

NEW HOPE MINISTRIES, INC.

FINANCIAL REPORT

JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of New Hope Ministries, Inc., (a not-for-profit) which comprise the statements of financial position as of June 30, 2017 and 2016, the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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 the 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 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 New Hope Ministries, Inc., as of June 30, 2017 and 2016, 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.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
February 9, 2018

NEW HOPE MINISTRIES, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

ASSETS	2017	2016
Current Assets		
Cash and cash equivalents	\$ 123,008	\$ 123,601
Cash - restricted	989,111	970,614
Investments - operating	146,233	86,809
Pledges receivable - United Way	168,910	168,464
Pledges receivable - capital campaign (net)	325,891	33,267
Inventory	529,405	570,362
Prepaid expenses	49,298	43,670
Held for sale investment	-	195,408
Total current assets	2,331,856	2,192,195
Fixed Assets		
Land	309,000	259,000
Buildings	3,067,571	2,575,766
Furniture and fixtures	221,392	211,359
Vehicles	177,088	177,087
Construction-in-progress	402,131	79,254
	4,177,182	3,302,466
Less accumulated depreciation	(637,003)	(515,363)
	3,540,179	2,787,103
Other Assets		
Pledge receivable - capital campaign	7,982	27,832
Long-term investments	638,471	447,739
Charitable gift annuity	14,812	-
Money market accounts	39,313	144,157
Total other assets	700,578	619,728
Total assets	\$ 6,572,613	\$ 5,599,026
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 114,993	\$ 49,324
Current portion of charitable gift annuity payable	1,333	-
Note payable - Capital Campaign	249,823	-
Accrued liability for compensated absences	10,970	10,207
Total current liabilities	377,119	59,531
Other Long-term Liabilities		
Charitable gift annuities payable, net of current portion	3,529	-
Total liabilities	380,648	59,531
Net Assets		
Unrestricted	4,249,838	3,691,032
Board designated	399,844	305,621
Total unrestricted net assets	4,649,682	3,996,653
Temporarily restricted	1,542,283	1,542,842
Total net assets	6,191,965	5,539,495
Total liabilities and net assets	\$ 6,572,613	\$ 5,599,026

See Accompanying Notes to Financial Statements

NEW HOPE MINISTRIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Contributions	\$ 1,258,513	\$ 1,004,231	\$ 2,262,744
Grants and allocations	358,375	168,910	527,285
Noncash support	4,988,106	-	4,988,106
Fundraising receipts	116,539	-	116,539
Interest and dividend income	9,574	5,254	14,828
Energy assistance	6,427	-	6,427
Rental income	12,500	-	12,500
Realized gain on investments	25,130	11,867	36,997
Decrease in charitable annuity	(199)	-	(199)
Unrealized gain on investments	6,945	20,718	27,663
Net assets released from restrictions	1,211,539	(1,211,539)	-
Total revenues and other support	7,993,449	(559)	7,992,890
Expenses and Losses			
Program services	6,629,251	-	6,629,251
Management and general	190,511	-	190,511
Fundraising	520,658	-	520,658
Total expenses and losses	7,340,420	-	7,340,420
Changes in net assets	653,029	(559)	652,470
Net Assets - Beginning	3,996,653	1,542,842	5,539,495
Net Assets - Ending	\$ 4,649,682	\$ 1,542,283	\$ 6,191,965

See Accompanying Notes to Financial Statements

NEW HOPE MINISTRIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Contributions	\$ 1,063,589	\$ 1,303,378	\$ 2,366,967
Grants and allocations	260,593	168,464	429,057
Noncash support	5,649,185	-	5,649,185
Fundraising receipts	126,210	-	126,210
Interest and dividend income	15,169	7,045	22,214
Energy assistance	14,972	-	14,972
Rental income	14,150	-	14,150
Realized gain on investment	9,099	7,896	16,995
Unrealized loss on investments	(27,062)	(16,832)	(43,894)
Net assets released from restrictions	327,080	(327,080)	-
Total revenues and other support	7,452,985	1,142,871	8,595,856
Expenses and Losses			
Program services	6,735,530	-	6,735,530
Management and general	219,073	-	219,073
Fundraising	321,473	-	321,473
Total expenses and losses	7,276,076	-	7,276,076
Changes in net assets	176,909	1,142,871	1,319,780
Net Assets - Beginning	3,819,744	399,971	4,219,715
Net Assets - Ending	\$ 3,996,653	\$ 1,542,842	\$ 5,539,495

See Accompanying Notes to Financial Statements

NEW HOPE MINISTRIES, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	\$ 652,470	\$ 1,161,280
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Donated held for sale investment	-	(190,000)
Depreciation	121,639	118,678
Realized (gain) loss on investments	(36,997)	(16,995)
Unrealized (gain) loss on investments	(27,663)	43,894
Decrease in charitable gift annuity	199	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	(273,220)	95,087
Inventory	40,957	(126,589)
Prepaid expenses	(5,628)	(2,735)
Increase (decrease) in:		
Accounts payable and accrued expenses	63,792	(150,978)
Accrued expenses	1,879	-
Annuity payable	4,663	-
Accrued liability for compensated absences	763	1,402
Net cash provided by operating activities	542,854	933,044
Cash Flows From Investing Activities		
Proceeds from sale of investments	774,064	252,677
Purchase of investments	(674,120)	(133,130)
Purchase of equipment	(624,894)	(109,735)
Net cash (used in) provided by investing activities	(524,950)	9,812
Net increase in cash and cash equivalents	17,904	942,856
Cash and Cash Equivalents:		
Beginning	1,094,215	151,359
Ending	<u>\$ 1,112,119</u>	<u>\$ 1,094,215</u>
Supplement Disclosure of Cash Flow Information		
Donated held for sale investment	\$ -	\$ 190,000
Financed purchase of fixed assets	<u>\$ 249,823</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

NEW HOPE MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
EXPENSES				
Salaries and wages	\$ 634,605	\$ 86,014	\$ 238,288	\$ 958,907
Employee benefits	146,111	19,804	54,863	220,778
Retirement	12,403	1,681	4,657	18,741
Payroll taxes	55,224	7,485	20,736	83,445
Education and training	3,661	496	1,375	5,532
Equipment purchases	9,450	1,281	3,549	14,280
Fundraising	-	-	16,720	16,720
Insurance	19,349	2,623	7,266	29,238
Internet support	9,713	1,317	3,647	14,677
Investment fees	7,376	1,000	2,770	11,146
License and registration fees	15,685	2,126	5,890	23,701
Miscellaneous	6,276	851	2,357	9,484
Postage and freight	4,691	636	1,762	7,089
Professional fees	11,830	30,759	4,732	47,321
Public relations and promotion	-	-	56,642	56,642
Rent	8,407	1,139	3,156	12,702
Repairs and maintenance	36,109	4,894	13,558	54,561
Supplies	11,428	1,549	4,291	17,268
Telephone	17,898	2,426	6,721	27,045
Travel	35,976	4,876	13,508	54,360
Utilities	56,458	7,652	21,199	85,309
Volunteer appreciation	7,309	991	2,744	11,044
Depreciation	80,501	10,911	30,227	121,639
Property tax	1,204	-	-	1,204
Children's programs	6,035	-	-	6,035
Client and program resources	6,162	-	-	6,162
Scholarships and tuition assistance	33,680	-	-	33,680
Stability	54,667	-	-	54,667
Food assistance	109,906	-	-	109,906
Vehicle fuel assistance	7,487	-	-	7,487
Housing/rental assistance	80,413	-	-	80,413
Medical assistance	3,656	-	-	3,656
Utility assistance	55,892	-	-	55,892
Transportation assistance	52,160	-	-	52,160
Noncash assistance	5,027,529	-	-	5,027,529
Total expenses	\$ 6,629,251	\$ 190,511	\$ 520,658	\$ 7,340,420

See Accompanying Notes to Financial Statements

NEW HOPE MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2016

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
EXPENSES				
Salaries and wages	\$ 595,569	\$ 111,425	\$ 141,637	\$ 848,631
Employee benefits	94,519	17,684	22,478	134,681
Retirement	10,751	2,012	2,557	15,320
Payroll taxes	52,199	9,766	12,414	74,379
Education and training	3,285	615	781	4,681
Equipment purchases	420	79	100	599
Fundraising	-	-	15,423	15,423
Insurance	19,328	3,616	4,596	27,540
Internet support	7,785	1,457	1,851	11,093
Investment fees	7,593	1,421	1,806	10,820
License and registration fees	17,513	3,277	4,165	24,955
Miscellaneous	8,672	1,623	2,063	12,358
Postage and freight	5,460	1,022	1,298	7,780
Professional fees	8,915	23,179	3,566	35,660
Public relations and promotion	-	-	53,481	53,481
Rent	5,676	1,062	1,350	8,088
Repairs and maintenance	23,519	4,400	5,593	33,512
Supplies	10,959	2,050	2,606	15,615
Telephone	10,434	1,952	2,481	14,867
Travel	34,152	6,390	8,122	48,664
Utilities	49,222	9,209	11,706	70,137
Volunteer appreciation	6,692	1,252	1,592	9,536
Depreciation	83,289	15,582	19,807	118,678
Property tax	6,118	-	-	6,118
Children's programs	7,384	-	-	7,384
Client and program resources	8,963	-	-	8,963
Scholarships and tuition assistance	36,100	-	-	36,100
Stability	52,661	-	-	52,661
Food assistance	59,857	-	-	59,857
Vehicle fuel assistance	3,905	-	-	3,905
Housing/rental assistance	68,074	-	-	68,074
Medical assistance	2,685	-	-	2,685
Utility assistance	49,988	-	-	49,988
Transportation assistance	51,247	-	-	51,247
Noncash assistance	5,332,596	-	-	5,332,596
Total expenses	\$ 6,735,530	\$ 219,073	\$ 321,473	\$ 7,276,076

See Accompanying Notes to Financial Statements

NEW HOPE MINISTRIES, INC

NOTES TO FINANCIAL STATEMENTS

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, Cumberland and Adams 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 provides that revenue is 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

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 the Organization is no longer subject to income tax examinations for years ended prior to June 30, 2014.

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, except amounts reported in investments.

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 the capital campaign. All amounts are anticipated to be collected within one year.

Inventory: Inventory consists of donations of food, household supplies, gift cards, and donated cemetery lots. Food and household supplies are weighed and given a set price per pound, while all other donations are estimated at their fair values. More detailed information on donated items is discussed in Note 11.

Fixed Assets: Fixed assets greater than \$1,000 are capitalized and 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.

Investments, Income Recognition and Fair Value: Investments consist of marketable securities. Management determines the appropriate classification of the investments at the time they are acquired and evaluates the appropriateness of the classification at each balance sheet date. Investments are recorded at fair value based upon quoted market prices provided by external investment managers. Management has classified its investments as available-for-sale. Investments are reported at fair value with gains and losses included in the Statements of Activities.

NOTES TO FINANCIAL STATEMENTS

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

Investments, Income Recognition and Fair Value (Continued): The Organization follows the provisions of Financial Accounting Standards Board Statement ASC 820, Fair Value Measurement, 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.

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. There were no impairments recognized for the years ended June 30, 2017 and 2016.

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. 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.

Promises to Give: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

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, require 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.

NOTES TO FINANCIAL STATEMENTS

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09, *“Revenue from Contracts with Customers (Topic 606).”* ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. Under the requirements of ASU No. 2014-09, the core principle is that entities should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU No. 2015-14, which deferred the effective date of ASU No. 2014-09 by one year. The Organization will now be required to retroactively adopt the guidance in ASU No. 2014-09 for the fiscal year beginning July 1, 2018. The Organization is assessing the impact this standard will have on its financial statements.

In February 2016, FASB issued ASC No. 2016-02, *“Leases.”* ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the Statements of Financial Position as a lease liability and a right-of use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. For public business entities, including not-for-profit organizations that have issued, or are a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, ASU No. 2016-02 is effective for fiscal years beginning December 15, 2019. Early application is permitted for all entities. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Organization is assessing the impact this standard will have on its financial statements.

In August 2016, FASB issued ASU No. 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities.”* The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit’s liquidity, financial performance, and cash flows. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU No. 2016-14 is to be applied retroactively with transition provisions. The Organization is assessing the impact this standard will have on its financial statements. This standard will take effect for the fiscal year beginning July 1, 2018.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 9, 2018 the date the financial statements were available to be issued.

NEW HOPE MINISTRIES, INC

NOTES TO FINANCIAL STATEMENTS

Note 2. Concentration of Credit Risk

The Organization's cash balance(s) with financial institutions, may at times, 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. Investments and Fair Value Measurements

Financial Accounting Standards Board ASC 820, Fair Value Measurement, establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the plan has the ability to access.
Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets• Quoted prices for identical or similar assets or liabilities in inactive markets• Inputs other than quoted prices that are observable for the asset or liability• Inputs that are derived principally from or corroborated by observable market data by correlation or other means If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Investments and Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

Level 1: The fair value of common stocks, mutual funds and exchange-traded funds are based on closing market prices for the respective security as reported in active markets.

Level 2: Money Market accounts (bank deposits) are valued at cost, which approximates fair value.

Investments at fair value consist of the following at June 30, 2017:

	Level 1	Level 2	Level 3	Total
Money Market Accounts	\$ -	\$ 39,313	\$ -	\$ 39,313
Common Stocks				
Large Cap Growth	44,278	-	-	44,278
Large Cap Value	135,153	-	-	135,153
Exchange Traded Funds				
Alternative	83,771	-	-	83,771
Large Cap Growth	13,756	-	-	13,756
Large Cap Value	26,463	-	-	26,463
Large Blend	89,027	-	-	89,027
Mid Cap Value	12,332	-	-	12,332
Mid Cap Blend	77,453	-	-	77,453
Specialty Biotech	31,008	-	-	31,008
Emerging Market	30,009	-	-	30,009
International Value	89,914	-	-	89,914
Fixed Income	166,352	-	-	166,352
Total investments, at fair value	\$ 799,516	\$ 39,313	\$ -	\$ 838,829

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Investments and Fair Value Measurements (Continued)

Investments at fair value consist of the following at June 30, 2016:

	Level 1	Level 2	Level 3	Total
Money Market Accounts	\$ -	\$ 144,157	\$ -	\$ 144,157
Common Stocks				
Large Cap Growth	68,856	-	-	68,856
Large Cap Value	87,477	-	-	87,477
Mutual Funds				
Fixed Income	7,720	-	-	7,720
Exchange Traded Funds				
Alternative	28,178	-	-	28,178
Large Cap Value	57,753	-	-	57,753
Large Blend	16,869	-	-	16,869
Mid Cap Blend	45,743	-	-	45,743
International Growth	50,849	-	-	50,849
International Value	37,842	-	-	37,842
Fixed Income	133,261	-	-	133,261
Total investments, at fair value	\$ 534,548	\$ 144,157	\$ -	\$ 678,705

Held for sale investment represents a property donated during the year ending June 30, 2016, which was valued at the date of donation and carried at that value plus closing costs.

Note 4. Pledges Receivable

Pledges receivable related to the Dillsburg & Lemoyne building project are as follows at June 30:

Pledges Receivable - Capital Campaigns	2017	2016
Receivable in less than one year	\$ 325,891	\$ 53,267
Receivable in one to five years	8,351	28,992
	<u>334,242</u>	<u>82,259</u>
Less discounts to net present value	(369)	(1,160)
Less allowance for uncollectible pledges	-	(20,000)
Total pledges receivable	<u>\$ 333,873</u>	<u>\$ 61,099</u>

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Construction-in-Progress

During the year ending June 2016, the Organization began a building project in Dillsburg, Pennsylvania. All costs related to the planning and design of the building through June 30, 2017, amounting to \$402,131 have been reported as construction in progress in the Statement of Financial Position. Open contracts at June 30, 2017, amounted to \$1,166,742.

Note 6. Line of Credit

New Hope Ministries, Inc. has an unsecured line of credit at M&T Bank with a drawing limit of \$250,000. The line bears interest at the Bank's prime rate. The line balance and all unpaid interest is due on demand. There was no outstanding balance on the line at June 30, 2017 and 2016.

Note 7. Note Payable

New Hope Ministries, Inc. has an unsecured note payable to Farmers and Merchants Trust Company of Chambersburg in the amount of \$365,000. The note bears interest on the outstanding balance equal to the US Prime Rate (4.25% at June 30, 2017). Interest only payments are required monthly with principal payment and all accrued unpaid interest due before or at maturity date of September 30, 2017. The outstanding balance at June 30, 2017, was \$249,823.

Note 8. Split-interest Agreements

The Organization has an outstanding split-interest agreement in the form of a charitable gift annuity. The donor contributed \$14,812 of which \$9,520 was treated as a charitable donation in 2017. The donation was recorded at fair value at the date of initial recognition. The remainder was recorded as a liability, estimating the annuity to be paid to the donor over his life expectancy. The annuity began in 2017 at the rate of \$1333 per year. The discount rate is 9%, and actuarial assumptions are based on life expectancies in conjunction with single life remainder factors. Adjustments to the annuity liability to reflect discount amortization and any changes in life expectancy are made annually.

At this time, the Organization has not established any actuarial loss reserve pursuant to this contract. The adjustment to reflect the amortization of the annuity discount amounted to \$199 for the year ended June 30, 2017.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 9. Net Assets

Unrestricted - board designated net assets represent cash earmarked by the board of directors for future use for 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:

	2017	2016
Invested in fixed assets	\$ 3,540,179	\$ 2,787,103
Operating	709,659	903,929
Board designated	399,844	305,621
Total	<u>\$ 4,649,682</u>	<u>\$ 3,996,653</u>

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, 2017:

	Capital	Endowment	Total
Board designated net assets, July 1, 2016	\$ 70,619	\$ 235,002	\$ 305,621
Interest and dividends	1,776	3,860	5,636
Contributions	15,360	2,408	17,768
Net investment earnings	3,916	23,632	27,548
Withdrawals/transfers	(1,147)	44,418	43,271
Board designated net assets, June 30, 2017	<u>\$ 90,524</u>	<u>\$ 309,320</u>	<u>\$ 399,844</u>

Temporarily restricted net assets consist of 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:

	2017	2016
United Way pledge receivable	\$ 168,910	\$ 168,464
Contributions for scholarship awards	283,969	264,530
Programs	6,609	47,276
Equipment	50	3,300
Capital campaigns	1,082,745	1,059,272
Total Temporarily Restricted Net Assets	<u>\$ 1,542,283</u>	<u>\$ 1,542,842</u>

There were no permanently restricted net assets at June 30, 2017 and 2016.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 10. Scholarships

The following is a summary of the Organization's scholarship fund for the years ended June 30:

	2017	2016
Beginning balance	\$ 264,530	\$ 233,821
Contributions	17,648	36,500
Investment earnings	33,291	(5,791)
Scholarships disbursed	(31,500)	-
Ending Balance	<u>\$ 283,969</u>	<u>\$ 264,530</u>

Note 11. 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. Values 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 \$1.67 and \$1.70 per pound for the years ended June 30, 2017 and 2016, respectively.

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, Energy Cost Assistance Emergency, and Energy Assistance Program.

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.

Fixed Asset Donations - The Organization receives donated fixed assets which are valued at estimated fair value by the Organization.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 11. Noncash Support (Continued)

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

	2017	2016
Food bank contributions	\$ 4,720,307	\$ 5,251,559
Other goods and miscellaneous	202,902	166,848
Gift cards	26,145	19,074
Fundraising event sponsorship	9,395	-
Scholarship/learning	7,787	-
Utility assistance	8,026	12,535
Professional services	1,544	755
Automobile	10,430	8,414
Held for sale investment/fixed assets	1,570	190,000
	<u>\$ 4,988,106</u>	<u>\$ 5,649,185</u>

Note 12. Retirement 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, 2017 and 2016, the Organization's matching contributions were \$18,741 and \$15,320, respectively.

Note 13. Operating Lease

The Organization entered into a five-year lease for copiers that terminates in October 2017. Future minimum lease payments under the lease are \$1,994 in year 2017.

Note 14. Reclassifications

Certain June 30, 2016 amounts have been reclassified to conform to the 2017 presentation.