

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

We are pleased to present this report related to our audit of the financial statements of New Hope Ministries, Inc. (the Organization), for the year ended June 30, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for New Hope Ministries, Inc.'s financial reporting process.

### **Our Responsibilities with Regard to the Financial Statement Audit**

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated April 22, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication regarding the planned scope and timing of our audit and identified significant risks.

### **Accounting Policies and Practices**

In our meeting with you, we will discuss our views about the qualitative aspects of New Hope Ministries, Inc.'s significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following lists the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

#### *Preferability of Accounting Policies and Practices*

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

### *Adoption of, or Change in, Accounting Policies*

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization.

Following are descriptions of significant accounting policies which were adopted during the year ended June 30, 2020:

In June 2018, FASB issues ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

In 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash* which changes presentation and disclosure requirements for restricted cash. The amendments in the Update require that a statement of cash flows explain the changes during the period in the total cash, which includes cash equivalents and restricted cash. The ASU also requires disclosure of the amounts that comprise total cash reported in the statement of cash flows and information about the nature of the restrictions on cash. The amendments have been applied retrospectively.

Following are descriptions of accounting pronouncements which will be considered for implementation in subsequent years:

In February 2016, FASB issued 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, 2022. Early adoption is permitted. Management is currently evaluating the effects that this standard will have on the Organization's financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP, including industry-specific guidance. More judgement and estimates may be required in the revenue recognition process when compared to existing U.S. GAAP, including identifying performance obligations in the contract, estimating variable consideration and allocating the transaction price to each performance obligation. ASU 2014-09, as deferred one year by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2019, using either a full retrospective or retrospective with cumulative effect transition method. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

#### *Significant or Unusual Transactions*

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Management Judgments and Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting those accounting estimates may differ significantly from expected events. Estimates significant to the financial statements include the depreciation of property and equipment, functional allocations of costs and determinations of fair values of investments and beneficial interests in trust funds. The Board of Directors may wish to monitor throughout the year the process used to compute and record these accounting estimates.

Management has informed us they used all relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements as a whole.

#### **Financial Statement Disclosures**

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users.

The most sensitive disclosures affecting the financial statements were management's disclosure of the net assets and the disclosure relating to the non-cash support. Management has informed us they used all relevant facts available to them at the time to make the disclosures and we considered this information in the scope of our audit. We evaluated the key factors and assumptions used to develop the above disclosures in determining that they were neutral, consistent and clear in relation to the financial statements taken as a whole.

### **Audit Adjustments**

All audit adjustments proposed by us were accepted by management.

### **Uncorrected Misstatements**

There were no uncorrected misstatements accumulated by us during our audit.

### **Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

### **Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

### **Significant Issues Discussed with Management**

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

### **Significant Difficulties Encountered in Performing the Audit**

We did not encounter any difficulties in dealing with management during the audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated November 18, 2020.

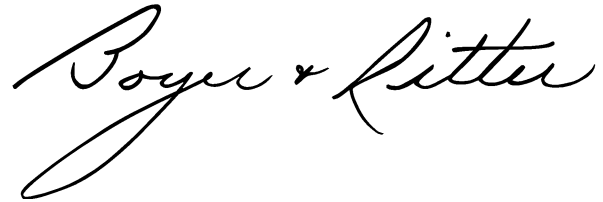
### **Other Information in Documents Containing Audited Financial Statements**

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Organization.

**Closing**

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than the specified parties.

It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to New Hope Ministries, Inc.

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  
November 18, 2020

**NEW HOPE MINISTRIES, INC.**

**FINANCIAL REPORT**

**JUNE 30, 2020**

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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, 2020 and 2019, 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.

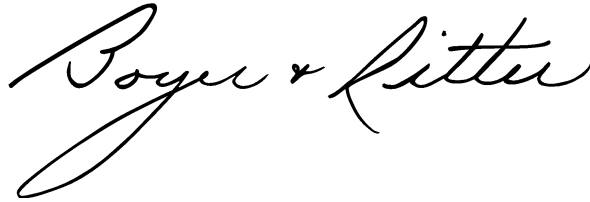
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2020 and 2019, 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.

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Camp Hill, Pennsylvania  
November 18, 2020

**NEW HOPE MINISTRIES, INC.**

**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 188,274	\$ 279,605
Cash - restricted	244,369	10,506
Investments - operating	777,373	138,552
Pledges receivable - United Way	145,000	147,393
Pledges receivable - capital campaign	2,700	1,700
Inventory	1,065,422	918,348
Prepaid expenses	87,927	64,552
<b>Total current assets</b>	<b>2,511,065</b>	<b>1,560,656</b>
<b>Fixed Assets</b>		
Land	309,000	309,000
Buildings	4,629,275	4,617,460
Furniture and fixtures	472,970	329,709
Vehicles	248,383	216,412
	<b>5,659,628</b>	<b>5,472,581</b>
Less accumulated depreciation	(1,008,681)	(897,214)
	<b>4,650,947</b>	<b>4,575,367</b>
<b>Other Assets</b>		
Pledges receivable - capital campaign (net)	-	2,230
Long-term investments	842,608	727,321
Charitable gift annuity	19,826	24,812
Money market	140,719	33,983
<b>Total investments</b>	<b>1,003,153</b>	<b>788,346</b>
<b>Total assets</b>	<b>\$ 8,165,165</b>	<b>\$ 6,924,369</b>

See Notes to Financial Statements.

<b>LIABILITIES AND NET ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 121,747	\$ 80,759
Current portion of charitable gift annuity payable	2,233	2,233
Current portion of note payable	30,394	28,829
Accrued liability for compensated absences	14,359	11,423
Deferred revenue	83,847	-
Paycheck Protection Program advances	320,700	-
<b>Total current liabilities</b>	<b>573,280</b>	<b>123,244</b>
<b>Long-Term Liabilities</b>		
Notes payable, net of current portion	43,926	74,883
Charitable gift annuities payable, net of current portion	4,775	4,813
<b>Total long-term liabilities</b>	<b>48,701</b>	<b>79,696</b>
<b>Total liabilities</b>	<b>621,981</b>	<b>202,940</b>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	6,089,096	5,775,059
Board designated	555,303	449,144
With donor restrictions	898,785	497,226
<b>Total net assets</b>	<b>7,543,184</b>	<b>6,721,429</b>
<b>Total liabilities and net assets</b>	<b>\$ 8,165,165</b>	<b>\$ 6,924,369</b>

**NEW HOPE MINISTRIES, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support</b>			
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)	-
<b>Total revenues and other support</b>	<b>8,626,577</b>	<b>401,559</b>	<b>9,028,136</b>
<b>Expenses</b>			
Program services	7,381,984	-	7,381,984
Management and general	275,729	-	275,729
Fundraising	548,668	-	548,668
<b>Total expenses</b>	<b>8,206,381</b>	<b>-</b>	<b>8,206,381</b>
<b>Changes in net assets</b>	<b>420,196</b>	<b>401,559</b>	<b>821,755</b>
Net Assets - July 1, 2019	6,224,203	497,226	6,721,429
Net Assets - June 30, 2020	<b>\$ 6,644,399</b>	<b>\$ 898,785</b>	<b>\$ 7,543,184</b>

See Notes to Financial Statements.

**NEW HOPE MINISTRIES, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support</b>			
Contributions	\$ 1,009,375	\$ 635,007	\$ 1,644,382
Grants and allocations	562,120	147,393	709,513
Non-cash support	7,165,302	-	7,165,302
Fundraising receipts	38,145	-	38,145
Energy assistance	6,800	-	6,800
Rental Income	86,405	-	86,405
Change in present value of charitable annuity	(4,389)	-	(4,389)
Investment income (loss) - net	5,599	(3,051)	2,548
Other income	64,664	-	64,664
Net assets released from restrictions	796,694	(796,694)	-
<b>Total revenues and other support</b>	<b>9,730,715</b>	<b>(17,345)</b>	<b>9,713,370</b>
<b>Expenses</b>			
Program services	8,577,888	-	8,577,888
Management and general	207,608	-	207,608
Fundraising	567,205	-	567,205
<b>Total expenses</b>	<b>9,352,701</b>	<b>-</b>	<b>9,352,701</b>
<b>Changes in net assets</b>	<b>378,014</b>	<b>(17,345)</b>	<b>360,669</b>
Net Assets - July 1, 2018	5,846,189	514,571	6,360,760
Net Assets - June 30, 2019	<u>\$ 6,224,203</u>	<u>\$ 497,226</u>	<u>\$ 6,721,429</u>

See Notes to Financial Statements.

**NEW HOPE MINISTRIES, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2020 and 2019**

	<b>2020</b>	2019
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 821,755	\$ 360,669
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	197,638	171,713
Contributed fixed assets	(55,601)	-
Realized loss (gain) on sale of investments	44,295	(35,667)
Unrealized (gain) loss on value of investments	(135,107)	37,725
Change in value of charitable gift annuity	7,181	3,821
Loss on disposal of assets	292	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	3,623	17,930
Inventory	(147,074)	(395,766)
Prepaid expenses	(23,375)	(17,844)
(Decrease) increase in:		
Accounts payable and accrued expenses	40,988	(15,815)
Accrued liability for compensated absences	2,936	(1,409)
Deferred revenue	83,847	-
Paycheck Protection Program advance	320,700	-
<b>Net cash provided by operating activities</b>	<b>1,162,098</b>	<b>125,357</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	1,593,655	1,076,772
Purchase of investments	(2,256,951)	(1,041,425)
Purchase of fixed assets	(217,909)	(359,900)
<b>Net cash used in investing activities</b>	<b>(881,205)</b>	<b>(324,553)</b>
<b>Cash Flows From Financing Activities</b>		
Payments on long-term debt	(29,392)	(39,678)
Payments on annuity contracts	(2,233)	(2,223)
<b>Cash used in financing activities</b>	<b>(31,625)</b>	<b>(41,901)</b>

(Continued)

**NEW HOPE MINISTRIES, INC.**

**STATEMENTS OF CASH FLOWS (Continued)**  
**Years Ended June 30, 2020 and 2019**

	<b>2020</b>	2019
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>249,268</b>	(241,097)
Cash, Cash Equivalents and Restricted Cash:		
Beginning	<u>324,094</u>	565,191
Ending	<u>\$ 573,362</u>	<u>\$ 324,094</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 6,605</u>	<u>\$ 7,059</u>
Donated fixed assets	<u>\$ 55,601</u>	<u>\$ -</u>

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
<b>Total expenses</b>	<b>\$ 7,381,984</b>	<b>\$ 275,729</b>	<b>\$ 548,668</b>	<b>\$ 8,206,381</b>

See Notes to Financial Statements.



**NEW HOPE MINISTRIES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2019**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Functional Expenses				
Salaries	\$ 697,235	\$ 94,503	\$ 261,805	\$ 1,053,543
Employee benefits	151,424	20,524	56,859	228,807
Retirement	17,370	2,354	6,522	26,246
Payroll taxes	57,724	7,824	21,675	87,223
Education and training	1,938	263	728	2,929
Equipment purchases	7,625	1,033	2,863	11,521
Fundraising	-	-	8,559	8,559
Insurance	25,768	3,492	9,675	38,935
Internet support	6,407	868	2,406	9,681
License and registration fees	16,785	2,275	6,303	25,363
Miscellaneous	11,839	1,605	4,446	17,890
Postage and freight	3,738	507	1,404	5,649
Professional fees	11,049	28,727	4,420	44,196
Public relations and promotion	-	-	58,662	58,662
Rent	21,636	2,933	8,124	32,693
Repairs and maintenance	75,005	10,166	28,164	113,335
Supplies	11,134	1,509	4,181	16,824
Telephone	10,541	1,429	3,958	15,928
Travel	11,612	1,574	4,360	17,546
Utilities	73,361	9,943	27,546	110,850
Volunteer appreciation	4,991	676	1,874	7,541
Depreciation	113,639	15,403	42,671	171,713
Property tax	20,706	-	-	20,706
Children's programs	8,521	-	-	8,521
Client and program resources	3,062	-	-	3,062
Scholarships and tuition assistance	13,946	-	-	13,946
Stability	70,186	-	-	70,186
Food assistance	122,784	-	-	122,784
Vehicle fuel assistance	5,427	-	-	5,427
Housing/rental assistance	113,435	-	-	113,435
Medical assistance	2,160	-	-	2,160
Utility assistance	62,755	-	-	62,755
Transportation assistance	68,604	-	-	68,604
Interest expense	7,059	-	-	7,059
Non-cash assistance	6,748,047	-	-	6,748,047
Bad pledge expense	375	-	-	375
<b>Total expenses</b>	<b>\$ 8,577,888</b>	<b>\$ 207,608</b>	<b>\$ 567,205</b>	<b>\$ 9,352,701</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 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

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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.

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

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#### 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 Statement 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 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 using time studies to allocate non-direct expenses.

## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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

Adoption of New FASB Accounting Standards Update: In 2020, the Organization also adopted, the Financial Accounting Standards Board (FASB) ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

In 2020, the Organization adopted the FASB ASU 2016-18, Statement of Cash Flows (Topic 230) - *Restricted Cash* which changes the presentation and disclosure requirements for restricted cash. The amendments in the Update require that a statement of cash flows explain the changes during the period in the total cash, which includes cash equivalents and restricted cash. The ASU also requires disclosure of the amounts that comprise total cash reported in the statement of cash flows and information about the nature of the restrictions on cash. The amendments have been applied retrospectively.

Recent Accounting Pronouncements: In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP, including industry-specific guidance. More judgement and estimates may be required in the revenue recognition process when compared to existing U.S. GAAP, including identifying performance obligations in the contract, estimating variable consideration and allocating the transaction price to each performance obligation. ASU 2014-09, as deferred one year by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2019, using either a full retrospective or retrospective with cumulative effect transition method. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, FASB issued 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. Early adoption is permitted. Management is currently evaluating the effects that this standard will have on the Organization's financial statements.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 18, 2020, the date the financial statements were available to be issued. See Note 17.

**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. Availability and Liquidity**

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019, 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.

	2020	2019
<hr/>		
Financial assets at year-end		
Cash and cash equivalents	\$ 188,274	\$ 279,605
Cash - restricted	244,369	10,506
Investments - operating	777,373	138,552
Pledges receivable - United Way	145,000	147,393
Pledges receivable - capital campaign	2,700	1,700
Long-term investments	842,608	727,321
Charitable gift annuity	19,826	24,812
Money market	140,719	33,983
	<hr/>	
Total financial assets	2,360,869	1,363,872
 Less amounts not available to be used within one year:		
Net assets with Board designations	555,303	449,144
Net assets with donor restrictions subject to purpose restriction	740,967	332,067
Net assets with donor restrictions subject to passage of time	157,818	165,159
Less: United Way allocations to be spent within the next year	(145,000)	(147,393)
	<hr/>	
	1,309,088	798,977
	<hr/>	
Financial assets available to meet general expenditures over the next 12 months	\$ 1,051,781	\$ 564,895
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## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 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:

	2020	2019
Cash and cash equivalents		
Cash and cash equivalents	\$ 188,274	\$ 279,605
Cash - restricted	244,369	10,506
Money market	140,719	33,983
Total cash, cash equivalents and restricted cash shown on the Statements of Cash Flows	\$ 573,362	\$ 324,094

## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 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:

- 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.

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, 2020 and 2019.

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**

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**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, 2020 and 2019, respectively:

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
	1,760,700	-	19,826	1,780,526
Charitable gift annuities liability	-	-	(7,008)	(7,008)
Total financial assets and liabilities, net at fair value	\$ 1,760,700	\$ -	\$ 12,818	\$ 1,773,518

Assets at Fair Value as of June 30, 2019

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 33,983	\$ -	\$ -	\$ 33,983
Equities	320,301	-	-	320,301
Exchange traded funds	465,838	-	-	465,838
Mutual funds	79,734	-	-	79,734
Charitable gift annuities	-	-	24,812	24,812
	899,856	-	24,812	924,668
Charitable gift annuities liability	-	-	(7,046)	(7,046)
Total financial assets and liabilities, net at fair value	\$ 899,856	\$ -	\$ 17,766	\$ 917,622

**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, 2020 and 2019:

	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>

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 11,784	\$ 5,529	\$ 17,313
Realized gains on investments	17,016	18,651	35,667
Unrealized losses on investments	(15,059)	(22,666)	(37,725)
Investment management fees	(8,142)	(4,565)	(12,707)
Investment income (loss) - net	<u>\$ 5,599</u>	<u>\$ (3,051)</u>	<u>\$ 2,548</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, 2020:

	Charitable Gift Annuities	Charitable Gift Annuities Liability
Balance - July 1, 2019	\$ 24,812	\$ (7,046)
Change in present value	-	(2,195)
Change in value	(2,753)	-
Payments on annuity contracts	(2,233)	2,233
Balance - June 30, 2020	<u>\$ 19,826</u>	<u>\$ (7,008)</u>

**NEW HOPE MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 6. Pledges Receivable**

Pledges receivable are as follows as of June 30:

	2020	2019
Receivable in less than one year	\$ 2,700	\$ 1,700
Receivable in one to five years	-	2,400
	<u>2,700</u>	<u>4,100</u>
Less discount for net present value	-	(170)
Total pledges receivable	<u>\$ 2,700</u>	<u>\$ 3,930</u>

**Note 7. Paycheck Protection Program Advances**

On April 10, 2020, the Organization received loan proceeds in the amount of \$320,700 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after the applicable covered period, as long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred before February 15, 2020, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the applicable covered period.

Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments until the forgiven amount is remitted to the lender by the Small Business Administration (SBA). The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties.

The Organization has used the proceeds for purposes consistent with the PPP. The proceeds from the Program have been accounted for as a conditional contribution, and upon meeting the conditions of forgiveness, the proceeds will be recognized as contribution revenue. As of June 30, 2020, forgiveness has not yet been granted.

**Note 8. 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 as of June 30, 2020 and 2019.

## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Long-Term Debt

New Hope Ministries has an unsecured note payable to York Traditions Bank in the amount of \$150,000. The note bears interest at a rate of 5.30% and is payable in monthly installments of \$2,857. The note payable agreement includes certain covenants by the Organization. As of June 30, 2020, these covenants were met or waived.

Maturities required on long-term debt are as follows for the years ending June 30:

Year	Amount
2021	\$ 30,394
2022	32,045
2023	11,881
	<u>\$ 74,320</u>

#### 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 \$38 and \$1,598, for the years ended June 30, 2020, and 2019, respectively.

**NEW HOPE MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**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, 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 - 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>

Board designated net assets consist of the following as of June 30, 2019:

	Capital	Endowment	Total
Board designated net assets, July 1, 2018	\$ 79,692	\$ 408,912	\$ 488,604
Contributions	-	7,500	7,500
Investment income (loss) - net	5,054	(4,223)	831
Withdrawals/transfers	(32,791)	(15,000)	(47,791)
Board designated net assets, June 30, 2019	<u>\$ 51,955</u>	<u>\$ 397,189</u>	<u>\$ 449,144</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.

**NEW HOPE MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 12. Net Assets with Donor Restrictions (Continued)**

The Organization's net assets with donor restrictions at June 30, 2020 and 2019, are comprised of the following:

	2020	2019
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Subject to expenditure for specified purpose:		
Scholarship fund	\$ 315,768	\$ 297,980
Programs	181,960	34,087
Capital	243,239	-
Subject to the passage of time:		
Charitable gift annuity	12,818	17,766
United Way pledge receivable	145,000	147,393
	<u>\$ 898,785</u>	<u>\$ 497,226</u>

2020 and 2019 net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by realization of events specified by donors as follows:

	2020	2019
<hr/>		
Expiration of time restrictions:		
United Way	\$ 147,393	\$ 162,436
Charitable gift annuity	5,821	1,598
Satisfaction of purpose restrictions		
Scholarship	27,000	24,500
Capital projects	58,003	3,050
Program	934,336	605,110
	<u>\$ 1,172,553</u>	<u>\$ 796,694</u>

**Note 13. Scholarships**

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

	2020	2019
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Beginning balance	\$ 297,980	\$ 313,532
Contributions	12,000	12,000
Investment earnings	32,788	(3,052)
Scholarships disbursed	(27,000)	(24,500)
Ending balance	<u>\$ 315,768</u>	<u>\$ 297,980</u>

## NEW HOPE MINISTRIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 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, 2020 and 2019, the Organization's matching contributions were \$23,226 and \$26,246, respectively.

#### Note 15. Operating Lease

The Organization previously entered into a five-year lease for copiers that terminates in October 2021. During 2020, the Organization entered into a 27-month lease for copiers that terminates in September 2022. Rental expense totaled \$8,532 and \$9,816, for 2020 and 2019, respectively. Future minimum lease payments under the lease are:

Year	Amount
2021	\$ 8,532
2022	3,788
2023	354
	<u>\$ 12,674</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 \$1.62 and \$1.68 per pound for the years ended June 30, 2020 and 2019, 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.

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

**NEW HOPE MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 16. Non-Cash Support (Continued)**

*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 Organization.

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

	2020	2019
Food	\$ 5,059,804	\$ 6,917,706
Others goods and miscellaneous	171,595	161,474
Gift cards	43,890	28,350
Stocks	1,856	2,455
Utility assistance	8,550	54,145
Fixed assets	55,601	-
Professional services	3,117	1,172
	<u>\$ 5,344,413</u>	<u>\$ 7,165,302</u>

**Note 17. Subsequent Events**

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.

Subsequent to year end, the Organization received notice from the Small Business Administration that all conditions had been met for forgiveness in relation to the proceeds received under the Paycheck Protection Program as referenced in Note 7.