

The Ladies of Hope Ministries, Inc.
(A Not-for-Profit Organization)
Financial Statements
Year ended December 31, 2019

The Ladies of Hope Ministries, Inc.
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Report of Independent Auditors

The Board of Directors
The Ladies of Hope Ministries, Inc.
New York, NY

Report on the Financial Statements

We have audited the accompanying financial statements of The Ladies of Hope Ministries, Inc., which include the statement of financial position as of December 31, 2019, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 The Ladies Of Hope Ministries, Inc. as of December 31, 2019, and the change 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.

Lehman Flynn Vollaro

Melville, NY
October 2, 2020

The Ladies of Hope Ministries, Inc.
Statements of Financial Position
December 31,

	<u>2019</u>
Assets	
Cash and cash equivalents	<u>\$ 191,957</u>
Total assets	<u><u>\$ 191,957</u></u>
Liabilities and net assets	
Accounts payable and accrued expenses	\$ 6,000
Credit card	<u>12,125</u>
Total liabilities	<u>\$ 18,125</u>
Net assets	
Without restrictions	<u>173,832</u>
Total net assets	<u>173,832</u>
Total liabilities and net assets	<u><u>\$ 191,957</u></u>

The Ladies of Hope Ministries, Inc.
Statement of Activities
Year Ended December 31, 2019

Revenue, support and gains	
Grants and contributions	\$ 812,425
Net special events revenue	<u>812,425</u>
Other revenue	34
Total revenue, support, and gains	<u>812,459</u>
Expenses and losses	
Program services expense	539,381
Supporting services expense	
Management and general	442,861
Fundraising and development	<u>35,820</u>
Total supporting services expenses	<u>478,681</u>
Total expenses and losses	<u>1,018,062</u>
Change in net assets	(205,603)
Net assets, beginning of year	<u>379,435</u>
Net assets, end of year	<u>\$ 173,832</u>

The Ladies of Hope Ministries, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Outside labor	\$ 220,206	\$ 192,322	\$ -	\$ 412,528
Salaries and related expenses	116,096	67,007	9,728	192,831
Travel	58,524	64,953	-	123,477
Occupancy	57,186	35,291	-	92,477
Events	30,781	-	25,500	56,281
Professional fees	-	45,943	-	45,943
Office and other expenses	18,005	24,546	-	42,551
Meals	10,939	8,766	-	19,705
Utilities	9,909	-	-	9,909
Licenses and permits	7,141	600	-	7,741
Advertising	4,990	-	592	5,582
Insurance	320	3,362	-	3,682
Delivery	3,163	-	-	3,163
Meetings	2,121	71	-	2,192
Total expenses by function	<u>\$ 539,381</u>	<u>\$ 442,861</u>	<u>\$ 35,820</u>	<u>\$ 1,018,062</u>

The Ladies of Hope Ministries, Inc.
 Statements of Cash Flows
 Years Ended December 31,

	2019
Cash flows from operating activities	
Change in net assets	\$ (205,603)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Changes in operating assets and liabilities	
Accounts receivable, net	885
Other assets	4,985
Credit cards	12,125
Accounts payable and accrued expenses	(107)
Net cash from (used for) operating activities	(187,715)
Net change in cash and cash equivalents	(187,715)
Cash and cash equivalents, beginning of year	379,672
Cash and cash equivalents, end of year	\$ 191,957
Supplemental disclosure of cash flow information	
Cash paid during the year for	
Interest	\$ -
Unrelated business income taxes	\$ -

The Ladies of Hope Ministries, Inc.
Notes to Financial Statements
December 31, 2019

Note 1 - Principal activity and significant accounting policies

Organization

The Ladies of Hope Ministries, Inc. (“we, the Organization”) is a nonprofit corporation incorporated under the Not-for-Profit Corporation laws of the State of New York. The Organization’s mission is to help disenfranchised and marginalized formerly incarcerated women transition back into society.

Cash and cash equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Receivables and credit policies

Accounts receivable consist primarily of noninterest-bearing amounts due for grants and other programs. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2019, the allowance was \$0.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:
Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Ladies of Hope Ministries, Inc.
Notes to Financial Statements
December 31, 2019

Donated services and in-kind contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended December 31, 2019.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes

The Ladies Or Hope Ministries, Inc. is organized as a New York State nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as a organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. We believe we have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial instruments and credit risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, and foundations supportive of our mission.

The Ladies of Hope Ministries, Inc.
Notes to Financial Statements
December 31, 2019

Compensated absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. Our policy is to recognize these costs when actually paid.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued an updated (“ASU 2014-09”) establishing Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“ASC 606”). ASU 2014-09, as amended by subsequent ASU’s on the topic, establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. This standard, which was effective for annual reporting periods in fiscal years that begin after December 15, 2018, requires an entity to recognize revenue to depict the transfer of promised goods or services and also requires certain additional disclosures. We adopted this standard effective January 1, 2019 using the modified retrospective method applied to all existing contracts not yet completed as of January 1, 2019 and recorded no adjustment to beginning net assets. The adoption of ASC 606 did not have a material impact on our financial statements (see Note 3 – Revenue Recognition)

Subsequent events

We have evaluated subsequent events through October 2, 2020, the date the financial statements were available to be issued.

Note 2 - Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consists of the following:

Cash and cash equivalents	<u>\$ 191,957</u>
	<u><u>\$ 191,957</u></u>

The FASB requires all not-for-profits to add disclosures regarding how they manage liquidity and information that communicates the availability of financial assets to meet cash needs for general expenditures.

We regularly monitor the availability of resources required to meet our operating needs and other contractual commitments.

The Ladies of Hope Ministries, Inc.
Notes to Financial Statements
December 31, 2019

Note 3 - Revenue Recognition

On January 1, 2019, we adopted ASC 606 which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. This standard requires us to recognize for certain our revenue sources the transfer of promised goods or services to customers in an amount that reflects the consideration we are entitled to in exchange for these goods or services. We adopted this standard effective January 1, 2019 using the modified retrospective method applied all existing contracts not yet completed as of January 1, 2019 and recorded no adjusted to beginning net assets. The adoption of ASC 606 did not have a material impact on our financial statements.

Our revenues primarily consist of foundation grants, rental income, and interest income.

1. Grants and contributions are funds provided to the organization either for general purposes or to be spent on a specific purpose. Revenue is recorded when it is received or when the related purpose is accomplished.
2. Interest income is income that stems from the savings and investment bank account. This income is recognized when earned.

Below is a summary of our revenues by segment:

<u>Segment</u>	<u>2019</u>
Grants and contributions	812,425
Interest income	<u>34</u>
Total revenue	<u><u>\$ 812,459</u></u>

The Ladies of Hope Ministries, Inc.

Notes to Financial Statements

December 31, 2019

Note 4 - Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 5 - Subsequent event – COVID-19

In late 2019, a novel strain of coronavirus, COVID-19, emerged globally. As the COVID-19 coronavirus continues to spread in the United States and around the world, the Organization may experience disruptions that could severely impact its ability to carry out its activities. The impact of the outbreak of the COVID-19 coronavirus continues to rapidly evolve. The extent to which the COVID-19 coronavirus may impact the Organization will depend on future developments, which are highly uncertain and cannot be predicted with confidence. These future developments and factors include but are not limited to, the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, supply chain and transportation disruptions, social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the virus. Due to these factors and other currently unknown factors that may come to light if this coronavirus outbreak and any associated protective or preventative measures expand, as of the date of the auditors' report, the Organization cannot reasonably estimate the impact to its activities, revenues, financial condition or results of operations; however, such impact could be significantly negative.