

HOPE FOR ALL, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2023

HOPE FOR ALL, INC.

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For the Year Ended June 30, 2023

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Hope for All, Inc.  
122 Roesler Road  
Glen Burnie, Maryland 21060-6553

### Opinion

We have audited the financial statements of Hope For All, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hope For All, Inc. as of June 30, 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 for one (1) year after the date that the financial statements are issued.

Hope for All, Inc.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

*Grandizio, Wilkins, Little & Matthews LLP*

Grandizio, Wilkins, Little & Matthews, LLP  
September 20, 2023

HOPE FOR ALL, INC.  
STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 478,679
Grants Receivable	32,315
Inventory	<u>176,898</u>
TOTAL CURRENT ASSETS	<u>687,892</u>
PROPERTY AND EQUIPMENT	
Office Furniture and Equipment	97,496
Leasehold Improvements	27,141
Vehicles	<u>91,874</u>
Total	216,511
Less: Accumulated Depreciation	<u>92,171</u>
NET PROPERTY AND EQUIPMENT	<u>124,340</u>
OTHER ASSETS	
Prepaid Expenses	2,700
Right of Use Asset	<u>335,680</u>
TOTAL OTHER ASSETS	<u>338,380</u>
TOTAL ASSETS	<u><u>\$ 1,150,612</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 3,145
Accrued Payroll and Payroll Taxes Payable	4,514
Operating Lease Liability - Short-Term	<u>51,909</u>
TOTAL CURRENT LIABILITIES	59,568
LONG-TERM LIABILITIES	
Operating Lease Liability - Long-Term	287,344
NET ASSETS	
Without Donor Restrictions	<u>803,700</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,150,612</u></u>

The independent auditors' report and the accompanying notes  
are an integral part of these financial statements.

HOPE FOR ALL, INC.  
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

NET ASSETS WITHOUT DONOR RESTRICTIONS

REVENUES, OTHER SUPPORT AND OTHER INCOME	
Support Revenue:	
Grants - Foundation and Government	\$ 304,903
Contributions - Business and Individual	245,864
Fundraising	<u>171,751</u>
 TOTAL SUPPORT REVENUE	 722,518
 In-Kind Contributions	 329,111
Interest Income	<u>8,114</u>
 TOTAL REVENUES, OTHER SUPPORT AND OTHER INCOME	 <u>1,059,743</u>
EXPENSES	
Program Services Expenses	875,942
Supporting Services Expenses	
Management and General	100,811
Fundraising	<u>93,767</u>
 TOTAL EXPENSES	 <u>1,070,520</u>
 CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 (10,777)
 Net Assets, Without Donor Restrictions - Beginning of Year	 <u>814,477</u>
 NET ASSETS, WITHOUT DONOR RESTRICTIONS - END OF YEAR	 <u><u>\$ 803,700</u></u>

The independent auditors' report and the accompanying notes  
are an integral part of these financial statements.

HOPE FOR ALL, INC.  
STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets, Without Donor Restrictions	\$ (10,777)
Adjustments to Reconcile Change in Net Assets, Without Donor Restrictions to Net Cash Provided by (Used In)	
Operating Activities:	
Depreciation	27,184
Amortization of Right of Use Asset	56,680
Accretion of Operating Lease Liability	10,623
(Increase) Decrease In:	
Grants Receivable	4,227
Inventory	15,144
Prepaid Expenses	2,111
Increase (Decrease) In:	
Accounts Payable and Accrued Expenses	(4,570)
Accrued Payroll and Payroll Taxes	4,054
Operating Lease Liability	<u>(63,730)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>40,946</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	<u>(7,039)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(7,039)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,907
Cash and Cash Equivalents - Beginning of Year	<u>444,772</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 478,679</u></u>

The independent auditors' report and the accompanying notes  
are an integral part of these financial statements.

HOPE FOR ALL, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Program	Management and General	Fundraising	Total
<b>FUNCTIONAL EXPENSES</b>				
Furniture, Housewares, Clothing and Personal Items Distributed	\$ 467,091	\$ -	\$ -	\$ 467,091
Salaries and Wages	218,762	67,040	67,040	352,842
Payroll Taxes	17,247	5,285	5,285	27,817
Rent	58,827	997	6,647	66,471
Supplies	43,518	-	-	43,518
Warehouse Expenses	7,372	-	-	7,372
Utilities	7,242	123	818	8,183
Repairs and Maintenance	2,779	-	-	2,779
Furniture and Equipment	1,677	-	-	1,677
Vehicle Expenses	8,625	-	-	8,625
Depreciation	26,733	226	225	27,184
Insurance	9,253	636	887	10,776
Professional Fees	-	14,741	-	14,741
Telephone and Internet	996	704	704	2,404
Technology	4,639	-	-	4,639
Office Expenses	530	470	470	1,470
Postage and Shipping	651	580	580	1,811
Advertising	-	4,059	-	4,059
Bank Charges and Service Fees	-	828	-	828
Dues and Memberships	-	2,075	-	2,075
Other Operating Expenses	-	3,047	-	3,047
Special Event Expenses	-	-	11,111	11,111
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 875,942</b>	<b>\$ 100,811</b>	<b>\$ 93,767</b>	<b>\$ 1,070,520</b>

The independent auditors' report and the accompanying notes  
are an integral part of these financial statements.

HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS

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June 30, 2023

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**Note 1: Nature of Organization and Significant Accounting Policies**

**Organization**

Hope For All, Inc. (the Organization) is a Christian ministry whose mission is to provide furniture, household items, and clothing to people in local communities who are without the financial means to meet their basic needs and strives to offer stability to their daily lives and give hope for their future. The Organization is 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 contributions from individuals and businesses.

**Basis of Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The basis of accounting involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two (2) classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Use of Estimates**

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

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments purchased with a maturity of three (3) months or less when purchased to be cash and cash equivalents.

**Concentration of Risk**

The Organization maintains its cash balances at federally insured financial institutions. At various times, the amount of cash on deposit may exceed the amount guaranteed by the Federal Deposit Insurance Corporation. The Organization did not experience any loss of funds due to this concentration and believes that no significant concentration of credit risk exists with respect to cash balances.

**Grants Receivable**

Unconditional grants are recognized when awarded. Conditional grants are recognized when conditions are met. All grants receivable are deemed to be collectible by management at June 30, 2023. Therefore, an allowance for doubtful accounts has not been established.

HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS

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June 30, 2023

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**Note 1: Nature of Organization and Significant Accounting Policies (Continued)**

**Revenue Recognition**

The Organization reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the time period or manner of use of the grant or contribution. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, 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.

**Special Events Revenue**

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. For the year ended June 30, 2023, the Organization recognized \$171,751 in fundraising revenue, \$11,111 of which was a cost of direct benefit to donors.

**Income Taxes**

Hope for All, Inc. is a not-for-profit organization that is exempt from federal income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been recorded. No unrelated business income was identified for the year ended June 30, 2023. The Organization's evaluation on June 30, 2023 revealed no uncertain tax positions that would have a material impact on the financial statements.

The tax returns of the Organization for the previous three (3) years are subject to examination by the IRS and state taxing authorities. The Organization does not believe that any reasonably possible changes will occur within the next twelve (12) months that will have a material impact on the financial statements.

**Contributed Services**

Contributed services are recognized as revenue if the services are essential and create or enhance non-financial assets or require specified skills and are provided by individuals who possess those skills. No amounts have been reflected in the financial statements for contributed services. 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.

**In-Kind Contributions of Goods**

Contributions of non-cash assets include linens, clothing, housewares, shoes, and furnishings and are recorded at their estimated fair value at the time of donation. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The goods are distributed in the Organization's service to clients. In valuing the goods, the Organization estimates fair value based on established pricing guidelines that are applied on a consistent basis. In-kind contributions for the year ended June 30, 2023 totaled \$329,111.

**Inventory**

The inventory consists of clothing, linens, shoes, household items and furnishings, which are held for distribution to those in need of basic living items. Contributed inventory is valued at estimated fair value based on established pricing guidelines that are applied on a consistent basis. Purchased inventory is stated at the lower of cost or net realizable value.

HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS

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June 30, 2023

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**Note 1: Nature of Organization and Significant Accounting Policies (Continued)**

**FASB ASC No. 360**

Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 360 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Application of FASB ASC No. 360 has not materially affected the Organization's reported net assets, financial condition, or cash flows.

**Advertising**

Advertising costs are charged to operations when incurred. Advertising expense for the year ended June 30, 2023 amounted to \$4,059.

**Property and Equipment**

Expenditures for property, equipment, and improvements in excess of \$500 are capitalized at cost. Donated assets are capitalized at their estimated fair value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

Office Furniture and Equipment	5 Years
Leasehold Improvements	10-15 Years
Vehicles	5 Years

Depreciation expense totaled \$27,184 for the year ended June 30, 2023.

**Allocation of Functional Expenses**

The costs of providing the programs and services have been summarized as program; management and general; and fundraising in the statement of activities and 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.

Fundraising costs are expensed as incurred, even through 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.

**Date of Management's Review**

The Organization has evaluated events and transactions that occurred during the period from the date of the financial statements through September 20, 2023, the date the Organization's financial statements were available to be issued. There were no events or transactions that occurred during the period that materially impacted the amounts or disclosures in the Organization's financial statements.

HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS

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June 30, 2023

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**Note 1: Nature of Organization and Significant Accounting Policies (Continued)**

**Leases**

The Organization leases space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statement of financial position.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization's leases did not provide an implicit rate, therefore the Organization elected to use the risk-free rate, which is used to determine the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreement does not contain any variable lease payments. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if all of the rights to the underlying asset were substantially obtained through exclusivity, if the Organization has the right to direct the use of the asset and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

**Adoption of New Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the earliest period presented) using a modified retrospective approach, with certain practical expedients available.

The Organization elected the available practical expedients to account for the existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The Organization elected not to apply the recognition requirements of ASC 842 to all short-term leases, defined as leases with a term of twelve (12) months or less at commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 a lease liability of \$392,360, which represents the present value of the remaining operating lease payments of \$432,062, discounted using the risk-free rate of 2.9%, and a right-of-use asset of \$392,360.

The standard had a material impact on the Organization's statement of financial position, but did not have an impact on the Organization's statement of activities or statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS

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June 30, 2023

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**Note 2: Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the date of the statement of financial position:

Financial Assets at Year End	
Cash and Cash Equivalents	\$ 478,679
Accounts Receivable	<u>32,315</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One (1) Year	<u><u>\$ 510,994</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note 3: Operating Lease Commitments**

The Organization rents warehouse space under an operating 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 five percent (5%) each year through 2028. Rent expense was \$66,471 for the year ended June 30, 2023. Amounts below include CAM charges since the amounts are specified in the lease. As of June 30, 2023, the lease liability was \$339,253 and right of use asset was \$335,680. The remaining lease term is seventy-eight (78) months. The discount rate is 2.9%.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2023:

<u>For the Years Ending June 30,</u>	
2024	\$ 60,848
2025	63,891
2026	67,085
2027	70,440
2028	73,962
Thereafter	<u>37,883</u>
Total Future Minimum Lease Payments	374,109
Less: Imputed Interest	<u>34,856</u>
TOTAL	<u><u>\$ 339,253</u></u>

HOPE FOR ALL, INC.  
NOTES TO FINANCIAL STATEMENTS

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June 30, 2023

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**Note 4: 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.