

BLESSINGS OF HOPE
REVIEWED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Officers and Directors
Blessings of Hope
Ephrata, Pennsylvania

We have reviewed the accompanying financial statements of Blessings of Hope (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2017, and the related statement of revenues, expenses, and other changes in net assets – modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organizational management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

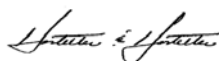
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting. The supplementary information included on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information, and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.



Hostetter and Hostetter
Certified Public Accountants

August 7, 2018

BLESSINGS OF HOPE
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
As of December 31, 2017

ASSETS

CURRENT ASSETS

Cash	\$ 23,076
Inventory	741,063
Accounts Receivable	10,601
Deposits	400

TOTAL CURRENT ASSETS 775,140

PROPERTY AND EQUIPMENT

Equipment	112,432
Less: Accumulated Depreciation	(41,191)

PROPERTY AND EQUIPMENT, NET 71,241

TOTAL ASSETS \$ 846,381

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 6,375
Deposits	849
Note Payable - Individual	10,000
Current Portion of Long-Term Debt	26,667

TOTAL CURRENT LIABILITIES 43,891

LONG-TERM LIABILITIES

Note Payable - Equipment	37,778
Less: Current Portion	(26,667)

TOTAL LONG-TERM LIABILITIES 11,111

NET ASSETS

Unrestricted	791,379
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TOTAL LIABILITIES AND NET ASSETS \$ 846,381

BLESSINGS OF HOPE
Statement of Revenues, Expenses, and Other Changes in Net Assets-
Modified Cash Basis
For the Year Ended December 31, 2017

REVENUE

Contributions	\$ 288,127
Donated Food	10,944,363
Service Fees	190,234
Membership Income	3,535
Fundraising Activities (net of \$42,106 direct expenses)	<u>51,254</u>

TOTAL REVENUE 11,477,513

EXPENSES

Program Services	11,303,055
Management And General	71,015
Fundraising Expenses	<u>31,446</u>

TOTAL EXPENSES 11,405,516

CHANGE IN NET ASSETS 71,997

NET ASSETS - JANUARY 1, 2017 719,382

NET ASSETS - DECEMBER 31, 2017 \$ 791,379

BLESSINGS OF HOPE
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Blessings of Hope (the Organization) is located in Lancaster County, Pennsylvania. The Organization is a food distribution warehouse that was set up to allow large food distributors to efficiently donate to the community. The food is received, stored and redistributed to smaller food ministries, outreaches and families in need in the community. Blessings of Hope is a ministry of Light of Hope Ministries. These financial statements include only the activity of Blessings of Hope.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. That basis differs from accounting principles generally accepted in the United States of America primarily because certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Organization has not recognized pledges receivable from donors, unbilled accruals or unbilled accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements. The Organization has recognized accounts receivable from customers and accounts payable for invoices received.

Inventory

Inventory consists of food received from various large food distributors. Inventory is valued at \$1.67 per pound for public donations.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using straight-line methods based on the estimated useful lives of the assets and totaled \$16,673 for the year ended December 31, 2017.

Advertising

The Organization uses advertising to promote its programs and fundraising efforts. Total advertising expense for the year ended December 31, 2017 was \$14,159.

Contributions

The Organization records contributions and grants when they are received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. As of December 31, 2017, the Organization had no temporarily restricted or permanently restricted assets.

BLESSINGS OF HOPE
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 1 – CONTINUED

Contributed Goods and Services

Blessings of Hope reports the fair value of gifts of donated food and grocery products over which it has control (i.e. variance power) as unrestricted public support, and shortly thereafter, as expense when granted to smaller food ministries, outreaches and families in the community. During the year ended December 31, 2017, Blessings of Hope distributed approximately 6.5 million pounds of food. The Organization is using the approximate average wholesale value of one pound of donated product at the national level, which was determined to be \$1.67 based upon research of similar organizations.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization that have not been recorded in the statement of revenues, expenses, and other changes in net assets.

Functional Allocation of Expenses

The cost of providing the program and supporting services have been allocated between program and supporting services on a direct charge basis. Costs which may serve both program and supporting services are allocated based on management's estimates.

Income Taxes

No provision has been made for income taxes in the financial statements. The Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501 (c) (3). This code section enables the Organization to accept donations which qualify as charitable contributions to the donor. The Organization is not a private foundation as defined in Section 509 of the Internal Revenue Code. The Organization was formed from a church council, accordingly it is recognized as a church by the Internal Revenue Service and is not required to file form 990.

NOTE 2 – USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 3 – LONG-TERM DEBT

Long-Term debt consists of the following at December 31, 2017:

Installment note payable secured by equipment, Due in monthly installments of \$2,222, no interest.	\$ 37,778
Less: Current Portion	<u>(26,667)</u>
Long-Term Debt	<u>\$ 11,111</u>

Maturities of long-term debt are as follows:

Year Ended December 31, 2018	\$ 26,667
Year Ended December 31, 2019	<u>11,111</u>
Total	<u>\$ 37,778</u>

BLESSINGS OF HOPE
Notes to Financial Statements
For the Year Ended December 31, 2017

NOTE 4 – LEASE AGREEMENT

On April 1, 2016, the Organization entered into a three year lease for its warehouse space. The monthly rent was \$7,327 through March 2017, and then it increased to \$7,545 per month through March 2018. Total rent expense, under this lease, for 2017 was \$89,886 and is included in occupancy expense on the statement of functional expenses.

The future scheduled rents under the current lease are as follows:

Year Ended December 31, 2018	\$92,628
Year Ended December 31, 2019	\$23,331

NOTE 5 – RELATED PARTY TRANSACTIONS

Light of Hope Ministries, the founding body of Blessings of Hope, pays service fees to Blessings of Hope in the amount of \$395 per month for its Pennsylvania and West Virginia ministries for a total of \$790 per month. The annual total for the year ended December 31, 2017 was \$9,480 and is included in service fee income on the statement of revenues, expenses, and other changes in net assets.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 7, 2018 the date on which the financial statements were available to be issued.

BLESSINGS OF HOPE
Statement of Functional Expenses - Modified Cash Basis
For the Year Ended December 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Expenses				
Occupancy	\$ 83,683	\$ 17,166	\$ 6,437	\$ 107,286
Payroll	55,500	13,000	-	68,500
Payroll Taxes	5,111	1,564	-	6,675
Outside Services	45,490	7,630	7,630	60,750
Donated Food Distributed	10,938,113	-	-	10,938,113
Donations	42,325	-	-	42,325
Professional Fees	-	18,896	-	18,896
Repairs and Maintenance	12,033	-	-	12,033
Advertising and Promotion	-	-	14,159	14,159
Utilities	26,163	5,367	2,013	33,542
Depreciation Expense	16,673	-	-	16,673
Insurance Expense	15,700	3,220	1,208	20,128
Vehicle Expenses	43,880	-	-	43,880
Supplies	14,307	-	-	14,307
Bank/Merchant Fees	4,076	110	-	4,186
Miscellaneous	-	4,063	-	4,063
Total Functional Expenses	\$ 11,303,055	\$ 71,015	\$ 31,446	\$ 11,405,516