

**HOPE HOSPITALITY AND WARMING CENTER, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
HOPE Hospitality and Warming Center, Inc.

We have audited the accompanying financial statements of HOPE Hospitality and Warming Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities 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 of 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.

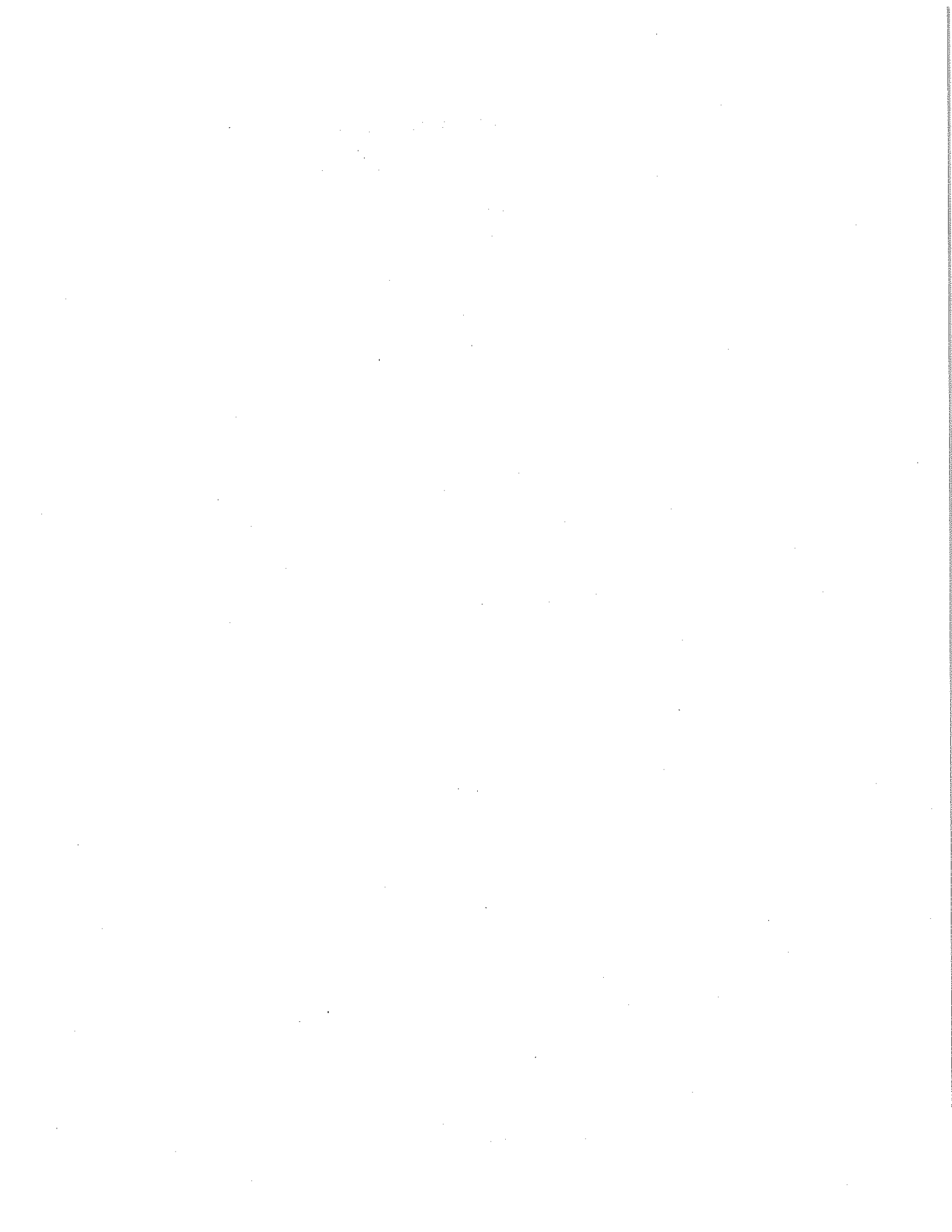
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HOPE Hospitality and Warming Center, Inc. as of December 31, 2014, and the changes in its net assets and its cash basis for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Zerbo Consulting Group, P.C.*

May 29, 2015



HOPE HOSPITALITY AND WARMING CENTER, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

LIABILITIES AND NET ASSETS

Current Liabilities	
Accrued Liabilities	<u>8,372</u>
Total Current Liabilities	<u>8,372</u>
Total Liabilities	<u>8,372</u>
Net Assets	
Unrestricted Net Assets	<u>237,424</u>
Total Net Assets	<u>237,424</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 245,796</u></u>

HOPE HOSPITALITY AND WARMING CENTER, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

UNRESTRICTED NET ASSETS	
UNRESTRICTED REVENUES	
Revenues	\$ 494,938
TOTAL UNRESTRICTED REVENUES	<u>494,938</u>
EXPENSES	
Functional expenses	<u>301,477</u>
TOTAL EXPENSES	<u>301,477</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>193,461</u>
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	<u>43,963</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 237,424</u>

See accompanying notes to financial statements.

HOPE HOSPITALITY AND WARMING CENTER, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 193,461
Operating activities:	
Depreciation	2,809
Increase (Decrease) in operating liabilities	
Accounts Payable	(8,959)
Accrued Liabilities	<u>5,651</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>192,962</u>
INCREASE IN PROPERTY AND EQUIPMENT	<u>(20)</u>
CASH FLOWS USED FOR FINANCING ACTIVITIES	
Payments on Notes Payable	<u>(48,399)</u>
NET CASH USED FOR FINANCING ACTIVITIES	<u>(48,399)</u>
NET INCREASE IN CASH	<u>144,543</u>
BEGINNING CASH	<u>24,007</u>
ENDING CASH	<u>\$ 168,550</u>

See accompanying notes to financial statements.

HOPE HOSPITALITY AND WARMING CENTER, INC.

SCHEDULE OF REVENUES

YEAR ENDED DECEMBER 31, 2014

REVENUES	
MSHDA Grant	\$ 29,170
ESG Grant	40,403
EFSP Grant	9,459
Salvation Army Revenue	187,056
Public Support - Individuals	202,300
Public Support - Religious/Congregations	26,523
Other Revenue	<u>27</u>
 TOTAL REVENUES	 <u>\$ 494,938</u>

See accompanying notes to financial statements.



HOPE HOSPITALITY AND WARMING CENTER, INC.

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2014

EXPENSES

Personnel		
Salaries and Wages	\$	161,186
Fringe Benefits		5,280
Payroll Taxes		12,300
Accounting/Legal Fees		5,133
Consulting Services		600
Depreciation		2,809
Bank Service Charges		422
Building Maintenance and Supplies		12,539
Dues, Fees and Subscriptions		774
Consumable Supplies		1,832
Interest Expense		1,868
Other Outside Services		52,696
Liability and Workers Comp Insurance		11,570
Postage		285
Promotion and Publicity		512
Special Event Expense		15
Office Supplies		6,673
Utilities		21,958
Rental - Building		3,009
Specific Assistance		16
		<hr/>
TOTAL EXPENSES	\$	<u>301,477</u>

See accompanying notes to financial statements.

# HOPE HOSPITALITY AND WARMING CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1. NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### Organization

HOPE Hospitality and Warming Center, Inc. (the Organization) is tax exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation.

#### Nature of Activities

HOPE Hospitality and Warming Center, Inc. provides a center for people who are homeless, where they will be welcomed, find warmth and support services.

#### Management and General

This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization's programs and manage the financial and budgeting responsibilities of the Organization.

#### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets unrestricted net assets, temporary restricted net assets and permanently restricted net assets.

Unrestricted Net Assets – net asset that are not subject to “donor-imposed” restrictions.

Temporarily Restricted Net Assets – net assets subject to “donor imposed” restrictions that may or will be met by actions of the Organization and/or the passage of time. Items that affect this net asset category are restricted contributions and grants.

Permanently Restricted Net Assets – net assets subject to “donor-imposed” restrictions that they be maintained in perpetuity. Restrictions that require an asset be invested and only allow the income to be used is classified as permanently restricted assets.

HOPE HOSPITALITY AND WARMING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Management capitalizes expenditures for property and equipment. Expenditures for maintenance and repairs are charged to operating expense. Property and equipment are carried at cost.

At December 31, 2014 property and equipment consists of the following:

	Beginning Balance	Additions	Ending Balance
Building	\$ 82,000	\$ -	\$ 82,000
Building Improvements	2,850	-	2,850
Land	-	20	20
Equipment	3,680	-	3,680
	<u>\$ 88,530</u>	<u>\$ 20</u>	88,550
Less accumulated depreciation			<u>11,304</u>
			<u>\$ 77,246</u>

Depreciation

Depreciation of property and equipment is computed using for book purposes straight-line methods, and methods based on usage. Depreciation expense was \$2,809 for 2014.

NOTE B - CONCENTRATIONS

The Organization received approximately 60% of its funding from four funding sources.

NOTE C - CONCENTRATIONS OF CASH BALANCES

The Organization maintains its cash balances in a financial institution located in southeastern Michigan. The balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.