130,117	-	130,117
Indirect public support	87,420	-	87,420
Government support - FEMA	3,812	-	3,812
Investment income	5,761	-	5,761
Total	1,254,235	1,948,046	3,202,281
Net Assets Released from Restrictions			
Restrictions satisfied by payments	1,777,480	(1,777,480)	-
Total Support and Other Revenues	3,031,715	170,566	3,202,281
EXPENSES			
Program services			
Project Hope	2,053,584	-	2,053,584
Thrift stores	407,600	-	407,600
Support services			
Management and general	195,752	-	195,752
Fundraising	128,810	-	128,810
Total Expenses	2,785,746	-	2,785,746
INCREASE IN NET ASSETS	\$ 245,969	\$ 170,566	\$ 416,535
Net Assets, Beginning of Year	1,028,366	127,625	1,155,991
Net Assets, End of Year	\$ 1,274,335	\$ 298,191	\$ 1,572,526

Please read the accompanying Notes to Financial Statements.

Jesus House of Hope, Inc. d/b/a House of Hope**STATEMENT OF ACTIVITIES**

Years ended September 30, 2013 and 2014

	YEAR ENDING SEPTEMBER 30, 2013		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND OTHER REVENUE			
Contributions	\$ 577,354	\$ 311,503	\$ 888,857
Donated food, clothing and household goods	-	1,311,198	1,311,198
Thrift store sales	408,281	-	408,281
Special events, net of direct expenses totaling \$46,204	90,472	-	90,472
Indirect public support	83,689	-	83,689
Government support - FEMA	7,663	-	7,663
Other income	2,337	-	2,337
Investment income	285	-	285
Total	1,170,081	1,622,701	2,792,782
Net Assets Released from Restrictions			
Restrictions satisfied by payments	1,598,327	(1,598,327)	-
Total Support and Other Revenues	2,768,408	24,374	2,792,782
EXPENSES			
Program services			
Project Hope	1,833,640	-	1,833,640
Thrift stores	448,896	-	448,896
Support services			
Management and general	137,676	-	137,676
Fundraising	131,756	-	131,756
Total Expenses	2,551,968	-	2,551,968
INCREASE IN NET ASSETS	\$ 216,440	\$ 24,374	\$ 240,814
Net Assets, Beginning of Year	835,657	103,251	938,908
Prior Period Adjustment:			
Accrued paid time off	(23,731)	-	(23,731)
Net Assets, End of Year	\$ 1,028,366	\$ 127,625	\$ 1,155,991

Please read the accompanying Notes to Financial Statements.

Jesus House of Hope, Inc. d/b/a House of Hope

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2014

	Program Services			Management and General	Fundraising	Total
	Project Hope	Thrift Stores	Total			
Direct Client Assistance						
Rent and financial aid	\$ 47,299	\$ -	\$ 47,299	\$ -	\$ -	\$ 47,299
Clothing and household	207,961	-	207,961	-	-	207,961
Food	1,275,936	-	1,275,936	-	-	1,275,936
Total	1,531,196	-	1,531,196	-	-	1,531,196
Payroll and Related Expenses						
Salaries and wages	330,064	199,710	529,774	119,114	79,775	728,663
Payroll taxes	28,744	17,526	46,270	10,540	7,055	63,865
Employee benefits and other	20,982	8,205	29,187	7,785	2,376	39,348
Total	379,790	225,441	605,231	137,439	89,206	831,876
Office Administration and Facilities						
Office supplies	8,288	13,646	21,934	6,289	2,158	30,381
Telephone	4,190	5,300	9,490	355	206	10,051
Technology expenses	7,557	2,966	10,523	5,839	7,933	24,295
Occupancy	34,350	56,411	90,761	118	3	90,882
Outside services	13,092	14,083	27,175	1,102	735	29,012
Depreciation	27,477	36,877	64,354	5,062	2,892	72,308
Utilities	12,608	15,582	28,190	934	710	29,834
Equipment	3,547	3,763	7,310	590	252	8,152
Insurance	10,523	12,669	23,192	14,761	619	38,572
Advertising	4,335	4,347	8,682	2,383	6,499	17,564
Postage	223	9	232	488	610	1,330
Direct mail appeals - printing	-	-	-	-	15,277	15,277
Meetings	860	897	1,757	4,050	1,075	6,882
Professional services	7,057	8,353	15,410	10,962	613	26,985
Travel and transportation	8,156	6,980	15,136	-	-	15,136
Volunteer recognition	-	39	39	4,047	-	4,086
Miscellaneous	335	237	572	1,333	22	1,927
Total	142,598	182,159	324,757	58,313	39,604	422,674
	\$ 2,053,584	\$ 407,600	\$ 2,461,184	\$ 195,752	\$ 128,810	\$ 2,785,746

Please read the accompanying Notes to Financial Statements.

Jesus House of Hope, Inc. d/b/a House of Hope

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2013

	Program Services			Management and General		Fundraising	Total
	Project Hope	Thrift Stores	Total				
Direct Client Assistance							
Rent and financial aid	\$ 65,392	\$ -	\$ 65,392	\$ -	\$ -	\$ -	\$ 65,392
Clothing and household	230,051	-	230,051	-	-	-	230,051
Food	1,062,793	-	1,062,793	-	-	-	1,062,793
Total	1,358,236	-	1,358,236	-	-	-	1,358,236
Payroll and Related Expenses							
Salaries and wages	287,890	198,781	486,671	102,816	95,964		685,451
Payroll taxes	24,968	17,240	42,208	8,917	8,323		59,448
Employee benefits and other	9,248	6,386	15,634	3,302	3,082		22,018
Total	322,106	222,407	544,513	115,035	107,369		766,917
Office Administration and Facilities							
Office supplies	11,542	22,070	33,612	2,766	1,393		37,771
Telephone	3,581	5,420	9,001	387	290		9,678
Technology expenses	11,789	15,415	27,204	1,813	1,210		30,227
Occupancy	41,531	75,898	117,429	1,146	764		119,339
Outside services	8,221	12,887	21,108	667	444		22,219
Depreciation	18,428	24,099	42,527	2,835	1,890		47,252
Utilities	8,134	12,312	20,446	879	660		21,985
Equipment	4,593	6,007	10,600	707	471		11,778
Insurance	15,703	19,769	35,472	2,034	1,356		38,862
Advertising	3,019	4,291	7,310	397	238		7,945
Postage	579	756	1,335	89	59		1,483
Direct mail appeals - printing	-	-	-	-	15,149		15,149
Meetings	2,823	3,691	6,514	434	290		7,238
Professional services	16,863	16,863	33,726	7,350	-		41,076
Travel and transportation	4,941	5,007	9,948	33	22		10,003
Volunteer recognition	1,474	1,927	3,401	227	151		3,779
Miscellaneous	77	77	154	877	-		1,031
Total	153,298	226,489	379,787	22,641	24,387		426,815
	\$ 1,833,640	\$ 448,896	\$ 2,282,536	\$ 137,676	\$ 131,756		\$ 2,551,968

Please read the accompanying Notes to Financial Statements.

Jesus House of Hope, Inc. d/b/a House of Hope**STATEMENT OF CASH FLOWS**

Years ended September 30, 2013 and 2014

	Year Ended September 30, 2013	Year Ended September 30, 2014
INCREASE IN NET ASSETS	\$ 240,814	\$ 416,535
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Donated food, clothing and household items	(1,311,198)	(1,603,154)
Food, clothing and household items distributed	1,266,827	1,432,423
Depreciation	47,252	72,308
(Increase) decrease in:		
Employee and other receivables	626	36
Prepaid expenses	(16,460)	7,816
Grants and pledges receivable	20,000	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(79,269)	(872)
Accrued paid time off	-	4,803
Deferred income	(13,600)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	154,992	329,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital improvements and equipment	(129,394)	(169,890)
Investments	(30,816)	(1,622)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(160,210)	(171,512)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	\$ (5,218)	\$ 158,383
Cash and Cash Equivalents, Beginning of Year	283,603	278,385
Cash and Cash Equivalents, End of Year	<u>\$ 278,385</u>	<u>\$ 436,768</u>

Please read the accompanying Notes to Financial Statements.

Jesus House of Hope, Inc. d/b/a House of Hope
NOTES TO FINANCIAL STATEMENTS

NOTE A—NATURE OF ORGANIZATION

Jesus House of Hope, Inc., d/b/a House of Hope (the Organization) is a not for profit incorporated by the State of Florida in 1984. The Organization operates as a community service agency and is Martin County's largest provider of safety net services. This mission of the Organization is to empower Martin County residents to overcome hunger and poverty. The Organization assists people of all ages and backgrounds; seniors, veterans, low-wage workers, domestic abuse victims, unemployed or disabled, and the homeless. One-third of those benefiting from the Organization's services are children. An average of 5,000 individuals per month are benefiting from one or more of the Organization's services. The Organization's staff is joined by over 500 volunteers annually providing nearly 40,000 manpower hours who work to aid the Organization in meeting its mission.

To pursue that mission the Organization provides two basic programs to serve the needy at each of four sites in Martin County, Florida - Stuart, Jensen Beach, Indiantown, and Hobe Sound.

Project HOPE (Helping Others Progress through Empowerment) – All direct client services are nested under Project HOPE. Project HOPE is an umbrella of care that includes: financial assistance for rent, mortgage, utilities, critical medical expenses and prescriptions; information and referral; health care navigation; basic life skills training and planning; and food pantry services. The Organization's four service centers are all equipped with food pantries. They are the leading source of food for the hungry in Martin County, providing residents with nutritionally balanced nonperishable food, dairy products, fresh produce and meat. Annually, the Organization is providing nearly 500,000 pounds of food to the food insecure in Martin County. There is no cost to qualified residents seeking help from the Organization. In addition to these services, the Organization also provides free clothing, house wares, furniture and other household necessities to qualified individuals and families as well as other agencies that serve residents in need in Martin County.

In fiscal year ending September 30, 2013 the pantry and all other components of Project HOPE were presented as two separate programs. Effective in fiscal year September 30, 2014 these programs were accounted for together under the Project HOPE umbrella. The financial information for September 30, 2013 was re-presented to provide for a comparable format.

Thrift Stores – The Organization's four service centers also contain thrift stores to provide income to defray the costs of Project HOPE services. Donated items that are available free to qualified individuals and families as part of the Project HOPE program as well as a source of low cost clothing and household for purchase by the general public.

Subsequent events have been evaluated through December 31, 2014, the date on which the financial statements were available to be issued.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared using accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are currently no funds that have permanent donor restrictions placed on them.

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 those estimates.

Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over their estimated useful lives. Donated property and equipment are recorded at their estimated fair value at the time of the donation.

Jesus House of Hope, Inc. d/b/a House of Hope
NOTES TO FINANCIAL STATEMENTS

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash on the statement of position and in the statement of cash flows includes cash on hand, demand deposits and money market accounts and exclude invested cash.

Advertising Costs

The organization expenses advertising costs as incurred.

Revenue Recognition

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted assets are reclassified to unrestricted assets. The Organization holds special events throughout the year, which are recorded as revenue when received.

Pledges Receivable

Pledges receivable are recorded at face value at the time the promise is made and when the pledge is considered fully collectable.

Donated Materials and Contributed Services

Donated materials are recorded at their fair value to the Organization at the time of receipt. Donated food is valued at the estimated fair market value of \$2.50 per pound and donated clothing and soft goods are valued at \$2.50 per pound, furniture/appliances are valued at \$60.00 per item, and other donations are valued at \$2.50 per item.

Contributed services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Contributed services that do not require specialized skills are not recorded in the financial statements.

Expense Allocation

The costs of the various programs have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable to a program are allocated to the program based on an estimate attributable to that program.

Income Taxes

The Organization is a nonprofit corporation whose revenue is derived from contributions and other fund-raising activities and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization evaluates any uncertain income tax positions based on how the income tax positions are likely to be sustained if the Internal Revenue Service (IRS) or the Florida Department of Revenue (Florida DOR) examined the positions. Accordingly, a contingency would be recognized when the income tax position taken by the Organization is likely to be challenged upon an audit by the IRS or the Florida DOR. There were no uncertain tax positions qualifying for disclosure for the tax years subject to audit by the IRS or Florida DOR. The Organization's Return of Organization Exempt From Income Tax (Form 990) is subject to a possible audit by the IRS for three years after they were filed. In the years ending September 30, 2013 and 2014 the Organization paid no income tax, income tax penalties or interest and has no liability for income taxes as of year end.

Fair Value Measurement

The Organization's investments in equity and debt securities are required to be measured on a recurring basis (at least annually) and are classified under a three-tier (Level 1, Level 2 or Level 3) hierarchy for fair value measurement. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date. The classification of assets and liabilities within the hierarchy is based on whether inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

Jesus House of Hope, Inc. d/b/a House of Hope
NOTES TO FINANCIAL STATEMENTS

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Organization accounts for investments in equity and debt securities with readily determinable fair values at their fair values (if materially different from historical cost) based on quoted prices in active markets (all Level 1 or Level 2 measurements). Unrealized gains and losses, if any, are included in the change in net assets in the accompanying Statements of Activities. Security transactions are recorded on a trade date basis. For the years ending September 30, 2013 and 2014 the Organization has recorded investments at historical cost which is not materially different from fair market value.

Reclassifications

Certain reclassifications were made to the prior year financial statement presentation to conform to the current year presentation.

NOTE C—CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at year-end:

	September 30, 2013	September 30, 2014
Cash on hand	\$ 675	\$ 800
Cash in bank accounts	277,710	435,969
	<u>\$ 278,385</u>	<u>\$ 436,769</u>

The Organization maintains its cash balances in banks that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2013 and 2014 the amount of uninsured funds was approximately \$44,150 and \$110,660, respectively.

NOTE D — INVESTMENTS INCLUDING INVESTED CASH

Investments, including invested cash consist of the following at year-end:

September 30, 2014	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Invested cash	\$ 1,413	\$ 1,413	\$ -
Mutual funds	2,950	3,211	261
Stocks	13,919	14,715	796
Bonds	14,156	14,218	62
Total Investments	<u>\$ 32,438</u>	<u>\$ 33,557</u>	<u>\$ 1,119</u>

September 30, 2013	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Invested cash	\$ 15,664	\$ 15,664	\$ -
Mutual funds	1,321	1,351	30
Stocks	6,976	6,951	(25)
Bonds	6,855	6,834	(21)
Total Investments	<u>\$ 30,816</u>	<u>\$ 30,800</u>	<u>\$ (16)</u>

Realized capital gains for the years ending September 30, 2013 and 2014 were \$4,480 and zero, respectively.

Jesus House of Hope, Inc. d/b/a House of Hope
NOTES TO FINANCIAL STATEMENTS

NOTE D — INVESTMENTS INCLUDING INVESTED CASH (continued)

Fair market value is determined based on the three levels of fair value hierarchy. Level 1 measurements are based on unadjusted quoted prices for identical assets or liabilities in active markets. Level 2 measurements include quoted prices of similar assets in active or inactive markets or other observable measurements. Level 3 measurements are based on estimates of possible fair value where no other observable measurements are available. The Organization's fair value measurements of investments in equity and debt securities are all Level 1 measurements provided by the investment trustee.

For the years ending September 30, 2013 and 2014 the Organization has recorded investments at historical cost which is not materially different from fair market value.

NOTE E—PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at year-end:

	September 30, 2013	September 30, 2014
Buildings	\$ 612,148	\$ 729,376
Furniture and equipment	239,035	291,697
Vehicles	117,369	117,369
	968,552	1,138,442
Less Accumulated Depreciation	(434,372)	(506,515)
	<u>\$ 534,180</u>	<u>\$ 631,927</u>

Depreciation expense is recorded on the straight-line basis and totals \$47,252 and \$65,975 in the years ending September 30, 2013 and 2014, respectively.

NOTE F—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of pantry, clothing and household goods held in inventory totaling \$127,625 and \$298,191 in the years ending September 30, 2013 and 2014, respectively.

NOTE G— IN-KIND DONATIONS AND CONTRIBUTED SERVICES

In kind donations are recorded at the estimated fair market value of \$2.50 per pound and donated clothing and soft goods are valued at \$2.50 per pound, furniture/appliances are valued at \$60.00 per item, and other donations are valued at \$2.50 per item as follows:

	Year Ended September 30, 2013	Year Ended September 30, 2014
Donated pantry food	\$ 1,072,797	\$ 1,398,678
Donated clothing and soft goods	196,403	157,843
Donated furniture, appliances and other	41,998	46,633
Total	<u>\$ 1,311,198</u>	<u>\$ 1,603,154</u>

During the year, many individuals volunteered their time to perform a variety of tasks that assist the Organization. These services are not reflected in the financial statements, as these services do not require specialized skills. The estimated number of hours of volunteer services total 33,800 and 38,600 (valued at \$709,800 and \$822,458) in the years ending September 30, 2013 and 2014, respectively.

Jesus House of Hope, Inc. d/b/a House of Hope
NOTES TO FINANCIAL STATEMENTS

NOTE H—INSURANCE DEDUCTIBLE

The insurance policy covering damages from hurricanes renewed on September 18, 2014 and expires September 18, 2015. The deductible amount for named hurricanes is currently estimated to be \$44,780 which represents 5% of the insured value of the building.

NOTE I—DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan covering all eligible employees. The Organization may elect to contribute to the defined contribution plan and in the years ending September 30, 2013 and 2014 the Organization made contributions totaling \$11,357 and 13,255, respectively.

NOTE J—LEASES

The Organization leases space for the service centers located in Indiantown, Jensen Beach and Hobe Sound. On April 1, 2012 the Organization entered into a three year lease for the Indiantown location with monthly lease payments of \$2,292. The Hobe Sound lease is a three year lease starting June 24, 2013 requiring monthly payments of \$1,967. The Jensen Beach lease is a six month lease commencing on November 30, 2014 requiring monthly payments of \$2,083. On September 29, 2014 the Organization entered into a lease through November 30, 2017 requiring monthly payments of \$6,420 for the first year, \$6,800 for the second year, and \$7,520 for the third year. The Organization has moved the Stuart store to the newly leased facility to allow for expansion of the pantry, counseling and administrative services in the main Stuart location. Estimated future lease payments are expected to be as follows:

Year Ended September 30	Amount
2015	\$ 103,922
2016	98,183
2017	88,800
	<u>290,905</u>

NOTE K—RELATED PARTY TRANSACTIONS

In the years ending September 30, 2013 and 2014 the Organization purchased printed products totaling \$16,289 and \$17,565, respectively, through a firm owned by one of the members of the Board of Directors. Additionally, a total of \$9,463 was paid for electric repairs, to a firm owned by another member of the Board of Directors. Also, a family member of the Chief Executive Officer is acting as general contractor for the refurbishment of both the Stuart and Hobe Sound locations, and was paid \$100,084 and \$78,056 in the years ending September 30, 2013 and 2014, respectively.

NOTE L—LINE OF CREDIT

In October 2010, the Organization entered into a line of credit with a financial institution for \$75,000 to provide cash flow for special projects and unexpected events and in 2012 the line of credit was increased to \$125,000. During fiscal years ending September 30, 2013 and 2014, the Organization did not draw on the line of credit.

NOTE M—PRIOR PERIOD ADJUSTMENT – ACCRUED PAID TIME OFF

The Organization has identified and recorded a liability for accrued paid time off totaling \$23,731 and \$28,534 as of the years ending September 30, 2013 and 2014, respectively. As a result, a prior period adjustment totaling \$23,731 was recorded to the beginning net assets as of September 30, 2013 to reflect the liability for paid time off.

Jesus House of Hope, Inc. d/b/a House of Hope
NOTES TO FINANCIAL STATEMENTS

NOTE N—THRIFT SHOP

The thrift shops provide free clothing, house wares, furniture and other household necessities to qualified individuals and families as well as other agencies that serve residents in need in Martin County. Donated items are also available for purchase by the general public, the proceeds of which are used to defray the cost of the Organization's direct client services, which include access to food, financial assistance, guidance and planning, information and referral and health care navigation.

Revenues and expenses associated with the thrift shops are as follows:

	Year Ended September 30, 2013	Year Ended September 30, 2014
Revenue		
Thrift store sales	\$ 408,281	\$ 437,381
Expenses		
Direct client assistance	230,051	207,961
Thrift store	448,896	407,600
Total	<u>678,947</u>	<u>615,561</u>
Net Income	<u>\$ (270,666)</u>	<u>\$ (178,180)</u>