

**NEW HOPE MINISTRIES, INC.**

**FINANCIAL REPORT**

**JUNE 30, 2012**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
New Hope Ministries, Inc.  
Dillsburg, Pennsylvania

We have audited the accompanying statement of financial position of New Hope Ministries, Inc., as of June 30, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of New Hope Ministries, Inc.'s management. Our responsibility is to express an opinion on the financial statements based on our audit. The financial statements of New Hope Ministries, Inc., for the year ended June 30, 2011, were audited by other auditors whose report, dated October 11, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hope Ministries, Inc., as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Camp Hill, Pennsylvania  
October 12, 2012

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**NEW HOPE MINISTRIES, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2012 and 2011**

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 785,646	\$ 541,311
Accounts receivable	2,072	29,642
Pledges receivable	76,923	71,465
Inventory		
Food and gift cards	100,992	59,926
Other	23,205	-
Prepaid expenses	28,515	18,268
<b>Total current assets</b>	<b>1,017,353</b>	<b>720,612</b>
<b>Fixed Assets</b>		
Land	205,000	205,000
Buildings	1,186,314	1,138,420
Furniture and fixtures	148,707	147,709
Vehicles	77,533	77,533
Computer software	20,548	18,718
	<b>1,638,102</b>	<b>1,587,380</b>
Less accumulated depreciation	<b>(218,201)</b>	<b>(160,578)</b>
	<b>1,419,901</b>	<b>1,426,802</b>
<b>Total assets</b>	<b>\$ 2,437,254</b>	<b>\$ 2,147,414</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 65,525	\$ 44,273
Accrued liability for compensated absences	22,809	37,672
Unearned revenue	-	26,450
<b>Total current liabilities</b>	<b>88,334</b>	<b>108,395</b>
<b>Net Assets</b>		
Unrestricted	1,780,162	1,651,859
Board designated	197,321	165,039
<b>Total unrestricted net assets</b>	<b>1,977,483</b>	<b>1,816,898</b>
Temporarily restricted	305,148	155,832
Permanently restricted	66,289	66,289
<b>Total net assets</b>	<b>2,348,920</b>	<b>2,039,019</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,437,254</b>	<b>\$ 2,147,414</b>

See Notes to Financial Statements.

**NEW HOPE MINISTRIES, INC.**

**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2012**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and Other Support</b>				
Contributions	\$ 749,173	\$ 184,519	\$ -	\$ 933,692
Grants and allocations	356,524	75,948	-	432,472
Noncash support	1,270,748	-	-	1,270,748
Fundraising receipts	84,313	-	-	84,313
Interest income	1,153	734	-	1,887
Energy assistance	21,612	-	-	21,612
Miscellaneous income	6,950	-	-	6,950
Net assets released from restrictions	111,885	(111,885)	-	-
<b>Total revenues and other support</b>	<b>2,602,358</b>	<b>149,316</b>	<b>-</b>	<b>2,751,674</b>
<b>Expenses and Losses</b>				
Program services	2,086,591	-	-	2,086,591
Management and general	150,165	-	-	150,165
Fundraising	205,017	-	-	205,017
<b>Total expenses and losses</b>	<b>2,441,773</b>	<b>-</b>	<b>-</b>	<b>2,441,773</b>
<b>Changes in net assets</b>	<b>160,585</b>	<b>149,316</b>	<b>-</b>	<b>309,901</b>
Net Assets - July 1, 2011	1,816,898	155,832	66,289	2,039,019
Net Assets - June 30, 2012	<u>\$ 1,977,483</u>	<u>\$ 305,148</u>	<u>\$ 66,289</u>	<u>\$ 2,348,920</u>

See Notes to Financial Statements.

NEW HOPE MINISTRIES, INC.

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and Other Support</b>				
Contributions	\$ 678,004	\$ 46,901	\$ -	\$ 724,905
Grants and allocations	211,519	65,205	-	276,724
Noncash support	1,033,755	-	-	1,033,755
Fundraising receipts	99,420	-	-	99,420
Interest income	1,687	984	-	2,671
Miscellaneous income	14,842	-	-	14,842
Net assets released from restrictions	132,703	(132,703)	-	-
<b>Total revenues and other support</b>	<b>2,171,930</b>	<b>(19,613)</b>	<b>-</b>	<b>2,152,317</b>
<b>Expenses and Losses</b>				
Program services	1,977,563	-	-	1,977,563
Management and general	158,127	-	-	158,127
Fundraising	130,819	-	-	130,819
<b>Total expenses and losses</b>	<b>2,266,509</b>	<b>-</b>	<b>-</b>	<b>2,266,509</b>
<b>Changes in net assets</b>	<b>(94,579)</b>	<b>(19,613)</b>	<b>-</b>	<b>(114,192)</b>
Net Assets - July 1, 2010	1,911,477	175,445	66,289	2,153,211
Net Assets - June 30, 2011	<u>\$ 1,816,898</u>	<u>\$ 155,832</u>	<u>\$ 66,289</u>	<u>\$ 2,039,019</u>

See Notes to Financial Statements.

**NEW HOPE MINISTRIES, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 309,901	\$ (114,192)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	57,622	60,396
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	27,570	(29,642)
Pledges receivable	(5,458)	10,410
Inventory	(64,271)	34,979
Prepaid expenses	(10,247)	15,204
(Decrease) increase in:		
Accounts payable and accrued expenses	21,252	(31,402)
Accrued liability for compensated absences	(14,863)	17,638
Unearned revenue	(26,450)	25,450
<b>Net cash provided by (used in) operating activities</b>	<b>295,056</b>	<b>(11,159)</b>
<b>Cash Flows From Investing Activities</b>		
<b>Purchase of equipment</b>	<b>(50,721)</b>	<b>(20,308)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>244,335</b>	<b>(31,467)</b>
<b>Cash and Cash Equivalents:</b>		
Beginning	541,311	572,778
Ending	\$ 785,646	\$ 541,311
<b>Supplemental Disclosures</b>		
Noncash Transactions		
Inventory contributions	\$ 1,270,748	\$ 1,033,755
Inventory expensed	\$ 1,206,398	\$ 1,050,211

See Notes to Financial Statements.

NEW HOPE MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2012

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries	\$ 389,263	\$ 75,231	\$ 77,127	\$ 541,621
Employee benefits	48,359	9,346	9,582	67,287
Retirement	9,214	1,781	1,825	12,820
Payroll taxes	38,126	7,368	7,554	53,048
Education and training	1,510	292	299	2,101
Equipment purchases	35	7	7	49
Fundraising	-	-	20,966	20,966
Insurance	14,613	2,824	2,895	20,332
Internet support	14,247	2,753	2,823	19,823
License and registration fees	6,377	1,232	1,264	8,873
Miscellaneous	11,757	2,272	2,330	16,359
Postage and freight	4,139	800	820	5,759
Professional fees	7,994	20,784	3,198	31,976
Public relations and promotion	-	-	48,213	48,213
Rent	21,797	4,213	4,318	30,328
Repairs and maintenance	6,744	1,304	1,336	9,384
Supplies	14,368	2,777	2,847	19,992
Telephone	8,763	1,694	1,736	12,193
Travel	19,208	3,712	3,806	26,726
Utilities	11,416	2,206	2,262	15,884
Volunteer appreciation	8,096	1,565	1,604	11,265
Depreciation	41,413	8,004	8,205	57,622
Property tax	1,056	-	-	1,056
Children's programs	4,790	-	-	4,790
Client and program resources	10,610	-	-	10,610
Scholarships and tuition assistance	38,565	-	-	38,565
Food assistance	15,633	-	-	15,633
Vehicle fuel assistance	5,935	-	-	5,935
Housing/rental assistance	61,902	-	-	61,902
Medical assistance	1,976	-	-	1,976
Utility assistance	40,323	-	-	40,323
Transportation assistance	21,964	-	-	21,964
Noncash assistance	1,206,398	-	-	1,206,398
<b>Total expenses</b>	<b>\$ 2,086,591</b>	<b>\$ 150,165</b>	<b>\$ 205,017</b>	<b>\$ 2,441,773</b>

See Notes to Financial Statements.



NEW HOPE MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2011

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries	\$ 421,594	\$ 91,530	\$ 41,605	\$ 554,729
Employee benefits	43,850	9,520	4,327	57,697
Retirement	9,118	1,980	900	11,998
Payroll taxes	37,652	8,174	3,716	49,542
Education and training	962	209	95	1,266
Equipment purchases	5,232	1,136	516	6,884
Fundraising	-	-	16,005	16,005
Insurance	15,950	3,463	1,574	20,987
Internet support	13,382	2,905	1,321	17,608
License and registration fees	6,722	1,459	663	8,844
Miscellaneous	4,653	1,010	459	6,122
Postage and freight	4,091	888	404	5,383
Professional fees	1,389	3,611	556	5,556
Public relations and promotion	-	-	44,022	44,022
Rent	25,985	5,642	2,564	34,191
Repairs and maintenance	12,225	2,654	1,206	16,085
Supplies	8,042	1,746	794	10,582
Telephone	8,254	1,792	815	10,861
Travel	15,234	3,307	1,503	20,044
Utilities	25,933	5,630	2,559	34,122
Volunteer appreciation	6,937	1,506	685	9,128
Depreciation	45,901	9,965	4,530	60,396
Property tax	1,145	-	-	1,145
Children's programs	5,127	-	-	5,127
Client and program resources	318	-	-	318
Scholarships and tuition assistance	49,035	-	-	49,035
Food assistance	35,485	-	-	35,485
Vehicle fuel assistance	6,457	-	-	6,457
Housing/rental assistance	51,788	-	-	51,788
Medical assistance	786	-	-	786
Utility assistance	44,156	-	-	44,156
Transportation assistance	19,949	-	-	19,949
Noncash assistance	1,050,211	-	-	1,050,211
<b>Total expenses</b>	<b>\$ 1,977,563</b>	<b>\$ 158,127</b>	<b>\$ 130,819</b>	<b>\$ 2,266,509</b>

See Notes to Financial Statements.

## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities: New Hope Ministries, Inc. (the Organization) is a Christian social service ministry incorporated during January 1983, under the laws of the Commonwealth of Pennsylvania as a charitable nonprofit organization. The Organization was established to collect donations and distribute resources in the form of assistance to low-income and no-income families in the event of a crisis situation. In addition to providing financial assistance, the Organization administers a variety of programs aimed at improving the lives of at-risk youth and families of York and Cumberland Counties.

Basis of Accounting: The Organization's financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting is in accordance with accounting principles generally accepted in the United States of America and provide that revenue be recognized when earned and expenses are recorded when the corresponding liability is incurred.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation: The Organization reports net assets, revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Grants and contract funding which are restricted to the use of the Organization's programs are reflected as unrestricted revenue when they are received and spent during the same year.

Income Tax Status: The Organization is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Tax Status (Continued): Management has assessed the Organization's exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously-filed tax returns. Examples of uncertain tax positions taken at the entity level include the continuing validity of the Organization's exempt status and the prospect of being subject to the filing requirement for unrelated business income. Presently, management believes that it is more likely than not that the Organization's tax position will be sustained upon examination, including any appeals and litigation, such that the Organization has no exposure to income tax liabilities arising from uncertain tax positions. The Organization is subject to routine audits by taxing jurisdictions; however, no audits for any tax periods are currently in progress. Management believes that the Organization is no longer subject to income tax examinations for years ended prior to June 30, 2009.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand, cash in banks, and all short-term highly liquid investments with maturities of three months or less.

Accounts Receivable and Bad Debts: Accounts receivable are stated at outstanding balances, which management has determined to be the amount fully collectible, based on the history of collectability. The Organization uses the allowance method to account for uncollectible accounts receivable.

Pledges Receivable: Pledges receivable consist of amounts allocated to the Organization by United Way and amounts pledged during a capital campaign initiated during 2009. As of June 30, 2012, there were still \$975 capital campaign pledges outstanding. The capital campaign pledges were designated to fund the West Shore Expansion, including the purchase of a new building. The remaining pledges are deemed collectible.

Inventory: Inventory consists of donations of food, household supplies, gift cards, and cemetery lots. Food and household supplies are weighed and given a set price per pound, while all other donations are estimated at the fair values. More detailed information on donated items is discussed in Note 5.

Fixed Assets: Fixed assets are stated at cost or fair value, if donated, less accumulated depreciation. Depreciation is computed using the straight-line method of accounting over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to expenses as incurred. Significant renewals and betterments are capitalized. The costs and accumulated depreciation of the assets are removed from the accounts when sold or retired and any resulting gain or loss is included on the Statements of Activities for the period of disposal.

Contributions: Contributions are recognized as revenue in the period received. All other donor-imposed contributions are reported as temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, that is, when the conditions on which they depend are substantially met, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the Statements of Activities as net assets released from restrictions.

## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Long-Lived Assets: Long-lived assets to be held and used are reviewed for impairment on an exception basis whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from future cash flows. If an impairment loss has been determined, the loss recognized in the Statement of Activities is measured by the amount by which the carrying value exceeds the fair value of the asset.

Promises to Give: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are satisfied in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

In-Kind Contributions: Donated in-kind contributions are recorded at the fair value at the time of receipt. These contributions are recognized as both support and expense on the Statements of Activities. Only those contributed services which create or enhance non-financial assets, requires specialized skills, that are provided by individuals possessing such skills, and would typically need to be purchased, if not provided by donation, are recognized in the financial statements.

Functional Allocation of Expenses: The costs of providing the various program and activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Fair Value: The Organization follows the provisions of Financial Accounting Standards Board codification, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 12, 2012, the date the financial statements were available to be issued.

## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Concentration of Credit Risk

The Organization's cash balance(s) with financial institutions, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The Organization has not experienced any losses and believes it has limited exposure to significant credit risk. Management regularly monitors the financial institutions, along with its cash balances, in an effort to keep potential risk to a minimum.

#### Note 3. Pledges Receivable

Pledges receivable consist of the following as of June 30:

	2012	2011
United Way Allocation	\$ 75,948	\$ 65,205
Capital Campaign pledges	975	7,360
Less: Allowances	-	(1,100)
Total pledges receivable	<u>\$ 76,923</u>	<u>\$ 71,465</u>

The capital campaign pledges are expected to be received within the next fiscal year.

#### Note 4. Net Assets

Unrestricted - board designated net assets represent cash earmarked by the board of directors for future capital improvements and to provide scholarship funds to members of the community and funds for other purposes to support the Organization's programs, and other charitable purposes that fall within the mission of the Organization.

Unrestricted net assets consist of the following as of June 30:

	2012	2011
Invested in property, plant and equipment	\$ 1,419,901	\$ 1,426,802
Operating	360,261	225,057
Board designated	197,321	165,039
	<u>\$ 1,977,483</u>	<u>\$ 1,816,898</u>

## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Net Assets (Continued)

The board designated funds are to be treated as a quasi-endowment by the Board of Directors. Board designated net assets consist of the following as of June 30, 2012:

	Endowment Fund	Capital Fund	Total
Board designated net assets, July 1, 2011	\$ 126,065	\$ 38,974	\$ 165,039
Interest and dividends	697	-	697
Contributions	47,354	-	47,354
Cemetery lots	23,205	-	23,205
Appropriation of endowment assets for expenditures	-	(38,974)	(38,974)
Board designated net assets, June 30, 2012	<u>\$ 197,321</u>	<u>\$ -</u>	<u>\$ 197,321</u>

There were no changes in the board designated funds during the year ended June 30, 2011.

Temporarily restricted net assets consist of realized income generated from the permanently restricted scholarship fund and contributions that have been designated by the donor for a specific purpose, which has not yet been fulfilled. Pledged contributions are considered temporarily restricted due to the fact that the pledged funds are not currently available.

Temporarily restricted net assets consist of the following at June 30:

	2012	2011
Unspent interest from permanently restricted funds	\$ 16,806	\$ 16,290
United Way pledge receivable	75,948	65,205
Capital campaign pledges	975	7,360
Capital campaign cash contributions	131,862	6,088
Contributions for scholarship awards	79,557	60,889
Total Temporarily Restricted Net Assets	<u>\$ 305,148</u>	<u>\$ 155,832</u>

Permanently restricted net assets consist of the following at June 30:

	2012	2011
Scholarships	<u>\$ 66,289</u>	<u>\$ 66,289</u>

## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Net Assets (Continued)

The table below presents the composition of the permanently restricted scholarship fund as of June 30, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Scholarship funds, July 1, 2011	\$ -	\$ 16,290	\$ 66,289	\$ 82,579
Investment income	-	516	-	516
Scholarship funds, June 30, 2012	<u>\$ -</u>	<u>\$ 16,806</u>	<u>\$ 66,289</u>	<u>\$ 83,095</u>

The table below presents the composition of the permanently restricted scholarship fund as of June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Scholarship funds, July 1, 2010	\$ -	\$ 15,306	\$ 66,289	\$ 81,595
Investment income	-	984	-	984
Scholarship funds, June 30, 2011	<u>\$ -</u>	<u>\$ 16,290</u>	<u>\$ 66,289</u>	<u>\$ 82,579</u>

The scholarship fund totals are included in the cash and cash equivalents on the Statement of Financial Position.

#### Note 5. Noncash Support

Food and other items, which are received by the Organization and the subsequent distribution of these items, are reflected on the Statements of Activities. The noncash support valuations were determined as follows:

*Food Donation and Household Supplies* - The employees or volunteers of the Organization assign a value to donated food and household supplies as they are contributed to the Organization. Prices are assigned, based upon standardized price per pound, according to a product valuation survey performed by Feeding America, a national organization of food banks. The rate was \$1.66 per pound for the years ended June 30, 2012 and 2011.

*Agency Assistance* - The Organization processes applications and determines eligibility for various assistance programs. The Organization records the amount the client is qualified to receive. This assistance is ultimately paid by one or more of the following organizations: Operation Help, Dover Food Bank, Energy Cost Assistance Emergency, and Energy Assistance Program.

*Cemetery Lots* - The Organization received a donation of cemetery lots during the current year. The costs of these items are estimated by the Organization, based on current market values.

## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Noncash Support (Continued)

*Other Miscellaneous Assistance* - Other miscellaneous assistance consists of Christmas gifts, clothing, and miscellaneous items. The costs of these items are estimated by the Organization, based on current market values and the condition of the items.

Noncash support consists of the following for the years ended June 30:

	2012	2011
Food bank contributions	\$ 1,097,868	\$ 802,104
Others goods and miscellaneous	89,044	148,454
Gift cards	19,643	16,784
Cemetery lots	23,205	-
Fundraising event sponsorship	5,680	11,439
Utility assistance	33,791	44,779
Professional services	1,517	10,195
	<u>\$ 1,270,748</u>	<u>\$ 1,033,755</u>

#### Note 6. Pension Plan

The Organization has adopted a defined contribution plan, which is established as a SIMPLE retirement plan. An employee is eligible to participate in the plan upon completion of their ninety-day probationary period. The Organization matches employee contributions, up to 3% of employee compensation. During the years ended June 30, 2012 and 2011, the Organization's matching contributions were \$12,820 and \$11,998, respectively.

#### Note 7. Operating Lease

The Organization entered into a five-year lease for copiers that terminates in October 2012. Future minimum lease payments under the lease are \$2,246.

#### Note 8. Commitments

During the year ended June 30, 2011, the Organization entered into a commitment for parking lot improvements at their Mechanicsburg location, with total contract commitments of \$87,882. During the year ended June 30, 2012, the Organization entered into commitments for kitchen renovations and an additional parking lot improvement contract, both for their Mechanicsburg location. Total contract commitments for the year ended June 30, 2012, are \$85,500. The Organization had incurred project expenses of \$46,549 and \$-0-, respectively, as of June 30, 2012 and 2011. Both projects are expected to be completed during the 2013 fiscal year.



**NEW HOPE MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 9. Subsequent Event**

Effective August 1, 2012, the American Red Cross, Hanover Chapter transferred operation of the Food Pantry and Family Center programs to New Hope Ministries, a United Way Partner Agency with nearly 30 years' experience in building stronger, more stable communities by providing a safety net for people facing hunger, homelessness and financial crisis. The Hanover Food Pantry and Family Center will continue to operate at 529 Carlisle Street, Hanover, PA. This change in operations is a result of the American Red Cross focusing its resources on core Red Cross services of disaster relief, first aid/CPR, blood/blood products, and service to military members and their families in the Greater Hanover area.