

Compassionate Hope Foundation

FINANCIAL STATEMENTS

December 31, 2017 and 2016



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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**Compassionate Hope Foundation
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December 31, 2017 and 2016**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Compassionate Hope Foundation
Antioch, Tennessee

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, 2017 and 2016, 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 auditors' 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee
August 31, 2018

**Compassionate Hope Foundation
Statements of Financial Position**

| <i>December 31,</i> | 2017 | 2016 |
|---|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 497,123 | \$ 134,545 |
| Promises to give | 35,445 | 85,000 |
| TOTAL ASSETS | \$ 532,568 | \$ 219,545 |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 12,663 | \$ 9,129 |
| TOTAL LIABILITIES | 12,663 | 9,129 |
| NET ASSETS | | |
| Unrestricted | 343,852 | 118,046 |
| Temporarily restricted | 176,053 | 92,370 |
| TOTAL NET ASSETS | 519,905 | 210,416 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 532,568 | \$ 219,545 |

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

**Compassionate Hope Foundation
Statement of Activities**

For the Year Ended December 31,

2017

| | TEMPORARILY | | TOTAL |
|---------------------------------------|-------------------|-------------------|-------------------|
| | UNRESTRICTED | RESTRICTED | |
| SUPPORT AND REVENUES | | | |
| Contributions | \$ 826,502 | \$ 631,475 | \$ 1,457,977 |
| Pure in Heart conference revenues | - | - | - |
| Net assets released from restrictions | 547,792 | (547,792) | - |
| TOTAL SUPPORT AND REVENUES | 1,374,294 | 83,683 | 1,457,977 |
| EXPENSES | | | |
| Program | 1,080,605 | - | 1,080,605 |
| Management and general | 54,346 | - | 54,346 |
| Fundraising | 13,537 | - | 13,537 |
| TOTAL EXPENSES | 1,148,488 | - | 1,148,488 |
| CHANGE IN NET ASSETS | 225,806 | 83,683 | 309,489 |
| NET ASSETS - BEGINNING OF YEAR | 118,046 | 92,370 | 210,416 |
| NET ASSETS - END OF YEAR | \$ 343,852 | \$ 176,053 | \$ 519,905 |

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

**Compassionate Hope Foundation
Statement of Activities**

| <i>For the Year Ended December 31,</i> | 2016 | | |
|--|-------------------|---------------------------|-------------------|
| | UNRESTRICTED | TEMPORARILY RESTRICTED | TOTAL |
| SUPPORT AND REVENUES | | | |
| Contributions | \$ 458,228 | \$ 408,439 | \$ 866,667 |
| Pure in Heart conference revenues | 20,964 | - | 20,964 |
| Net assets released from restrictions | 401,962 | (401,962) | - |
| TOTAL SUPPORT AND REVENUES | 881,154 | 6,477 | 887,631 |
| EXPENSES | | | |
| Program | 869,111 | - | 869,111 |
| Management and general | 77,416 | - | 77,416 |
| Fundraising | 16,170 | - | 16,170 |
| TOTAL EXPENSES | 962,697 | - | 962,697 |
| CHANGE IN NET ASSETS | (81,543) | 6,477 | (75,066) |
| NET ASSETS - BEGINNING OF YEAR | 199,589 | 85,893 | 285,482 |
| NET ASSETS - END OF YEAR | \$ 118,046 | \$ 92,370 | \$ 210,416 |

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

**Compassionate Hope Foundation
Statement of Functional Expenses**

For the Year Ended December 31,

2017

| | PROGRAM | MANAGEMENT AND GENERAL | FUNDRAISING | TOTAL |
|-------------------------|---------------------|---------------------------|------------------|---------------------|
| Contributions to others | \$ 793,255 | \$ - | \$ - | \$ 793,255 |
| Fundraising | - | - | 5,807 | 5,807 |
| Other | - | 29,644 | - | 29,644 |
| Professional fees | - | 8,572 | - | 8,572 |
| Staff support | 227,101 | 16,130 | 7,730 | 250,961 |
| Travel | 60,249 | - | - | 60,249 |
| | \$ 1,080,605 | \$ 54,346 | \$ 13,537 | \$ 1,148,488 |

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

**Compassionate Hope Foundation
Statement of Functional Expenses**

For the Year Ended December 31,

2016

| | PROGRAM | | | MANAGEMENT AND GENERAL | FUNDRAISING | TOTAL |
|-------------------------|-------------------|------------------|-------------------|---------------------------|------------------|-------------------|
| | MISSIONS | PURE IN HEART | TOTAL PROGRAM | | | |
| Contributions to others | \$ 642,200 | \$ - | \$ 642,200 | \$ - | \$ - | \$ 642,200 |
| Fundraising | - | - | - | - | 8,875 | 8,875 |
| Other | - | 21,610 | 21,610 | 53,624 | - | 75,234 |
| Professional fees | - | - | - | 8,097 | - | 8,097 |
| Staff support | 167,520 | 16,733 | 184,253 | 15,695 | 7,295 | 207,243 |
| Travel | 19,108 | 1,940 | 21,048 | - | - | 21,048 |
| | <u>\$ 828,828</u> | <u>\$ 40,283</u> | <u>\$ 869,111</u> | <u>\$ 77,416</u> | <u>\$ 16,170</u> | <u>\$ 962,697</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> | 2017 | 2016 |
|---|-------------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 309,489 | \$ (75,066) |
| Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities | | |
| Changes in assets and liabilities: | | |
| Promises to give | 49,555 | (85,000) |
| Inventories | - | 8,124 |
| Accounts payable and accrued expenses | 3,534 | 4,745 |
| NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES | 362,578 | (147,197) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 362,578 | (147,197) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 134,545 | 281,742 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 497,123 | \$ 134,545 |

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

Nature of Operations

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 primarily supported by contributions.

Basis of Presentation

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 and Cash Equivalents

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

Contributions

Contributions received and promises to give 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. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization provides an allowance for estimated uncollectible 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, 2014 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.

Contributed Services

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. A number of volunteers have donated significant amounts of their time to the Organization's program and support services. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition.

Reclassifications

Certain 2016 amounts have been reclassified to conform to the 2017 financial statement presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Compassionate Hope Foundation Notes to Financial Statements

Review of Subsequent Events

The Organization performed a review of subsequent events through August 31, 2018, the date the financial statements were available to be issued.

NOTE 3: PROMISES TO GIVE

Promises to give at December 31, 2017 and 2016 include unconditional promises from various donors. All promises to give December 31, 2017 and 2016 are scheduled to be received by the Organization within one year. Management believes that all promises to give are fully collectible.

NOTE 4: CONCENTRATIONS

At December 31, 2017, approximately 71% of promises to give were from one donor. At December 31, 2016, approximately 85% of promises to give were from three donors.

For the year ended December 31, 2017, approximately 37% of contributions were from two donors. For the year ended December 31, 2016, no donor comprised more than 10% of total contributions.

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, 2017 and 2016 exceeded federally insured limits by approximately \$191,000 and \$0, respectively.

The Organization's missionaries operate primarily overseas in India, the Philippines, Thailand, and Laos.

**Compassionate Hope Foundation
Notes to Financial Statements**

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

| <i>December 31,</i> | 2017 | 2016 |
|--------------------------------------|-------------------|-----------|
| Purpose restrictions: | | |
| Children's homes | \$ 12,156 | \$ 667 |
| International Cooperating Ministries | 51,190 | 122 |
| Philippines | 52,374 | 59 |
| Other | 170 | 170 |
| Student education | 10,955 | 1,590 |
| Thailand School | 13,763 | 4,762 |
| | 140,608 | 7,370 |
| Time restrictions - promises to give | 35,445 | 85,000 |
| | \$ 176,053 | \$ 92,370 |

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> | 2017 | 2016 |
|---|-------------------|------------|
| Purpose restrictions accomplished: | | |
| Children's homes | \$ 11,200 | \$ 51,400 |
| International Cooperating Ministries | 75,100 | 43,067 |
| Philippines | 65,179 | - |
| Other | - | 600 |
| Staff support | 249,678 | 188,538 |
| Student education | 25,635 | 37,857 |
| Thailand School | 36,000 | 80,500 |
| | 462,792 | 401,962 |
| Time restrictions from promises to give | 85,000 | - |
| | \$ 547,792 | \$ 401,962 |