

GIVING HOPE, INC. AND SUBSIDIARY

Consolidated Financial Statements
and Supplementary Information
With Independent Auditors' Report
Years Ended December 31, 2023 and 2022

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Independent Auditors' Report

To the Board of Directors
Giving Hope, Inc.
New Orleans, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of Giving Hope, Inc. (a Louisiana not-for-profit corporation) and subsidiary, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Giving Hope, Inc. and subsidiary as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years 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 Giving Hope, Inc and subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to the 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 the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Giving Hope Inc and subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities 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.

Independent Auditors' Report (continued)

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 Giving 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 raises substantial doubt about Giving 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Financial Position - Consolidating, the Schedule of Activities - Consolidating, and the Schedule of Functional Expenses - Consolidating is presented for additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dyess and Associates

Mandeville, LA

July 19, 2024

Giving Hope, Inc. and Subsidiary
Consolidated Statements of Financial Position

Assets

	December 31	
	<u>2023</u>	<u>2022</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 3,952,290	\$ 2,538,188
Accounts receivable	-	13,020
Donated inventory	139,943	77,400
Prepaid expenses	<u>202,407</u>	<u>210,216</u>
Total current assets	4,294,640	2,838,824
Property, buildings and equipment, net	4,988,916	3,815,061
Other assets:		
Deposits	<u>501,723</u>	<u>1,723</u>
Total assets	<u>\$ 9,785,279</u>	<u>\$ 6,655,608</u>
 Liabilities and net assets:		
Current liabilities:		
Accounts payable	\$ 196,406	\$ 22,027
Accrued liabilities	24,448	17,389
Current portion of long term debt	53,068	-
Deferred revenue	<u>24,060</u>	<u>10,417</u>
Total current liabilities	297,982	49,833
Other liabilities:		
Note payable, net of current portion	<u>452,308</u>	<u>-</u>
Total liabilities	<u>750,290</u>	<u>49,833</u>
Net assets:		
Without donor restrictions	933,884	446,566
With donor restrictions	<u>8,101,105</u>	<u>6,159,209</u>
Total net assets	<u>9,034,989</u>	<u>6,605,775</u>
Total liabilities and net assets	<u>\$ 9,785,279</u>	<u>\$ 6,655,608</u>

The accompanying notes are an integral part of these financial statements

Giving Hope, Inc. and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets

	Years Ended December 31,	
	2023	2022
Changes in Net Assets Without Donor Restrictions:		
Revenues and gains		
Contributions of food, grocery and other products	\$ 13,764,638	\$ 13,128,860
Corporate contributions	744,605	344,300
Event revenue	1,401,853	751,475
Individual donations	124,400	294,515
Contributed goods and services	1,545,040	959,287
Grants	11,645	7,000
Program revenue	94,270	151,159
Interest income	40,845	-
Total Revenues and Gains Without Donor Restrictions	17,727,296	15,636,596
Net Assets Released from Restrictions:		
Expiration of time restrictions	645,419	155,948
Total Net Assets Released from Restrictions	645,419	155,948
Total Revenues, Gains, and Other Support Without Donor Restrictions	18,372,715	15,792,544
Expenses and Losses		
Food pantry	14,671,049	13,972,813
Missions and outreach	2,667,818	2,059,317
Fundraising	636,565	557,659
General and administrative	490,469	229,584
Total Expenses	18,465,901	16,819,373
Increase (Decrease) in Net Assets Without Donor Restrictions	(93,186)	(1,026,829)
Changes in Net Assets With Donor Restrictions		
Corporate contributions	1,019,394	1,539,780
Profit for a purpose donations	116,753	186,956
Individual donations	1,844,572	697,306
Grants	187,100	416,618
Net assets released from restrictions	(645,419)	(155,948)
Net Increase (Decrease) in Net Assets With Donor Restrictions	2,522,400	2,684,712
Increase (Decrease) in Total Net Assets	2,429,214	1,657,883
Net Assets, Beginning of Year	6,605,775	4,947,892
Net Assets, End of Year	\$ 9,034,989	\$ 6,605,775

The accompanying notes are an integral part of these financial statements

Giving Hope, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Years ended December 31, 2023 and 2022

	2023				
	Program Services		Supporting Services		Total
	Food Pantry	Other Outreach	Fundraising Expenses	General Expenses	
Advertising	\$ -	\$ -	\$ 22,023	\$ 18,003	\$ 40,026
Bad debts	-	-	-	13,071	13,071
Bank charges	-	193	1,542	28,834	30,569
Banquet expenses	-	-	579,037	-	579,037
Cell phone	-	-	-	1,293	1,293
Charitable contribution pledged	-	720,714	-	-	720,714
Depreciation	-	111,902	-	29,644	141,546
Dues and subscriptions	30,250	444	-	-	30,694
Freight and delivery	22	-	-	-	22
Gas	-	27,270	-	-	27,270
Hot meals	-	132,208	-	-	132,208
In-kind food	13,702,095	-	-	-	13,702,095
In-kind volunteer labor	707,316	-	-	-	707,316
Insurance	-	36,802	-	118,431	155,233
Interest	-	-	-	14,683	14,683
Meals and entertainment	10,421	446	-	-	10,867
Miscellaneous	656	2,734	-	(17,081)	(13,691)
Office expense	3,541	53	-	19,426	23,020
Outside services/contract labor	-	96,766	-	136,487	233,253
Payroll expense: wages	-	1,101,897	-	-	1,101,897
Payroll expense: taxes	-	92,536	-	-	92,536
Payroll expense: other	23,702	-	-	-	23,702
Professional fees	-	-	-	92,409	92,409
Program supplies	-	177,103	33,963	-	211,066
Rent	44,770	-	-	-	44,770
Repairs and maintenance	148,276	78,378	-	3,404	230,058
Taxes	-	-	-	6,950	6,950
Travel	-	3,026	-	24,915	27,941
Utilities	-	85,346	-	-	85,346
Total functional expenses	<u>\$ 14,671,049</u>	<u>\$ 2,667,818</u>	<u>\$ 636,565</u>	<u>\$ 490,469</u>	<u>\$ 18,465,901</u>

The accompanying notes are an integral part of these financial statements

Giving Hope, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Years ended December 31, 2023 and 2022

	2022				
	Program Services		Supporting Services		Total
	Food Pantry	Other Outreach	Fundraising Expenses	General Expenses	
Advertising	\$ -	\$ -	\$ 23,094	\$ 43,632	\$ 66,726
Bank charges	-	-	11,379	13,235	24,614
Banquet expenses	-	-	190,599	-	190,599
Cell phone	-	-	-	865	865
Charitable contribution pledged	-	400,072	-	-	400,072
Charitable contribution PFP grants	13,000	-	-	-	13,000
Contract labor	-	179,167	-	-	179,167
Depreciation	-	111,902	-	27,228	139,130
Dues and subscriptions	19,908	-	-	-	19,908
Freight and delivery	870	-	-	-	870
Gas	-	33,637	-	-	33,637
Hot meals	-	133,153	-	-	133,153
In-kind food	13,141,255	-	-	-	13,141,255
In-kind gala items	-	-	88,296	-	88,296
In-kind volunteer labor	684,180	-	-	-	684,180
Insurance	-	43,436	-	62,591	106,027
Meals and entertainment	4,076	865	-	-	4,941
Miscellaneous	143	-	-	(84,928)	(84,785)
Office expense	(621)	-	-	6,079	5,458
Other fundraising expense	-	-	225,893	-	225,893
Outside services/contract labor	-	516	-	115,363	115,879
Payroll expense: wages	-	830,302	-	-	830,302
Payroll expense: taxes	-	76,364	-	-	76,364
Payroll expense: other	10,828	13,195	-	-	24,023
Professional fees	-	-	-	40,484	40,484
Program supplies	-	124,373	18,398	-	142,771
Rent	44,221	-	-	-	44,221
Repairs and maintenance	54,953	7,979	-	5,012	67,944
Taxes	-	-	-	23	23
Travel	-	48,611	-	-	48,611
Utilities	-	55,745	-	-	55,745
Total functional expenses	\$ 13,972,813	\$ 2,059,317	\$ 557,659	\$ 229,584	\$ 16,819,373

The accompanying notes are an integral part of these financial statements

Giving Hope, Inc. and Subsidiary
Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2023	2022
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	\$ 2,429,214	\$ 1,657,883
Adjustments to reconcile changes in net assets to net cash		
Depreciation	141,546	139,130
Restricted contributions and net assets released from restriction	(1,657,883)	(306,433)
Loan forgiveness	-	(80,511)
(Increase) decrease in operating assets:		
Accounts receivable	13,020	4,169
Inventory	(62,543)	12,395
Prepaid expenses	7,809	(190,966)
Increase (decrease) in operating liabilities:		
Accounts payable	174,380	(64,768)
Accrued expenses	7,058	11,379
Contributions restricted for long term purposes:		
Grant revenue	13,643	10,417
Net cash (used in) provided by operating activities	1,066,244	1,192,695
Cash flows from investing activities:		
Investment in film	(500,000)	-
Purchases of property and equipment	(1,315,401)	(34,104)
Net cash (used in) provided by investing activities	(1,815,401)	(34,104)
Cash flows from financing activities:		
Proceeds from note payable	505,376	-
Restricted contributions and net assets released from restriction	1,657,883	306,433
Net cash (used in) provided by financing activities	2,163,259	306,433
Net (decrease) increase in cash and cash equivalents	1,414,102	1,465,024
Cash and cash equivalents, beginning of year	2,538,188	1,073,164
Cash and cash equivalents, end of year	\$ 3,952,290	\$ 2,538,188

The accompanying notes are an integral part of these financial statements

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023
(See Independent Auditors' Report)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The consolidated financial statements include the accounts of Giving Hope, Inc., which is incorporated under the laws of the State of Louisiana as a not-for-profit religious corporation, and Giving Hope Realty, LLC., a wholly owned subsidiary of Giving Hope, Inc. which manages the leases on its real estate. Giving Hope Inc and Giving Hope Realty, LLC are collectively referred to as the "Organization". The primary activities of the Organization include providing food pantries in New Orleans, Gretna and Kansas City, building orphanages in foreign countries and supporting missions and outreach programs in and around New Orleans. The Organization's primary sources of revenue and other support are derived from free-will and in-kind contributions as well as grants. Approximately 20% and 40% of total food contributions came from Second Harvesters' Food Bank and 44% and 24% of total food contributions came from Associated Wholesale Grocers in 2023 and 2022, respectively.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contribution is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Major Suppliers and Contributors

The Organization purchases all of its non-donated food for distribution and a large portion of the food used in the hot meals from a local supplier at the same rate as Feeding America and Second Harvesters Food Bank. The Organization's daily operations of serving hot meals and providing food could be impacted by the supplier's inability or unwillingness to supply Giving Hope's orders at the same rate as Feeding America. The Organization is also a recipient of several grants to serve hot meals to senior citizens and the deserving community, to provide more food boxes to a greater number of recipients, and to provide services through a community center. The loss of these grants could greatly impact the Organization's daily operations.

Property and Depreciation

Property and equipment is generally stated at cost, if purchased, or fair value, if donated. Depreciation is computed on a straight-line basis over estimated useful lives as follows:

Furniture, fixtures and equipment	5-20 years
Leasehold improvements	10 years
Buildings	40 years

Asset additions over \$2,500 are capitalized, as are betterments and renewals. Maintenance and repairs are charged to operations as incurred. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as donor contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023
(See Independent Auditors' Report)

NOTE 1 - SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization received more than 58,000 volunteer hours in 2023.

Contributions and Deferred Revenue

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of donated assets. A donor restriction expires when a stipulated time restriction ends or a purpose restriction is accomplished. At that time, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Income is recorded as deferred revenue when received in advance and recognized when earned.

Income Taxes

The Organization, a local not-for-profit in New Orleans, Louisiana, is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) as well as state income taxes. Therefore, no provision for income taxes is made. Annually, the Organization is required to file Form 990, Return of Organization Exempt From Income Tax with the Internal Revenue Service (IRS). Based on its review, the Organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements, including any position that would jeopardize the Organization's tax exempt status. Tax returns remain open for examination by the IRS for three years after filing. Tax returns for 2023 and the previous three years remain open for examination by taxing authorities.

Basis of Accounting and Use of Estimates

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and amortization which are allocated on asset use.

Compensated Absences

The employees of the Organization are entitled to paid vacation and sick dates, depending on job classification, length of service and other factors. No liability has been recorded in the accompanying financial statements due to immateriality. The Organization's policy is to recognize the costs of compensated absences when paid.

Inventory Pricing

Inventory consists of donated and purchased products for distribution. Donated products are valued per pound at an average of national wholesale prices as determined by Feeding America. Purchased products are valued at the purchase cost of those products as determined by the first-in, first-out method.

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023
(See Independent Auditors' Report)

NOTE 1 - SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

In-Kind Contributions

In-kind contributions are reflected as contributions at fair value on the date of donation and are reported as unrestricted support unless specific donor stipulations specify how donated assets must be used. The Organization receives in-kind contributions of food and other products from various donors. In-kind donations of products, the related inventory, and the cost of donated food distributed are valued at an average of the national wholesale prices as determined by Feeding America. The Organization received 7,131,937 and 6,837,948 pounds, in 2023 and 2022, valued at \$13,764,638 and \$13,128,860 during the years ended December 31, 2023 and 2022, respectively. The average price per pound used for food products was \$1.93 and \$1.92 at December 31, 2023 and 2022, respectively.

All donated services recognized created a non-financial asset or required specialized skills that would have been purchased if not donated. The Organization received an in-kind donation for services; the value of donated services totaled \$707,316 and \$684,180 for the years ended December 31, 2023 and 2022, respectively. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed. There are numerous other individuals who volunteer their time and perform a variety of tasks to assist the Organization with the food donation program, fundraising, and administrative support. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition as contributions.

Advertising costs

The Organization charges advertising cost to operations in the year the expense is incurred. During the years ended December 31, 2023 and 2022, advertising expenses incurred were \$40,026 and \$66,726, respectively.

NOTE 2 - RESTRICTIONS ON NET ASSETS

Giving Hope Community Center

In June 2019, Desire Street Ministries donated property to Giving Hope Realty, LLC, a wholly owned subsidiary of Giving Hope, Inc. This tract of land and associated buildings includes a community center/gymnasium, a daycare center, a medical office building, a residential duplex and a barber shop. The gift is conditional with reversionary rights until March 31, 2023. One of the conditions of this donation requires Giving Hope, Inc. to direct \$300,000 of its funds per year to maintain the property in compliance with the terms of the donation and subsidize charitable programming at the property. In addition, the Organization is to contract with Thrive New Orleans to manage the property and those programs. The book value of this property is \$3,501,545 and \$3,594,535 at December 31, 2023 and 2022, respectively and is included in net assets with donor restrictions on the consolidated statement of financial position.

As part of the donation, Giving Hope, Inc. accepted the five (5) leases which were in place at the time of the donation. As of December 31, 2023, three (3) of the leases expired and are now on a month-to-month basis. One of the remaining leases expires in February 2024 and will be month-to-month upon expiration. The final lease was renewed for a period of five (5) years. Program revenue on the statement of activities and changes in net assets includes rental income of \$94,270 for the year ended December 31, 2023. Minimum lease income for these properties are as follows:

2024	\$	41,870
2025		39,750
2026		39,750
2027		39,750
2028		39,750
Thereafter		<u>6,625</u>
Total	\$	<u><u>207,495</u></u>

The community center also receives donor restricted donations specifically for the purchase of equipment or directly for the community center.

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023
(See Independent Auditors' Report)

NOTE 2 - RESTRICTIONS ON NET ASSETS (continued)

Hope House

As part of its mission, Giving Hope builds orphanages around the world. These projects are directly funded by individuals and businesses. The annual Giving Hope gala provides the community with an option to donate to this cause.

Hope the Food Pantry

As the foundation of the mission, Giving Hope Inc operates food pantries in New Orleans, Gretna and Kansas City, serving the poor with monthly food boxes provided by individuals and corporate sponsors. Giving Hope's food pantry also provides the elderly with hot meals. Kitchens at two different elderly care residences have been made available for Giving Hope to prepare the meals through generous grants from Baptist Community Ministries, Methodist Healthcare, Christopher Homes, Inc., The Greater New Orleans Foundation, the Pratt Stanton Manor Foundation, United Way, and the James M. Cox Foundation. Many of these grants cover multiple years as long as Giving Hope meets the minimum required meal distribution.

Profit for a Purpose

Another part of the Giving Hope mission is to serve the needy, poor and disadvantaged in various communities. Contributors are given an opportunity to restrict their contributions to causes in their communities such as the Boys and Girls Club or CityServe New Orleans. A majority of the contributions come directly from individuals and businesses in that community and through the annual gala.

Headquarters Capital Campaign

Giving Hope Inc. is raising funds to build a headquarters in New Orleans for all its activities. The facility will include administrative offices, a food pantry, a commercial kitchen with capacity for 2000 meals a day, offices and meeting space available to churches and other nonprofit entities for community events, and a warehouse for storage.

Hope for a Home

Another part of the the Giving Hope mission is serving the families wishing to adopt a child internationally.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

	December 31	
	<u>2023</u>	<u>2022</u>
Financial assets at year-end	\$ 3,952,290	\$ 2,551,208
Less financial assets unavailable for general expenditures within one year, due to net assets with donor restrictions	<u>4,599,560</u>	<u>2,564,674</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ (647,270)</u></u>	<u><u>\$ (13,466)</u></u>

NOTE 4 - CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statement of financial position to sum to the amounts shown in the statement of cash flows:

	December 31	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ (647,270)	\$ (26,486)
Cash and cash equivalents restricted	<u>4,599,560</u>	<u>2,564,674</u>
Total cash, cash equivalents and restricted cash shown on the statement of cash flows	<u><u>\$ 3,952,290</u></u>	<u><u>\$ 2,538,188</u></u>

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023
(See Independent Auditors' Report)

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	December 31	
	<u>2023</u>	<u>2022</u>
Miscellaneous receivables	\$ -	\$ 64,732
Employee receivables	<u>-</u>	<u>(50)</u>
	-	64,682
Less: Allowance for doubtful accounts	<u>-</u>	<u>(51,662)</u>
	<u>\$ -</u>	<u>\$ 13,020</u>

NOTE 6 - INVENTORIES

Inventory consists of the following:

	December 31	
	<u>2023</u>	<u>2022</u>
Food pantry	\$ <u>139,943</u>	\$ <u>77,400</u>
	<u>\$ 139,943</u>	<u>\$ 77,400</u>

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment, stated at cost, consists of the following:

	December 31	
	<u>2023</u>	<u>2022</u>
Machinery & shop equipment	\$ 247,005	\$ 226,795
Furniture & fixtures	107,539	107,539
Company vehicles	93,727	55,137
Building	4,401,889	3,735,289
Land	790,396	200,396
Leasehold improvements	<u>34,612</u>	<u>34,612</u>
	5,675,168	4,359,768
Less accumulated depreciation	<u>(686,252)</u>	<u>(544,707)</u>
	<u>\$ 4,988,916</u>	<u>\$ 3,815,061</u>

Depreciation and amortization expense on the above totaled \$141,546 and \$139,130 for the years ended December 31, 2023 and 2022, respectively.

NOTE 8 - OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables and accrued liabilities consist of the following:

	December 31	
	<u>2023</u>	<u>2022</u>
Accrued Liabilities	\$ -	\$ 9,060
Taxes payable	<u>24,448</u>	<u>8,329</u>
	<u>\$ 24,448</u>	<u>\$ 17,389</u>

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023
(See Independent Auditors' Report)

NOTE 9 - NOTES PAYABLE

	December 31	
	2023	2022
Mortgage of \$505,376 assumed with Kansas City property donation in December 2023. Loan refinanced April 2024. Payable in 84 monthly payments of approximately \$7,394 which include principal and interest fixed at 7.04%.	\$ 505,376	\$ -
Less: Current Portion	(53,068)	-
Note payable, net of current portion	\$ 452,308	\$ -
Future minimum payment obligations:		
2024	\$ 53,068	
2025	58,752	
2026	63,025	
2027	67,608	
2028	72,524	
Thereafter	190,399	
	\$ 505,376	

NOTE 10- CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Periodically, cash may exceed the federally insured amount. The Organization has not experienced any losses on such accounts.

NOTE 11 - NET ASSETS

The Organization's net assets are divided into net assets without donor restrictions and net assets with donor restrictions. The net assets without donor restrictions consists of all free-will donations with no donor restrictions, net assets with donor restrictions released from restrictions, and the accumulated operational income and expense. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	December 31	
	2023	2022
<u>Net assets with donor restrictions available for the following purposes:</u>		
Profit for a Purpose	\$ 1,033,072	\$ 765,862
Headquarters Capital Campaign	3,891,936	1,892,095
Giving Hope Community Center	3,176,097	3,501,252
Total temporarily restricted net assets	\$ 8,101,105	\$ 6,159,209
<u>Net assets released from restriction:</u>		
Profit for a Purpose	\$ 645,419	\$ 155,948
Total net assets released from restrictions	\$ 645,419	\$ 155,948

NOTE 12 - RELATED PARTIES

During the years ended December 31, 2023 and 2022, the Organization received \$1,024,688 and \$1,838,447 respectively, in donations from multiple entities and a trust owned by a board member.

The same board member's company also donated free rental space to the Organization, no value has been assigned to same.

Giving Hope, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023
(See Independent Auditors' Report)

NOTE 13 - LEASE OBLIGATIONS

The Organization has a lease with St. Martin's Manor, Inc. for non-exclusive use of a portion of the building known as St. Martin's Manor. The term of this lease is five years commencing April 1, 2023 ending March 31, 2028. The leased premises shall be used for the preparation of meals for the needy including, but not limited to, residents of St. Martin's Manor, Annunciation Inn, Nazareth Inn, St. John Berchmans Manor, Villa St. Maurice, St. Bernard Manor, Wynhoven, St. Ann Square, Christopher Inn and St. Martin House. As a primary element of the consideration of the lease, lessor expects that meals will be made available to residents of St. Martin's Manor on a regular and consistent basis. The Organization pays the entity \$1,000 per month for use of the kitchen facilities and the utilities. These payments are included in utilities expense. Minimum lease obligations are as follows:

2024	\$	12,000
2025		12,000
2026		12,000
2027		12,000
2028		<u>3,000</u>
Total	\$	<u><u>51,000</u></u>

The Organization subleases 2200 square feet of office and warehouse space in Marrero for the Stumpf Food Pantry in January 2021. Annual rent is \$1/year. There are 4 one year options to renew. The organization is required to maintain property and building and has to have comprehensive liability insurance. The Organization has not recorded the fair market value of the property.

NOTE 14 - RECLASSIFICATION

Certain amounts in the prior financial statements have been reclassified for comparative purposes to conform with current year presentation.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 19, 2024, the date when the financial statements were available to be issued.

DYESS & ASSOCIATES

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Independent Auditors' Report on Consolidating Information

To the Board of Directors
Giving Hope, Inc.
New Orleans, Louisiana

We have audited the consolidated financial statements of Giving Hope, Inc and subsidiary as of and for the years ended December 31, 2023 and 2022, and our report thereon dated July 19, 2024, which expressed an unmodified opinion on those financial statements, appears on page one. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the Consolidating Schedule of Financial Position, the Consolidating Schedule of Activities and Changes in Net Assets, and the Consolidating Schedule of Functional Expenses is presented for the purpose of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations and cash flows of the individual companies and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information in the Consolidating Schedule of Financial Position, the Consolidating Schedule of Activities and Changes in Net Assets, and the Consolidating Schedule of Functional Expenses is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Dyess and Associates
Mandeville, LA

July 19, 2024

Giving Hope, Inc. and Subsidiary
Consolidating Schedule of Financial Position
As of December 31, 2023

	<u>Giving Hope, Inc.</u>	<u>Giving Hope Realty, LLC</u>	<u>Consolidated Total</u>	<u>Eliminations</u>	<u>Balance</u>
<u>Assets</u>					
Current assets:					
Cash	\$ 3,940,322	\$ 11,968	\$ 3,952,290	\$ -	\$ 3,952,290
Donated inventory	139,943	-	139,943	-	139,943
Prepaid expenses	<u>202,407</u>	<u>-</u>	<u>202,407</u>	<u>-</u>	<u>202,407</u>
Total current assets	4,282,672	11,968	4,294,640	-	4,294,640
Property and equipment, net	1,426,298	3,562,618	4,988,916	-	4,988,916
Other assets:					
Deposits	<u>500,000</u>	<u>1,723</u>	<u>501,723</u>	<u>-</u>	<u>501,723</u>
Total assets	<u>\$ 6,208,970</u>	<u>\$ 3,576,309</u>	<u>\$ 9,785,279</u>	<u>\$ -</u>	<u>\$ 9,785,279</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable	\$ 196,406	\$ -	\$ 196,406	\$ -	\$ 196,406
Accrued liabilities	24,448	-	24,448	-	24,448
Current portion of LTD	53,068	-	53,068	-	53,068
Deferred revenue	<u>24,060</u>	<u>-</u>	<u>24,060</u>	<u>-</u>	<u>24,060</u>
Total current liabilities	297,982	-	297,982	-	297,982
Other liabilities:					
Note payable, net	<u>452,308</u>	<u>-</u>	<u>452,308</u>	<u>-</u>	<u>452,308</u>
Total liabilities	<u>750,290</u>	<u>-</u>	<u>750,290</u>	<u>-</u>	<u>750,290</u>
Net assets:					
Without donor restrictions	859,120	74,764	933,884	-	933,884
With donor restrictions	<u>4,599,560</u>	<u>3,501,545</u>	<u>8,101,105</u>	<u>-</u>	<u>8,101,105</u>
Total net assets	<u>5,458,680</u>	<u>3,576,309</u>	<u>9,034,989</u>	<u>-</u>	<u>9,034,989</u>
Total liabilities & net assets	<u>\$ 6,208,970</u>	<u>\$ 3,576,309</u>	<u>\$ 9,785,279</u>	<u>\$ -</u>	<u>\$ 9,785,279</u>

The accompanying notes are an integral part of these financial statements

Giving Hope, Inc. and Subsidiary
Consolidating Schedule of Activities and Changes in Net Assets
For the year ended December 31, 2023

	<u>Giving Hope, Inc</u>	<u>Giving Hope Realty, LLC</u>	<u>Consolidated Total</u>	<u>Eliminations</u>	<u>Balance</u>
Changes in Net Assets Without Donor Restrictions:					
Revenues and gains					
Contributed food	\$13,764,638	\$ -	\$13,764,638	\$ -	\$13,764,638
Corporate contributions	734,605	10,000	744,605	-	744,605
Event revenue	1,400,853	1,000	1,401,853	-	1,401,853
Individual donations	123,600	800	124,400	-	124,400
Contributed goods services	1,545,040	-	1,545,040	-	1,545,040
Grants	11,645	-	11,645	-	11,645
Program revenue	-	94,270	94,270	-	94,270
Interest income	<u>40,845</u>	<u>-</u>	<u>40,845</u>	<u>-</u>	<u>40,845</u>
Total Revenues and Gains Without Donor Restrictions	<u>17,621,226</u>	<u>106,070</u>	<u>17,727,296</u>	<u>-</u>	<u>17,727,296</u>
Net Assets Released from Restrictions:					
Expiration of time restriction	<u>645,419</u>	<u>-</u>	<u>645,419</u>	<u>-</u>	<u>645,419</u>
Total Net Assets Released from Restrictions	<u>645,419</u>	<u>-</u>	<u>645,419</u>	<u>-</u>	<u>645,419</u>
Total Revenues, Gains, and Other Support Without Donor Restrictions	18,266,645	106,070	18,372,715	-	18,372,715
Expenses and Losses					
Food pantry	14,671,049	-	14,671,049	-	14,671,049
Missions and outreach	2,310,782	357,036	2,667,818	-	2,667,818
Fundraising	636,565	-	636,565	-	636,565
General and administrative	<u>490,469</u>	<u>-</u>	<u>490,469</u>	<u>-</u>	<u>490,469</u>
Total Expenses	<u>18,108,865</u>	<u>357,036</u>	<u>18,465,901</u>	<u>-</u>	<u>18,465,901</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	157,780	(250,966)	(93,186)	-	(93,186)
Changes in Net Assets with Donor Restrictions					
Corporate contributions	1,019,394	-	1,019,394	-	1,019,394
Profit for purpose donations	116,753	-	116,753	-	116,753
Individual donations	1,843,472	1,100	1,844,572	-	1,844,572
Grants	187,100	-	187,100	-	187,100
Net assets released from restrictions	<u>(645,419)</u>	<u>-</u>	<u>(645,419)</u>	<u>-</u>	<u>(645,419)</u>
Net Increase (Decrease) in Net Assets With Donor Restrictions	<u>2,521,300</u>	<u>1,100</u>	<u>2,522,400</u>	<u>-</u>	<u>2,522,400</u>
Increase (Decrease) in Total Net Assets	2,679,080	(249,866)	2,429,214	-	2,429,214
Net Assets, Beginning of Year	<u>2,779,600</u>	<u>3,826,175</u>	<u>6,605,775</u>	<u>-</u>	<u>6,605,775</u>
Net Assets, End of Year	<u>\$ 5,458,680</u>	<u>\$ 3,576,309</u>	<u>\$ 9,034,989</u>	<u>\$ -</u>	<u>\$ 9,034,989</u>

The accompanying notes are an integral part of these financial statements

Giving Hope, Inc. and Subsidiary
Consolidating Schedule of Functional Expenses
Year ended December 31, 2023

	Giving Hope, Inc. Program Services		Giving Hope, Inc. Supporting Services		Giving Hope Realty LLC	Eliminations	Consolidated Total
	Food Pantry	Other Outreach	Fundraising Expenses	General Expenses	Program Services		
Advertising	\$ -	\$ -	\$ 22,023	\$ 18,003	\$ -	\$ -	\$ 40,026
Bad debts	-	-	-	13,071	-	-	13,071
Bank charges	-	-	1,542	28,834	193	-	30,569
Banquet expenses	-	-	579,037	-	-	-	579,037
Cell phone	-	-	-	1,293	-	-	1,293
Contribution pledged	-	720,714	-	-	-	-	720,714
Depreciation	-	-	-	29,644	111,902	-	141,546
Dues and subscriptions	30,250	-	-	-	444	-	30,694
Freight and delivery	22	-	-	-	-	-	22
Gas	-	27,270	-	-	-	-	27,270
Hot meals	-	132,208	-	-	-	-	132,208
In-kind food	13,702,095	-	-	-	-	-	13,702,095
In-kind volunteer labor	707,316	-	-	-	-	-	707,316
Insurance	-	10,063	-	118,431	26,739	-	155,233
Interest	-	-	-	14,683	-	-	14,683
Meals & entertainment	10,421	446	-	-	-	-	10,867
Miscellaneous	656	-	-	(17,081)	2,734	-	(13,691)
Office expense	3,541	-	-	19,426	53	-	23,020
Outside services	-	1,863	-	136,487	94,903	-	233,253
Payroll expense: wages	-	1,101,897	-	-	-	-	1,101,897
Payroll expense: taxes	-	92,536	-	-	-	-	92,536
Payroll expense: other	23,702	-	-	-	-	-	23,702
Professional fees	-	-	-	92,409	-	-	92,409
Program supplies	-	177,103	33,963	-	-	-	211,066
Rent	44,770	-	-	-	-	-	44,770
Repairs & maintenance	148,276	-	-	3,404	78,378	-	230,058
Taxes	-	-	-	6,950	-	-	6,950
Travel	-	3,026	-	24,915	-	-	27,941
Utilities	-	43,656	-	-	41,690	-	85,346
Total functional expenses	\$ <u>14,671,049</u>	\$ <u>2,310,782</u>	\$ <u>636,565</u>	\$ <u>490,469</u>	\$ <u>357,036</u>	\$ <u>-</u>	\$ <u>18,465,901</u>

The accompanying notes are an integral part of these financial statements