

TRINITY/HOPE, INC.
JULY 31, 2018 and 2017

Report
of
Examination

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

March 10, 2019

Board of Directors
Trinity/HOPE, Inc.
Franklin, 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, 2018 and 2017, 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, 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.

Parsons and Associates

Parsons and Associates

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

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	\$ 624,880	\$ 583,575
Certificates of Deposit	<u>483,066</u>	<u>482,791</u>
<u>Total Current Assets</u>	<u>1,107,946</u>	<u>1,066,366</u>
<u>Other Assets</u>		
Endowment fund	36,054	35,203
School Support Rec	<u>0</u>	<u>5,286</u>
<u>Total Other Assets</u>	<u>36,054</u>	<u>40,489</u>
<u>Total Assets</u>	<u>\$ 1,144,000</u>	<u>\$1,106,855</u>
 <u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Deferred school support	\$ 27,904	\$ 21,036
<u>Total Current Liabilities</u>	<u>27,904</u>	<u>21,036</u>
 <u>NET ASSETS</u>		
<u>Unrestricted Net Assets</u>	1,080,042	1,045,330
<u>Temporarily Restricted</u>	0	5,286
<u>Endowment Funds</u>	<u>36,054</u>	<u>35,203</u>
<u>Total Net Assets</u>	<u>1,116,096</u>	<u>1,085,819</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 1,144,000</u>	<u>\$1,106,855</u>

See accompanying notes and auditor's report.

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

	2018			2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<u>Contributions and Revenue</u>						
Contributions	\$ 988,976	\$ 0	\$ 0	\$ 978,019	\$ 5,286	\$17,150
Interest	6,947	0	0	5,899	0	0
Other income	0	0	851	0	0	761
Released from restrictions	5,286	(5,286)	0	20,292	(20,292)	0
Total Contributions and Support	1,001,209	(5,286)	851	1,004,210	(15,006)	17,911
<u>Expenses</u>						
Feeding programs	784,576			758,084		
Workshops and travel	8,752			12,849		
Small equipment	174			103		
Newsletters	9,242			13,002		
Telephone	511			449		
Fundraising	4092			0		
Office supplies and postage	682			661		
Courier service and overnight	708			586		
Taxes and licenses	260			260		
Bank fees	1,888			3,511		
Payroll – stateside	138,908			123,115		
Payroll taxes	10,397			10,051		
Gifts	0			1,320		
Website	1,932			3,606		
Professional fees	4,375			4,075		
Miscellaneous	0			144		
Total Expenses	966,497			931,816		
<u>Change in Net Assets</u>	34,712	(5,286)	851	72,394	(15,006)	17,911
Net Assets – August 1	1,045,330	5,286	35,203	987,228	20,292	3,000
Prior Period Adjustment	0	0	0	(14,292)		14,292
Net Assets – July 31	\$1,080,042	\$ 0	\$ 36,054	\$1,045,330	\$ 5,286	\$35,203

See accompanying notes and auditor's report -

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

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities</u>		
Contributions	\$1,001,981	\$1,013,090
Interest earned	<u>6,947</u>	<u>5,899</u>
	<u>1,008,928</u>	<u>1,018,989</u>
Program expenditures	(919,360)	(909,536)
Administrative expenditures	(25,709)	(9,278)
Fundraising	<u>(21,428)</u>	<u>(13,002)</u>
Cash provided by Operating Activities	<u>(966,497)</u>	<u>(931,816)</u>
<u>Cash Flows from Investing Activities</u>		
(Increase) in endowment accounts	<u>(851)</u>	<u>(17,911)</u>
Cash provided by Investing Activities	<u>(851)</u>	<u>(17,911)</u>
Net increase in cash and cash equivalents	41,580	69,262
Cash and cash equivalents – August 1	1,066,366	997,104
Cash and cash equivalents – July 31	<u>\$1,107,946</u>	<u>\$1,066,366</u>

See accompanying notes and auditor's report.

TRINITY/HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2018 and 2017

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 \$483,064 in 2018 and \$482,791 in 2017, respectively, are included in cash in the accompanying financial statements. The certificates bear interest at various rates and maturities.

TRINITY/HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2018 and 2017

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 2018 and 2017. At July 31, 2018, the Organization’s uninsured cash balances totaled \$486,186 and at July 31, 2017 \$333,380

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.

	<u>Cash</u>	<u>Cash Value- Insurance</u>	<u>Total</u>
Endowment Fund – initial contributions	\$ 3,000	\$ 13,557	\$ 16,557
Increase - cash value and contributions	<u>17,150</u>	<u>1,496</u>	<u>18,646</u>
Endowment Fund – July 31, 2017	<u>20,150</u>	<u>15,053</u>	<u>35,203</u>
Increase in cash value – life insurance	0	851	851
Contributions	<u>0</u>	<u>0</u>	<u>0</u>
Endowment Fund – July 31, 2018	<u>\$ 20,150</u>	<u>\$ 15,904</u>	<u>\$ 36,054</u>

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, 2018 and July 30, 2017.

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 2015.