
GARDEN OF HOPE, INC.

**Financial Statements
for the Year Ended December 31, 2017
and Independent Auditors' Report**

GARDEN OF HOPE, INC.

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Garden of Hope, Inc.

We have audited the accompanying financial statements of the Garden of Hope, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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.

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 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 the Garden of Hope, Inc. as of December 31, 2017, 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.

Wei Wei & Co. LLP

Flushing, New York
November 14, 2018

GARDEN OF HOPE, INC.

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017

ASSETS

Current assets:

Cash and cash equivalents (<i>Note 2</i>)	\$ 430,633
Grants receivable (<i>Note 2</i>)	133,315
Prepaid expenses	5,902

Total current assets 569,850

Investments (*Notes 2 and 4*) 8,940

Property and equipment, net (*Notes 2 and 3*) 445,404

Other Assets:

Security deposit	1,300
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TOTAL ASSETS **\$ 1,025,494**

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$ 44,824
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Long-term Liabilities:

Loan payable (<i>Note 5</i>)	118,500
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TOTAL LIABILITIES **163,324**

Net assets:

Unrestricted net assets (<i>Note 2</i>)	612,170
Unrestricted net assets - board designated (<i>Note 2</i>)	250,000

TOTAL NET ASSETS **862,170**

TOTAL LIABILITIES AND NET ASSETS **\$ 1,025,494**

See accompanying notes to financial statements.

GARDEN OF HOPE, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

SUPPORT AND REVENUE:

Contributions and grants	\$ 244,315
Government grants	268,962
Special event revenue (net of direct costs of \$20,716)	228,671
Net unrealized (loss) on investments	(240)
Interest and other income	3,712

TOTAL PUBLIC SUPPORT AND REVENUE **745,420**

EXPENSES:

Program services:	
Community education	31,504
Women's programs	378,540
Children's program	73,334
Emergency shelter	175,820

Total program expenses **659,198**

Supporting services:

Management and general	89,219
Fund-raising	24,999

Total supporting expenses **114,218**

TOTAL EXPENSES **773,416**

CHANGE IN NET ASSETS (27,996)

NET ASSETS - BEGINNING OF YEAR 890,166

NET ASSETS - END OF YEAR **\$ 862,170**

See accompanying notes to financial statements.

GARDEN OF HOPE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL
	COMMUNITY EDUCATION	WOMEN'S PROGRAMS	CHILDREN'S PROGRAM	EMERGENCY SHELTER	TOTAL PROGRAMS	MANAGEMENT AND GENERAL	FUND-RAISING		
PERSONNEL EXPENSES:									
Salary expense	\$ 22,930	\$ 233,051	\$ 36,513	\$ 83,615	\$ 376,109	\$ 20,625	\$ 6,875	\$	403,609
Payroll taxes	1,971	17,179	3,139	7,188	29,477	1,773	592		31,842
Employee benefits	3,076	26,807	4,898	11,217	45,998	2,767	922		49,687
TOTAL PERSONNEL EXPENSES:	27,977	277,037	44,550	102,020	451,584	25,165	8,389		485,138
OPERATING EXPENSES:									
Advertising & promotion	507	5,642	2,000	2,000	10,149	-	-		10,149
Bank service charges	-	-	-	-	-	1,165	-		1,165
Dues and subscriptions	-	220	-	-	220	659	-		879
Designated education training	200	7,000	-	-	7,200	-	-		7,200
Client meals	105	9,662	1,160	3,345	14,272	-	-		14,272
Financial assistance for clients	-	19,841	-	-	19,841	-	-		19,841
Insurance	-	1,996	450	1,600	4,046	450	-		4,496
Legal and professional	519	14,114	1,599	3,120	19,352	10,850	-		30,202
Licenses and permits	-	-	-	-	-	601	-		601
Materials and supplies	1,603	6,740	3,396	5,874	17,613	7,058	11,505		36,176
Summer camp and outside services	-	-	7,120	-	7,120	-	-		7,120
Repairs and maintenance	-	-	-	3,474	3,474	4,923	-		8,397
Occupancy	305	23,400	12,000	32,400	68,105	12,000	-		80,105
Office expenses	-	-	-	-	-	3,677	-		3,677
Printing	-	-	-	-	-	3,917	5,105		9,022
Telephone	288	7,211	600	1,387	9,486	1,380	-		10,866
Travel and transportation for clients	-	5,677	459	9,865	16,001	-	-		16,001
Utilities	-	-	-	10,735	10,735	-	-		10,735
TOTAL OPERATING EXPENSES	3,527	101,503	28,784	73,800	207,614	46,680	16,610		270,904
TOTAL EXPENSES BEFORE DEPRE	31,504	378,540	73,334	175,820	659,198	71,845	24,999		756,042
DEPRECIATION	-	-	-	-	-	17,374	-		17,374
TOTAL EXPENSES	\$ 31,504	\$ 378,540	\$ 73,334	175,820	659,198	89,219	24,999	\$	773,416

See accompanying notes to financial statements.

GARDEN OF HOPE, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (27,996)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Donated investments	(8,940)
Depreciation	17,374
Changes in operating assets and liabilities:	
(Increase) in grants receivable	(92,920)
(Increase) in prepaid expenses	(1,202)
Increase in accounts payable	22,334
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Net cash (used in) operating activities	<hr/> (91,350)

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of property and equipment	(7,333)
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Net cash (used in) investing activities	<hr/> (7,333)

CASH FLOWS FROM FINANCING ACTIVITIES:

Repayments of loan payable	(68,000)
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Net cash (used in) financing activities	<hr/> (68,000)

NET CHANGE IN CASH	(166,683)
CASH - BEGINNING OF YEAR	597,316
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CASH - END OF YEAR **\$ 430,633**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	\$ -
Cash paid for income taxes	\$ -
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See accompanying notes to financial statements.

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. NATURE OF ORGANIZATION

The 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 a 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 accounting

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principle generally accepted in the United States of America (“US GAAP”).

Basis of presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets: Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization.

The Organization had no temporarily or permanently restricted net assets at December 31, 2017.

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

At December 31, 2017, unrestricted net assets consist of:

Unrestricted net assets	\$ 612,170
Board-designated fund for shelter operating costs	250,000
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	\$ 862,170

Cash and cash equivalents

For the purposes of the statement of cash flows, the Organization considers all demand deposits and money market funds with original maturities of three months or less to be cash equivalents.

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.

Grants receivable

On a periodic basis, the Organization evaluates receivable balances and establishes an allowance for doubtful accounts, when necessary, based on the history of past write-offs, the age of the receivable, collections and current economic conditions. Grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. The Organization considers grants receivable at December 31, 2017 to be fully collectible and, accordingly, no allowance for doubtful accounts has been recorded.

Revenue recognition

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

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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; (iii) require specialized skills and are provided by individuals with those skills.

Property and equipment

Property and equipment are 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 buildings. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in operations.

Income tax status

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. This code section enables the Organization to accept donations, which qualify as charitable contributions for the donor. Accordingly, no provision has been made for income taxes in the financial statements. There was no unrelated business income for the year ended December 31, 2017.

The Organization follows the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns and require that uncertain tax positions are evaluated in a two-step process. As of December 31, 2017, the Organization does not have a liability for any unrecognized tax benefits. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within 12 months of the reporting date.

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed Internal Revenue Service Form 990, Return of Organization Exempt from Income Tax, as required. Currently, the 2014, 2015, and 2016 tax years are open and subject to examination by the taxing authorities. However, the Organization is not currently under audit nor has the Organization been contacted by any of the taxing authorities.

Advertising costs

Advertising costs are expensed as incurred and are included in advertising expense in the accompany statement of functional expenses. For the year ended December 31, 2017, the Organization had \$10,149 of advertising expenses.

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.

Use of estimates

The preparation of financial statements in accordance with 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.

Fair value measurements

FASB 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

- Level 1 Inputs - Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.
- Level 2 Inputs - Inputs other than the quoted prices in level 1 that are observable either directly or indirectly.
- Level 3 Inputs - Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of December 31, 2017, other than investments, none of the assets and liabilities was required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including grants receivable, prepaid expenses, accounts payable and accrued expenses, investments, approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the year ended December 31, 2017.

Investments

Investments in equity securities with readily determinable fair values are reported at their fair value based on quoted market prices in the statements of financial position. The Organization follows FASB ASC 958, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. In accordance with this standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in investment returns including investment fees in the statements of activities.

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

A decline in the market value of an investment security below its cost that is designated to be other than temporary is recognized through an impairment charge. That impairment charge would be included in the statements of activities and a new cost basis would be established. For the year ended December 31, 2017, the Organization did not record any impairment charges in the statements of activities.

The Organization records realized gains and losses on the trade date and changes in unrealized gains and losses recognized in the statements of activities as of the statement of financial position date. Other types of income that the Organization will continue to report in its statement of activities will be investment income such as interest and dividends, which are recognized on an accrual basis.

3. PROPERTY AND EQUIPMENT

In March 2016, the Organization exercised its option to purchase a shelter in the amount of \$400,000 located in Flushing, New York.

Property and equipment at December 31, 2017 consists of the following:

Land	\$ 92,760
Building	310,545
Furniture and fixtures	13,265
Office equipment	19,539
Building improvements	46,158
	<hr/>
	482,267
Less, accumulated depreciation	(36,863)
	<hr/>
Property and equipment, net	\$ 445,404

Depreciation expense for the year ended December 31, 2017 was \$17,374.

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

4. INVESTMENTS

Financial assets have been valued using the fair value hierarchy as of December 31, 2017. All assets have been value using a market approach. There have been no changes in valuation techniques and related inputs.

Investments, measured fair value, at December 31, 2017 consist of the following:

	Level 1	Level 2	Level 3	Total
Equities	\$ 8,940	\$ -	\$ -	\$ 8,940

Investment transactions for the year ended December 31, 2017 are summarized as follows:

Beginning balance	\$ 9,180
Unrealized (loss)	(240)
Ending balance	\$ 8,940

5. LOAN PAYABLE

The Organization entered into a five-year, noninterest-bearing purchase money mortgage loan in the principal amount of \$200,000 in March 2016 in connection with the purchase of the shelter. The purchase money mortgage loan does not require any interest payments, but allows for repayments to be made prior to the maturity date of March 28, 2021. As of December 31, 2017, the Organization has made principal payments of \$81,500.

6. LEASE COMMITMENT

The Organization has entered into a one-year noncancelable lease for its office which has been renewed through December 31, 2018. The lease provides for monthly payments of \$3,000. For the year ended December 31, 2017, occupancy expense amounted to \$36,000.

The Organization rents a shelter on a month-to-month basis. The lease agreement provides for monthly payments of \$1,500 and is discontinued in 2018. For the year ended December 31, 2017, occupancy expense amounted to \$18,000.

GARDEN OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

6. LEASE COMMITMENT (continued)

In addition, the Organization has entered into a lease agreement to provide another 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 continues the rent on a month-to-month basis. For the year ended December 31, 2017, occupancy expense amounted to \$14,400.

7. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash at Amerasia Bank, Cathay Bank, and Chase Bank. The Federal Deposit Insurance Corporation ("FDIC") covers \$250,000 for substantially all depository accounts at each bank. The amount in excess of FDIC insurance at December 31, 2017 was approximately \$37,000.

8. RELATED PARTIES

For the year ended December 31, 2017, seven members of the board of directors made private donations to the Organization totaling approximately \$64,400. These donations had no restrictions.

9. 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 the government agencies. While the ultimate liability, if any, from such audits 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.

10. SUBSEQUENT EVENTS

The Organization's management has performed subsequent events procedures through November 14, 2018, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to or disclosure in the financial statement.