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**HOPE FOR ALL, INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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HOPE FOR ALL, INC.

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FOR THE YEAR ENDED JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
HOPE For All, Inc.  
122 Roesler Road  
Glen Burnie, MD 21060-6553

### Opinion

We have audited the accompanying financial statements of HOPE FOR ALL, INC. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HOPE FOR ALL, INC. as of June 30, 2022, 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.

### Basis for Opinion

We conducted our audits 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 HOPE FOR ALL, INC. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities for the Audit of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HOPE FOR ALL, INC.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## **Auditor's 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 HOPE FOR ALL, 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 raise substantial doubt about HOPE FOR ALL, 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.

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**Report on Summarized Comparative Information**

We have previously audited the HOPE FOR ALL, INC. 2021 financial statements, and our report dated September 28, 2021, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Cupersmith, Wilensky, Stempler & Company, LLP*

CUPERSMITH, WILENSKY, STEMLER & COMPANY, LLP  
Certified Public Accountants  
Pennsauken, New Jersey

October 19, 2022

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HOPE FOR ALL, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

ASSETS

	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 444,772	\$ 400,022
Accounts receivable	36,542	20,826
Inventory	192,042	176,232
<b>TOTAL CURRENT ASSETS</b>	<u>673,356</u>	<u>597,080</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office furniture and equipment	92,815	18,173
Leasehold improvements	27,141	24,962
Vehicles	91,874	107,075
	<u>211,830</u>	<u>150,210</u>
Less: Accumulated depreciation	67,345	60,121
	<u>144,485</u>	<u>90,089</u>
<b>OTHER ASSETS</b>		
Prepaid expenses	4,711	4,487
Security deposit	100	100
	<u>4,811</u>	<u>4,587</u>
	<u>\$ 822,652</u>	<u>\$ 691,756</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 7,715	\$ 6,599
Payroll taxes payable	460	1,453
<b>TOTAL CURRENT LIABILITIES</b>	<u>8,175</u>	<u>8,052</u>
<b>COMMITMENTS AND CONTINGENCY</b>		
<b>NET ASSETS</b>		
Without donor restrictions	<u>814,477</u>	<u>683,704</u>
	<u>\$ 822,652</u>	<u>\$ 691,756</u>

See notes to financial statements.

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HOPE FOR ALL, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>OPERATING ACTIVITIES</b>				
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Support revenue:				
Grants and contracts - foundation and government	\$ 460,179	\$ -	\$ 460,179	\$ 440,487
Contributions - business and individual	238,983	-	238,983	267,450
Fundraising	137,386	-	137,386	113,990
Total Support Revenue	836,548	-	836,548	821,927
In-kind contributions	304,689	-	304,689	266,110
Interest income	7,522	-	7,522	7,795
Other revenue - gain on asset disposal	6,446	-	6,446	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>1,155,205</b>	<b>-</b>	<b>1,155,205</b>	<b>1,095,832</b>
<b>EXPENSES</b>				
Program services	878,241	-	878,241	761,108
Supporting services				
Management and general	75,030	-	75,030	86,191
Fundraising	71,161	-	71,161	69,012
<b>TOTAL EXPENSES</b>	<b>1,024,432</b>	<b>-</b>	<b>1,024,432</b>	<b>916,311</b>
<b>CHANGE IN NET ASSETS</b>	<b>130,773</b>	<b>-</b>	<b>130,773</b>	<b>179,521</b>
<b>BEGINNING NET ASSETS</b>	<b>683,704</b>	<b>-</b>	<b>683,704</b>	<b>504,183</b>
<b>ENDING NET ASSETS</b>	<b>\$ 814,477</b>	<b>\$ -</b>	<b>\$ 814,477</b>	<b>\$ 683,704</b>

See notes to financial statements.

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HOPE FOR ALL, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

Program	2022			2021	
	Management and General	Fund Raising	Total	Total	
Furniture, housewares, clothing and personal items distributed	\$ 553,165	\$ -	\$ -	\$ 553,165	\$ 436,912
Payroll	195,980	46,425	51,419	293,824	294,551
Payroll taxes	17,019	4,031	4,465	25,515	21,611
Rent	49,376	837	5,579	55,792	52,963
Warehouse expenses	11,861	-	-	11,861	10,342
Utilities	6,330	107	715	7,152	6,485
Repairs and maintenance	3,227	-	-	3,227	8,282
Furniture and equipment	1,087	-	-	1,087	1,518
Vehicle expenses	9,706	-	-	9,706	14,848
Depreciation	17,586	393	393	18,372	11,895
Insurance	8,987	700	960	10,647	12,230
Professional fees	-	14,271	-	14,271	12,670
Telephone and internet	1,649	206	206	2,061	2,261
Office expense	2,268	283	283	2,834	4,481
Postage and shipping	-	733	733	1,466	270
Advertising	-	514	-	514	13,867
Bank charges and service fees	-	930	-	930	1,824
SBA loan interest	-	-	-	-	541
Dues and memberships	-	1,000	-	1,000	700
Other operating expenses	-	4,600	-	4,600	2,778
Special event expenses	-	-	6,408	6,408	5,282
	<u>\$ 878,241</u>	<u>\$ 75,030</u>	<u>\$ 71,161</u>	<u>\$ 1,024,432</u>	<u>\$ 916,311</u>

See notes to financial statements.

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HOPE FOR ALL, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 130,773	\$ 179,521
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	18,372	11,895
Gain on asset disposal	( 6,446)	-
Extinguishment of debt	-	( 62,541)
<b>(Increase) decrease in:</b>		
Accounts receivable	( 15,716)	( 15,618)
Inventory	( 15,810)	( 54,239)
Prepaid expenses	( 224)	( 4,487)
<b>Increase (decrease) in:</b>		
Accounts payable and accrued expenses	1,117	7,140
Deferred grant income	-	( 27,478)
Payroll taxes	( 993)	( 116)
<b>Total adjustments</b>	<u>( 19,700)</u>	<u>( 145,444)</u>
<b>Net cash provided by operating activities</b>	<u>111,073</u>	<u>34,077</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	( 76,823)	( 57,040)
Proceeds from fixed asset disposal	10,500	-
<b>Net cash used by investing activities</b>	<u>( 66,323)</u>	<u>( 57,040)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	44,750	( 22,963)
<b>CASH AND CASH EQUIVALENTS - Beginning</b>	<u>400,022</u>	<u>422,985</u>
<b>CASH AND CASH EQUIVALENTS - Ending</b>	<u>\$ 444,772</u>	<u>\$ 400,022</u>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

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HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE A. Organization and Funding**

**Organization**

HOPE For All, Inc. is a Christian ministry whose mission is to provide basic necessities (i.e. furniture, housewares, clothing and personal items) to families and individuals without sufficient economic resources. They are a public 501(c)(3) non-profit serving residents of Anne Arundel County and parts of Baltimore City, Maryland.

**Funding**

The operations of HOPE For All, Inc. are funded principally through contributions and grants from individuals, businesses, governments and foundations. Additionally, the Organization receives in kind gift contributions from individuals and businesses.

**NOTE B. Summary of Significant Accounting Policies**

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for nonprofit organizations. Financial statement presentation also follows the recommendations of relevant accounting standards which require the Organization 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.

**Basis of Presentation**

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, "Not-for-Profit Entities" updated for ASU 2016-14. Under (ASC) 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

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HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE B. Summary of Significant Accounting Policies (continued)**

**Basis of Presentation** (continued)

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with HOPE For All, Inc.'s financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, cash and cash equivalents are considered to be all highly liquid funds with a maturity of 90 days or less maintained in checking, money market, certificate of deposit and investment accounts. At times such balances may be in excess of insurance limits. The Organization has not experienced any losses in such accounts.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances for county grants. Management estimates an allowance for doubtful accounts when there is an indication amounts due HOPE For All, Inc. may not be paid in full.

**Support and Revenue**

Grants and contributions are generally available for unrestricted use unless specifically restricted by the donor. Grants and contributions are reported as increase in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. If the donor restrictions are met in the same year, the restricted contributions are reported as increase in net assets without donor restrictions in the financial statements.

**Net Assets Without Donor Restrictions**

These net assets are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE B. Summary of Significant Accounting Policies (continued)**

**Net Assets Without Donor Restrictions** (continued)

Periodically, the Board of Directors may pass resolutions for self-imposed limits on net assets for specific projects and purposes. Since these self-imposed limits are not based upon donor restrictions, the net assets are included in net assets without donor restriction.

**Net Assets With Donor Restrictions**

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are classified in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from donor restricted to net assets without restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

**Classification of Transactions**

All revenues and net gains are reported as increases in net assets without donor restrictions in the Statement of Activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses are reported as decreases in net assets without donor restrictions.

**Expense Recognition and Allocation**

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited on the basis of periodic time or usage studies.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

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HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE B. Summary of Significant Accounting Policies** (continued)

**Expense Recognition and Allocation** (continued)

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising.

**Contributions**

Contributions received and promises to give are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions. Contributions of donated non-cash assets are recorded at their estimated fair values in the period received. For the year ended June 30, 2022, HOPE For All Inc. recognized contributed merchandise with a fair value of \$304,689 as In-Kind gifts. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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.

The Organization recognizes the fair value of contributed services received if such services: a) create or enhance nonfinancial assets or; b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in programs and fundraising events. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition under FASB ASC 958, *Accounting for Contributions Received and Contributions Made*.

**Inventory**

The inventory consists primarily of the following classes which are held for distribution to those in need of basic living items: clothing, linen, household items and furnishings.

Contributed inventory is valued at fair value using estimates, averages and computational approximations applied on a consistent basis. Purchased inventory is stated at cost.

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## HOPE FOR ALL, INC. NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### NOTE B. Summary of Significant Accounting Policies (continued)

#### **Property and Equipment**

Purchased property, equipment and improvements are capitalized at cost. Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose.

The Organization follows the practice of capitalizing all expenditures for fixed assets in excess of \$500. Ordinary repairs and maintenance are charged to expense when incurred. At the time property, plant, and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation are adjusted, and any gain or loss on disposal is included in the statement of changes in net assets. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are as follows:

Office furniture and equipment	5 years
Leasehold improvements	10-15 years
Vehicles	5 years

Depreciation expense amounted to \$18,372 for the year ended June 30, 2022.

#### **Impairment of Long-Lived Assets**

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be revocable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the statement of activities, to its current fair value.

#### **Revenue Recognition**

##### *Revenues and Support*

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASC 606"). The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services.

This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard supersedes existing revenue recognition guidance. This standard was effective for annual reporting periods beginning after December 15, 2018.

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HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE B. Summary of Significant Accounting Policies** (continued)

**Revenue Recognition** (continued)

*Revenues and Support* (continued)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities- Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This ASU provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional.

The Organization determines the amount of revenue to be recognized from contracts with customers through application of the following steps:

- Identification of the contract, or contracts with customers;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and recognition of revenue when or as the Organization satisfies the performance obligations.

*Grants and Contributions*

In accordance with ASU 2018-08, grants and contributions awarded to the Organization which are generally considered nonreciprocal transactions restricted by funders/supporters for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the grant agreements are met. Unconditional promises to give cash and other assets to the Organization are reported as contributions and recorded at fair value on the date the promise is received. All contributions are considered to be available for use without restriction unless specifically restricted by the donor. Contributions received for specific purposes or with donor stipulations are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are recorded as increases in net assets without donor restrictions if the restrictions are met or expire within the fiscal year in which the contributions are received.

*Fundraising Events*

Revenue earned from fundraising events is recognized at the time of the event. Expenses incurred in connection with an event that provides direct benefit to the donors are charged against the revenue earned from the event. Substantially, all of the revenue for the year ended June 30, 2022 was considered contribution revenue.

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HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE B. Summary of Significant Accounting Policies** (continued)

**Revenue Recognition** (continued)

**Income Tax Status**

The Organization is a non-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes has been included in the accompanying financial statements. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Organization has no net unrelated business income tax for the year ended June 30, 2022. The Organization had no unrelated income subject to federal and business income tax. The Organization has been classified as a publicly supported charitable organization under Section 509(a)(2) of the Internal Revenue Code and qualifies for the maximum allowable charitable contribution deduction by donors.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentration of Credit Risk**

The Organization maintains its cash balances with various financial institutions located in the Baltimore, Maryland area, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**Recent Issued Accounting Guidance**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-2, Leases (Topic 842). The FASB is issuing this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This update affects any entity that enters into a lease, with some specified scope exemptions. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The adoption of this amendment is not expected to have a material impact on the financial condition or results of operations. Accounting Standard Update 2019-10 has deferred the effective date to fiscal years beginning after December 15, 2021.

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HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE B. Summary of Significant Accounting Policies (continued)**

**Date of Management's Review**

Management has evaluated subsequent events through October 19, 2022, the date on which the financial statements were available to be issued.

**NOTE C. Loan Payable - Paycheck Protection Program**

On April 15, 2020, the Organization received loan proceeds in the amount of approximately \$62,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll and specified other expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks (or twenty-four weeks), as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight (or twenty-four) week period.

The unforgiven portion of the PPP loan was payable over two (or five years) at an interest rate of 1%, with a deferral of payments for the first ten months. Interest expense amounted to \$541 at June 30, 2021. The Organization used the proceeds for purposes consistent with the PPP. On March 16, 2021, the Small Business Administration (SBA) had notified the Organization that the loan had met the conditions of forgiveness and it has no obligation to repay the loan. The loan balance of \$62,000 and the accrued interest of \$541 was included in government grants on the financial statements per not-for-profit entities revenues recognition guidance for the year ended June 30, 2021.

**NOTE D. Liquidity and Availability of Financial Assets**

The Organization has \$481,314 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$444,772 and accounts receivable of \$36,542. None of the financials assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The accounts receivable are expected to be collected within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

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HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE E. Commitments**

The Organization rents warehouse space under a lease beginning January 1, 2019 and expiring December 31, 2028. The lease calls for monthly base rents plus CAM charges. The initial monthly rental and CAM charges is \$4,070, with increases of 5% each year through 2028. Rent expense for the year ended June 30, 2022 was \$55,792

The following is a schedule of future minimum rents under the lease. The amounts include CAM charges since the amounts are specified in the lease. Renewal options are not shown below.

Future minimum rent expense under the lease:

For the years ending	
June 30,	
2023	\$ 57,948
2024	60,846
2025	63,888
2026	67,086
2027	70,440
Thereafter	<u>111,846</u>
	<u>\$ 432,054</u>

**NOTE F. Income Taxes**

In accordance with accounting pronouncements, the Organization has adopted the recognition requirements for uncertain income tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with federal and state jurisdictions where it operates. The Organization believes that the income tax filing positions will be sustained upon examination and does not anticipate any material adjustments that would result in a material effect on the Organization's financial statements. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at June 30, 2022. The Organization's Form 990, *Return of Organization Exempt From Income Tax* are subject to examination by federal and state taxing authorities, generally three years for federal and varying periods for states. The Organization's policy is to record income tax related interest and penalties, if any, in management and general expenses.

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**NOTE G. Risks and Uncertainties and Subsequent Events**

The spread of a novel strain of coronavirus (COVID-19) around the world in 2021-2020 has significantly caused volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economics and, as such, the Organization is unable to determine if it will have a material impact to its operations.

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 19, 2022.

**NOTE H. Risk Management**

The Organization is exposed to various risks or loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Organization maintains commercial insurance coverage for property and liability. Any potential liability of the Organization with respect to loss claims would be equal to the deductibles associated with policies and events which may exceed coverage limits. There have not been any significant reductions in insurance coverage amounts.

**NOTE I. Contingency**

The Small Business Administration (SBA) has the right to audit the good faith certification of eligibility and expenditures related to the Paychex Protection Program (PPP) loan received by the Organization for up to six years from the date the loan is forgiven or repaid in full. The Organization received forgiveness of their PPP loan in March 2021.



HOPE For All, Inc.

Board Members

Charles E. Wagner, Jr. President

655 Crain Highway S.

Glen Burnie, MD 21061

Donna Robinson, Vice President

214 West 11<sup>th</sup> Avenue

Brooklyn Park, MD 21225

Michael Gallina, Treasurer

9194 Firefly Run

Pasadena, MD 21122

Lisa S. Knell, Secretary

1854 Chesapeake Road

Pasadena, MD 21122

Constance Cooper, Executive Director

122 Roesler Road

Glen Burnie, MD 21060

Linda J. Swenson, Board Member

801 Sunnyfield Lane

Baltimore, MD 21225

COPY

Kevin Loftis, Board Member

1711 Byfield Court

Gambrills, MD 21054

Matthew Evans, Board Member

1344 Ashton Road, Suite 200

Hanover, MD 21076

Sandy Hartzell, Board Member

P.O. Box 435

Linthicum, MD 21090

David Chaffee, Board Member

122 Roesler Road

Glen Burnie, MD 21060

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