



**Compassionate Hope Foundation  
and Subsidiary**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**December 31, 2020 and 2019**

**REPORT**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Compassionate Hope Foundation  
Antioch, Tennessee

### **Opinion**

We have audited the accompanying consolidated financial statements of Compassionate Hope Foundation (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Compassionate Hope Foundation and subsidiary as of December 31, 2020 and 2019, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Compassionate Hope Foundation and subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in Note 14 to the consolidated financial statements, the board of directors approved to the spinoff the Tin Man Ministries division to a separate nonprofit corporation. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Compassionate Hope Foundation and subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Compassionate Hope Foundation and subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Compassionate Hope Foundation and subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

CARR, RIGGS & INGRAM, LLC

Nashville, Tennessee  
February 3, 2022

**Compassionate Hope Foundation and Subsidiary  
Consolidated Statements of Financial Position**

<i>December 31,</i>	<b>2020</b>	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 1,214,422	\$ 709,934
Promises to give	4,700	31,067
Other assets	21,930	16,318
<hr/>		
Total assets	\$ 1,241,052	\$ 757,319
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<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 68,982	\$ 37,103
Deferred revenue	9,250	1,000
<hr/>		
Total liabilities	78,232	38,103
<b>Net assets</b>		
Without donor restrictions - undesignated	685,043	492,884
Without donor restrictions - Board-designated	379,758	159,947
With donor restrictions	98,019	66,385
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Total net assets	1,162,820	719,216
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Total liabilities and net assets	\$ 1,241,052	\$ 757,319
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*The accompanying notes are an integral part of these consolidated financial statements.*

## Compassionate Hope Foundation and Subsidiary Consolidated Statement of Activities

For the Year Ended December 31,

2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenues</b>			
Contributions	\$ 1,946,231	\$ 527,755	\$ 2,473,986
Counseling and coaching fees	354,498	-	354,498
Other income	14,764	-	14,764
Net assets released from restrictions	496,121	(496,121)	-
<b>Total support and revenues</b>	<b>2,811,614</b>	<b>31,634</b>	<b>2,843,248</b>
<b>Expenses</b>			
Program	1,803,499	-	1,803,499
Management and general	440,231	-	440,231
Fundraising	184,483	-	184,483
<b>Total expenses</b>	<b>2,428,213</b>	<b>-</b>	<b>2,428,213</b>
<b>Other changes in net assets</b>			
PPP loan forgiveness	28,569	-	28,569
Excess of fair value of net assets acquired over consideration paid in the acquisition of Tin Man Ministries	-	-	-
<b>Total change in net assets</b>	<b>411,970</b>	<b>31,634</b>	<b>443,604</b>
<b>Net assets - beginning of year</b>	<b>652,831</b>	<b>66,385</b>	<b>719,216</b>
<b>Net assets - end of year</b>	<b>\$ 1,064,801</b>	<b>\$ 98,019</b>	<b>\$ 1,162,820</b>

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

## Compassionate Hope Foundation and Subsidiary Consolidated Statement of Activities

For the Year Ended December 31,

2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>			
Contributions	\$ 1,689,766	\$ 564,888	\$ 2,254,654
Counseling and coaching fees	229,919	-	229,919
Other income	1,303	-	1,303
Net assets released from restrictions	567,465	(567,465)	-
Total support and revenues	2,488,453	(2,577)	2,485,876
<b>Expenses</b>			
Program	1,775,562	-	1,775,562
Management and general	349,805	-	349,805
Fundraising	38,919	-	38,919
Total expenses	2,164,286	-	2,164,286
<b>Other changes in net assets</b>			
PPP loan forgiveness	-	-	-
Excess of fair value of net assets acquired over consideration paid in the acquisition of Tin Man Ministries	57,456	-	57,456
Total change in net assets	381,623	(2,577)	379,046
Net assets - beginning of year	271,208	68,962	340,170
Net assets - end of year	\$ 652,831	\$ 66,385	\$ 719,216

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

**Compassionate Hope Foundation and Subsidiary  
Consolidated Statements of Functional Expenses**

*For the Year Ended December 31,*

2020

	Program Services			Supporting Services		
	CHF Missions	Tin Man Ministries	Total Program	Management and General	Fundraising	Total
Contributions to others	\$ 1,000,791	\$ 6,000	\$ 1,006,791	\$ -	\$ -	\$ 1,006,791
Advertising	-	-	-	25,605	-	25,605
Compensation and benefits	-	108,654	108,654	108,654	-	217,308
Counseling and coaching costs	-	31,185	31,185	-	-	31,185
Depreciation	-	-	-	2,987	-	2,987
Fundraising	-	-	-	-	11,360	11,360
Other	-	-	-	117,833	-	117,833
Bad debt	-	-	-	1,000	-	1,000
Professional fees	-	-	-	37,500	-	37,500
Rent	-	-	-	12,000	-	12,000
Staff support	366,120	280,182	646,302	134,652	173,123	954,077
Travel	-	10,567	10,567	-	-	10,567
	<b>\$ 1,366,911</b>	<b>\$ 436,588</b>	<b>\$ 1,803,499</b>	<b>\$ 440,231</b>	<b>\$ 184,483</b>	<b>\$ 2,428,213</b>

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



**Compassionate Hope Foundation and Subsidiary  
Consolidated Statements of Functional Expenses**

*For the Year Ended December 31,*

2019

	Program Services			Supporting Services		
	CHF Missions	Tin Man Ministries	Total Program	Management and General	Fundraising	Total
Contributions to others	\$ 1,172,226	\$ 1,500	\$ 1,173,726	\$ -	\$ -	\$ 1,173,726
Advertising	-	-	-	-	-	-
Compensation and benefits	-	-	-	125,516	-	125,516
Counseling and coaching costs	-	48,136	48,136	-	-	48,136
Depreciation	-	-	-	1,388	-	1,388
Fundraising	-	-	-	-	11,771	11,771
Other	-	-	-	76,137	-	76,137
Bad debt	-	-	-	11,038	-	11,038
Professional fees	-	-	-	20,891	-	20,891
Rent	-	-	-	13,235	-	13,235
Staff support	246,364	284,857	531,221	101,600	27,148	659,969
Travel	-	22,479	22,479	-	-	22,479
	<b>\$ 1,418,590</b>	<b>\$ 356,972</b>	<b>\$ 1,775,562</b>	<b>\$ 349,805</b>	<b>\$ 38,919</b>	<b>\$ 2,164,286</b>

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

## Compassionate Hope Foundation and Subsidiary Consolidated Statements of Cash Flows

<i>For the Years Ended December 31,</i>	<b>2020</b>	2019
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 443,604	\$ 379,046
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used for) by operating activities		
PPP loan forgiveness	<b>(28,569)</b>	-
Excess of fair value of net assets acquired over consideration paid in the acquisition of Tin Man Ministries	-	(57,456)
Bad debts	<b>1,000</b>	11,038
Depreciation	<b>2,987</b>	1,388
Changes in operating assets and liabilities:		
Promises to give	<b>25,367</b>	(31,067)
Other assets	<b>(8,599)</b>	(7,196)
Accounts payable and accrued expenses	<b>31,879</b>	13,287
Deferred revenue	<b>8,250</b>	1,000
<b>Net cash and cash equivalents provided by (used for) by operating activities</b>	<b>475,919</b>	310,040
<b>Cash flows from investing activities</b>		
Cash received from the Tin Man Ministries acquisition	-	61,140
Acquisition of Tin Man Ministries	-	(1)
Purchase of property and equipment	-	(3,537)
<b>Net cash provided by (used for) by investing activities</b>	-	57,602
<b>Cash flows from financing activities</b>		
Proceeds from PPP loan	<b>28,569</b>	-
<b>Net cash provided by (used for) by financing activities</b>	<b>28,569</b>	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>504,488</b>	367,642
<b>Cash and cash equivalents at beginning of year</b>	<b>709,934</b>	342,292
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,214,422</b>	<b>\$ 709,934</b>

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

## **Compassionate Hope Foundation and Subsidiary Notes to Consolidated Financial Statements**

### **Note 1: NATURE OF OPERATIONS**

Compassionate Hope Foundation (CHF) is a Tennessee nonprofit organization located in Antioch, Tennessee. CHF provides Christian aid and supports overseas missions operating primarily in Laos, the Philippines, and Thailand. Tin Man Ministries (TMM), a subsidiary of the CHF, 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 throughout the United States of America. The TMM is supported by contributions, coaching and counseling fees.

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Principles of Consolidation***

The consolidated financial statements include the accounts of CHF and TMM, its wholly-controlled subsidiary (collectively, the "Organization"). The Organization consolidates an entity if the Company has a controlling financial interest in the entity. Tin Man Ministries, Inc. became a wholly-controlled subsidiary of Compassionate Hope Foundation on January 1, 2019 (see note 9). As a result, substantially all of the assets, liabilities, and ministry efforts previously in Tin Man Ministries, Inc. were transferred to Compassionate Hope Foundation as a separate division of the Organization. As of January 1, 2019, Tin Man Ministries, Inc. began operating at a subsistence level only. All significant intercompany balances and transactions have been eliminated.

#### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### ***Use of Management's Estimates***

The preparation of the consolidated 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 changes therein, and the disclosure of contingent assets and liabilities at the date of the consolidated 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 and Subsidiary Notes to Consolidated Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***Promises to Give***

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

#### ***Net Assets***

The Organization reports information regarding its financial position and activities according to three classes of net assets: without donor restrictions - undesignated, 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.

#### ***Revenue Recognition***

Counseling and coaching fees are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured. Income from counseling and coaching fees received in advance are deferred and recognized over the periods to which the dates and fees relate. These amounts are included in contract liabilities within the consolidated statements of financial position

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.

## Compassionate Hope Foundation and Subsidiary Notes to Consolidated Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***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 consolidated financial statements.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2020 and 2019, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements. The Organization believes it is no longer subject to income tax examinations for years prior to 2017.

#### ***Advertising Costs***

The Organization expenses the costs of advertising as incurred. The Organization incurred \$25,605 and \$2,745 during the years ended December 31, 2020 and 2019, respectively.

#### ***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 consolidated financial statements since these services do not meet the criteria for recognition.

#### ***Allocations of Expenses by Function***

The consolidated 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.

#### ***Recent Accounting Pronouncements***

##### ***Accounting Guidance Not Yet Adopted***

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is now effective for fiscal years beginning after December 15, 2021, as a delay in adoption was recently approved. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its consolidated financial statements.

## Compassionate Hope Foundation and Subsidiary Notes to Consolidated Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Subsequent Events*

The Organization performed a review of subsequent events through February 3, 2022, the date the consolidated financial statements were available to be issued. See Note 14 for the disclosure of subsequent events.

### Note 3: 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 \$43,000 per month.

The following reflects the Organization's financial assets as of December 31, 2020, including amounts not available within one year of the balance sheet date:

Financial assets at December 31,	2020
Cash and cash equivalents	\$ 1,214,422
Promises to give	4,700
Less those unavailable for general expenditures within one year, due to:	
Board-designated net assets	(379,758)
Restricted by donor with purpose restrictions	(98,019)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 741,345</u>

### Note 4: PROMISES TO GIVE

Promises to give at December 31, 2020 and 2019 included unconditional promises from various donors, and are all expected to be received within one year. Management believes promises to give are fully collectable and no allowance is needed.

**Compassionate Hope Foundation and Subsidiary  
Notes to Consolidated Financial Statements**

**Note 5: NET ASSETS**

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

<i>December 31,</i>	<b>2020</b>	2019
Thailand children's support - operations	\$ 300,499	\$ 137,203
India childcare	4,140	2,970
Philippines operations	75,119	19,774
	<b>\$ 379,758</b>	<b>\$ 159,947</b>

Net assets with donor restrictions consist of the following:

<i>December 31,</i>	<b>2020</b>	2019
Purpose restrictions:		
International Cooperating Ministries	\$ 6,833	\$ 986
Philippines	45,011	23,240
Staff support	33,467	5,245
Student education	8,008	5,847
Total purpose restrictions	93,319	35,318
Time restrictions - promises to give	4,700	31,067
	<b>\$ 98,019</b>	<b>\$ 66,385</b>

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>	<b>2020</b>	2019
Purpose restrictions accomplished:		
International Cooperating Ministries	\$ 24,000	\$ 219,500
Philippines	100,200	76,000
Other	-	170
Staff support	312,129	244,045
Student education	28,725	27,750
	<b>465,054</b>	<b>567,465</b>
Time restrictions - promises to give	31,067	-
	<b>\$ 496,121</b>	<b>\$ 567,465</b>

## Compassionate Hope Foundation and Subsidiary Notes to Consolidated Financial Statements

### Note 6: REVENUE

The Organization is recognizing revenue at a point time for its counseling and coaching fees in the period the service is rendered. There is \$9,250 and \$1,000 at December 31, 2020 and 2019, respectively, of deferred revenue to be satisfied, all of which is expected to be recognized into revenue in the subsequent year. These performance obligations are based upon the occurrence of the related counseling and coaching sessions. Receivables from counseling and coaching fees are immaterial to the consolidated financial statements.

### Note 7: CONCENTRATIONS

The Organization maintains its cash primarily in two financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. Cash at December 31, 2020 and 2019 exceeded federally insured limits by approximately \$723,000 and \$272,000, respectively.

At December 31, 2019, approximately 94% of promises to give were from two donors. No donors gave more than 10% of total contributions for the years ended December 31, 2020 and 2019.

### Note 8: FOREIGN OPERATIONS

Substantially all Contributions to Others for the years ended December 31, 2020 and 2019 made by the Compassionate Hope Foundation division were made to various causes located in Laos, the Philippines, and Thailand in support of the Organization's mission.

### Note 9: SUPPLEMENTARY CASH FLOW INFORMATION

The following is the supplementary cash flow information for the year ended December 31, 2019:

Acquisition of assets from Tin Man Ministries:		
Cash	\$	61,140
Other current assets		12,286
Property and equipment		4,113
Accounts payable and other liabilities		(20,082)
Net assets		(57,456)
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Net cash paid to acquire Tin Man Ministries	\$	1
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## Compassionate Hope Foundation and Subsidiary Notes to Consolidated Financial Statements

### Note 10: ACQUISITION OF TIN MAN MINISTRIES

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.

The Organization acquired TMM for \$1, which resulted in an inherent contribution of \$57,456 and is reported on the 2019 Statement of Activities as Excess of Fair Value of Net Assets Acquired over Consideration Paid in the Acquisition of Tin Man Ministries.

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

	Organization	TMM	Eliminations	Consolidated
<b>ASSETS</b>				
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
<hr/>				
TOTAL ASSETS	\$ 343,904	\$ 77,538	\$ (1,100)	\$ 420,342
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<b>LIABILITIES AND NET ASSETS</b>				
Accounts payable and other liabilities	\$ 3,734	\$ 20,082	\$ (1,100)	\$ 22,716
Net assets	340,170	57,456	-	397,626
<hr/>				
TOTAL LIABILITIES AND NET ASSETS	\$ 343,904	\$ 77,538	\$ (1,100)	\$ 420,342
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Acquisition-related costs are not material to the consolidated financial statements for 2019.

There were no material transactions between the Organization and TMM prior to the acquisition and there were no material adjustments to conform the accounting policies of the combined organizations.

## Compassionate Hope Foundation and Subsidiary Notes to Consolidated Financial Statements

### Note 11: LEASE

The Organization leases office space accounted for as an operating lease. The lease expires in 2022.

Minimum lease payments under noncancellable operating leases are as follows:

*For the years ending December 31,*

2021	\$	13,780
2022		8,120
Total future minimum lease payments		\$ 21,900

Rent expense for the years ended December 31, 2020 and 2019 was \$12,000 and \$13,235, respectively.

### Note 12: RETIREMENT PLAN

The Company established a 401(k) Plan (the Plan) during 2019, which covers all employees. Total retirement plan expense was \$26,000 and \$25,000 for the years ended December 31, 2020 and 2019, respectively.

### Note 13: PAYCHECK PROTECTION PROGRAM LOAN

On April 30, 2020, the Organization received a loan in the amount of \$28,569 under the Paycheck Protection Program (PPP Loan). The PPP Loan had a 2-year term and bore interest at an annual interest rate of 1%. Monthly principal and interest payments were deferred for seven months, and the loan was scheduled to mature on April 30, 2022.

Under the terms of the CARES Act, PPP Loan recipients can apply for, and be granted forgiveness for, all or a portion of the PPP Loan and accrued interest. Such forgiveness will be determined, subject to limitations, based on the use of PPP Loan proceeds for payment of payroll costs and certain payments of mortgage interest, rent, utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, and retention of employees and maintaining salary levels. However, no assurance is provided that forgiveness for any portion of the PPP Loan will be obtained.

The Organization believes it has used the full amount received to fund eligible payroll, rent, and utility expenses under the terms of the PPP Loan. As a result, the Organization applied for forgiveness of the PPP Loan and obtained that forgiveness on January 11, 2021. As such, the Organization recognized the use of \$28,569 of the PPP Loan proceeds as income for the year ended December 31, 2020, and has included the PPP Loan proceeds as PPP Loan Forgiveness on the statement of activities.

## Compassionate Hope Foundation and Subsidiary Notes to Consolidated Financial Statements

### **Note 14: SUBSEQUENT EVENT**

Management evaluated all events or transactions that occurred after December 31, 2020 through February 3, 2022, the date the Organization's consolidated financial statements were available to be issued. The following items occurred:

On December 20, 2021, the board of directors approved the spinoff of the Tin Man Ministries division to Tin Man Ministries, a separate nonprofit corporation, effective January 1, 2022.

A vertical grey bar on the left side of the page. From its right edge, several horizontal arrows of different colors (dark blue, medium blue, yellow, and gold) point to the right. The arrows are of varying lengths and are arranged in a staggered, overlapping fashion. The text 'SUPPLEMENTARY INFORMATION' is centered horizontally between the grey bar and the arrows.

**SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors  
Compassionate Hope Foundation  
Antioch, Tennessee

We have audited the consolidated financial statements of Compassionate Hope Foundation and subsidiary (a nonprofit organization) as of and for the years ended December 31, 2020 and 2019 and our report thereon dated February 3, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Schedule I - Consolidating Statement of Financial Position by Division and Schedule II - Consolidating Statement of Activities by Division are presented for purposes of additional analysis and are not required parts of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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

Nashville, Tennessee  
February 3, 2022

**Compassionate Hope Foundation and Subsidiary**  
**Schedule I - Consolidating Statement of Financial Position by Division**

<b>December 31, 2020</b>	Compassionate Hope Foundation Division	Tin Man Ministries Division	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 789,677	\$ 424,745	\$ 1,214,422
Promises to give	4,700	-	4,700
Other assets	12,633	9,297	21,930
Intraorganization receivable (payable)	452	(452)	-
<b>Total assets</b>	<b>\$ 807,462</b>	<b>\$ 433,590</b>	<b>\$ 1,241,052</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 12,175	\$ 56,807	\$ 68,982
Deferred revenue	-	9,250	9,250
<b>Total liabilities</b>	<b>12,175</b>	<b>66,057</b>	<b>78,232</b>
<b>Net assets</b>			
Without donor restrictions - undesignated	317,510	367,533	685,043
Without donor restrictions - Board-designated	379,758	-	379,758
With donor restrictions	98,019	-	98,019
<b>Total net assets</b>	<b>795,287</b>	<b>367,533</b>	<b>1,162,820</b>
<b>Total liabilities and net assets</b>	<b>\$ 807,462</b>	<b>\$ 433,590</b>	<b>\$ 1,241,052</b>

**Compassionate Hope Foundation and Subsidiary**  
**Schedule II - Consolidating Statement of Activities by Division**

For the Year Ended December 31,

2020

	COMPASSIONATE HOPE FOUNDATION DIVISION - WITHOUT DONOR RESTRICTIONS	COMPASSIONATE HOPE FOUNDATION DIVISION - WITH DONOR RESTRICTIONS	TIN MAN MINISTRIES - WITHOUT DONOR RESTRICTIONS	TOTAL
<b>Support and revenues</b>				
Contributions	\$ 1,370,653	\$ 527,755	\$ 575,578	\$ 2,473,986
Counseling and coaching fees	-	-	354,498	354,498
Other income	2,006	-	12,758	14,764
Net assets released from restrictions	496,121	(496,121)	-	-
<b>Total support and revenues</b>	<b>1,868,780</b>	<b>31,634</b>	<b>942,834</b>	<b>2,843,248</b>
<b>Expenses</b>				
Program	1,366,911	-	436,588	1,803,499
Management and general	182,760	-	257,471	440,231
Fundraising	30,097	-	154,386	184,483
<b>Total expenses</b>	<b>1,579,768</b>	<b>-</b>	<b>848,445</b>	<b>2,428,213</b>
<b>Other changes in net assets</b>				
PPP loan forgiveness	-	-	28,569	28,569
<b>Change in net assets</b>	<b>289,012</b>	<b>31,634</b>	<b>122,958</b>	<b>443,604</b>
Net assets - beginning of year	408,256	66,385	244,575	719,216
<b>Net assets - end of year</b>	<b>\$ 697,268</b>	<b>\$ 98,019</b>	<b>\$ 367,533</b>	<b>\$ 1,162,820</b>