

TRINITY HOPE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JULY 31, 2023

TRINITY HOPE, INC.

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BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Trinity HOPE, Inc.
Franklin, Tennessee

Opinion

We have audited the accompanying financial statements of Trinity HOPE, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2023, and the related statements of activities, functional expenses and cash flows for the year 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 Trinity HOPE, Inc. as of July 31, 2023, 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.

Basis for Opinion

We conducted our audit 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 Trinity HOPE, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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.

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 Trinity HOPE Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 Trinity HOPE, 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 Trinity HOPE, 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.

Bellenfant, PLLC

Nashville, Tennessee
December 4, 2023

TRINITY HOPE, INC.
STATEMENT OF FINANCIAL POSITION
JULY 31, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 2,681,272
Accounts Receivable	49,484
Prepaid Expenses	3,046
Investments	<u>1,049,077</u>
Total Current Assets	3,782,879

OTHER ASSETS

Other Assets	<u>39,670</u>
Total Assets	<u><u>\$ 3,822,549</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 3,058
Deferred Revenue	<u>50,393</u>
Total Current Liabilities	<u>53,451</u>
Total Liabilities	<u>53,451</u>

NET ASSETS

Net Assets Without Donor Restrictions	<u>3,769,098</u>
Total Net Assets	<u>3,769,098</u>
Total Liabilities and Net Assets	<u><u>\$ 3,822,549</u></u>

The accompanying notes are an integral part of these statements.

TRINITY HOPE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2023

	<u>Without Donor Restrictions</u>	<u>Board Designated</u>	<u>Total Without Donor Restrictions</u>
SUPPORT AND REVENUE			
Contributions	\$ 3,254,547	\$ -	\$ 3,254,547
Campaigns	417,970	-	417,970
Interest	21,066	-	21,066
Investment Change in Value	32,166	741	32,907
	<hr/>	<hr/>	<hr/>
Total Support and Revenue	\$ 3,725,749	\$ 741	\$ 3,726,490
	<hr/>	<hr/>	<hr/>
EXPENSES			
Program Services	\$ 3,267,594	\$ -	\$ 3,267,594
	<hr/>	<hr/>	<hr/>
Supporting Services			
Management and General	37,602	-	37,602
Fundraising	30,190	-	30,190
Total Supporting Services	67,792	-	67,792
	<hr/>	<hr/>	<hr/>
Total Expenses	3,335,386	-	3,335,386
	<hr/>	<hr/>	<hr/>
Change in Net Assets	390,363	741	391,104
Net Assets, Beginning of Year	3,339,065	38,929	3,377,994
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	\$ 3,729,428	39,670	\$ 3,769,098
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these statements.

TRINITY HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2023

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Feeding Programs	\$ 3,066,115	\$ -	\$ -	\$ 3,066,115
Workshop & Training	7,270	-	-	7,270
Travel	8,254	-	-	8,254
Bank Fees	4,890	115	-	5,005
Postage	-	26	2,771	2,797
Salaries	156,534	21,784	14,458	192,776
Payroll Taxes	11,975	1,666	1,106	14,747
Newsletters and Mailings	2,153	-	9,550	11,703
Website and Online Fees	4,951	297	-	5,248
Software	4,482	1,697	-	6,179
Insurance	-	2,799	-	2,799
Equipment	970	-	-	970
Professional Fees	-	6,500	-	6,500
Office Expenses	-	2,718	2,305	5,023
 Total Expenses	 <u>\$ 3,267,594</u>	 <u>\$ 37,602</u>	 <u>\$ 30,190</u>	 <u>\$ 3,335,386</u>

The accompanying notes are an integral part of these statements.

TRINITY HOPE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 391,104
Adjustments to reconcile change in net assets to net cash provided (used) by operations:	
Unrealized/Realized Gain (Loss)	(8,392)
(Increase) Decrease in:	
Accounts Receivable	(31,323)
Prepaid Expenses	(3,046)
Increase (Decrease) in:	
Accounts Payable	3,058
Deferred Revenue	4,749
	356,150
Net Cash Provided (Used) by Operating Activities	356,150

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in Endowment Accounts	(741)
Investment Fees	7,314
Purchase of Investments	(291,088)
	(284,515)
Net Cash Provided (Used) by Investing Activities	(284,515)
Net Increase (Decrease) in Cash and Cash Equivalents	71,635
Cash and Cash Equivalents, Beginning of Year	2,609,637
Cash and Cash Equivalents, End of Year	\$ 2,681,272

The accompanying notes are an integral part of these statements.

TRINITY HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Trinity HOPE, Inc. ("the Organization") is a nonprofit corporation established in Franklin, Tennessee 2005. Its primary purpose is to provide food to the children of Haiti and teach them Christian beliefs.

Financial Statement Presentation

The financial statements of the Trinity HOPE, Inc. are maintained and presented on the Accrual Basis of Accounting. Revenues are generally recognized when earned and expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required 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 without donor restrictions:

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. The Organization had \$3,769,098 of net assets without donor restrictions as of July 31, 2023.

Net assets with donor restrictions:

Net assets with donor restrictions - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no net assets with donor restrictions as of July 31, 2023.

TRINITY HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JULY 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, Trinity HOPE, Inc. considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. As of July, 31, 2023, the Organization had no cash equivalents.

Cash and cash equivalents consists of the following as of July 31, 2023:

Ministry Account	\$ 1,361,104
General Account	57,370
Transfer Account	22,097
Money Market Savings	61,938
Certificates of Deposit	<u>1,178,763</u>
	<u>\$ 2,681,272</u>

Accounts Receivable

Accounts receivable are reported at their estimated collectible amounts. They are periodically evaluated for collectability based on management's assessment of each account. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. When management confirms the uncollectibility of an account receivable, such amount is charged off against the allowance for doubtful accounts. No allowance for doubtful accounts was recorded at July 31, 2023.

Prepaid Expenses

Prepaid expenses consists of credit card purchases for travel which are paid in advance.

Other Assets

Other assets is comprised of an Endowment Fund and Life Insurance.

TRINITY HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JULY 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's revenue within the scope of ASC 606 consists of membership dues. The contract obligations related to these services are satisfied when the membership period has passed.

In general, the Organization's agreements have an expected duration of one year or less and the consideration from the members is an amount that corresponds directly with the value received by the members to date.

Donated Services and Goods

Donated services and goods are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by Organization if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Members of the Board of Directors have provided substantial assistance to us by donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement of valuation.

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 could differ from estimates.

TRINITY HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JULY 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Accordingly, certain costs have been categorized based on specific identification of costs incurred or allocated as determined by management.

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Related Expenses	Time and Effort
Workshop and Training	Time and Effort
Newsletter and Mailings	Time and Effort
Administrative Expenses	Time and Effort
Insurance	Policy Coverage

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued. Company Policy is to allow up to 5 days carryover, and for the fiscal year ended July 31, 2023, the amounts carried over are immaterial and are recognized when employees are paid.

2. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of July 31, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Cash & Cash Equivalents	\$ 2,681,272
Accounts Receivable	49,484
Prepaid Expenses	3,046
Investments	<u>1,049,077</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,782,879</u>

There is an adequate amount of financial assets available as of July 31, 2023. The Organization effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

TRINITY HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JULY 31, 2023

3. CONCENTRATION OF CREDIT RISK

The Organization invests its available cash with major financial institutions. As of July 31, 2023, the cash accounts exceeded the Federal Deposit Insurance Corporation limit of \$250,000 by \$1,190,747. However, management believes that the credit risk related to these deposits is minimal.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of two donations from private individuals, which consists of 61% of the total contributions received. A significant reduction in the level of his support, if this were to occur, could have an adverse impact on the Organization's programs and activities.

4. DEFERRED REVENUE

Deferred revenue includes prepayment from Outsourced Schools that have not yet been earned. Deferred revenue amounted to \$50,393 as of July 31, 2023 and will be earned during the year ended July 31, 2024.

5. CERTIFICATES OF DEPOSIT

Certificates of deposit totaled \$1,178,763 as of July 31, 2023 are included in cash and cash equivalents in the accompanying financial statements. The certificates bear interest at various rates and maturities.

6. FAIR VALUE OF INVESTMENTS

The Organization's investments are reported at fair value in the accompanying statements of financial

	Fair Value Measurements at July 31, 2023			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Markets	\$ 149,040	\$ 149,040	\$ -	\$ -
Equities	666,100	666,100	-	-
Fixed Income	233,937	233,937	-	-
	\$ 1,049,077	\$ 1,049,077	\$ -	\$ -

TRINITY HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JULY 31, 2023

6. FAIR VALUE OF INVESTMENTS (CONTINUED)

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

7. ENDOWMENT

The Organization has established an endowment fund. The primary purpose is to help fulfill its mission. Gifts are accepted for either general feeding program expenses or administrative expenses. Distribution is allowed only from earnings or appreciation of principal. Distributions are not allowed from the corpus.

	Cash	Insurance	Total
Endowment Fund, July 31, 2022	\$ 20,250	\$ 18,679	\$ 38,929
Increase in Cash Value - Life Insurance	-	741	741
Endowment Fund, July 31, 2023	<u>\$ 20,250</u>	<u>\$ 19,420</u>	<u>\$ 39,670</u>

A "quasi" endowment fund is established by the Organization and designates funds as Endowment Funds and/or a donor makes unrestricted donations to the Endowment Funds.

A true Endowment Fund is established if a donor makes donations to an Endowment Fund and specifies that the donations become part of the Endowment Fund and often puts purposes and/or conditions on its use. Usually, the income can be used for ordinary purposes.

TRINITY HOPE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JULY 31, 2023

8. INCOME TAXES

Trinity HOPE, Inc. has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as a Non Profit Organization that is not a private foundation.

The Organization files a U.S. Federal Form 990-*Return of Organization Exempt from Income Tax*. The Organization's returns for the years prior to fiscal year ended December 31, 2020 are no longer open for examination.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 4, 2023, which is the date the financial statements were available to be issued.