

GARDEN OF HOPE, INC.

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2015

GARDEN OF HOPE, INC.

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KOCH GROUP & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Garden of Hope, Inc.
Flushing, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Garden of Hope, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 Garden of Hope, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Koch Group + Company, LLP
Certified Public Accountants

New York, New York
November 14, 2016

GARDEN OF HOPE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS

Cash	\$ 475,540
Grant receivable	34,806
Prepaid expense	<u>6,200</u>

Total Current Assets 516,546

PROPERTY AND EQUIPMENT, net 43,305

OTHER ASSETS

Rent security deposit	<u>1,300</u>
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TOTAL ASSETS \$ 561,151

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 16,982
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NET ASSETS - UNRESTRICTED

Unrestricted net assets	344,169
Unrestricted - board designated	<u>200,000</u>

TOTAL LIABILITIES AND NET ASSETS \$ 561,151

See notes to financial statements.

GARDEN OF HOPE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

PUBLIC SUPPORT AND REVENUES

Contributions and grants	\$ 345,542
Government grant	124,806
Special events, net of direct costs of \$22,349	189,406
Interest and other income	<u>14,225</u>
Total Public Support and Revenue	<u>673,979</u>

FUNCTIONAL EXPENSES

Program services	
Community education	17,033
Women's programs	209,736
Child and youth program	62,460
Emergency shelter	<u>133,535</u>
	422,764
Supporting services	
Management and general	51,310
Fundraising	<u>9,172</u>
Total Functional Expenses	<u>483,246</u>

Change in Net Assets 190,733

NET ASSETS - UNRESTRICTED

Beginning of year	<u>353,436</u>
End of year	<u>\$ 544,169</u>

See notes to financial statements.

GARDEN OF HOPE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

PERSONNEL EXPENSES	Program Services				Total Programs	Supporting Services		
	Community Education	Women's Programs	Child and Youth Program	Emergency Shelter		Management and General	Fundraising	Total
Salaries and wages	\$ 11,319	\$ 113,189	\$ 33,957	\$ 67,914	\$ 226,379	\$ 15,448	\$ -	\$ 241,827
Payroll taxes	804	8,041	2,412	4,825	16,082	1,591	-	17,673
Employee benefits	1,468	14,683	4,405	8,810	29,366	2,904	-	32,270
Total Personnel Expenses	13,591	135,913	40,774	81,549	271,827	19,943	-	291,770
OPERATING EXPENSES								
Advertising	158	1,580	474	948	3,160	-	-	3,160
Bank service charges	55	550	165	330	1,100	109	-	1,209
Dues and subscriptions	-	250	55	100	405	40	-	445
Designated education training	-	5,800	-	-	5,800	-	-	5,800
Client meals	-	6,404	2,821	9,582	18,807	-	-	18,807
Insurance	226	2,254	676	1,353	4,509	446	-	4,955
Legal and professional	-	1,773	484	968	3,225	6,400	4,800	14,425
Licenses and permits	-	303	82	165	550	54	-	604
Materials and supplies	762	7,622	2,287	4,573	15,244	1,539	317	17,100
Summer camp and outside services	-	-	6,582	-	6,582	-	-	6,582
Repairs and maintenance	250	2,501	750	1,500	5,001	495	-	5,496
Occupancy	1,190	32,300	3,570	20,750	57,810	19,040	-	76,850
Office expenses	329	3,281	984	1,969	6,563	649	-	7,212
Printing and publications	-	182	-	-	182	419	4,055	4,656
Telephone	382	3,825	1,147	2,295	7,650	757	-	8,407
Travel and transportation for clients	-	4,168	1,251	2,918	8,337	824	-	9,161
Utilities	-	-	-	3,975	3,975	393	-	4,368
Total Operating and Personnel Expenses	16,943	208,706	62,102	132,975	420,726	51,108	9,172	481,006
Depreciation	90	1,030	358	560	2,038	202	-	2,240
TOTAL EXPENSES	\$ 17,033	\$ 209,736	\$ 62,460	\$ 133,535	\$ 422,764	\$ 51,310	\$ 9,172	\$ 483,246

See notes to financial statements.

GARDEN OF HOPE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 190,733
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES	
Depreciation	2,240
Changes in Operating Assets and Liabilities	
Grant receivable	(34,806)
Prepaid expense	(6,200)
Accounts payable and accrued expenses	<u>1,774</u>
Net Cash From Operating Activities	153,741
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of fixed assets	<u>(44,885)</u>
CHANGE IN CASH	108,856
CASH	
Beginning of year	<u>366,684</u>
End of year	<u><u>\$ 475,540</u></u>

See notes to financial statements.

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. **Organization and Purpose of the Corporation**

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

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 toll-free hotline, culturally-relevant crisis intervention, shelter, counseling, support groups, advocacy, case management, vocational training, summer camp for children and parenting courses.

2. **Summary of Significant Accounting Policies**

Basis of Presentation and Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Asset Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Unrestricted amounts are those currently available at the discretion of the board for use in the operations of the Organization. Temporarily restricted amounts are restricted by donor imposed restrictions as to use or time restricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted amounts contain donor imposed restrictions to be maintained permanently by the Organization.

There are no temporarily or permanently restricted net assets at December 31, 2015.

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. Summary of Significant Accounting Policies (Continued)

At December 31, 2015, unrestricted net assets consist of:

Unrestricted net assets	\$ 344,169
Board designated fund for shelter acquisition	100,000
Board designated fund for shelter operating cost	100,000
	<u>\$ 544,169</u>

The board, at its discretion, can use these funds for general purposes.

Revenue Recognition

Contributions are recognized as revenue when an unconditional promise to give is made and the gift is subject to reasonable valuation. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Grant awards received for specific purposes are recognized as support and revenue to the extent related expenses are incurred in compliance with the specific grants terms. The unexpended funds are considered refundable advances and reported as advances payable. The Organization believes that all grants and other receivables are collectible.

Grant Receivable

Grant receivable are recorded at net realizable value and do not bear interest. The allowance for doubtful accounts is the Organization's best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. At December 31, 2015, there are no allowances recorded, as management believes all amounts are collectible.

Property and Equipment

Purchase of property and equipment are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Maintenance and repairs are charged to expense as incurred; significant improvements are capitalized. The Organization capitalizes additions improvements in excess of \$1,000. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 7 years for equipment, furniture and fixtures, and 27 ½ years for the building.

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. Summary of Significant Accounting Policies (Continued)

Advertising

The Organization expenses advertising and promotional costs as incurred.

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.

Concentration of Credit 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 and believes it is not exposed to significant credit risk on cash and equivalents.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 14, 2016.

3. Property and Equipment

Property and equipment at December 31, 2015 consists of the following:

		<u>Estimated Useful Life</u>
Office equipment	\$ 7,266	5 years
Furniture and fixtures	4,925	7 years
Building improvement	<u>37,361</u>	27.5 years
	49,552	
Less: accumulated depreciation	<u>(6,247)</u>	
	<u>\$ 43,305</u>	

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

4. Lease Commitment

The Organization leases office and adult and child counseling facilities, requiring monthly payments of \$2,000, and expires June 30, 2017. For the year ended December 31, 2015, occupancy expense was \$23,800.

The Organization also rents shelter space on a month-to-month basis and for the year ended December 31, 2015, rent expense for the shelter space was \$53,050.

5. Contingency

The Organization participates in a federal 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.