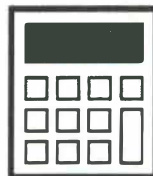


GRANDMA'S HOUSE OF HOPE
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
AND
INDEPENDENT AUDITOR'S REPORT

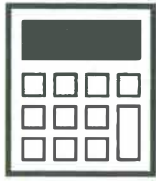


Banks Accountancy

Certified Public Accountants

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Banks Accountancy

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Grandma's House of Hope:

We have audited the accompanying financial statements of **Grandma's House of Hope (a nonprofit organization)**, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, 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 audits. We conducted our audits 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 Grandma's House of Hope as of December 31, 2019 and 2018, 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.



Tustin, California
June 18, 2020

GRANDMA'S HOUSE OF HOPE
(A NONPROFIT ORGANIZATION)

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 92,351	\$ 103,908
Program fees receivable, net of allowance	3,400	13,236
Grants receivable	514,328	248,036
Property tax and other receivable	-	4,667
Prepaid expenses	17,331	13,864
Total current assets	627,410	383,711
FIXED ASSETS, NET	2,092,511	2,104,314
INTANGIBLE ASSETS, NET	7,721	14,404
SECURITY DEPOSITS	44,410	44,410
TOTAL ASSETS	\$ 2,772,052	\$ 2,546,839
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 14,405	\$ 7,226
Credit card payable	22,697	9,702
Line of credit payable	50,000	20,004
Short term notes payable	-	98,000
Accrued payroll and benefits	83,288	52,483
Accrued expenses	8,887	11,964
Current portion of notes payable	25,008	30,224
TOTAL CURRENT LIABILITIES	204,285	229,603
NOTES PAYABLE	1,941,506	1,629,685
TOTAL LIABILITIES	2,145,791	1,859,288
NET ASSETS:		
Net assets with donor restrictions	15,000	-
Net assets without donor restrictions	611,261	687,551
TOTAL NET ASSETS	626,261	687,551
TOTAL LIABILITIES AND NET ASSETS	\$ 2,772,052	\$ 2,546,839

See accompanying notes to the financial statements.

GRANDMA'S HOUSE OF HOPE
(A NONPROFIT ORGANIZATION)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT:			
Contributions	\$ 151,184	\$ 120,459	\$ 271,643
Grants - government	2,081,538	-	2,081,538
Grants - foundations and corporate	299,852	-	299,852
In-kind contributions	1,291,511	-	1,291,511
Release from restrictions	105,459	(105,459)	-
Total support	3,929,544	15,000	3,944,544
REVENUES:			
Program services	139,933	-	139,933
Special events	155,242	-	155,242
Other income	2,636	-	2,636
Total revenues	297,811	-	297,811
TOTAL SUPPORT AND REVENUES	4,227,355	15,000	4,242,355
OPERATING EXPENSES:			
Program services	3,727,299		3,727,299
Management and general	330,797		330,797
Fundraising	245,549		245,549
Total operating expenses	4,303,645		4,303,645
DECREASE IN NET ASSETS	(76,290)	15,000	(61,290)
NET ASSETS, BEGINNING OF YEAR	687,551	-	687,551
NET ASSETS, END OF YEAR	\$ 611,261	\$ 15,000	\$ 626,261

See accompanying notes to financial statements.

GRANDMA'S HOUSE OF HOPE
(A NONPROFIT ORGANIZATION)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT:			
Contributions	\$ 878,656	\$ 148,878	\$ 1,027,534
Grants - government	613,857	-	613,857
Grants - foundations and corporate	309,604	-	309,604
In-kind contributions	1,152,964	-	1,152,964
Release from restrictions	273,878	(273,878)	-
	<u>3,228,959</u>	<u>(125,000)</u>	<u>3,103,959</u>
REVENUES:			
Program services	597,954	-	597,954
Special events	77,511	-	77,511
Other income	5,312	-	5,312
	<u>680,777</u>	<u>-</u>	<u>680,777</u>
TOTAL SUPPORT AND REVENUES	3,909,736	(125,000)	3,784,736
OPERATING EXPENSES:			
Program services	2,954,687		2,954,687
Management and general	143,023		143,023
Fundraising	247,568		247,568
	<u>3,345,278</u>		<u>3,345,278</u>
INCREASE IN NET ASSETS	564,458	(125,000)	439,458
NET ASSETS, BEGINNING OF YEAR	<u>123,093</u>	<u>125,000</u>	<u>248,093</u>
NET ASSETS, END OF YEAR	<u>\$ 687,551</u>	<u>\$ -</u>	<u>\$ 687,551</u>

See accompanying notes to financial statements.

GRANDMA'S HOUSE OF HOPE
(A NONPROFIT ORGANIZATION)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants, contributions, and program services	\$ 2,536,510	\$ 2,408,385
Other cash receipts	157,821	82,731
Interest received	57	92
Interest paid	(94,868)	(33,966)
Cash paid to suppliers and employees	(2,832,836)	(2,122,919)
	<u>(233,316)</u>	<u>334,323</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(16,842)	(2,094,090)
	<u>(16,842)</u>	<u>(2,094,090)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of line of credit	(20,004)	(38,066)
Proceeds from line of credit	50,000	40,004
Repayment of short term note payable	(98,000)	(67,093)
Proceeds from short term note payable	-	75,000
Repayment of mortgage note payable	(193,395)	(9,936)
Proceeds from note payable	500,000	1,669,845
	<u>238,601</u>	<u>1,669,754</u>
NET DECREASE IN CASH	(11,557)	(90,013)
CASH, BEGINNING OF YEAR	103,908	193,921
CASH, END OF YEAR	\$ 92,351	\$ 103,908

See accompanying notes to financial statements.

GRANDMA'S HOUSE OF HOPE
(A NONPROFIT ORGANIZATION)

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	PROGRAMS			ADMINISTRATIVE		2019 TOTAL	2018 TOTAL
	RESCUED & RESTORED HOUSING	NANA'S KIDZ	HW! EDUCATIONAL & ENRICHMENT CENTER	MANAGEMENT AND GENERAL	FUNDRAISING		
EXPENSES:							
Salaries and wages	\$ 863,359	\$ 85,989	\$ 81,206	\$ 41,152	\$ 110,860	\$ 1,182,566	\$ 942,385
Employee benefits	3,879	885	1,928	77,472	3,367	87,531	41,668
Payroll taxes	169,373	18,987	19,021	16,317	25,620	249,318	86,562
Total salaries and related expenses	1,036,611	105,861	102,155	134,941	139,847	1,519,415	1,070,615
Advertising	283	-	-	2,860	26,055	29,198	8,501
Bad debt expense	-	-	-	-	-	-	1,827
Bank charges	-	-	-	625	2,294	2,919	4,182
Interest expense	83,820	11	11	18,931	11	102,784	41,215
Dues and memberships	651	14	-	671	1,095	2,431	17,996
Event costs	-	867	967	-	44,030	45,864	35,001
Insurance	77,473	1,826	1,826	687	706	82,518	34,385
Occupancy	404,973	15,101	2,308	21,362	1,247	444,991	501,211
Office expense	5,066	110	73	12,208	1,337	18,794	4,970
Outside services	80,726	1,596	1,596	86,431	23,116	193,465	99,282
Printing, publication and postage	4,014	92	92	1,940	1,584	7,722	4,425
Program services and supplies	268,969	4,743	12,262	-	-	285,974	229,265
Repairs and maintenance	79,719	649	2,935	2,976	-	86,279	52,465
Communications	5,596	457	161	1,994	166	8,374	9,635
Property tax expense	8,212	-	-	-	-	8,212	1,669
Travel, training and meetings	45,662	1,513	2,552	10,403	4,061	64,191	48,530
Utilities	73,675	-	-	-	-	73,675	620
Depreciation and amortization	35,328	-	-	-	-	35,328	26,520
In-kind contribution expense	903,922	298,404	54,417	34,768	-	1,291,511	1,152,964
Total expenses	\$ 3,114,700	\$ 431,244	\$ 181,355	\$ 330,797	\$ 245,549	\$ 4,303,645	\$ 3,345,278
	72.4%	10.0%	4.2%	7.7%	5.7%	100.0%	

See accompanying notes to financial statements.

GRANDMA'S HOUSE OF HOPE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

1. NATURE OF ORGANIZATION

Grandma's House of Hope (the Organization) is a not-for-profit corporation organized in 2007 in the State of California under Section 501(c)(3) of the Internal Revenue Code. The organization provides basic needs and enrichment services to under privileged women, children and families in Orange County, California and the surrounding areas. Over 3,500 individuals benefit from the Organization's programs each year.

Grandma's House of Hope has three major programs, each designed to fulfill an underserved area of the community.

The Rescued and Restored Housing program provides temporary housing to individuals in need. As of December 31, 2019, the program consists of 157 beds in 9 homes in Orange County.

Nana's Kidz provides nutritional support to children who reside in hotels during the weekends and summertime, when school nutritional programs are not available.

Hope Works! Educational and Enrichment Center provides after school programming, adult education, early childhood development, health and wellness classes to 45 families with 93 children. This program is located within a 2,500 square foot commercial center on site at a very low-income housing project, Crossings at Cherry Orchard in Anaheim, California.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared in accordance with the accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Generally accepted accounting principles require the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets subject to donor imposed stipulations are contributions that will be met by actions of the Organization and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction is accomplished, these assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Certain amounts in the 2018 financial statements have been reclassified to conform with the 2019 financial statement presentation.

CASH

The Organization considers all cash on hand and in checking or savings accounts as cash. There were no donor-imposed restrictions on cash in the years ended December 31, 2019 and 2018.

GRANDMA'S HOUSE OF HOPE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR BAD DEBTS

Accounts receivable arise in the normal course of business as a result of providing program services. The Organization has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the result that would have been obtained had the allowance method been followed.

FIXED ASSETS

Fixed assets, stated at cost, net of accumulated depreciation and amortization, consist of furniture, equipment, computer software, and intangible assets related to leased property. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized. Depreciation is computed for financial statements purposes on the straight-line method over the estimated 5-year useful lives of the related assets. Amortization of intangible assets is computed over the life of the related lease agreement.

VALUATION OF LONG-LIVED ASSETS

Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization's financial instruments are cash and cash equivalents, escrow deposits, prepaid expenses, accounts receivable, accounts payable, accrued payroll and benefits, and other accrued expenses. The recorded values of the financial instruments approximate their fair values based on their short-term nature.

REVENUES AND CONTRIBUTIONS

Revenues are collected from program service charges, grants, and public support. Program service charges are recognized as revenue when services are rendered. Grants are recognized as revenue when the conditions of the grant agreement have been met. Contributions of public support, including unconditional promises to give (pledges) are recognized as revenue when received. Conditional promises to give are not recognized until they become unconditional, that is, when the condition on which they depend are substantially met. Noncash contributions are recorded at their estimated value. Contributions received are to be recorded as support with or without donor restrictions depending on the existence or nature of donor restrictions.

GRANDMA'S HOUSE OF HOPE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DONATED SERVICES, MATERIALS AND EQUIPMENT

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of donated services, materials and equipment were \$1,291,511 and \$1,152,964 as of December 31, 2019 and 2018, respectively.

The Organization received significant volunteer support that did not meet the criteria for financial statement recognition but are imperative to conducting general support and program services. The Organization had more than 6,000 volunteer hours that are not reported as in-kind contributions in the financial statement for the year ending December 31, 2019. The total volunteer hours are not available for the year ending December 31, 2018.

Donations of property and equipment, rent, and professional services are recorded at fair market value at the time of receipt.

COMPENSATED ABSENCES

The accrual of compensated absences presented in the accompanying financial statements as a component of accrued payroll and benefits was \$36,617 and \$20,457 at December 31, 2019 and 2018, respectively.

ESTIMATES

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

INCOME TAX STATUS

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent of unrelated business taxable income. For the years ended December 31, 2019 and 2018, no provision for unrelated business taxes is required. The Organization believes that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

The Organization's Returns of Organizations Exempt from Income Tax are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those returns. In general, the returns have a three to four-year statute of limitations.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on estimated percentages of use for each classification.

GRANDMA'S HOUSE OF HOPE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

3. FIXED ASSETS

During 2018, the Organization purchased two properties for use in the rescued and restored Housing program. Both locations were already operating a combined total of 36 beds under a lease agreement. The purchases were financed by mortgage notes payable further detailed in note 8.

Fixed assets consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,448,947	\$ 1,448,947
Building and Improvements	642,959	642,959
Furniture	89,983	78,755
Equipment	52,068	52,068
Automobile	8,116	2,500
Computer Software	12,720	12,720
Total fixed assets	<u>2,254,793</u>	<u>2,237,949</u>
Accumulated depreciation and amortization	<u>(162,282)</u>	<u>(133,635)</u>
Fixed assets, net	<u>\$ 2,092,511</u>	<u>\$ 2,104,314</u>

4. LEASE AGREEMENTS

The Organization holds several lease agreements for its administrative operations and program services locations. The lease agreements have a monthly total cost of \$29,447 and expire from July 2020 to May 2023. The total rental payments made under these lease agreements were \$444,502 and \$437,269 for the years ended December 31, 2019 and 2018, respectively.

The future minimum annual rental payments for the years ended December 31 are as follows:

2020	\$ 308,462
2021	165,770
2022	67,170
2023	19,975
Total	<u>\$ 561,377</u>

5. RELATED PARTY TRANSACTIONS

The Organization has a lease agreement in place with Soaring Hearts, LLC which expires October 31, 2021. The Executive Director of Grandma's House of Hope is a partner in Soaring Hearts, LLC. The rent expense paid on the aforementioned lease agreement was \$54,000 and \$50,000 for the years ended December 31, 2019 and 2018, respectively.

GRANDMA'S HOUSE OF HOPE

NOTES TO FINANCIAL STATEMENTS **For the Years Ended December 31, 2019 and 2018**

6. SHORT-TERM FINANCING AGREEMENTS

In June 2017, the Organization received an unsecured, short term note from Nonprofit Insurance Alliance of California in the amount of \$75,000. The note bears interest at 6% and is payable in twelve monthly installments, concluding with a final payment on June 1, 2018.

In July 2018, the Organization received an unsecured, short term note from Nonprofit Insurance Alliance of California in the amount of \$75,000. The note bears interest at 6% and is payable in eleven monthly installments of interest only, concluding with a final payment on September 1, 2019 of the monthly interest due plus the entire principal balance of the note.

A short-term loan was received from Pine Hill Charities in October of 2016. No payments were due until the maturation of the loan in August 2017, when the loan was due to be repaid in full. In August 2017, the Organization and Pine Hill Charities amended the original note payable to be repaid with a \$2,000 payment each month until the note is repaid in full. The entire note balance was paid off in 2019 and there is no amount due to Pine Hill Charities as of December 31, 2019.

The Organization maintains a line of credit with Wells Fargo. There was a promotional interest rate of 2.99% on the balance of \$18,066 at December 31, 2017. The line of credit bears interest at 12.25%. The balance on the line of credit at December 31, 2018 was \$20,004. There was no balance outstanding to Wells Fargo on this line of credit at December 31, 2019.

The Organization acquired a line of credit from First Republic Bank during December 2019. The line of credit bears interest at 4.25%. The balance on the line of credit at December 31, 2019 was \$50,000.

7. NET ASSETS WITH DONOR RESTRICTIONS

Contributions received in the years ended December 31, 2019 and 2018, totaling \$120,459 and \$148,878, respectively, included donor-imposed restrictions indicating the funds were to be used for the Transitional Housing program, HopeWorks! Education and Enrichment Center, Nana's Kidz, and the purchase of the Legacy Campus. During the years ended December 31, 2019 and 2018, the conditions of the donor restrictions were substantially met and therefore, \$111,075 and \$273,878, respectively, of net assets were released from restrictions. Net assets with donor restrictions totaled \$125,000 at December 31, 2017 and were restricted for the purpose of purchasing the Legacy Campus which occurred in May 2018 as described in note 3.

8. NOTES PAYABLE

Note payable owed to Citizens Business Bank in the amount of \$524,250, originally dated October 29, 2018, bearing interest at 4.875%. Repayment of the loan will consist of monthly payments of principal and interest in the amount of \$2,799.51, until a final payment of remaining principal and interest becomes due on November 5, 2025. This note payable is secured by a deed of trust to a trustee in favor of the lender. The full term of the loan is 7 years (84 months).

GRANDMA'S HOUSE OF HOPE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

9. NOTES PAYABLE (continued)

Note payable owed to Citizens Business Bank in the amount of \$975,000, originally dated May 2, 2018, bearing interest at 4.921%. Repayment of the loan will consist of monthly payments of principal and interest in the amount of \$5,229.63, until a final payment of remaining principal and interest becomes due on May 1, 2025. This note payable is secured by a deed of trust to a trustee in favor of the lender. The full term of the loan is 7 years (84 months).

The notes payable to Citizens Business Bank were used to purchase two locations used in the Rescued and Restored Housing program.

Note payable to First Republic Bank, originally dated August 20, 2019, bearing interest at 4%. Repayment of the loan is due in full on August 20, 2022. Until then the only payments due are monthly interest amounts. The note payable to First Republic Bank was for the purpose of providing funding for working capital for start up costs for new programs of the Organization. These start up costs are reimbursable by grantor organizations after the services take place.

The executive director extended a note payable to the Organization for the purchase of the Dorothy House. The funds were taken out of the executive director's home equity line of credit. The terms of the note payable between the Organization and the executive director are the same terms under which the home equity line of credit is subject to. Repayment of the loan will consist of monthly payments of principal and interest in the amount of \$1,508.67, until a final payment of remaining principal and interest becomes due. The full term of the loan is 15 years (180 months). This note was repaid during the year ended December 31, 2019.

Notes Payable are secured by the property unless otherwise noted and summarized as follows as of December 31, 2019:

	Interest Payable	Principal
Note payable to Citizens Business Bank - Campus	\$ 4,028	\$ 950,528
Note payable to Citizens Business Bank - Dorothy	2,166	515,986
Note payable to First Republic Bank	1,722	500,000
	<u>\$ 7,916</u>	<u>\$ 1,966,514</u>

Notes Payable are secured by the property unless otherwise noted and summarized as follows as of December 31, 2018:

	Interest Payable	Principal
Note payable to Citizens Business Bank - Campus	\$ 4,092	\$ 965,449
Note payable to Citizens Business Bank - Dorothy	2,199	523,865
Note payable to Affiliate	958	170,595
	<u>\$ 7,249</u>	<u>\$ 1,659,909</u>

GRANDMA'S HOUSE OF HOPE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

NOTES PAYABLE (continued)

Minimum principal payments due on the notes payable at December 31 are as follows:

2020	\$	25,008
2021		26,261
2022		527,580
2023		28,963
2024		30,416
Thereafter		<u>1,328,286</u>
Total	\$	<u><u>1,966,514</u></u>

10. CONCENTRATION OF CREDIT RISK

The Federal Deposit Insurance Corporation (FDIC) insures the Organization's accounts up to \$250,000. As of December 31, 2019 and 2018, the Organization had no uninsured balances. At no time during the years ended December 31, 2019 and 2018 did the balance in any account exceed the federally insured limits, and management does not believe it is exposed to any significant risk related to cash.

The Organization grants credit in the ordinary course of providing program services to clients who pay for housing and other services. Management believes any risk associated with these receivables is insignificant and would not have a material effect on the financial statements or financial condition of the Organization.

11. LIQUIDITY AND AVAILABILITY

At December 31, 2019, the Organization has \$92,351 cash and cash equivalents available to meet needs for general expenditures. Of those financial assets, \$15,000 of cash was subject to donor restrictions. Accordingly, the remaining \$77,351 cash and cash equivalents are available to meet cash needs of the project in the next 12 months.

12. ECONOMIC DEPENDENCY

The Organization receives a substantial amount of its support from in-kind donations of professional services. A significant reduction in the level of this support, if it were to occur, would have a negative effect on its ability to fulfill program services. Respectively, 33% and 39% of support was attributable to in-kind contributions of food products and professional services for the years ended December 31, 2019 and 2018.

In 2019, the Organization received a substantial amount of its support from government grants/contracts. This reflects a significant increase from the prior year. In the year ending December 31, 2019, the Organization received 49% of support from government grants/contracts. A significant reduction in the level of this support, if it were to occur, would have a negative effect on its ability to fulfill program services, specifically for its Rescued and Restored Housing Program.

GRANDMA'S HOUSE OF HOPE

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

13. SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

The Organization raises significant funding from their Gala event each year. In the years ended December 31, 2019 and 2018 net proceeds of \$109,883 and \$43,614, respectively, were raised by putting on this event. The 2020 Gala will be postponed until the subsequent calendar year.

Due to mandatory closures and the economic impact of COVID-19 spread prevention measures, the U.S. Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide over \$2 trillion of economic relief to small businesses and organizations. The paycheck protection program is a provision in the CARES Act that provides low interest loans to cover payroll costs. On April 27, 2020, Grandma's House of Hope received a paycheck protection program loan of \$308,300. These funds are expected to qualify for the loan forgiveness terms, so the funds would not have to be repaid to the lender.

In March 2020, the Organization entered into 3 new leases for the Rescued and Restored Housing program, which will add 34 additional beds to the program.

Subsequent events were evaluated through June 18, 2020, which is the date the financial statements were available to be issued.