GARDEN OF HOPE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

GARDEN OF HOPE, INC.

INDEX
YEAR ENDED DECEMBER 31, 2016

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Garden of Hope, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Garden of Hope, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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.

Auditors' 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 auditors' 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 auditors consider 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Garden of Hope, Inc. as of December 31, 2016, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Berdon LLP
Certified Public Accountants

New York, New York
November 15, 2017

EXHIBIT A

GARDEN OF HOPE, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS:	
Cash	$ 597,316
Grants receivable	40,395
Prepaid expense	4,700
TOTAL CURRENT ASSETS	642,411
PROPERTY AND EQUIPMENT - NET	455,445
OTHER ASSETS:	
Security deposit	1,300
TOTAL ASSETS	$ 1,099,156

LIABILITIES AND NET ASSETS

LIABILITIES:	
Current liabilities:	
Accounts payable and accrued expenses	$ 22,490
Long-term liabilities:	
Loan payable	186,500
TOTAL LIABILITIES	208,990
COMMITMENT AND CONTINGENCY	
NET ASSETS - UNRESTRICTED:	
Unrestricted net assets	640,166
Unrestricted net assets - board designated	250,000
TOTAL NET ASSETS	890,166
TOTAL LIABILITIES AND NET ASSETS	$ 1,099,156

The accompanying notes to financial statements are an integral part of this statement.

EXHIBIT B

GARDEN OF HOPE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

PUBLIC SUPPORT AND REVENUE:	
Contributions and grants	$ 421,777
Government grants	252,654
Special event revenue (net of direct costs of $33,637)	326,643
Interest and other income	519
TOTAL PUBLIC SUPPORT AND REVENUE	1,001,593
EXPENSES:	
Program services:	
Community education	23,949
Women's programs	297,697
Child and youth program	81,590
Emergency shelter	178,058
Total program expenses	581,294
Supporting services:	
Management and general	56,379
Fund-raising	17,923
Total supporting services	74,302
TOTAL FUNCTIONAL EXPENSES	655,596
INCREASE IN NET ASSETS	345,997
NET ASSETS - UNRESTRICTED - BEGINNING OF YEAR	544,169
NET ASSETS - UNRESTRICTED - END OF YEAR	$ 890,166

The accompanying notes to financial statements are an integral part of this statement.

GARDEN OF HOPE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	PROGRAM SERVICES					SUPPORTING SERVICES		
	COMMUNITY EDUCATION	WOMEN'S PROGRAMS	CHILD AND YOUTH PROGRAM	EMERGENCY SHELTER	TOTAL PROGRAMS	MANAGEMENT AND GENERAL	FUND-RAISING	TOTAL
PERSONNEL EXPENSES:								
Salary expense	$ 16,677	$ 166,772	$ 50,032	$ 100,063	$ 333,544	$ 19,316	$ -	$ 352,860
Payroll taxes	1,375	13,749	4,125	8,249	27,498	1,738	-	29,236
Employee benefits	1,853	18,526	5,558	11,115	37,052	1,800	-	38,852
TOTAL PERSONNEL EXPENSES	19,905	199,047	59,715	119,427	398,094	22,854	-	420,948
OPERATING EXPENSES:								
Advertising	421	7,998	-	-	8,419	-	-	8,419
Bank service charges	-	-	-	-	-	989	-	989
Dues and subscriptions	-	-	-	-	-	612	-	612
Designated education training	-	9,000	-	-	9,000	-	-	9,000
Client meals	-	11,460	3,438	8,022	22,920	-	-	22,920
Insurance	105	1,051	315	630	2,101	208	-	2,309
Legal and professional	-	1,167	350	817	2,334	7,000	5,500	14,834
Licenses and permits	-	1,592	477	1,114	3,183	315	-	3,498
Materials and supplies	255	2,550	765	1,530	5,100	1,104	6,050	12,254
Summer camp and outside services	-	-	8,073	-	8,073	-	-	8,073
Repairs and maintenance	-	-	-	2,563	2,563	254	-	2,817
Occupancy	1,200	37,340	3,600	34,760	76,900	19,200	-	96,100
Office expenses	-	-	-	-	-	419	6,373	6,792
Printing	-	1,936	-	-	1,936	191	-	2,127
Telephone	534	5,337	1,601	3,202	10,674	1,056	-	11,730
Travel and transportation for clients	999	5,153	1,137	2,682	9,971	986	-	10,957
Utilities	-	7,975	-	-	7,975	-	-	7,975
TOTAL OPERATING EXPENSES	3,514	92,559	19,756	55,320	171,149	32,334	17,923	221,406
DEPRECIATION	530	6,091	2,119	3,311	12,051	1,191	-	13,242
TOTAL EXPENSES	$ 23,949	$ 297,697	$ 81,590	$ 178,058	$ 581,294	$ 56,379	$ 17,923	$ 655,596

The accompanying notes to financial statements are an integral part of this statement.

GARDEN OF HOPE, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	$ 345,997
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	13,242
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Grants receivable	(5,589)
Prepaid expense	1,500
Increase in:	
Accounts payable and accrued expenses	5,508
Total adjustments	14,661
NET CASH PROVIDED BY OPERATING ACTIVITIES	360,658
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(225,382)
NET CASH (USED IN) INVESTING ACTIVITIES	(225,382)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayments of loan payable	(13,500)
NET CASH (USED IN) FINANCING ACTIVITIES	(13,500)
NET INCREASE IN CASH	121,776
CASH - BEGINNING OF YEAR	475,540
CASH - END OF YEAR	$ 597,316
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:	
Loan payable in connection with purchase of shelter	$ 200,000

The accompanying notes to financial statements are an integral part of this statement.

NOTE 1 - ORGANIZATION

Garden of Hope, Inc. (the "Organization") was organized on October 20, 2003 under Section 402 of the Not-For-Profit Corporation Law of the State of New York.

The primary purpose of the Organization is to serve, care, and rebuild the lives of victims of domestic violence, sexual assault, and human trafficking. In addition to public education and outreach, the Organization provides services to women, youth, and children, through a toll-free hotline, culturally relevant crisis intervention, shelter, counseling, support groups, advocacy, case management, vocational training, summer camp for children, and parenting courses. The Organization obtains financial support from government grants and donations from the public. In 2016, the Organization's principal offices were located in Queens, New York.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

(b) Presentation of Net Assets

The net assets of the Organization, and changes therein, are classified as unrestricted, temporarily restricted, and permanently restricted, based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are those that are not subject to donor-imposed stipulations. Temporarily restricted net assets represent contributions with donor-imposed restrictions that have not yet been satisfied or are time restricted. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Permanently restricted net assets are those which are established by donor gifts to provide a permanent endowment. There were no temporarily or permanently restricted net assets at December 31, 2016.

At December 31, 2016, net assets consist of:

Unrestricted net assets	$ 640,166
Board-designated fund for shelter operating cost	250,000
	$ 890,166

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Revenue Recognition

Public donations, are reported at estimated net realizable amounts from public and corporate donors and program services.

The Organization follows U.S. GAAP guidance on accounting for contributions received and contributions made. Accordingly, contributed assets are recorded at fair value at date of donation. Services are recognized as revenue and assets or expenses at fair value if those services: (i) create or enhance nonfinancial assets; (ii) would typically need to be purchased by the Organization if they had not been provided by contribution; or (iii) require specialized skills and are provided by individuals with those skills.

(d) Grants

Revenue from grants and contracts is recognized as revenue when expenditures are incurred for such grant purposes. Cash received in excess of expenditures incurred is recorded as refundable contractual advances and are recognized as revenue in the period the expenditure is incurred. Any unspent amounts might be returned to the granting agency or the granting agency can approve that those amounts be applied to a future grant period.

(e) Property and Equipment

Property and equipment is stated at cost. Donated assets are stated at the estimated fair value at the date of receipt. Expenditures that substantially increase estimated useful lives are capitalized. Maintenance and repairs are expensed as incurred. The Organization capitalizes additions and improvements in excess of $1,000. Depreciation is computed using the straight-line method over estimated useful lives of five years to seven years for equipment, furniture and fixtures, and 27.5 years for building. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts, and the resulting gains and losses are included in operations.

(f) Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 402 of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require evaluation of the tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are more likely than not sustainable upon examination by the applicable taxing authorities, based on the technical merits of the tax positions, and then recognizing the tax benefit that is more likely than not to be realizable. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management believes the effects of such positions would be immaterial to the overall financial statements.

The Organization is no longer subject to income tax examination by federal, state, or local tax authorities for years before 2014.

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Advertising Costs

Advertising costs are expensed as incurred and are included in advertising expense in the accompanying statement of functional expenses. For the year ended December 31, 2016, the Organization expensed $8,419 of advertising costs.

(h) Functional Allocation of Expenses

Expenses have been charged to program and supporting services, either directly when identifiable to a specific program, or indirectly based on management's estimate of the functional area benefited.

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and other disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

(j) Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, "Presentation of Financial Statements for Not-for-Profit Entities." Under the new guidance, the existing three-category classification of net assets will be collapsed into two categories: with donor restrictions and without donor restrictions. Endowments that have a current fair value that is less than the original gift amount (underwater) will be classified in net assets with donor restrictions and expanded disclosures will be required. Additional requirements include disclosure of board-designated net assets, expanded reporting to present expenses by function and natural classification, and eliminating the disclosure of investment expenses that are netted against investment returns. ASU 2016-14 is effective for the fiscal years beginning after December 15, 2017 and early adoption is permitted. The Organization has not yet evaluated the impact this adoption will have on the financial statements.

(k) Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through November 15, 2017, the date that the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

On March 28, 2016, the Organization exercised an option to purchase a shelter in the amount of $400,000 located in Flushing, New York. The shelter was previously leased for $1,500 per month, commencing on July 1, 2015, until June 30, 2020. At closing, $200,000 was paid, and the Organization entered into a noninterest-bearing loan agreement for $200,000 for the balance (Note 4).

Property and equipment at December 31, 2016 consists of the following:

Land	$ 92,760
Building	310,543
Furniture and fixtures	8,740
Office equipment	16,733
Building improvements	46,158
	474,934
Less, accumulated depreciation	(19,489)
	$ 455,445

NOTE 4 - LOAN PAYABLE

The Organization entered into a five-year, noninterest-bearing purchase money mortgage loan in the principal amount of $200,000 on March 28, 2016. The principal was used to purchase a shelter in furtherance of the Organization's initiative. The purchase money mortgage loan does not require any principal payments, but allows for repayments to be made prior to the maturity date of March 28, 2021. As of December 31, 2016, the Organization has made principal payments of $13,500 toward the loan.

NOTE 5 - LEASE COMMITMENT

The Organization has entered into a one-year noncancelable lease for its office which expired on December 30, 2016. The lease provided for monthly payments of $2,000. The Organization renewed the one-year noncancelable lease for its office which expires on December 30, 2017. The lease provides for monthly payments of $3,000. For the year ended December 31, 2016, occupancy expense amounted to $24,000.

In addition, the Organization has entered into a lease agreement to provide shelter in accordance with the Organization's mission. The lease agreement provides for monthly payments of $1,200 and expires on March 31, 2018.

The Organization also rents shelter space on a month-to-month basis and for the year ended December 31, 2016, rent expenses for the shelter space amounted to $18,000.

NOTE 6 - CONCENTRATIONS OF RISK

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

The Organization received approximately 42% of its public support from two government agencies and two private donors. If these contributors were to modify, reduce, or eliminate their contributions, the Organization's finances could be materially adversely affected.

NOTE 7 - CONTINGENCY

The Organization participates in a government program. The program requires that the Organization comply with certain requirements of laws, regulations, contracts, and agreements applicable to the program in which it participates. All funds expended in connection with government grants are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government by government agencies is presently not determinable, it should not, in the opinion of the management, have a material effect on the financial position or results of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying financial statements.

NOTE 8 - RELATED PARTIES

For the year ended December 31, 2016, five members of the board of directors made private donations to the Organization totaling approximately $62,000. These donations had no restrictions.