

The Ladies of Hope Ministries, Inc.  
(A Not-for-Profit Organization)  
Financial Statements  
Years ended December 31, 2022 and 2021

The Ladies of Hope Ministries, Inc.  
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December 31, 2022 and 2021

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of The Ladies of Hope Ministries, Inc (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 The Ladies of Hope Ministries, Inc as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years 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 The Ladies of Hope Ministries, 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 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 The Ladies of Hope Ministries Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 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 generally accepted auditing standards, 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 The Ladies of Hope Ministries, 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 The Ladies of Hope Ministries, 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.

*Lehman Flynn Vollaro*

Melville, NY  
August 28, 2023

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

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 702,760	\$ 162,099
Total current assets	<u>702,760</u>	<u>162,099</u>
Property and equipment (net)	652,060	-
Operating lease right-of-use assets	129,074	99,943
Deposits and other	<u>6,400</u>	<u>-</u>
Total assets	<u>\$ 1,490,294</u>	<u>\$ 262,042</u>
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 77,378	\$ 78,818
Credit cards payable	42,992	45,078
Client savings	18,825	7,268
SBA PPP loan	-	46,964
Operating lease liabilities - current	<u>89,097</u>	<u>29,983</u>
Total current liabilities	<u>228,292</u>	<u>208,111</u>
Long-term liabilities		
SBA EIDL loan	159,109	150,000
NFF loan	500,000	500,000
Operating lease liabilities - long-term	<u>39,977</u>	<u>69,960</u>
Total long-term liabilities	<u>699,086</u>	<u>719,960</u>
Total liabilities	<u>927,378</u>	<u>928,071</u>
Net assets		
Without donor restrictions	260,916	(666,029)
With donor restrictions	<u>302,000</u>	<u>-</u>
Total net assets	<u>562,916</u>	<u>(666,029)</u>
Total liabilities and net assets	<u>\$ 1,490,294</u>	<u>\$ 262,042</u>

See notes to financial statements

The Ladies of Hope Ministries, Inc.  
Statement of Activities  
Years Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, support and gains			
Grants and contributions	\$ 4,620,388	\$ 302,000	\$ 4,922,388
Program revenue	7,103	-	7,103
Other income	11,419	-	11,419
Total revenue, support, and gains	<u>4,638,909</u>	<u>302,000</u>	<u>4,940,909</u>
Expenses and losses			
Program services expense	2,438,402	-	2,438,402
Supporting services expense			
Management and general	1,195,744	-	1,195,744
Fundraising	77,818	-	77,818
Total supporting services expenses	<u>1,273,562</u>	<u>-</u>	<u>1,273,562</u>
Total expenses and losses	<u>3,711,964</u>	<u>-</u>	<u>3,711,964</u>
Change in net assets	926,945	302,000	1,228,945
Net assets, beginning of year	<u>(666,029)</u>	<u>-</u>	<u>(666,029)</u>
Net assets, end of year	<u>\$ 260,916</u>	<u>\$ 302,000</u>	<u>\$ 562,916</u>

The Ladies of Hope Ministries, Inc.  
Statement of Activities  
Years Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains			
Grants and contributions	\$ 4,620,388	\$ 302,000	\$ 4,922,388
Program revenue	7,103	-	7,103
Other income	11,419	-	11,419
Total revenue, support, and gains	<u>4,638,909</u>	<u>302,000</u>	<u>4,940,909</u>
Expenses and losses			
Program services expense	2,438,402	-	2,438,402
Supporting services expense			
Management and general	1,195,744	-	1,195,744
Fundraising	77,818	-	77,818
Total supporting services expenses	<u>1,273,562</u>	<u>-</u>	<u>1,273,562</u>
Total expenses and losses	<u>3,711,964</u>	<u>-</u>	<u>3,711,964</u>
Change in net assets	926,945	302,000	1,228,945
Net assets, beginning of year	<u>(666,029)</u>	<u>-</u>	<u>(666,029)</u>
Net assets, end of year	<u>\$ 260,916</u>	<u>\$ 302,000</u>	<u>\$ 562,916</u>

The Ladies of Hope Ministries, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2022

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	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 1,320,395	\$ 298,095	\$ 77,818	\$ 1,696,308
Outside labor	512,213	261,224	-	773,437
Occupancy	166,119	95,650	-	261,769
Travel	69,909	117,913	-	187,822
Stipends and gifts	183,759	3,377	-	187,136
Professional fees	11,913	134,203	-	146,116
Events	-	107,484	-	107,484
Supplies	59,984	-	-	59,984
Deposit forfeiture	-	60,000	-	60,000
Office and other expenses	12,467	42,851	-	55,318
Technology and software	32,900	18,487	-	51,387
Meals	10,232	25,427	-	35,659
Repairs and maintenance	24,713	4,377	-	29,090
Advertising	15,390	9,400	-	24,790
Insurance	7,904	4,927	-	12,831
Interest	-	12,329	-	12,329
Depreciation	9,960	-	-	9,960
Donations	544	-	-	544
Total expenses by function	<u>\$ 2,438,402</u>	<u>\$ 1,195,744</u>	<u>\$ 77,818</u>	<u>\$ 3,711,964</u>

See notes to financial statements



The Ladies of Hope Ministries, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 1,124,585	\$ 333,132	\$ 22,133	\$ 1,479,850
Outside labor	471,796	44,384	53,871	570,051
Occupancy	150,602	86,980	-	237,582
Stipends and gifts	132,358	5,441	-	137,799
Travel	26,600	79,615	-	106,215
Office and other expenses	12,394	44,826	-	57,220
Technology and software	34,076	21,980	-	56,056
Supplies	51,578	-	-	51,578
Professional fees	10,412	24,317	-	34,729
Advertising	22,162	8,589	-	30,751
Meals	5,110	23,021	-	28,131
Repairs and maintenance	10,976	154	-	11,130
Donations	-	5,000	-	5,000
Insurance	3,433	1,176	-	4,609
Total expenses by function	<u>\$ 2,056,082</u>	<u>\$ 678,615</u>	<u>\$ 76,004</u>	<u>\$ 2,810,701</u>

See notes to financial statements

The Ladies of Hope Ministries, Inc.

Statements of Cash Flows

Years Ended December 31,

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 1,228,945	\$ (1,123,367)
Forgiveness of SBA PPP loan	-	(27,267)
Depreciation	9,960	-
Non-cash lease expense	29,131	29,131
Accrued interest on SBA EIDL loan	9,109	-
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Changes in operating assets and liabilities		
Deposits and other assets	(6,400)	-
Accounts payable and accrued expenses	(1,440)	72,619
Credit cards payable	(2,087)	15,096
Client savings	11,557	2,945
Operating lease liabilities	(29,131)	(29,131)
Net cash from (used for) operating activities	<u>1,249,645</u>	<u>(1,059,974)</u>
Cash flows from investing activities		
Purchase of building	(662,020)	-
Net cash (used for) investing activities	<u>(662,020)</u>	<u>-</u>
Cash flows from financing activities		
Paydown of SBA PPP loan	(46,964)	(36,358)
Proceeds from NFF loan	-	500,000
Net cash (used for) from financing activities	<u>(46,964)</u>	<u>463,642</u>
Net change in cash and cash equivalents	540,661	(1,059,974)
Cash and cash equivalents, beginning of year	162,099	758,431
Cash and cash equivalents, end of year	<u>\$ 702,760</u>	<u>\$ (301,543)</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	\$ 3,117	\$ 1,433
Unrelated business income taxes	\$ -	\$ -
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows from operating leases	\$ 100,260	\$ 36,000
Non-cash investing and financing activities		
Addition to ROU assets obtained from new operating lease liabilities	\$ 118,228	\$ -

# The Ladies of Hope Ministries, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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## **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 both December 31, 2022 and 2021, the allowance was \$0.

### **Property and equipment**

We record property and equipment additions at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2022 and 2021.

### **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.

# The Ladies of Hope Ministries, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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## **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.

## **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, 2022 and 2021.

## **Advertising costs**

Advertising costs are expensed as incurred and approximated \$25,266 and \$30,751 during the years ended December 31, 2022 and 2021, respectively.

## **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 of 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

# The Ladies of Hope Ministries, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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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.

## **Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

## **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.

## **Recent accounting pronouncements**

In February 2016, The FASB issued Accounting Standards Update (ASU) 2016-02, Lease (Topic 842), codified as ASC 842, *Leases* (“ASC 842” or the “new lease standard”), which impacts all leases. In general, such arrangements will be recognized as assets and liabilities on the balance sheet of the lessee. Under the new lease standard, a right-of-use asset and lease liability will be recognized on the balance sheet for all leases, whether operating or finance. In addition, the statement of operations will reflect lease expense for operating leases and amortization and interest expense for financing leases. Finally, the new lease standard enhances the disclosure requirements related to these arrangements to increase transparency and comparability among companies. Lessor accounting under the new lease standard is substantially unchanged.

The Organization has elected to adopt ASC 824 as of the earliest period shown in the comparative financial statements (i.e., January 1, 2021).

# The Ladies of Hope Ministries, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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Our leases are all operating leases for office space. The Organization elected to utilize the incremental borrowing rate when calculating the right-of-use asset and lease liability. The Organization elected the package of practical expedients available to them which allowed the Organization to not reassess whether expired or existing contracts contain leases, lease classification of expired or existing contracts, and the accounting for initial direct costs for any leases. Additionally, the Organization elected the hindsight practical expedient, which allows the Organization to use hindsight to determine the lease term of any existing contracts upon adoption. Lastly, the company elected the short-term lease expedient, allowing us to forego recording a right-of-use asset and lease liability for those leases with a term less than or equal to 12 months.

The right-of-use assets and lease liabilities at adoption were \$129,926 and \$129,926 respectively. See Note 9 for further detail of the Organization's right-of-use assets and lease liabilities.

## Subsequent events

We have evaluated subsequent events through August 28, 2023, 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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 702,760	\$ 162,099
Less net assets with donor restrictions	<u>(302,000)</u>	<u>-</u>
	<u>\$ 400,760</u>	<u>\$ 162,099</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, 2022 and 2021

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### Note 3 - Property and equipment

In August of 2022, the Organization purchased a building located at 6063 Rhode Island Ave, Mount Rainier, MD to be used for their Hope House program.

Property and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Building	\$ 662,020	\$ -
Less accumulated depreciation	<u>(9,960)</u>	<u>-</u>
Total	<u>\$ 652,060</u>	<u>\$ -</u>

### Note 4 - Accounts payable and accrued expenses

Accounts payable and accrued expenses are made up of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Consultants	\$ 41,800	\$ 61,113
Professional fees	33,426	17,705
Stipends and gifts	1,902	-
Technology and software	<u>250</u>	<u>-</u>
	<u>\$ 77,378</u>	<u>\$ 78,818</u>

### Note 5 - Client savings

The Organization receives rent payments from tenants in their Hope House programs. The payments are held by the Organization until the tenant is placed in permanent housing, at which point a portion of the funds are returned to the tenant. The funds not returned by the Organization are considered rental income.

### Note 6 - SBA PPP loan

In April 2020 the Organization received a Small Business Administration loan under the Paycheck Protection Program (PPP) in the amount of \$110,589. In July 2021, the Organization received partial forgiveness on the loan in the amount of \$27,267. The remaining balance of the loan was paid off in full during the year ended December 31, 2022.

## The Ladies of Hope Ministries, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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### **Note 7 - SBA EIDL loan**

In October 2020 the Organization received a Small Business Administration loan under the Economic Injury Disaster Loan (EIDL) program. The amount of this loan was \$150,000. The loan carries an interest rate of 2.75% per annum. No monthly payments have been made but interest has been accrued.

### **Note 8 - NFF loan**

In July 2021 the Organization received a loan from the Nonprofit Finance Fund. The amount of this loan was \$500,000. Quarterly installment payments are to begin twenty-five months from the date of the promissory note in the amount of \$150,000 per quarter. The loan carries no interest rate and is payable in its entirety three years from the initial loan date.

### **Note 9 - Leases**

The Organization elected the short-term lease exemption of ASC 842 for the following lease:

The Organization leases a building in Trinidad and Tobago for their Hope House program. The lease is considered month to month. Rent expense related to this lease was \$18,000 and \$0 for the years ended December 31, 2022 and 2021 respectively. This lease has ended as of May 31, 2023.

As discussed in Recent Accounting Pronouncements, the Organization elected to adopt ASC 842 as of the earliest period shown in the comparative financial statements.

The Organization evaluates all contracts for potential leases in accordance with ASC 842. A contract contains a lease if the contract conveys the right to direct the use of an identified asset and to obtain substantially all of the economic benefit for consideration. The Organization has operating leases comprised of office space.

The Organization entered into a lease agreement on January 1, 2022 for the premises located at 2023 Caesar Place, Bronx, NY. This lease will expire on December 31, 2023. Rent expense related to this lease was \$64,260 for the year ended December 31, 2022.

The Organization entered into a lease agreement on May 1, 2020 for the premises located at 2525 Valentine Ct, New Orleans, LA. This lease will expire on April 30, 2025. Rent expense related to this lease was \$36,000 and \$36,000 for the years ended December 31, 2022 and 2021 respectively.



## The Ladies of Hope Ministries, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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The tables below represent a summary of the balances recorded in the statement of financial position related to our operating leases as of December 31:

	2022	2021
Right-of-use assets	\$ 129,074	\$ 99,943
Current portion of lease liabilities	\$ 89,097	\$ 29,983
Non-current portion of lease liabilities	39,977	69,960
	\$ 129,074	\$ 99,943

The Organization's lease liabilities are based on the net present value of the remaining lease payments over the remaining lease term. To determine the lease liability net present value of the lease payments, we used the incremental borrowing rate at the adoption date, for the term of each lease. The weighted average remaining lease term and discount rate as of December 31, 2022 and December 31, 2021 for our operating leases are as follows:

	2022	2021
Weighted average remaining lease terms (in years)	1.65	3.33
Weighted average discount rate	5.75%	5.75%

Operating lease expense is included in the occupancy amount on the statement of functional expenses for the years ended December 31, 2022 and 2021 were \$100,260 and \$36,000 respectively.

A maturity analysis of lease payments under our operating leases is presented as follows:

Fiscal Year	Operating
2023	\$ 100,260
2024	36,000
2025	12,000
Total lease payments	148,260
Less: present value adjustment	(19,186)
Total lease liabilities	\$ 129,074

# The Ladies of Hope Ministries, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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## Note 10 - Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2022 and 2021 are restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
For use on Rapid Re-Housing program	\$ 152,000	\$ -
Subject to the passage of time	<u>150,000</u>	<u>-</u>
	<u>\$ 302,000</u>	<u>\$ -</u>

There were no assets released from restriction during the years ended December 31, 2022 and 2021.

## Note 11 - Revenue recognition

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

1. Private funding is revenue provided to the Organization by private companies and foundations either for general purposes or to be spent on a specific purpose. Revenue is recorded when received or when the related purpose is accomplished.
2. Individual funding is revenue provided to the Organization by individuals either for general purposes or to be spent on a specific purpose. Revenue is recorded when received or when the related purpose is accomplished.
3. Other income is income that stems from various other activities that are not in the regular course of business.
4. Program revenue is revenue earned from the various programs offered by the Organization. Revenue is recognized when it is earned.
5. Interest income is income that stems from the savings and investment bank account. This income is recognized when earned.
6. Government funding is revenue provided to the Organization via various governmental programs or governmental grants. This revenue is either used for general purposes, or for specific purposes highlighted by the governmental program or grant. Revenue is recorded when received or when the related purpose is accomplished.

# The Ladies of Hope Ministries, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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Below is a summary of our revenues by segment:

Segment	2022	2021
Private funding	\$ 4,554,474	1,580,630
Individual funding	65,914	68,496
Other income	11,000	3,348
Program revenue	7,103	7,473
Interest income	419	121
Government funding	-	27,267
Total revenue	\$ 4,638,909	\$ 1,687,335

## Note 12 - 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 related expenses, outside labor, and professional fees which are allocated on the basis of estimates of time and effort.

## Note 13 - Deposit forfeiture

In August of 2022, the Organization entered into an agreement to purchase a building in Miami, Florida to be used for their Hope House program. The Organization later decided to back out of the purchase, which led to the forfeiture of their \$60,000 deposit.

## Note 14 - Related parties

The Organization leases property from Topeka K. Sam Ventures LLC, a company owned by the Organization's executive director, at market value. For the years ended December 31, 2022 and 2021 rent expense was \$36,000 and \$36,000 respectively.