

Compassionate Hope Foundation

FINANCIAL STATEMENTS

December 31, 2018 and 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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**Compassionate Hope Foundation
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December 31, 2018 and 2017**

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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, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities (Topic 958)*; this new standard requires changes to be made in how net assets are classified based on Donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

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

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee

February 10, 2020

**Compassionate Hope Foundation
Statements of Financial Position**

<i>December 31,</i>	2018	2017
ASSETS		
Cash and cash equivalents	\$ 342,292	\$ 497,123
Promises to give	-	35,445
Other assets	1,612	-
TOTAL ASSETS	\$ 343,904	\$ 532,568
LIABILITIES		
Accounts payable and accrued expenses	\$ 3,734	\$ 12,663
TOTAL LIABILITIES	3,734	12,663
NET ASSETS		
Without donor restrictions	90,081	33,241
Without donor restrictions - Board-designated	181,127	310,611
With donor restrictions	68,962	176,053
TOTAL NET ASSETS	340,170	519,905
TOTAL LIABILITIES AND NET ASSETS	\$ 343,904	\$ 532,568

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

**Compassionate Hope Foundation
Statement of Activities**

For the Year Ended December 31,

2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUES			
Contributions	\$ 739,371	\$ 491,178	\$ 1,230,549
Net assets released from restrictions	598,269	(598,269)	-
TOTAL SUPPORT AND REVENUES	1,337,640	(107,091)	1,230,549
EXPENSES			
Program	1,270,259	-	1,270,259
Management and general	102,347	-	102,347
Fundraising	37,678	-	37,678
TOTAL EXPENSES	1,410,284	-	1,410,284
CHANGE IN NET ASSETS	(72,644)	(107,091)	(179,735)
NET ASSETS - BEGINNING OF YEAR	343,852	176,053	519,905
NET ASSETS - END OF YEAR	\$ 271,208	\$ 68,962	\$ 340,170

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>	2017		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUES			
Contributions	\$ 826,502	\$ 631,475	\$ 1,457,977
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
Statements of Functional Expenses**

<i>For the Year Ended December 31,</i>	2018			
	PROGRAM	SUPPORTING SERVICES		
	MISSIONS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Contributions to others	\$ 1,034,564	\$ -	\$ -	\$ 1,034,564
Fundraising	-	-	12,178	12,178
Other	-	32,224	-	32,224
Professional fees	-	10,123	-	10,123
Staff support	208,219	60,000	25,500	293,719
Travel	27,476	-	-	27,476
	\$ 1,270,259	\$ 102,347	\$ 37,678	\$ 1,410,284

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

**Compassionate Hope Foundation
Statements of Functional Expenses**

For the Year Ended December 31,

2017

	PROGRAM		SUPPORTING SERVICES		TOTAL
	MISSIONS	MANAGEMENT AND GENERAL	FUNDRAISING		
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
Statements of Cash Flows**

<i>For the Years Ended December 31,</i>	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (179,735)	\$ 309,489
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities		
Changes in operating assets and liabilities:		
Promises to give	35,445	49,555
Other assets	(1,612)	-
Accounts payable and accrued expenses	(8,929)	3,534
NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES	(154,831)	362,578
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(154,831)	362,578
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	497,123	134,545
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 342,292	\$ 497,123

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 Laos, the Philippines, and Thailand. The Organization is 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: without donor restrictions, without donor restrictions – Board-designated, and with donor restrictions.

Without donor restrictions – resources available without restriction for the various programs and administration of the Organization.

Without donor restrictions – Board-designated net assets - resources reserved by the Board of Directors for specific purposes.

With donor restrictions – 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, or in perpetuity, which consists of endowment fund assets to be held indefinitely. The income from the assets can be used to support capital improvements, mission and outreach, seed money for new ministries and special one-time projects, or other purposes designated by donors and approved by the Organization. The Organization does not currently have any endowment funds.

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.

Compassionate Hope Foundation Notes to Financial Statements

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.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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.

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, 2015 are subject to examination by the Internal Revenue Service.

Advertising Costs

The Organization expenses the costs of advertising as incurred.

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.

Allocations of Expenses by Function

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include staff support, which are allocated on the basis of estimates of time and effort.

Compassionate Hope Foundation Notes to Financial Statements

Change in Accounting Principle

During the year ended December 31, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14—*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added.

Review of Subsequent Events

The Organization performed a review of subsequent events through February 10, 2020, the date the financial statements were available to be issued. See Note 7 for the disclosure of subsequent events.

NOTE 3: PROMISES TO GIVE

Promises to give at December 31, 2017 included unconditional promises from various donors. All promises to give at December 31, 2017 were received by the Organization during 2018.

NOTE 4: CONCENTRATIONS

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

For the year ended December 31, 2018, two donors gave more than 10% of total contributions; one was approximately 13% of contributions, and the other was approximately 11%. For the year ended December 31, 2017, two donors gave more than 10% of total contributions; one was approximately 26% of contributions, and the other was approximately 11%.

The Organization maintains its cash primarily in one financial institution. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. Cash at December 31, 2018 and 2017 exceeded federally insured limits by approximately \$10,000 and \$191,000, respectively.

Compassionate Hope Foundation
Notes to Financial Statements

NOTE 5: NET ASSETS

Net assets without donor restrictions – board-designated consist of the following:

<i>December 31,</i>	2018	2017
Thailand Children's Support - Operations	\$ 146,023	\$ 252,376
Thailand Children's Support - Children's Home	-	1,217
India childcare	1,890	810
Laotian - various	6,598	15,779
Laotian - harvest centers	249	1,249
Philippines operations	6,844	11,880
Other	17,500	27,000
Mission trips	2,023	300
	\$ 181,127	\$ 310,611

Net assets with donor restrictions consist of the following:

<i>December 31,</i>	2018	2017
Purpose restrictions:		
Children's homes	\$ -	\$ 12,156
International Cooperating Ministries	4,277	51,190
Philippines	58,515	52,374
Other	170	170
Student education	6,000	10,955
Thailand School	-	13,763
	68,962	140,608
Time restrictions - promises to give	-	35,445
	\$ 68,962	\$ 176,053

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>	2018	2017
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Purpose restrictions accomplished:		
Children's homes	\$ 17,199	\$ 11,200
International Cooperating Ministries	206,200	75,100
Philippines	56,500	65,179
Staff support	256,208	249,678
Student education	12,954	25,635
Thailand School	13,763	36,000
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	562,824	462,792
Time restrictions - promises to give	35,445	85,000
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	\$ 598,269	\$ 547,792
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NOTE 6: LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it maintains its cash in excess of daily requirements in its cash accounts. The Organization has a goal to maintain financial assets, which consists of cash and cash equivalents, on hand to meet 4 months of normal operating expenditures, which are, on average, approximately \$29,100 per month.

The following reflects the Organization's financial assets as of December 31, 2018, including amounts not available within one year of the balance sheet date:

Financial assets at December 31, 2018	\$ 342,292
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with purpose restrictions	(68,962)
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Financial assets available to meet cash needs for general expenditures within one year	\$ 273,330
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Compassionate Hope Foundation Notes to Financial Statements

NOTE 7: SUBSEQUENT EVENT

Effective January 1, 2019, the Organization and Tin Man Ministries (“TMM”) agreed to combine their ministry efforts. TMM is a coaching, mentoring, and consulting ministry offering guidance to those who want to recover the life they’ve lost and the life God desires for them, by learning to live from the heart. By investing deeply in the lives of people through one-on-one mentoring, small group settings, education, training, and “intensives” sessions TMM hopes to help individuals lead their lives with whole-hearted passion and integrity. It is the mutual desire of these two religious corporations to combine their ministry efforts, taking into consideration the synergies, cost savings and other efficiencies that are obtained through the combination of their ministry efforts, including the ministry outreach, experience, and make-up of their respective founders and officers. Under the plan of affiliation, both organizations remain intact and TMM became a wholly-controlled subsidiary ministry of the Organization through an amendment of the bylaws of both organizations.

As of January 1, 2019, the major classes of assets, liabilities, and net assets of the Organization and TMM consist of the following:

	Organization	TMM	Eliminations	Consolidated
ASSETS				
Cash and equivalents	\$ 342,292	\$ 61,140	\$ -	\$ 403,432
Other current assets	1,612	12,285	(1,100)	12,797
Property and equipment	-	4,113	-	4,113
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TOTAL ASSETS	\$ 343,904	\$ 77,538	\$ (1,100)	\$ 420,342
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LIABILITIES AND NET ASSETS				
Accounts payable and other liabilities	\$ 3,734	\$ 20,082	\$ (1,100)	\$ 22,716
Net assets	340,170	57,456	-	397,626
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TOTAL LIABILITIES AND NET ASSETS	\$ 343,904	\$ 77,538	\$ (1,100)	\$ 420,342
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There were no material transactions between the Organization and TMM prior to the combination and there were no material adjustments to conform the accounting policies of the combined organizations.