

Compassionate Hope Foundation

FINANCIAL STATEMENTS


December 31, 2015 and 2014



CRI CARR
RIGGS &
INGRAM

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**Compassionate Hope Foundation
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December 31, 2015 and 2014**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Compassionate Hope Foundation
Antioch, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Compassionate Hope Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 that 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 Compassionate Hope Foundation as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive style.

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
September 22, 2016

**Compassionate Hope Foundation
Statements of Financial Position**

<i>December 31,</i>	2015	2014
ASSETS		
Cash	\$ 281,742	\$ 184,739
Inventories	8,124	10,922
Prepaid expenses	-	1,297
TOTAL ASSETS	\$ 289,866	\$ 196,958
LIABILITIES		
Accounts payable and accrued expenses	\$ 4,384	\$ 5,570
TOTAL LIABILITIES	4,384	5,570
NET ASSETS		
Unrestricted	199,589	121,480
Temporarily restricted	85,893	69,908
TOTAL NET ASSETS	285,482	191,388
TOTAL LIABILITIES AND NET ASSETS	\$ 289,866	\$ 196,958

The accompanying notes are an integral part of these financial statements.

**Compassionate Hope Foundation
Statements of Activities**

For the Years Ended December 31,

2015

	TEMPORARILY		TOTAL
	UNRESTRICTED	RESTRICTED	
SUPPORT AND REVENUES			
Contributions	\$ 511,158	\$ 581,582	\$ 1,092,740
Pure in Heart conference revenues	39,694	-	39,694
Net assets released from restrictions	565,597	(565,597)	-
TOTAL SUPPORT AND REVENUES	1,116,449	15,985	1,132,434
EXPENSES			
Program	987,469	-	987,469
Management and general	33,423	-	33,423
Fundraising	17,448	-	17,448
TOTAL EXPENSES	1,038,340	-	1,038,340
CHANGE IN NET ASSETS	78,109	15,985	94,094
NET ASSETS - BEGINNING OF YEAR	121,480	69,908	191,388
NET ASSETS - END OF YEAR	\$ 199,589	\$ 85,893	\$ 285,482

The accompanying notes are an integral part of these financial statements.

**Compassionate Hope Foundation
Statements of Activities**

For the Years Ended December 31,

2014

	TEMPORARILY		TOTAL
	UNRESTRICTED	RESTRICTED	
SUPPORT AND REVENUES			
Contributions	\$ 449,252	\$ 277,742	\$ 726,994
Pure in Heart conference revenues	60,667	-	60,667
Net assets released from restrictions	303,179	(303,179)	-
TOTAL SUPPORT AND REVENUES	813,098	(25,437)	787,661
EXPENSES			
Program	631,171	-	631,171
Management and general	56,448	-	56,448
Fundraising	11,600	-	11,600
TOTAL EXPENSES	699,219	-	699,219
CHANGE IN NET ASSETS	113,879	(25,437)	88,442
NET ASSETS - BEGINNING OF YEAR	7,601	95,345	102,946
NET ASSETS - END OF YEAR	\$ 121,480	\$ 69,908	\$ 191,388

The accompanying notes are an integral part of these financial statements.

**Compassionate Hope Foundation
Statements of Functional Expenses**

For the Years Ended December 31,

2015

	PROGRAM			MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
	MISSIONS	PURE IN HEART	TOTAL PROGRAM			
Contributions to others	\$ 754,926	\$ -	\$ 754,926	\$ -	\$ -	\$ 754,926
Advertising	-	2,375	2,375	-	-	2,375
Cost of goods sold	-	11,426	11,426	-	-	11,426
Fundraising	-	-	-	-	10,218	10,218
Honorariums	-	3,125	3,125	-	-	3,125
Other	-	13,182	13,182	13,152	-	26,334
Professional fees	-	-	-	7,040	-	7,040
Staff support	120,556	49,800	170,356	13,231	7,230	190,817
Travel	27,771	4,308	32,079	-	-	32,079
	\$ 903,253	\$ 84,216	\$ 987,469	\$ 33,423	\$ 17,448	\$ 1,038,340

The accompanying notes are an integral part of these financial statements.

**Compassionate Hope Foundation
Statements of Functional Expenses**

For the Years Ended December 31,

2014

	PROGRAM			MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
	MISSIONS	PURE IN HEART	TOTAL PROGRAM			
Contributions to others	\$ 419,379	\$ -	\$ 419,379	\$ -	\$ -	\$ 419,379
Advertising	-	10,478	10,478	-	-	10,478
Cost of goods sold	-	12,337	12,337	-	-	12,337
Fundraising	-	-	-	-	11,600	11,600
Honorariums	-	5,975	5,975	-	-	5,975
Other	-	19,590	19,590	11,959	-	31,549
Professional fees	-	-	-	31,288	-	31,288
Staff support	81,668	29,996	111,664	13,201	-	124,865
Travel	42,223	9,525	51,748	-	-	51,748
	<u>\$ 543,270</u>	<u>\$ 87,901</u>	<u>\$ 631,171</u>	<u>\$ 56,448</u>	<u>\$ 11,600</u>	<u>\$ 699,219</u>

The accompanying notes are an integral part of these financial statements.

**Compassionate Hope Foundation
Statements of Cash Flows**

<i>For the Years Ended December 31,</i>	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 94,094	\$ 88,442
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Changes in assets and liabilities:		
Inventories	2,798	2,270
Prepaid expenses	1,297	(1,297)
Accounts payable and accrued expenses	(1,186)	3,097
NET CASH PROVIDED BY OPERATING ACTIVITIES	97,003	92,512
NET INCREASE IN CASH	97,003	92,512
CASH AT BEGINNING OF YEAR	184,739	92,227
CASH AT END OF YEAR	\$ 281,742	\$ 184,739

The accompanying notes are an integral part of these financial statements.

Compassionate Hope Foundation Notes to Financial Statements

NOTE 1: NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Compassionate Hope Foundation (the Organization) is a Tennessee nonprofit organization located in Antioch, Tennessee. The Organization provides Christian aid and supports overseas missions operating primarily in India, the Philippines, Thailand, and Laos. The Organization is supported by contributions and the Pure in Heart conferences.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These net assets classifications are described as follows:

Unrestricted net assets - resources over which the Board of Directors has unlimited discretionary control to carry out the activities of the Organization in accordance with the Articles of Incorporation and By-laws.

Temporarily restricted net assets - resources whose use is limited by donor-imposed restrictions that will be released either by actions of the Organization or by the passage of time.

Permanently restricted net assets - resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently. The Organization currently does not have any permanently restricted net assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Management's Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent 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.

Cash

For purposes of the statements of cash flows, the Organization considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents.

Compassionate Hope Foundation Notes to Financial Statements

Inventories

Inventories are stated at the lower of cost or market (net realizable value). Cost is determined on a first-in, first-out basis for all inventories. The Organization periodically accesses its inventories for potential excess, slow movement, and obsolescence and adjusts inventory values accordingly. Inventory balances consist primarily of items available for sale related to the Pure in Heart conferences.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization's information returns for years ended after December 31, 2012 are subject to examination by the Internal Revenue Service.

Advertising Costs

The Organization expenses the costs of advertising as incurred. Advertising consists primarily of advertisements for the Pure-in-Heart conferences.

Functional Expenses

Expenses are charged directly to program, management and general, or fundraising based on allocation by management among the programs and supporting services benefited.

Reclassifications

Certain 2014 amounts have been reclassified to conform to the 2015 financial statement presentation.

Compassionate Hope Foundation Notes to Financial Statements

Review of Subsequent Events

The Organization performed a review of subsequent events through September 22, 2016, the date the financial statements were available to be issued.

NOTE 3: CONCENTRATIONS

For the year ended December 31, 2015, approximately 34% of contributions were from two donors, and for the year ended December 31, 2014, approximately 12% of contributions were from one donor.

The Organization maintains a single bank account in Nashville, Tennessee. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at December 31, 2015 exceeded federally insured limits by approximately \$6,000.

NOTE 4: DONATED SERVICES

A substantial number of volunteers have donated significant amounts of their time to the Organization; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

<i>December 31,</i>	2015	2014
Purpose restrictions:		
Children's homes	\$ 40,367	\$ 5,865
International Cooperating Ministries	3,273	35,667
Other	828	215
Staff support	15,975	8,425
Student education	18,487	773
Thailand School	6,963	18,963
	\$ 85,893	\$ 69,908

Compassionate Hope Foundation Notes to Financial Statements

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by donors:

<i>For the Years Ended December 31,</i>	2015	2014
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Purpose restrictions accomplished:		
ABWE International	\$ -	\$ 40,550
Children's homes	55,300	34,956
International Cooperating Ministries	270,560	21,167
Other	719	-
Staff support	141,017	127,270
Student education	33,501	22,683
Thailand School	64,500	56,553
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	\$ 565,597	\$ 303,179
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