

Audited Financial Statements

FOUNDATION OF H.O.P.E., INC.

For the Years Ended December 31, 2020 and 2019

Audited Financial Statements

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McKeever Varga & Senko

Certified Public Accountants

Personal Financial Planners

Business Consultants

Independent Auditor's Report

To the Board of Directors of
FOUNDATION OF H.O.P.E., INC.
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying financial statements of Foundation of H.O.P.E., Inc. (a Pennsylvania nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation of H.O.P.E., Inc. 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foundation of H.O.P.E., Inc. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Foundation of H.O.P.E., Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors of
FOUNDATION OF H.O.P.E., INC.
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 Foundation of H.O.P.E., Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Foundation of H.O.P.E., Inc.'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.



Certified Public Accountants

November 30, 2021
Pittsburgh, Pennsylvania

Audited Financial Statements

FOUNDATION OF H.O.P.E., INC.

Statements of Financial Position

At December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 319,851	\$ 300,184
Accounts receivable	4,025	83
Accounts receivable – related party	46,738	176,276
Grant receivable – net discount of \$ -0- and \$918	447,029	43,500
Investments	-	3,712
Prepaid expenses	3,786	4,080
	<u>821,429</u>	<u>527,835</u>
Total current assets		
Long-term grant receivables, less current portion	-	32,082
Property and equipment:		
Office equipment	14,379	3,552
Less: accumulated depreciation	<u>(3,558)</u>	<u>(2,651)</u>
	<u>10,821</u>	<u>901</u>
Total property and equipment		
Total assets	<u>\$ 832,250</u>	<u>\$ 560,818</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 14,058	\$ 23,706
Accrued expenses	11,285	12,286
Paycheck protection loan	10,553	-
Due to related party	3,612	2,601
	<u>39,508</u>	<u>38,593</u>
Total liabilities		
Net assets:		
Without donor restriction	40,688	260
With donor restriction	<u>752,054</u>	<u>521,965</u>
	<u>792,742</u>	<u>522,225</u>
Total net assets		
Total liabilities and net assets	<u>\$ 832,250</u>	<u>\$ 560,818</u>

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

FOUNDATION OF H.O.P.E., INC.

Statements of Activities and Changes in Net Assets

For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenue and support:						
Contract services:						
Chaplaincy program	\$ 346,380	\$ -	\$ 346,380	\$ 334,373	\$ -	\$ 334,373
Pre-release program	203,671	-	203,671	213,531	-	213,531
Aftercare mentoring	-	-	-	17,500	-	17,500
Contributions	224,347	667,558	891,905	48,535	673,377	721,912
Fundraising events	3,406	-	3,406	23,953	-	23,953
In kind contributions	966	-	966	-	-	-
Investment income	(654)	-	(654)	2,102	-	2,102
Net assets released from restrictions	437,469	(437,469)	-	523,891	(523,891)	-
Total revenue and support	1,215,585	230,089	1,445,674	1,163,885	149,486	1,313,371
Expenses:						
Program services:						
Chaplaincy program	406,264	-	406,264	386,640	-	386,640
Pre-release program	112,289	-	112,289	183,129	-	183,129
Aftercare mentoring	131,574	-	131,574	171,507	-	171,507
Diversion program	374,923	-	374,923	256,605	-	256,605
Support services:						
Administrative	148,412	-	148,412	155,227	-	155,227
Fundraising	1,695	-	1,695	10,519	-	10,519
Total expenses	1,175,157	-	1,175,157	1,163,627	-	1,163,627
Increase (decrease) in net assets	40,428	230,089	270,517	258	149,486	149,744
Net assets, beginning of year	260	521,965	522,225	2	372,479	372,481
Net assets, end of year	\$ 40,688	\$ 752,054	\$ 792,742	\$ 260	\$ 521,965	\$ 522,225

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

FOUNDATION OF H.O.P.E., INC.

Statement of Functional Expenses

For the Year Ended December 31, 2020

	<u>Program Services</u>				<u>Total Program</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Chaplaincy</u>	<u>Aftercare</u>	<u>Pre- Release</u>	<u>Diversion</u>		<u>Admin- istrative</u>	<u>Fund- raising</u>	
Salaries and wages	\$ 322,728	\$ 81,616	\$ 80,231	\$ 238,037	\$ 722,612	\$ 86,610	\$ -	\$ 809,222
Employee benefits	3,296	2,142	2,729	3,267	11,434	2,503	-	13,937
Pension	22,657	2,413	4,906	6,811	36,787	5,506	-	42,293
Payroll taxes	10,033	5,277	8,238	14,816	38,364	6,041	-	44,405
Bank service charges	-	-	-	-	-	2,675	-	2,675
Fundraising events	-	-	-	-	-	-	1,695	1,695
Professional fees	9,774	-	5,932	39,143	54,849	27,128	-	81,977
Program services	19,052	23,002	1,775	48,262	92,091	1,031	-	93,122
Charitable contributions	124	-	-	-	124	250	-	374
Insurance	-	-	-	-	-	6,556	-	6,556
Office expenses	4,953	6,404	6,122	13,403	30,882	6,323	-	37,205
Rent	-	8,100	-	6,600	14,700	2,700	-	17,400
Travel and conferences	5,731	294	1,641	425	8,091	-	-	8,091
Depreciation	-	-	-	-	-	906	-	906
Reimbursables	2,553	2,038	492	1,093	6,176	83	-	6,259
Continuing education	4,634	288	223	3,066	8,211	-	-	8,211
Staff development	729	-	-	-	729	100	-	829
Total expenses	\$ 406,264	\$ 131,574	\$ 112,289	\$ 374,923	\$ 1,025,050	\$ 148,412	\$ 1,695	\$ 1,175,157

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

FOUNDATION OF H.O.P.E., INC.

Statement of Functional Expenses

For the Year Ended December 31, 2019

	Program Services				Total Program	Supporting Services		Total
	Chaplaincy	Aftercare	Pre- Release	Diversion		Admin- istrative	Fund- raising	
Salaries and wages	\$ 299,832	\$ 81,600	\$ 134,444	\$ 151,101	\$ 666,977	\$ 95,740	\$ -	\$ 762,717
Employee benefits	3,088	1,088	3,319	679	8,174	1,487	-	9,661
Pension	19,505	2,175	7,723	4,726	34,129	4,928	-	39,057
Payroll taxes	9,047	5,388	10,207	9,096	33,738	7,465	-	41,203
Bank service charges	-	-	-	-	-	7,264	-	7,264
Fundraising events	-	-	-	-	-	-	8,910	8,910
Professional fees	9,428	-	5,739	20,008	35,175	23,981	-	59,156
Program services	25,516	59,129	7,608	41,131	133,384	1,111	-	134,495
Charitable contributions	-	-	-	-	-	296	1,509	1,805
Insurance	-	-	-	-	-	7,961	-	7,961
Office expenses	4,458	5,893	6,595	15,493	32,439	3,407	100	35,946
Rent	-	10,800	-	6,600	17,400	-	-	17,400
Travel and conferences	7,235	937	5,735	1,502	15,409	-	-	15,409
Depreciation	-	-	-	-	-	432	-	432
Reimbursables	2,717	3,109	1,094	4,716	11,636	1,155	-	12,791
Continuing education	5,814	1,388	665	1,553	9,420	-	-	9,420
Staff development	-	-	-	-	-	-	-	-
Total expenses	\$ 386,640	\$ 171,507	\$ 183,129	\$ 256,605	\$ 997,881	\$ 155,227	\$ 10,519	\$ 1,163,627

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

FOUNDATION OF H.O.P.E., INC.

Statements of Cash Flow

For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 270,517	\$ 149,744
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Depreciation	906	432
(Increase) decrease in:		
Accounts receivable	(3,942)	1,639
Accounts receivable – related party	129,538	(48,062)
Grant receivable	(371,447)	(4,082)
Investments	3,712	(2,026)
Prepaid expenses	294	1,526
Increase (decrease) in:		
Accounts payable	(9,648)	5,422
Accrued expenses	(1,001)	4,036
Due to related party	1,011	1,300
	19,940	109,929
Net cash provided by (used for) operating activities	19,940	109,929
Cash flows from investing activities:		
(Purchase) of equipment	(10,826)	-
	(10,826)	-
Net cash provided by (used for) investing activities	(10,826)	-
Cash flows from financing activities:		
New borrowings	10,553	-
	10,553	-
Net cash provided by (used for) financing activities	10,553	-
Net increase (decrease) in cash and cash equivalents	19,667	109,929
Cash and cash equivalents, beginning of year	300,184	190,255
Cash and cash equivalents, end of year	\$ 319,851	\$ 300,184
Supplemental disclosure:		
Cash paid for interest	\$ -	\$ -
Cash paid for income tax	\$ -	\$ -

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

FOUNDATION OF H.O.P.E., INC.

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 1. Nature of Activity and Operations

The Foundation of H.O.P.E., Inc. (the Foundation) is an interfaith-based nonprofit organization providing comprehensive chaplaincy ministry and pre-release and post-release after-care for offenders both within the Allegheny County Jail and within the outside community. The Foundation also provides eligible young people access to programs that are an alternative to prosecution. The Foundation's mission and goal is successful community reintegration of men and women who have been incarcerated in the Allegheny County Jail. The source of most of the Foundation's revenues are program services fees from government agencies. The Foundation also receives a significant portion of its revenues from contributions received from individuals, foundations, and other nonprofit organizations.

Note 2. Summary of Significant Accounting Policies

A. Basis of Accounting

The Foundation's financial statements were prepared using the accrual basis of accounting. Expenses are recognized in the period incurred. Revenues are recognized in the period in which they are earned.

B. Basis of Presentation

The Foundation presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections. Under this standard net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions – net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – net assets that are subject to donor restrictions. Currently all net assets with donor restriction may or will be met either by actions of the Foundation and/or passage of time. There are no restricted assets intended to be used for purposes of endowments. See Note 4 for a description of net assets with donor restrictions at December 31, 2020 and 2019.

The Foundation is also required to present a statement of cash flows.

FOUNDATION OF H.O.P.E., INC.

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2020 and 2019

Note 2. Summary of Significant Accounting Policies (Continued)

C. Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Cash and Cash Equivalents

For purposes of reporting cash flows, cash consists of cash on hand and checking accounts. At times, balances in these accounts may be in excess of federally insured limits.

E. Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a 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 statement of activities and changes in net assets as net assets released from restrictions.

F. Accounts Receivable

Related party accounts receivable represents amounts due from a related organization that holds the government contracts. All revenues are recognized when earned and receivables are recorded at net realizable value. The Foundation's policy for determining past due or delinquent status is based on how recently payments have been made or contractual terms, as applicable. It is the Foundation's policy to charge off uncollectable accounts receivable when management determines the receivable will not be collected. The Foundation has determined that no provision for uncollectable accounts receivable as of December 31, 2020 and 2019 is required.

G. Program Services

Fees for program services are recognized at the time the service is rendered.

FOUNDATION OF H.O.P.E., INC.

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2020 and 2019

Note 2. Summary of Significant Accounting Policies (Continued)

H. Property and Equipment

It is the Foundation's policy to capitalize property and equipment purchases over \$1,000 and expense lesser amounts. Purchased property and equipment is recorded at cost and depreciated over the estimated useful life of the assets, using the straight-line method

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities and changes in net assets for the period. The cost of repairs and maintenance is charged to expense as incurred; whereas significant renewals and betterments are capitalized.

Depreciation expense totaled \$906 and \$432 for years ended December 31, 2020 and 2019, respectively.

I. Functional Allocation of Expenses

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The following expenses that are allocated based on hours worked are salaries, benefits and payroll taxes. The remainder of the expenses are allocated based off of actual usage by each program.

J. Income Taxes

The Foundation has received a determination letter from the Internal Revenue Service that grants an exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for any income that may be a result of unrelated business transactions. The Foundation does not believe its financial statements include, or reflect, any uncertain tax positions that require disclosure under FASB ASC 740-10-25 (FIN 48).

The Foundation's IRS Forms 990, Return of Organization Exempt from Income Tax, for the fiscal years ended December 31, 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

K. Reclassifications

Certain amounts in these financial statements for the year ended December 31, 2019 have been reclassified to conform with the reporting categories for the year ended December 31, 2020.

FOUNDATION OF H.O.P.E., INC.

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2020 and 2019

Note 2. Summary of Significant Accounting Policies (Continued)

L. Revenue from Contracts

The Foundation is contracted with Allegheny County and Department of Corrections to provide comprehensive chaplaincy ministry and pre-release and post-release after-care for offenders. The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the statement of financial position. Amounts are billed monthly in accordance with agreed-upon contractual terms. The contract receivable balances at December 31, 2020 and 2019 were \$46,738 and \$176,276, respectively. There were no unbilled receivables or advances and deposits as of December 31, 2020 and 2019.

Note 3. Concentration of Credit Risk

The Foundation maintains its cash balance at a financial institution located in Pennsylvania, which at times may exceed federal insured limits of \$250,000. At December 31, 2020 and 2019, the Foundation's uninsured cash balance was \$30,171 and \$51,930, respectively. The Foundation has not experienced any losses in such accounts. Management believes the Foundation is not exposed to any significant credit risk related to cash.

Note 4. Restrictions on Net Assets

A. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or periods specified as follows during the years ended December 31 as follows:

	2020	2019
Inmate charities	\$ -	\$ 37,535
Chaplaincy program	120	4,668
Pre-release program	-	100
Aftercare program	21,782	118,677
Diversion program	415,567	362,911
	<u>415,567</u>	<u>362,911</u>
Total	<u>\$ 437,469</u>	<u>\$ 523,891</u>

FOUNDATION OF H.O.P.E., INC.

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2020 and 2019

Note 4. Restrictions on Net Assets (Continued)

B. Net Assets With Donor Restriction

Net assets with donor restrictions are available for the following purposes at December 31:

	2020	2019
Chaplaincy program	\$ 40,116	\$ 32,404
Pre-release program	200	-
Aftercare program	67,555	44,901
Diversion program	<u>644,183</u>	<u>444,660</u>
Total	<u>\$ 752,054</u>	<u>\$ 521,965</u>

Note 5. Grant Receivable

Unconditional promises to give are recorded as receivables and revenue when received. The Foundation distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Grants are recorded after being discounted to the anticipated net present value of the future cash flows.

Pledges are expected to be realized in the following periods:

	2020	2019
In one year or less	\$ 447,029	\$ 43,500
Between one year and five years	<u>-</u>	<u>33,000</u>
Subtotal	447,029	76,500
Less discount, at 1.58%	<u>-</u>	<u>(918)</u>
Total	<u>\$ 447,029</u>	<u>\$ 75,582</u>

FOUNDATION OF H.O.P.E., INC.

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2020 and 2019

Note 6. Related Party Transactions

Christian Associates of Southwestern Pennsylvania (CASP) has voting interest in the Foundation's governing board and is deemed to be a related party. CASP has two contracts through Allegheny County for Pre-Release and Chaplaincy programs. The Foundation performs all the duties within the scope of these contracts and invoices CASP for these services on a monthly basis. The contracts still remain with CASP.

For the years ended December 31, 2020 and 2019, the Foundation's program service revenue for the Pre-Release and Chaplaincy programs totaled \$550,051 and \$547,904 for services provided to Allegheny County under CASP's contracts for which the Foundation has administrative responsibility.

At December 31, 2020 and 2019, amounts due to the Foundation from CASP totaled \$46,738 and \$176,276, respectively. Amounts due to CASP were \$169 and \$2,601 at December 31, 2020 and 2019, respectively.

For the years ended December 31, 2020 and 2019, the Foundation paid CASP administrative and affiliation fees totaling \$16,400 and \$15,801, respectively.

Note 7. Economic Dependency

The Foundation performs services under CASP contracts with Allegheny County and the U.S. Department of Justice for the Second Chance Act. For the years ended December 31, 2020 and 2019, revenue from this source comprised of 38.0% and 42.0% of total revenue, respectively.

At December 31, 2020 and 2019, 92.0% and 99.9% of trade accounts receivable were comprised of amounts due from CASP, respectively.

FOUNDATION OF H.O.P.E., INC.

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2020 and 2019

Note 8. Operating Leases

The Foundation rented office space for \$1,450 a month during 2020 and 2019. The office space is rented month to month, due to the possible sale of the building. Total rent expenses amounted to \$17,400 and \$17,400 for the years ended December 31, 2020 and 2019, respectively. The Foundation signed a new lease agreement for office space in September 2021. At December 31, 2020, future minimum annual rental payments required under the lease agreement with terms in excess of one year are as follows:

Year Ending December 31	
2021	\$ 23,600
2022	36,000
2023	<u>24,000</u>
Total	<u>\$ 83,600</u>

Note 9. Pension Plan

The Foundation sponsors a Simplified Employee Pension Plan (the Plan) covering all employees who have attained certain age and service requirements and who are not covered by a collective bargaining agreement. Total contributions to retirement plans totaled \$42,293 and \$39,057 for the years ended December 31, 2020 and 2019, respectively.

Note 10. Liquidity and Availability of Financial Assets

The Foundation manages its liquid resources by focusing on grant requests, fundraising and programmatic efforts to ensure the organization has adequate contributions, grants, and contract revenue to fulfill its mission and conduct key programs. The Foundation prepares detailed budgets annually and has been very active in monitoring its costs to ensure the Foundation remains liquid.

FOUNDATION OF H.O.P.E., INC.

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2020 and 2019

Note 10. Liquidity and Availability of Financial Assets (Continued)

The following reflects the Foundation's financial assets as of December 31, 2020 and 2019 expected to be available within one year to meet the cash needs for general expenditures. Amounts available include grant receivables expected to be collected within one year as well as donor-restricted amounts that are available for program specific general expenditure in the following year.

	2020	2019
Cash	\$ 319,851	\$ 300,184
Receivables	4,025	83
Receivables – related party	46,738	176,276
Grant receivables	447,029	75,582
Investments	-	3,712
	<hr/>	<hr/>
Total financial assets	817,643	555,837
Less: long-term receivables	-	(32,082)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 817,643</u>	<u>\$ 523,755</u>

Note 11. Government Grants

On May 1, 2020, the Foundation was granted a loan from PNC Bank, in the aggregate amount of \$161,800 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a note dated May 1, 2020, matures on May 1, 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing on December 1, 2020. The note may be prepaid by the Foundation at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Foundation submitted the application for loan forgiveness subsequent to year end. On September 15, 2021 the Foundation received forgiveness for \$151,247 in principal and \$2,100 in interest. The remaining \$10,553 loan balance will be due back based on the note terms.

FOUNDATION OF H.O.P.E., INC.

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2020 and 2019

Note 12. Risks and Uncertainties

After year-end it has become apparent that the Coronavirus also known as COVID-19 has put a strain on the economy. Those effects cannot yet be measured on the Foundation but should be considered when reading these financial statements. The Foundation is currently following all Federal, State and Local orders regarding business regulations during the COVID-19 crisis.

Note 13. Evaluation of Subsequent Events

The Foundation has evaluated subsequent events through November 30, 2021, the date on which the financial statements were available to be issued.