

NEW HOPE MINISTRIES, INC.

FINANCIAL REPORT

JUNE 30, 2021

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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, 2021 and 2020, the related statements of activities, 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

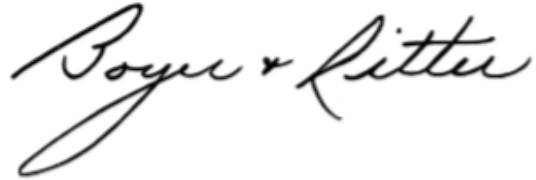
Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Camp Hill, Pennsylvania
November 8, 2021

NEW HOPE MINISTRIES, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 271,928	\$ 188,266
Cash - restricted	275,342	244,377
Investments - operating	949,128	777,373
Pledges receivable - United Way	170,000	145,000
Pledges receivable - capital campaign	250	2,700
Inventory	1,396,835	1,065,422
Prepaid expenses	140,046	87,927
Total current assets	3,203,529	2,511,065
Fixed Assets		
Land	309,000	309,000
Buildings	5,275,122	4,629,275
Furniture and fixtures	505,654	472,970
Vehicles	411,946	248,383
Construction-in-process	74,163	-
	6,575,885	5,659,628
Less accumulated depreciation	(1,266,354)	(1,008,681)
	5,309,531	4,650,947
Other Assets		
Long-term investments	1,272,507	842,608
Charitable gift annuity	21,777	19,826
Money market	74,904	140,719
Total investments	1,369,188	1,003,153
Total assets	\$ 9,882,248	\$ 8,165,165

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	2021	2020
Current Liabilities		
Accounts payable and accrued expenses	\$ 90,254	\$ 121,747
Current portion of charitable gift annuity payable	2,233	2,233
Current portion of note payable	-	30,394
Accrued liability for compensated absences	21,035	14,359
Deferred revenue	-	83,847
Paycheck Protection Program advances	-	320,700
Total current liabilities	113,522	573,280
Long-Term Liabilities		
Notes payable, net of current portion	-	43,926
Charitable gift annuities payable, net of current portion	4,215	4,775
Total long-term liabilities	4,215	48,701
Total liabilities	117,737	621,981
Net Assets		
Without donor restrictions		
Undesignated	7,988,091	6,089,096
Board designated	879,885	555,303
With donor restrictions	896,535	898,785
Total net assets	9,764,511	7,543,184
Total liabilities and net assets	\$ 9,882,248	\$ 8,165,165

NEW HOPE MINISTRIES, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Contributions	\$ 1,170,051	\$ 1,586,032	\$ 2,756,083
Grants and allocations	1,699,277	145,000	1,844,277
Non-cash support	6,239,546	-	6,239,546
Fundraising receipts	53,054	-	53,054
Rental income	91,615	-	91,615
Change in present value of charitable annuity	(1,673)	-	(1,673)
Investment income - net	268,225	118,020	386,245
Loss on disposition of assets	-	-	-
Other income	50,527	-	50,527
Forgiveness of Paycheck Protection Program advance	320,700	-	320,700
Net assets released from restrictions	1,851,302	(1,851,302)	-
Total revenues and other support	11,742,624	(2,250)	11,740,374
Expenses			
Program services	8,892,439	-	8,892,439
Management and general	208,319	-	208,319
Fundraising	418,289	-	418,289
Total expenses	9,519,047	-	9,519,047
Changes in net assets	2,223,577	(2,250)	2,221,327
July 1, 2020	6,644,399	898,785	7,543,184
June 30, 2021	<u>\$ 8,867,976</u>	<u>\$ 896,535</u>	<u>\$ 9,764,511</u>

NEW HOPE MINISTRIES, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Contributions	\$ 884,088	\$ 1,395,451	\$ 2,279,539
Grants and allocations	966,183	145,000	1,111,183
Non-cash support	5,344,413	-	5,344,413
Fundraising receipts	53,741	-	53,741
Rental income	94,075	-	94,075
Change in present value of charitable annuity	(2,195)	-	(2,195)
Investment income - net	63,601	33,661	97,262
Loss on disposition of assets	(292)	-	(292)
Other income	50,410	-	50,410
Net assets released from restrictions	1,172,553	(1,172,553)	-
Total revenues and other support	8,626,577	401,559	9,028,136
Expenses			
Program services	7,381,984	-	7,381,984
Management and general	275,729	-	275,729
Fundraising	548,668	-	548,668
Total expenses	8,206,381	-	8,206,381
Changes in net assets	420,196	401,559	821,755
July 1, 2019	6,224,203	497,226	6,721,429
June 30, 2020	<u>\$ 6,644,399</u>	<u>\$ 898,785</u>	<u>\$ 7,543,184</u>

See Notes to Financial Statements.

NEW HOPE MINISTRIES, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Changes in net assets	\$ 2,221,327	\$ 821,755
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	254,075	197,638
Contributed fixed assets	(44,018)	(55,601)
Contributed stock investments	(103,982)	-
Forgiveness of Paycheck Protection Program advance	(320,700)	-
Realized (gain) loss on sale of investments	(254,922)	44,295
Unrealized gain on value of investments	(121,853)	(135,107)
Change in value of charitable gift annuity	(278)	7,181
Loss on disposal of assets	-	292
Changes in assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	(22,550)	3,623
Inventory	(331,413)	(147,074)
Prepaid expenses	(52,119)	(23,375)
(Decrease) increase in:		
Accounts payable and accrued expenses	(31,493)	40,988
Accrued liability for compensated absences	6,676	2,936
Deferred revenue	(83,847)	83,847
Paycheck Protection Program advance	-	320,700
Net cash provided by operating activities	1,114,903	1,162,098
Cash Flows From Investing Activities		
Proceeds from sale of investments	2,280,723	1,593,655
Purchase of investments	(2,401,620)	(2,256,951)
Purchase of fixed assets	(868,641)	(217,909)
Net cash used in investing activities	(989,538)	(881,205)
Cash Flows From Financing Activities		
Payments on long-term debt	(74,320)	(29,392)
Payments on annuity contracts	(2,233)	(2,233)
Cash used in financing activities	(76,553)	(31,625)

(Continued)

NEW HOPE MINISTRIES, INC.

STATEMENTS OF CASH FLOWS (Continued)
Years Ended June 30, 2021 and 2020

	2021	2020
Net increase in cash, cash equivalents and restricted cash	48,812	249,268
Cash, Cash Equivalents and Restricted Cash:		
Beginning	<u>573,362</u>	324,094
Ending	<u>\$ 622,174</u>	<u>\$ 573,362</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 2,823</u>	<u>\$ 6,605</u>
Non-cash Financing Activities		
Forgiveness of Paycheck Protection Program advance	<u>\$ 320,700</u>	<u>\$ -</u>
Non-cash Investing Activities		
Donated fixed assets	<u>\$ 44,018</u>	<u>\$ 55,601</u>
Donated stock investment	<u>\$ 103,982</u>	<u>\$ -</u>

See Notes to Financial Statements.

NEW HOPE MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries	\$ 967,462	\$ 108,636	\$ 223,380	\$ 1,299,478
Employee benefits	222,286	24,961	51,325	298,572
Retirement	19,744	2,217	4,559	26,520
Payroll taxes	77,613	8,715	17,920	104,248
Education and training	2,397	938	554	3,889
Equipment purchases	38,409	485	524	39,418
Fundraising	-	-	17,513	17,513
Insurance	61,608	906	1,121	63,635
Internet support	13,547	1,521	3,128	18,196
License and registration fees	13,272	1,490	3,064	17,826
Miscellaneous	13,116	126	136	13,378
Postage and freight	9,531	1,070	2,201	12,802
Professional fees	-	43,593	-	43,593
Property taxes	2,397	30	33	2,460
Public relations and promotion	-	-	71,621	71,621
Rent	40,116	2,644	5,437	48,197
Repairs and maintenance	118,876	1,501	1,623	122,000
Supplies	14,481	1,626	3,343	19,450
Telephone	13,773	1,547	3,180	18,500
Travel	7,317	822	1,690	9,829
Utilities	122,353	1,544	1,670	125,567
Volunteer appreciation	8,805	111	120	9,036
Depreciation	247,571	3,125	3,379	254,075
Children's programs	5,836	-	-	5,836
Client and program resources	11,206	-	-	11,206
Scholarships and tuition assistance	49,968	-	-	49,968
Stability	84,349	-	-	84,349
Food assistance	381,463	-	-	381,463
Vehicle fuel assistance	2,376	-	-	2,376
Housing/rental assistance	375,526	-	-	375,526
Medical assistance	1,559	-	-	1,559
Utility assistance	71,339	-	-	71,339
Transportation assistance	89,424	711	768	90,903
Interest expense	2,823	-	-	2,823
Non-cash assistance	5,801,896	-	-	5,801,896
Total expenses	\$ 8,892,439	\$ 208,319	\$ 418,289	\$ 9,519,047

See Notes to Financial Statements.

NEW HOPE MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries	\$ 844,548	\$ 141,768	\$ 225,374	\$ 1,211,690
Employee benefits	205,598	34,512	54,866	294,976
Retirement	16,189	2,717	4,320	23,226
Payroll taxes	67,832	11,387	18,102	97,321
Education and training	2,335	317	877	3,529
Equipment purchases	10,859	1,472	4,077	16,408
Fundraising	-	-	3,773	3,773
Insurance	43,058	5,836	16,168	65,062
Internet support	14,739	1,998	5,535	22,272
License and registration fees	11,129	1,508	4,179	16,816
Miscellaneous	22,886	3,102	8,594	34,582
Postage and freight	5,445	738	2,044	8,227
Professional fees	10,225	26,584	4,090	40,899
Public relations and promotion	-	-	75,352	75,352
Rent	28,010	3,796	10,517	42,323
Repairs and maintenance	49,321	6,685	18,519	74,525
Supplies	14,550	1,972	5,463	21,985
Telephone	10,671	1,446	4,007	16,124
Travel	10,979	1,488	4,123	16,590
Utilities	77,671	10,527	29,165	117,363
Volunteer appreciation	1,093	148	410	1,651
Depreciation	130,797	17,728	49,113	197,638
Children's programs	4,168	-	-	4,168
Client and program resources	2,918	-	-	2,918
Scholarships and tuition assistance	37,491	-	-	37,491
Stability	89,128	-	-	89,128
Food assistance	248,303	-	-	248,303
Vehicle fuel assistance	4,864	-	-	4,864
Housing/rental assistance	183,806	-	-	183,806
Medical assistance	1,524	-	-	1,524
Utility assistance	50,951	-	-	50,951
Transportation assistance	78,923	-	-	78,923
Interest expense	6,605	-	-	6,605
Non-cash assistance	5,095,368	-	-	5,095,368
Total expenses	\$ 7,381,984	\$ 275,729	\$ 548,668	\$ 8,206,381

See 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 non-profit 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 Adams, 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 provides 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's financial statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require reporting information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and its Board of Directors.

Net assets with donor restrictions: Net assets that are subject to either temporary or perpetual stipulations imposed by donors and grantors. Temporary restrictions will be met by the Organization's actions or by the passage of time. Perpetual restrictions are designed to ensure that assets are maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

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.

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 capital campaign contributions and amounts allocated to the Organization by United Way. Capital campaign contributions that are expected to be collected within one year are recorded at net realizable value. Pledges expected to be collected in future years are initially recorded at fair value using present value techniques. In subsequent years, amortization of the discounts is included in contribution revenue in the Statements of Activities.

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 the fair values. More detailed information on donated items is discussed in Note 16.

Fixed Assets: Fixed assets greater than \$2,500 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.

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 Statements of Activities is measured by the amount by which the carrying value exceeds the fair value of the asset.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

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

Investments, Income Recognition and Fair Value: Investments consist of fixed income and marketable equity 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 values provided by external investment managers on quoted market prices. 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.

The Organization follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements for fair value measurements of financial assets and financial liabilities and for fair value measurements of non-financial 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.

Deferred Income: Deferred income represents contributions or grants received to which measurable barrier and right of returns have not yet been met.

Contributions: The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

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 net assets without donor restrictions if the restrictions are satisfied in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as 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.

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 programs 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 using square footage calculations and time studies to allocate non-direct expenses.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

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

Adoption of New FASB Accounting Standards Update: In 2021, the Organization adopted FASB's ASC Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation.

Recent Accounting Pronouncements: In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The most significant change in the new lease guidance requires lessees to recognize right-of-use assets and lease liabilities for all leases other than those that meet the definition of short-term leases. For short-term leases, lessees may elect an accounting policy by class of underlying asset under which these assets and liabilities are not recorded, and lease payments are generally recognized over the lease term on a straight-line basis. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under legacy accounting principles generally accepted in the United States of America. For all entities other than public-business enterprises, this standard is effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2020. Early adoption is permitted. Management is currently evaluating the effects that this standard will have on the Organization's financial statements.

In September 2020, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets, which will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the Statement of Activities, apart from contributions of cash and other financial assets. Also, this ASU will require disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this standard should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The Organization is currently evaluating the impact of this new standard on its financial statements.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 8, 2021, 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, 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. Availability and Liquidity

The following table reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date because of contractual restrictions or internal Board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	\$ 271,928	\$ 188,266
Cash - restricted	275,342	244,377
Investments - operating	949,128	777,373
Pledges receivable - United Way	170,000	145,000
Pledges receivable - capital campaign	250	2,700
Long-term investments	1,272,507	842,608
Charitable gift annuity	21,777	19,826
Money market	74,904	140,719
	<hr/>	<hr/>
Total financial assets	3,035,836	2,360,869
Less amounts not available to be used within one year:		
Net assets with Board designations	879,885	555,303
Net assets with donor restrictions subject to purpose restriction	736,206	740,967
Net assets with donor restrictions subject to passage of time	160,329	157,818
Less: United Way allocations to be spent within the next year	(145,000)	(145,000)
	<hr/>	<hr/>
	1,631,420	1,309,088
Financial assets available to meet general expenditures over the next 12 months	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,404,416	\$ 1,051,781

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Availability and Liquidity (Continued)

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources. Refer to the Statements of Cash Flows which identifies the sources and uses of the Organization's cash.

The Organization has designated net assets for future use. See Note 11 for detail. However, these reserves may be available currently, if necessary, by action of the Organization's Board of Directors.

The Organization also has a line-of-credit available to meet short-term needs. See Note 8 for information about this arrangement.

Note 4. Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of total cash, cash equivalents and assets limited to use within the Statements of Financial Position to the cash, cash equivalents and restricted cash amount on the Statements of Cash Flows:

	2021	2020
Cash and cash equivalents		
Cash and cash equivalents	\$ 271,928	\$ 188,266
Cash - restricted	275,342	244,377
Money market	74,904	140,719
	<hr/>	<hr/>
Total cash, cash equivalents and restricted cash shown on the Statements of Cash Flows	\$ 622,174	\$ 573,362

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Investments and Fair Value Measurements

Financial Accounting Standards Board ASC 820, Fair Value Measurements 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 <p>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.</p>
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.

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Level 1: The fair value of these investment securities was based on closing market prices for the respective security as reported in active markets.

Level 3: Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Investments and Fair Value Measurements (Continued)

The following tables set forth, by level within the fair value hierarchy, the assets and liabilities at fair value as of June 30, 2021 and 2020, respectively:

Assets at Fair Value as of June 30, 2021

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 74,904	\$ -	\$ -	\$ 74,904
Equities	972,082	-	-	972,082
Exchange traded funds	818,143	-	-	818,143
Mutual funds	431,410	-	-	431,410
Charitable gift annuities	-	-	21,777	21,777
	<u>2,296,539</u>	<u>-</u>	<u>21,777</u>	<u>2,318,316</u>
Charitable gift annuities liability	-	-	(6,448)	(6,448)
Total financial assets and liabilities, net at fair value	<u>\$ 2,296,539</u>	<u>\$ -</u>	<u>\$ 15,329</u>	<u>\$ 2,311,868</u>

Assets at Fair Value as of June 30, 2020

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 140,719	\$ -	\$ -	\$ 140,719
Equities	676,399	-	-	676,399
Exchange traded funds	498,795	-	-	498,795
Mutual funds	424,103	-	-	424,103
Other assets	20,684	-	-	20,684
Charitable gift annuities	-	-	19,826	19,826
	<u>1,760,700</u>	<u>-</u>	<u>19,826</u>	<u>1,780,526</u>
Charitable gift annuities liability	-	-	(7,008)	(7,008)
Total financial assets and liabilities, net at fair value	<u>\$ 1,760,700</u>	<u>\$ -</u>	<u>\$ 12,818</u>	<u>\$ 1,773,518</u>

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Investments and Fair Value Measurements (Continued)

The following schedules summarize investment income (loss) and its classification in the Statements of Activities for the years ended June 30, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 18,634	\$ 5,205	\$ 23,839
Realized gains on investments	171,104	83,818	254,922
Unrealized gains on investments	89,868	31,985	121,853
Investment management fees	(11,381)	(2,988)	(14,369)
Investment income - net	<u>\$ 268,225</u>	<u>\$ 118,020</u>	<u>\$ 386,245</u>

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 9,420	\$ 3,812	\$ 13,232
Realized losses on investments	(30,924)	(13,371)	(44,295)
Unrealized gains on investments	89,576	45,531	135,107
Investment management fees	(4,471)	(2,311)	(6,782)
Investment income - net	<u>\$ 63,601</u>	<u>\$ 33,661</u>	<u>\$ 97,262</u>

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 financial assets for the year ended June 30, 2021:

	Charitable Gift Annuities	Charitable Gift Annuities Liability
Balance - July 1, 2020	\$ 19,826	\$ (7,008)
Change in present value	-	(1,673)
Change in value	4,184	-
Payments on annuity contracts	(2,233)	2,233
Balance - June 30, 2021	<u>\$ 21,777</u>	<u>\$ (6,448)</u>

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 6. Pledges Receivable

Pledges receivable represent amounts dues from capital campaigns. All amounts were deemed collectible within the next year. Amounts dues from the campaign as of June 30, 2021 and 2020, were \$250 and \$2,700, respectively.

Note 7. Paycheck Protection Program Advances

The Organization was granted a \$320,700 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized \$320,700 as revenue for the year ended June 30, 2021.

Note 8. Line-of-Credit

New Hope Ministries, Inc., has an unsecured line-of-credit at M&T Bank. The line had a drawing limit of \$250,000. In April 2021, the limit was increased to \$500,000. 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 as of June 30, 2021 and 2020.

Note 9. Long-Term Debt

New Hope Ministries had an unsecured note payable to York Traditions Bank in the amount of \$150,000. The note had an interest at a rate of 5.30% and was payable in monthly installments of \$2,857. The note payable agreement included certain covenants by the Organization. As of June 30, 2021, this obligation was fulfilled.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 10. Split-Interest Agreements

The Organization had 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 for the year ended June 30, 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 \$1,333 per year.

The Organization had an additional outstanding split interest agreement in the form of a charitable gift annuity from the same donor. The donor contributed \$10,000, of which \$5,916 was treated as a charitable donation for the year ended June 30, 2018. 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 payments began on September 30, 2017, at the rate of \$225 per quarter.

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 amortizations 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 \$560 and \$38, for the years ended June 30, 2021 and 2020, respectively.

Note 11. Board Designated Net Assets

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, 2021:

	Capital	Endowment	Total
Board designated net assets, July 1, 2020	\$ 106,178	\$ 449,125	\$ 555,303
Contributions	42,500	102,201	144,701
Withdrawals	(102,201)	-	(102,201)
Investment income - net	115,301	166,781	282,082
Board designated net assets, June 30, 2021	<u>\$ 161,778</u>	<u>\$ 718,107</u>	<u>\$ 879,885</u>

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 11. Board Designated Net Assets (Continued)

Board designated net assets consist of the following as of June 30, 2020:

	Capital	Endowment	Total
Board designated net assets, July 1, 2019	\$ 51,955	\$ 397,189	\$ 449,144
Contributions	46,000	5,500	51,500
Investment income (loss) - net	8,223	46,436	54,659
Board designated net assets, June 30, 2020	<u>\$ 106,178</u>	<u>\$ 449,125</u>	<u>\$ 555,303</u>

The Board of Directors has standing Board policies that impact the presentation of Board designated net assets. Bequests without donor restrictions in the amount of \$5,000 or greater are designated for long-term investment in the Endowment account. Net assets without donor restrictions that are Board designated 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.

Note 12. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of realized income generated from the donor 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 restricted due to the fact that the pledged funds are not currently available.

The Organization's net assets with donor restrictions at June 30, 2021 and 2020, are comprised of the following:

	2021	2020
Subject to expenditure for specified purpose:		
Scholarship fund	\$ 433,528	\$ 315,768
Programs	235,959	181,960
Capital	66,719	243,239
Subject to the passage of time:		
Charitable gift annuity	15,329	12,818
United Way pledge receivable	145,000	145,000
	<u>\$ 896,535</u>	<u>\$ 898,785</u>

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 12. Net Assets with Donor Restrictions (Continued)

2021 and 2020 net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by realization of events specified by donors as follows:

	2021	2020
Expiration of time restrictions:		
United Way	\$ 145,000	\$ 147,393
Charitable gift annuity	2,249	5,821
Satisfaction of purpose restrictions		
Scholarship	-	27,000
Capital projects	599,749	58,003
Program	1,104,304	934,336
	<u>\$ 1,851,302</u>	<u>\$ 1,172,553</u>

Note 13. Scholarships

The following is a summary of the Organization's scholarship fund:

	2021	2020
Beginning balance	\$ 315,768	\$ 297,980
Contributions	-	12,000
Returned funds	4,500	-
Investment earnings	113,260	32,788
Scholarships disbursed	-	(27,000)
Ending balance	<u>\$ 433,528</u>	<u>\$ 315,768</u>

Note 14. 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 90-day probationary period. The Organization matches employee contributions, up to 3% of employee compensation. During the years ended June 30, 2021 and 2020, the Organization's matching contributions were \$26,520 and \$23,226, respectively.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 15. Operating Lease

During 2020, the Organization entered into a 27-month lease for copiers that terminates in September 2022. The Organization previously entered into a five-year lease for copiers. During 2021, both of these leases were replaced with a new 60-month lease for copiers that terminates in February 2026. Rental expense totaled \$10,149 and \$8,532, for the years ended June 30, 2021, and 2020, respectively. Future minimum lease payments under the lease are:

<u>Year</u>	<u>Amount</u>
2022	\$ 12,492
2023	12,492
2024	12,492
2025	12,492
2026	7,287
	<u>\$ 57,255</u>

Note 16. Non-Cash 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 non-cash 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 \$1.74 and \$1.62 per pound for the years ended June 30, 2021 and 2020, 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, Dover Food Bank, 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.

NEW HOPE MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 16. Non-Cash Support (Continued)

Stocks: Any securities donated to the Organization are recorded at the fair market value on the day they are donated to the Organization.

Professional Services: The Organization records cost for donated professional services at the amount provided by the donor.

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

Non-cash support consists of the following for the years ended June 30:

	2021	2020
Food	\$ 5,886,353	\$ 5,059,804
Others goods and miscellaneous	152,517	171,595
Gift cards	43,751	43,890
Stocks	103,982	1,856
Utility assistance	8,550	8,550
Fixed assets	44,018	55,601
Professional services	375	3,117
	<u>\$ 6,239,546</u>	<u>\$ 5,344,413</u>

Note 17. Uncertainties

Recent developments arising from the coronavirus pandemic and efforts to mitigate the disease's domestic and global impacts have disrupted operations of companies in many industries. Facility closings, labor and personnel layoffs, curtailments of supply lines and increased materials costs, contracted production, dislocations of product delivery methods and reduced markets enhance the Organization's risk factors as they have a significant reliance on revenue from third parties to fund their operations. These factors adversely impact revenue recognition, cash flows and liquidity, contingencies, and in some instances, the going-concern assumption. Presently, the ultimate, effects of this crisis on financial position, results of operations and cash flows are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.