



STREAMS OF HOPE

FINANCIAL STATEMENTS

With Independent Auditors' Report

December 31, 2019

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Streams of Hope
Grand Rapids, MI**

We have audited the accompanying statement of financial position of Streams of Hope (a nonprofit organization), as of December 31, 2019, 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 of 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 auditors' 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 Streams of Hope as of December 31, 2019 and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Wyoming, Michigan
September 22, 2021

2425 Avon Avenue SW
Wyoming MI 49519-2207
616 443 5344
jqvist@quist-cpa.com

STREAMS OF HOPE

Statement of Financial Position

December 31, 2019

ASSETS	
Cash	\$ 223,214
Grant receivable	6,250
	<u>229,464</u>
Property and Equipment	
Land	45,000
Building	420,079
Furniture and fixtures	1,496
Vehicles	13,125
Accumulated depreciation	(119,604)
	<u>360,096</u>
Total Assets	<u>589,560</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ 10,796
Accrued payroll and related liabilities	12,294
Total Liabilities	<u>23,090</u>
Net Assets	
Without donor restrictions	
Undesignated	206,374
Net investment in furniture and equipment	360,096
Total Net Assets	<u>566,470</u>
Total Liabilities and Net Assets	<u>\$ 589,560</u>

See accompanying notes and independent auditors' report

STREAMS OF HOPE

Statement of Activities

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 276,460	\$ 209,306	\$ 485,766
In-kind contributions	824,613	-	824,613
Total Support and Revenue	<u>1,101,073</u>	<u>209,306</u>	<u>1,310,379</u>
RECLASSIFICATIONS			
Net assets released for satisfaction of purpose restrictions	<u>209,306</u>	<u>(209,306)</u>	<u>-</u>
EXPENSES			
Program	1,167,526	-	1,167,526
Management and general	23,806	-	23,806
Fund-raising	82,530	-	82,530
Total Expenses	<u>1,273,862</u>	<u>-</u>	<u>1,273,862</u>
Change in Net Assets	36,517	-	36,517
Net Assets, Beginning of Year	<u>529,953</u>	<u>-</u>	<u>529,953</u>
Net Assets, End of Year	<u>\$ 566,470</u>	<u>\$ -</u>	<u>\$ 566,470</u>

See accompanying notes and independent auditors' report

STREAMS OF HOPE

Statement of Functional Expenses

Year Ended December 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Total</u>
Salaries and wages	\$ 101,244	\$ -	\$ 15,149	\$ 116,393
Payroll taxes	9,761	-	1,461	11,222
Professional services - accounting	-	2,400	-	2,400
Professional services - other	52,788	13,316	43,357	109,461
Advertising and promotion	19,806	-	18,487	38,293
Office	4,409	851	3,939	9,199
Information technology	1,824	1,371	137	3,332
Occupancy	29,559	3,284	-	32,843
Travel	5,492	-	-	5,492
Interest	-	166	-	166
Depreciation	13,318	1,187	-	14,505
Insurance	11,081	1,231	-	12,312
Food and program supplies	918,244	-	-	918,244
Total Expenses	<u>\$ 1,167,526</u>	<u>\$ 23,806</u>	<u>\$ 82,530</u>	<u>\$ 1,273,862</u>

See accompanying notes and independent auditors' report

STREAMS OF HOPE

Statement of Cash Flows

Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 36,517
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	14,505
Change in:	
Grant receivable	18,750
Accounts payable	(5,058)
Accrued payroll and related liabilities	(2,999)
Net Cash Provided by Operating Activities	<u>61,715</u>
Change in Cash	61,715
Cash, Beginning of Year	<u>161,499</u>
Cash, End of Year	<u>\$ 223,214</u>

See accompanying notes and independent auditors' report

STREAMS OF HOPE

Notes to Financial Statements

December 31, 2019

1. NATURE OF ORGANIZATION

Streams of Hope (SOH) exists to demonstrate God's love and foster sustainable change through services that build relationships, meet family needs and promote a healthier community. Located in the Townline area of Southern Kent County, Michigan, SOH continually seeks to plant the seeds of positive change and demonstrate God's love in tangible ways.

SOH is exempt from federal income taxes under section 501(c)(3) of the United States Internal Revenue Code (code) and comparable state laws and has been classified as a publicly supported organization that is not a private foundation under section 509(a)(1) of the code.

SOH's revenues consist primarily of charitable contributions and grants.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

CASH

Cash consists of all cash on deposit. Balances in the bank accounts may at times exceed federally insured limits. SOH has not experienced any losses in these accounts and management believes it is not exposed to any significant credit risk.

GRANT RECEIVABLE

Grant receivable consists of a grant from a foundation in 2017 to be received in quarterly increments through 2019. The final payment for fourth quarter 2019 was received in January 2020.

PROPERTY AND EQUIPMENT

Property and equipment is reported at cost, estimated cost or fair value. Expenditures for property and equipment in excess of \$1,500 and having estimated useful lives of three years or more are capitalized at cost when purchased. Donated items are reported at their estimated fair values as of the date the gifts are received. Depreciation is reported using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Depreciation expense was \$14,505 for the year ended December 31, 2019.

NET ASSETS

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes in net assets therein are classified as reported as follows:

NET ASSETS WITHOUT DONOR RESTRICTIONS are net assets available for use in general operations and not subject to donor or certain grantor-imposed restrictions. The governing board has not designated any net assets without donor restrictions for specific purposes

STREAMS OF HOPE

Notes to Financial Statements

December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued

NET ASSETS, continued

NET ASSETS WITH DONOR RESTRICTIONS are net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

SUPPORT AND REVENUE

Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions of assets other than cash and services are reported at their estimated fair value. SOH reports donations of property and equipment as contributions without donor restriction unless the donor has restricted the donated asset to a specific purpose. Furniture and equipment donated with restrictions regarding their use and contributions of cash to acquire furniture and equipment are reported as contributions with donor restrictions.

GIFTS IN KIND

Donated goods and services are reflected as contributions at their estimated fair value on the date of donation. Furniture and equipment donated with restrictions regarding their use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired and placed in service, at which time a reclassification is made from net assets with donor restrictions to net assets without donor restrictions.

During the year ended December 31, 2019, SOH received contributions of approximately 393,000 pounds of food for which management estimates a total value of \$824,613.

CONTRIBUTED SERVICES

During the year ended December 31, 2019, 142 individuals provided approximately 7,500 hours of volunteer support to SOH, which management estimates to have a total value of approximately \$112,400. However, the value of these services is not reflected in the financial statements because the services do not meet the definition of donated professional services under generally accepted accounting principles. Volunteers participate in sorting and stocking shelves in the food pantry, serving as personal shopping assistants, bagging and helping carry groceries to cars.

STREAMS OF HOPE

Notes to Financial Statements

December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported when incurred, that is, when the purchased goods or services have been received.

The costs of program, management and fund-raising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program, management and fund-raising activities benefitting from those expenditures.

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. At SOH, the methods used to allocate costs among program and support functions vary depending upon the nature of the expense category. Compensation related expenses are allocated based on proportional estimates of paid time spent in each functional area of performance. Occupancy and depreciation costs are allocated to each functional area based on proportional estimates of facility and equipment usage. Other expenses are allocated based on the guidelines defining the nature of the program, management or fund-raising expenses and the associated estimates of time and effort.

ADVERTISING COSTS

SOH expenses advertising costs as they are incurred. Total advertising costs were \$58 for the year ended December 31, 2019.

LIQUIDITY AND AVAILABILITY

SOH has financial assets available within one year of the statements of financial position date to meet cash needs for general expenditure as detailed below. The amounts shown below are net of financial assets required to meet donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statements of financial position date.

Cash	\$	223,214
Grant receivable		<u>6,250</u>
	\$	<u>229,464</u>

SOH maintains bank checking and savings accounts for liquidity management.

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Notes to Financial Statements

December 31, 2019

3. NET ASSETS WITH DONOR RESTRICTIONS

Changes in and year-end balances of net assets with donor restrictions as of and for the year ended December 31, 2019 are as follows:

	December 31, 2018	Contributions	Released From Restriction	December 31, 2019
Feeding America	\$ -	\$ 26,008	\$ 26,008	\$ -
Food pantry	-	143,418	143,418	-
Simply Give	-	39,880	39,880	-
	<u>\$ -</u>	<u>\$ 209,306</u>	<u>\$ 209,306</u>	<u>\$ -</u>

4. CONCENTRATIONS

For the year ended December 31, 2019, the top five donors provided approximately 26 percent of total contributions.

5. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through September 22, 2021, the date these financial statements were available to be issued.

The COVID-19 pandemic has cast uncertainty over many things. While the long-term effects of the pandemic could negatively affect SOH's financial position, cash flows and results of activities, any such effects cannot be reasonably estimated at this time.