TRINITY/HOPE, INC.

JULY 31, 2017 and 2016

Report

of

Examination

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INDEPENDENT AUDITOR'S REPORT

November 29, 2017

Board of Directors
Trinity/HOPE, Inc.
Lebanon, Tennessee

Report on the Financial Statements
We have audited the accompanying financial statements of Trinity/HOPE, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2017 and 2016, and the related statements of activities 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 Trinity/HOPE, Inc. as of July 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.

Parsons and Associates

Parsons and Associates

TRINITY/HOPE, INC.
STATEMENT OF FINANCIAL POSITION
JULY 31

	2017	2016
ASSETS		
Current Assets		
Cash	$ 583,575	$ 516,790
Certificates of Deposit	482,791	480,313
Total Current Assets	1,066,366	997,103
Other Assets		
Endowment fund	35,203	17,292
School Support Rec	5,286	6,940
Total Other Assets	40,489	24,232
Total Assets	$1,106,855	$1,021,335
LIABILITIES		
Current Liabilities		
School Support Liab	$ 21,036	$ 10,815
Total Current Liabilities	21,036	10,815
NET ASSETS		
Unrestricted Net Assets	1,045,330	987,228
Temporarily Restricted	5,286	20,292
Endowment Funds	35,203	3,000
Total Net Assets	1,085,819	1,010,520
Total Liabilities and Net Assets	$1,106,855	$1,021,335

See accompanying notes and auditor's report.

TRINITY/HOPE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31

	2017			2016		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
Contributions and Revenue						
Contributions	$ 978,019	$ 5,286	$17,150	$936,106	$ 6,000	$
Interest	5,899			3,893		
Other income			761		735	
Released from restrictions	20,292	(20,292)		27,923	(27,923)	
Total Contributions and Support	1,004,210	(15,006)	17,911	967,922	(21,188)	0
Expenses						
Feeding programs	758,084			709,043		
Workshops and travel	12,849			7,785		
Small equipment	103			192		
Newsletters	13,002			16,305		
Telephone	449			484		
Fundraising	0			276		
Office supplies and postage	661			1,672		
Courier service and overnight	586			816		
Taxes and licenses	260			262		
Bank fees	3,511			3,586		
Payroll – stateside	123,115			53,617		
Payroll taxes	10,051			4,102		
Gifts	1,320			0		
Website	3,606			0		
Professional fees	4,075			4,090		
Miscellaneous	144			4,274		
Total Expenses	931,816			803,088	0	0
Change in Net Assets	72,394	(15,006)	17,911	164,834	(21,188)	
Net Assets – August 1	987,228	20,292	3,000	822,394	41,480	3,000
Prior Period Adjustment	(14,292)		14,292			
Net Assets – July 31	$1,045,330	$ 5,286	$35,203	$987,228	$20,292	$3,000

See accompanying notes and auditor's report.

TRINITY/HOPE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JULY 31

	2017	2016
Cash Flows from Operating Activities		
Contributions	$1,012,329	$945,982
Interest earned	5,899	3,893
Other income	761	735
	1,018,989	950,610
Program expenditures	(909,536)	(774,808)
Administrative expenditures	(9,278)	(11,699)
Fundraising	(13,002)	(16,581)
Cash provided by Operating Activities	(931,816)	(803,088)
Cash Flows from Investing Activities		
(Increase) in endowment accounts	(17,911)	(735)
Cash provided by Investing Activities	(17,911)	(735)
Net increase in cash and cash equivalents	69,262	146,787
Cash and cash equivalents – August 1	997,104	850,317
Cash and cash equivalents – July 31	$1,066,366	$997,104

See accompanying notes and auditor's report.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities
Trinity/HOPE, Inc. was incorporated during July 2005 in accordance with the Tennessee General Corporation Act. Its primary purpose is to feed the children of Haiti and teach Christian beliefs.

Basis of Accounting
The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-For-Profit Organizations. Under SFAS No. 117, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Unrestricted Net Assets
Net assets that are not subject to imposed stipulations.

Temporarily Restricted Net Assets
Net assets that are subject to imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets
Net assets subject to imposed stipulations that they be maintained permanently by the Organization. Generally, these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

Income Tax Status
Trinity/HOPE, Inc. qualifies as a tax exempt organization under Internal Revenue Code Section 501(c)(3) and, therefore, has no provision for federal income taxes.

Donated Services
Donated services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers have provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met.

NOTE 2 – ESTIMATES
Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

NOTE 3 – CERTIFICATES OF DEPOSIT
Certificates of deposit totaling $482,791 in 2017 and $480,313 in 2016, respectively, are included in cash in the accompanying financial statements. The certificates bear interest at various rates and maturities.

NOTE 4 – FINANCIAL INSTRUMENTS

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains its cash balances in several financial institutions in the Middle Tennessee area. The balances were insured by the Federal Deposit Insurance Corporation up to $250,000 in 2017 and 2016. At July 31, 2017, the Organization's uninsured cash balances totaled $333,380 and at July 31, 2016 $264,294.

NOTE 5 – ENDOWMENT

The Organization has established an endowment fund. The primary purpose is to help fulfill its mission. Gifts are accepted for either general feeding program expenses or administrative expenses. Distribution is allowed only from earnings or appreciation of principal. Distributions are not allowed from the corpus.

	Cash	Cash Value-Insurance	Total
Endowment Fund – August 1, 2015	$ 3,000	$13,557	$16,557
Increase in cash value – life insurance		735	735
Endowment Fund – July 31, 2016	3,000	14,292	17,292
Increase in cash value – life insurance		761	761
Contributions	17,150		17,150
Endowment Fund – July 31, 2017	$20,150	$15,053	$35,203

A "quasi" endowment fund is established by the Organization and designates funds as Endowment Funds and/or a donor makes unrestricted donations to the Endowment Funds.

A true Endowment Fund is established if a donor makes donations to an Endowment Fund and specifies that the donations become part of the Endowment Fund and often puts purposes and/or conditions on its use. Usually, the income can be used for ordinary purposes.

NOTE 6 – INCOME TAX

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements.

Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for years ended July 31, 2017 and July 30, 2016.

The Organization files its Form 990 in the U.S. federal jurisdiction and the office of the Secretary of State for the State of Tennessee. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2014.

NOTE 7 – PRIOR YEAR ADJUSTMENT

Endowment cash value of life insurance has been restated as part of endowment.