

Audited Financial Statements

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

For the Years Ended December 31, 2023 and 2022

Audited Financial Statements

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

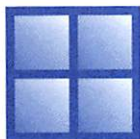
For the Years Ended December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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

September 18, 2024
Pittsburgh, Pennsylvania

Audited Financial Statements

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

Statements of Financial Position

At December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 199,837	\$ 424,616
Accounts receivable	4,555	2,180
Accounts receivable – related party	54,240	82,403
Grant receivable	96,672	129,165
Prepaid expenses	3,338	2,934
Right-of-use asset	-	32,872
Total current assets	358,642	674,170
Property and equipment:		
Office equipment	13,272	13,272
Leasehold improvements	28,253	28,253
Less: accumulated depreciation	(37,945)	(20,035)
Total property and equipment	3,580	21,490
Total assets	\$ 362,222	\$ 695,660
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 70,954	\$ 70,683
Accrued expenses	10,229	19,219
Deferred revenue - contracts	-	74,470
Lease liability - current	-	32,872
Total liabilities	81,183	197,244
Net assets:		
Without donor restriction	88,216	158,788
With donor restriction	192,823	339,628
Total net assets	281,039	498,416
Total liabilities and net assets	\$ 362,222	\$ 695,660

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, 2023 and 2022

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenue and support:						
Contract services:						
Chaplaincy program	\$ 419,070	\$ -	\$ 419,070	\$ 355,714	\$ -	\$ 355,714
Pre-release program	231,806	-	231,806	211,040	-	211,040
Adult diversion	215,320	-	215,320	222,073	-	222,073
Contributions	46,357	986,129	1,032,486	74,020	238,564	312,584
Fundraising events	5,934	-	5,934	1,607	-	1,607
Other revenue	19,827	-	19,827	89,135	-	89,135
Net assets released from restrictions	1,132,934	(1,132,934)	-	735,637	(735,637)	-
Total revenue and support	2,071,248	(146,805)	1,924,443	1,689,226	(497,073)	1,192,153
Expenses:						
Program services:						
Chaplaincy program	403,756	-	403,756	357,911	-	357,911
Pre-release program	225,391	-	225,391	177,470	-	177,470
Aftercare mentoring	894,702	-	894,702	329,148	-	329,148
Adult diversion program	251,224	-	251,224	223,712	-	223,712
Youth diversion program	260,617	-	260,617	504,510	-	504,510
Support services:		-				
Administrative	65,682	-	65,682	138,974	-	138,974
Fundraising	40,448	-	40,448	6,808	-	6,808
Total expenses	2,141,820	-	2,141,820	1,738,533	-	1,738,533
Increase (decrease) in net assets	(70,572)	(146,805)	(217,377)	(49,307)	(497,073)	(546,380)
Net assets, beginning of year	158,788	339,628	498,416	208,095	836,701	1,044,796
Net assets, end of year	\$ 88,216	\$ 192,823	\$ 281,039	\$ 158,788	\$ 339,628	\$ 498,416

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, 2023

	Program Services						Supporting Services		
	Chaplaincy	Aftercare	Pre-Release	Adult Diversion	Youth Diversion	Total Program	Admin-istrative	Fund-raising	Total
Salaries and wages	\$ 259,982	\$ 321,531	\$ 156,644	\$ 143,037	\$ 133,914	\$1,015,108	\$ 16,879	\$ 16,879	\$ 1,048,866
Independent contractor	33,837	63,234	2,663	237	721	100,692	6,358	-	107,050
Employee benefits	604	2,662	894	11,925	1,651	17,736	974	974	19,684
Pension	12,245	9,215	3,796	6,679	4,245	36,180	223	223	36,626
Payroll taxes	20,026	24,597	11,983	10,942	10,245	77,793	2,821	2,822	83,436
Bank service charges	220	255	93	70	1,141	1,779	1,749	-	3,528
Fundraising events	-	-	-	-	-	-	-	19,550	19,550
Professional fees	32,014	31,442	26,397	13,527	30,821	134,201	8,361	-	142,562
Program services	19,300	386,187	5,026	39,377	46,379	496,269	5,873	-	502,142
Insurance	3,191	3,191	3,191	1,614	3,191	14,378	(1,761)	-	12,617
Office expenses	9,839	28,629	5,660	11,839	10,354	66,321	8,424	-	74,745
Rent	1,953	11,716	1,953	6,613	9,763	31,998	7,055	-	39,053
Travel and conferences	6,608	3,863	3,966	1,172	368	15,977	214	-	16,191
Depreciation	798	4,790	798	1,597	3,991	11,974	5,936	-	17,910
Reimbursables	378	1,456	602	1,750	2,818	7,004	2,014	-	9,018
Continuing education	2,761	1,934	1,725	845	1,015	8,280	562	-	8,842
Total expenses	\$ 403,756	\$ 894,702	\$ 225,391	\$ 251,224	\$ 260,617	\$ 2,035,690	\$ 65,682	\$ 40,448	\$ 2,141,820

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, 2022

	Program Services						Supporting Services		
	Chaplaincy	Aftercare	Pre-Release	Adult Diversion	Youth Diversion	Total Program	Admin-istrative	Fund-raising	Total
Salaries and wages	\$ 257,309	\$ 122,810	\$ 132,080	\$ 149,308	\$ 217,526	\$ 879,033	\$ 51,166	\$ -	\$ 930,199
Independent contractor	24,610	17,154	15,871	14,855	46,904	119,394	16,488	-	135,882
Employee benefits	830	1,739	290	1,089	2,716	6,664	124	-	6,788
Pension	14,402	3,669	1,307	6,434	9,585	35,397	2,592	-	37,989
Payroll taxes	19,684	8,917	9,683	11,422	16,708	66,414	4,625	-	71,039
Bank service charges	-	-	-	-	-	-	568	-	568
Fundraising events	-	-	-	-	-	-	-	6,808	6,808
Professional fees	10,678	-	6,333	25,484	63,594	106,089	33,558	-	139,647
Program services	18,583	129,668	2,791	4,922	101,241	257,205	2,494	-	259,699
Contributions	-	-	-	-	1,666	1,666	-	-	1,666
Insurance	-	-	-	-	-	-	8,514	-	8,514
Office expenses	2,877	11,920	5,995	4,151	18,488	43,431	9,785	-	53,216
Rent	-	23,220	-	900	14,894	39,014	900	-	39,914
Travel and conferences	6,574	138	1,575	99	509	8,895	25	-	8,920
Depreciation	-	4,787	-	185	3,070	8,042	5,930	-	13,972
Reimbursables	237	2,871	558	2,131	2,956	8,753	-	-	8,753
Continuing education	1,865	2,255	961	-	4,653	9,734	-	-	9,734
Staff development	91	-	26	2,732	-	2,849	2,205	-	5,054
Interns	171	-	-	-	-	171	-	-	171
Total expenses	\$ 357,911	\$ 329,148	\$ 177,470	\$ 223,712	\$ 504,510	\$ 1,592,751	\$ 138,974	\$ 6,808	\$ 1,738,533

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, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (217,377)	\$ (546,380)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Depreciation	17,910	13,972
(Increase) decrease in:		
Accounts receivable	(2,375)	279,662
Accounts receivable – related party	28,163	10,169
Grant receivable	32,493	270,835
Prepaid expenses	(404)	3,919
Increase (decrease) in:		
Accounts payable	271	55,691
Accrued expenses	(8,990)	4,836
Deferred revenue	(74,470)	74,470
Due to related party	-	(128)
	<u>-</u>	<u>(128)</u>
Net cash provided by (used for) operating activities	(224,779)	167,046
Cash flows from investing activities:		
(Purchase) of equipment	<u>-</u>	<u>(17,812)</u>
Net cash provided by (used for) investing activities	-	(17,812)
Net increase (decrease) in cash and cash equivalents	(224,779)	149,234
Cash and cash equivalents, beginning of year	424,616	275,382
Cash and cash equivalents, end of year	<u>\$ 199,837</u>	<u>\$ 424,616</u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income tax	<u>\$ -</u>	<u>\$ -</u>

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, 2023 and 2022

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 youth and adults 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, 2023 and 2022.

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, 2023 and 2022

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 two 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, 2023 and 2022 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, 2023 and 2022

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 \$17,910 and \$13,972 for years ended December 31, 2023 and 2022, 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, 2023, 2022, and 2021 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, 2022 have been reclassified to conform with the reporting categories for the year ended December 31, 2023.

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

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2023 and 2022

Note 2. Summary of Significant Accounting Policies (Continued)

L. Revenue from Contracts

The Foundation is contracted with Allegheny County (see Note 6) and the City of Pittsburgh to provide comprehensive chaplaincy ministry, the diversion program for adults, and pre-release care for offenders. The contracts with Allegheny County are for an agreed upon amount and the Foundation bills monthly. The City of Pittsburgh Contract is a cost reimbursement contract and the revenue is recognized as the costs are incurred. Sometimes advances are received resulting in deferred revenue. The City of Pittsburgh contract transitioned to Allegheny County during 2022. The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (deferred revenue - contracts) on the statement of financial position. The contract receivable balances at December 31, 2023 and 2022 were \$54,240 and \$82,403, respectively. There were no unbilled receivables as of December 31, 2023 and 2022. The deferred revenue balances at December 31, 2023 and 2022 were \$0 and \$74,470, respectively.

M. New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the Statement of financial position.

The Foundation elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Foundation's Statement of financial position but did not have a material impact on the statement of operations. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard required the Foundation to restate amounts as of January 1, 2022, resulting in an increase in operating lease ROU assets of \$68,509 an increase in lease liability of \$68,509.

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

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2023 and 2022

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, 2023 and 2022, the Foundation's uninsured cash balance was \$0 and \$168,388, 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:

	2023	2022
Chaplaincy program	\$ 4,034	\$ 1,803
Aftercare program	876,183	230,847
Adult diversion program	33,376	1,500
Youth diversion program	<u>219,341</u>	<u>501,487</u>
Total	<u>\$ 1,132,934</u>	<u>\$ 735,637</u>

B. Net Assets With Donor Restriction

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

	2023	2022
Chaplaincy program	\$ 11,098	\$ 11,313
Pre-release program	583	583
Aftercare program	6,768	7,570
Youth diversion program	<u>174,374</u>	<u>320,162</u>
Total	<u>\$ 192,823</u>	<u>\$ 339,628</u>

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

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2023 and 2022

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:

	2023	2022
In one year or less	\$ 96,672	\$ 129,165
Between one year and five years	<u>-</u>	<u>-</u>
Total	<u>\$ 96,672</u>	<u>\$ 129,165</u>

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, 2023 and 2022, the Foundation's program service revenue for the Pre-Release and Chaplaincy programs totaled \$650,876 and \$566,754 for services provided to Allegheny County under CASP's contracts for which the Foundation has administrative responsibility.

At December 31, 2023 and 2022, amounts due to the Foundation from CASP totaled \$54,240 and \$82,403, respectively.

For the years ended December 31, 2023 and 2022, the Foundation paid CASP administrative and affiliation fees totaling \$19,526 and \$17,011, respectively.

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

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2023 and 2022

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, 2023 and 2022, revenue from this source comprised of 33.8% and 47.5% of total revenue, respectively.

At December 31, 2023 and 2022, 92.3% and 97.4% of trade accounts receivable were comprised of amounts due from CASP, respectively.

Note 8. Leasing Activities

The Company has an operating lease for rental of office space. The lease expired on November 30, 2023 and the Company occupied the space on a month-to-month basis until an extension was signed in February 2024.

The following summarizes the line items in the balance sheets which include amounts for operating lease as of December 31:

	2023	2022
Operating Leases		
Right-of-use-assets	<u>\$ -</u>	<u>\$ 32,872</u>
Lease liability – short term	-	32,872
Lease liability – long term	<u>-</u>	<u>-</u>
Total operating lease liabilities	<u>\$ -</u>	<u>\$ 32,872</u>

The line items in the function expense schedule which include the components of lease expense is rent. For the years ending December 31, 2023 and 2022, operating lease expenses were \$36,000 and \$36,000, respectively.

The weighted average remaining lease term was 0 years and 0.92 years at December 31, 2023 and 2022 respectively. The weighted average discount rate as of December 31, 2022 was 0.78%.

Operating cash flows from operating leases was \$36,000 in 2023 and 2022. Right-of-use assets obtained in exchange for new operating lease liabilities was \$0 and \$68,509 in 2023 and 2022, respectively.

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

Notes to Financial Statements (Continued)

For the Years Ended December 31, 2023 and 2022

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 \$36,626 and \$37,989 for the years ended December 31, 2023 and 2022, 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.

The following reflects the Foundation's financial assets as of December 31, 2023 and 2022 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.

	2023	2022
Cash	\$ 199,837	\$ 424,616
Accounts receivables	4,555	2,180
Account receivables – related party	54,240	82,403
Grant receivables	<u>96,672</u>	<u>129,165</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 355,304</u></u>	<u><u>\$ 638,364</u></u>

Note 11. Employee Retention Credit

Under the Consolidated Appropriations Act, 2021 passed by the United States Congress and signed by the President on December 27, 2020, provisions of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") were extended and modified making the Foundation eligible for a refundable employee retention credit subject to meeting certain criteria. The Foundation recognized a \$0 and \$86,848 employee retention credit during the years ended December 31, 2023 and 2022, respectively, which is included as other income on the State of Activities.

Note 12. Evaluation of Subsequent Events

The Foundation has evaluated subsequent events through September 18, 2024, the date on which the financial statements were available to be issued.