

Hope Inspire Love, Inc.

Financial Report

December 31, 2023



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Hope Inspire Love, Inc.
Lancaster, Pennsylvania

We have reviewed the accompanying financial statements of Hope Inspire Love, Inc. (a non-profit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2023 and 2022, and the related statements of revenues and expenses – modified cash basis and functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Hope Inspire Love, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.


Simon Lever LLC
Lititz, PA

March 6, 2024

FINANCIAL STATEMENTS

Hope Inspire Love, Inc.
(A Non-Profit Organization)

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS**

December 31, 2023 and 2022

See Independent Accountant's Review Report

	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
ASSETS		
Cash and cash equivalents	70,776	75,674
Property and equipment		
Photography equipment	6,588	6,588
Computers	10,117	7,252
Furniture and fixtures	2,689	1,374
Security equipment	2,364	0
Total cost	<u>21,758</u>	<u>15,214</u>
Less accumulated depreciation	<u>(6,527)</u>	<u>(3,977)</u>
Property and equipment, net of accumulated depreciation	<u>15,231</u>	<u>11,237</u>
<u>TOTAL ASSETS</u>	<u>86,007</u>	<u>86,911</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Sales tax withheld	<u>948</u>	<u>1,055</u>
TOTAL LIABILITIES	948	1,055
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>85,059</u>	<u>85,856</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>86,007</u>	<u>86,911</u>

See Notes to Financial Statements

Hope Inspire Love, Inc.
(A Non-Profit Organization)

**STATEMENTS OF REVENUES AND EXPENSES -
MODIFIED CASH BASIS**
Years Ended December 31, 2023 and 2022
See Independent Accountant's Review Report

	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
REVENUES		
Contributions	168,968	162,333
Grants	45,000	49,600
Merchandise sales	74,996	125,808
Booth sales	824	599
Coffee sales	12,384	4,703
Fundraising - Freedom Walk and Gala, net of expenses of \$18,588 - 2023; \$1,783 - 2022	50,142	28,416
Other income	0	3,240
Total Revenues	<u>352,314</u>	<u>374,699</u>
EXPENSES		
Program	177,774	157,776
General and administrative	112,489	93,714
Fundraising	62,848	60,088
Total Expenses	<u>353,111</u>	<u>311,578</u>
CHANGE IN NET ASSETS	(797)	63,121
Net Assets, Beginning	<u>85,856</u>	<u>22,735</u>
<u>NET ASSETS, ENDING</u>	<u><u>85,059</u></u>	<u><u>85,856</u></u>

See Notes to Financial Statements

Hope Inspire Love, Inc.
(A Non-Profit Organization)

**STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
Year Ended December 31, 2023
See Independent Accountant's Review Report**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
	\$	\$	\$	\$
Advertising and promotion	1,788	1,684	0	3,472
Bank fees	0	79	0	79
Branded merchandise purchases	18,417	0	41,501	59,918
Conference expenses	7,103	0	0	7,103
Depreciation	333	2,218	0	2,551
Donation fees	1,286	0	2,725	4,011
Employee benefits	9,640	23,200	0	32,840
Information technology and website	11,342	7,722	1,794	20,858
Insurance	0	4,979	0	4,979
Licenses, fees, and dues	1,140	4,625	76	5,841
Meals and entertainment	7,380	1,565	12,474	21,419
Meeting expenses	642	0	0	642
Mentorship program	2,820	32	0	2,852
Miscellaneous	65	1,290	4,004	5,359
Office supplies and printing	15,727	7,889	7,727	31,343
Rent	14,388	1,291	1,077	16,756
Payroll taxes	0	6,268	0	6,268
Photography	669	0	550	1,219
Professional fees	3,369	15,237	9,508	28,114
Salaries and wages	77,196	33,822	0	111,018
Travel	4,469	160	0	4,629
Utilities	0	428	0	428
	<u>177,774</u>	<u>112,489</u>	<u>81,436</u>	<u>371,699</u>
Less direct expenses related to:				
Special events	<u>0</u>	<u>0</u>	<u>(18,588)</u>	<u>(18,588)</u>
Total Functional Expenses	<u><u>177,774</u></u>	<u><u>112,489</u></u>	<u><u>62,848</u></u>	<u><u>353,111</u></u>

See Notes to Financial Statements

Hope Inspire Love, Inc.
(A Non-Profit Organization)

**STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
Year Ended December 31, 2022
See Independent Accountant's Review Report**

	Program	General and Administrative	Fundraising	Total
	\$	\$	\$	\$
Advertising and promotion	4,166	10,456	811	15,433
Bank fees	0	16	0	16
Branded merchandise purchases	32,942	0	48,506	81,448
Conference expenses	5,027	152	0	5,179
Depreciation	259	1,725	0	1,984
Donation fees	685	41	1,395	2,121
Employee benefits	8,787	22,345	0	31,132
Information technology and website	3,426	10,232	0	13,658
Insurance	0	4,430	0	4,430
Licenses, fees, and dues	2,835	3,067	1	5,903
Meals and entertainment	7,563	2,155	150	9,868
Mentorship program	3,100	0	0	3,100
Miscellaneous	167	0	1,000	1,167
Office supplies and printing	15,902	1,759	3,150	20,811
Rent	9,822	0	75	9,897
Payroll taxes	901	3,046	0	3,947
Professional fees	0	19,044	5,000	24,044
Salaries and wages	55,028	14,892	0	69,920
Special event supplies	0	0	1,783	1,783
Travel	7,057	354	0	7,411
Utilities	109	0	0	109
	<u>157,776</u>	<u>93,714</u>	<u>61,871</u>	<u>313,361</u>
Less direct expenses related to:				
Special events	<u>0</u>	<u>0</u>	<u>(1,783)</u>	<u>(1,783)</u>
Total Functional Expenses	<u><u>157,776</u></u>	<u><u>93,714</u></u>	<u><u>60,088</u></u>	<u><u>311,578</u></u>

See Notes to Financial Statements

Hope Inspire Love, Inc.
(A Non-Profit Organization)

Notes to Financial Statements
See Independent Accountant's Review Report

Note 1 – Summary of Accounting Policies

Organization – Hope Inspire Love, Inc. (the Organization) is a non-profit organization, based in Pennsylvania, whose nature of activities and mission is to eradicate human trafficking and sexual exploitation. The Organization's method of accomplishing its mission is to conduct prevention and awareness education throughout communities and schools while also providing funding to other charitable organizations that seek to provide shelter, transition programs, and aid to those impacted by human trafficking and sexual exploitation.

Basis of Accounting – The Organization prepares its financial statements on the modified cash basis of accounting which includes depreciation of capitalized assets. Under this basis, certain revenues are recognized when collected rather than when earned, and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Therefore, accounts receivable, accounts payable, and other accruals and prepayments, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statements. The methods and rules regarding lease recording and disclosure also differ from generally accepted accounting principles.

Public Support and Revenue – Grants and contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence or nature of any donor restrictions. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit use of the donated assets. When a restriction expires, that is, when a stipulated restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues and expenses – modified cash basis as net assets released from restrictions. For restricted contributions where the restrictions are satisfied in the same period as receipt of contributions, the Organization reports these contributions as support without donor restrictions. The Organization has no net assets with donor restrictions as of December 31, 2023 and 2022.

Estimates – The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets – The Organization reports 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.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets that have been designated by the board for specific purposes are included as net assets without donor restrictions.

Hope Inspire Love, Inc.
(A Non-Profit Organization)

Notes to Financial Statements
See Independent Accountant's Review Report

Note 1 – Summary of Accounting Policies – Continued

Net Assets with Donor Restrictions – 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. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization.

Cash and Cash Equivalents – The Organization considers all short-term investments with a maturity of ninety days or less to be cash equivalents. In the normal course of operations, the Organization may have deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance. The Organization has not experienced any losses from these accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

Property and Equipment – Property and equipment are stated at cost. Expenditures for renewals and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Maintenance and repairs are charged to expense as incurred. When depreciable properties are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts, and the resultant gain or loss is reflected in income. Depreciation is computed using the straight-line method for all depreciable assets at rates based on estimated service lives.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restriction unless the donor has restricted the donated assets 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 net assets 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 as instructed by the donor. The Organization reclassifies net assets with donor restrictions to without donor restrictions at that time.

Merchandise and Coffee Sales – The Organization sells branded merchandise to customers consisting of clothing, fashion accessories, coffee, and various other novelty items. Revenue from merchandise sales is recognized at the time of purchase and consideration is transferred at or shortly after the time of the transaction.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses – modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Presentation of Sales Tax – The State of Pennsylvania imposes a sales tax on all of the Organization's sales to non-exempt customers. The Organization collects that sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from revenues and expenses.

Federal Income Tax Status – The Organization is exempt from federal income taxes under Code Section 501(c)(3).

Hope Inspire Love, Inc.
(A Non-Profit Organization)

Notes to Financial Statements
See Independent Accountant's Review Report

Note 1 – Summary of Accounting Policies – Continued

Interest and Penalties Related to Unrecognized Tax Benefits – The Organization reports accrued interest and penalties related to unrecognized tax benefits as interest expense and penalties expense, respectively. There were no interest or penalties related to unrecognized tax benefits for the years ended December 31, 2023 and 2022.

Advertising Costs – The Organization expenses advertising as incurred. Advertising costs totaled \$3,472 and \$15,433 for the years ended December 31, 2023 and 2022, respectively.

Subsequent Events – Events that occurred subsequent to December 31, 2023 have been evaluated by the Organization's management through the date of the independent accountant's review report, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

As of December 31, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, totaled \$69,828 and \$74,619 of cash and cash equivalents less sales tax withheld, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statements of assets, liabilities, and net assets – modified cash basis. The Organization has a goal to maintain financial assets, consisting of cash on hand, to meet obligations as they become due.

Note 3 – Operating Leases

In October 2020, the Organization entered into a lease agreement for storefront space. The lease had an initial term of six months with the option to continue the lease on a month-to-month basis following the initial lease term. The Organization continued the lease on a month-to-month basis following the initial term during 2022. Monthly rent expense is \$190. Rental expense under this lease totaled \$2,280 for both years ended December 31, 2023 and 2022.

In April 2021, the Organization entered into an additional lease agreement for storefront space. The lease had an initial term of six months with the option to continue the lease on a month-to-month basis following the initial lease term. The Organization continued the lease on a month-to-month basis following the initial term during 2022. Monthly rent expense is \$200. Rental expense under this lease totaled \$2,442 and \$2,466 for the years ended December 31, 2023 and 2022, respectively.

In March 2022, the Organization entered into a third lease agreement for storefront space. The lease had an initial noncancelable term of 90 days with the option to continue on a month-to-month basis following the initial lease term. The Organization continued the lease on a month-to-month basis following the initial lease term. The lease was terminated in June 2023. Monthly rent expense is \$100 and the lessor charges a consignment fee equal to 5% of sales per month. Rental expense under this lease totaled \$400 and \$950 for the years ended December 31, 2023 and 2022, respectively. Consignment fees paid to the lessor totaled \$68 and \$401 for the years ended December 31, 2023 and 2022, respectively.

**Hope Inspire Love, Inc.
(A Non-Profit Organization)**

**Notes to Financial Statements
See Independent Accountant's Review Report**

Note 3 – Operating Leases – Continued

In June 2023, the Organization entered into a lease agreement for office space. The lease has an initial term of two years and required monthly payments of \$1,290 through December 31, 2023. Rental expense totaled \$7,772 for the year ended December 31, 2023. Future minimum lease payments for the next two years are as follows: 2024-\$9,780; and 2025-\$5,340. CAM and tax costs will be owed, in addition to the monthly rent payments.

Note 4 – Major Donors

There were no donors who contributed more than 10% of total contribution revenue for the year ended December 31, 2023. The Organization received contributions from two donors totaling \$103,265, which is more than 10% of its total contribution revenue for the year ended December 31, 2022.

Note 5 – Reclassification

Certain reclassifications to the prior year amounts have been made to conform to the current year's presentation.