



STREAMS OF HOPE

FINANCIAL STATEMENTS

With Independent Auditors' Report

December 31, 2020 and 2019

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STREAMS OF HOPE

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Streams of Hope (a nonprofit organization), as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years 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

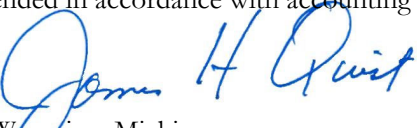
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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, 2020 and 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
March 21, 2022

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STREAMS OF HOPE

Statements of Financial Position

	December 31,	
	2020	2019
ASSETS		
Cash	\$ 371,871	\$ 223,214
Contributions receivable	85,290	6,250
	<u>457,161</u>	<u>229,464</u>
Property and Equipment		
Land	45,000	45,000
Building	454,353	420,079
Furniture and fixtures	1,496	1,496
Vehicles	13,125	13,125
Accumulated depreciation	(134,149)	(119,604)
	<u>379,825</u>	<u>360,096</u>
Total Assets	<u>836,986</u>	<u>589,560</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 21,445	\$ 10,796
Accrued payroll and related liabilities	33,784	12,294
Total Liabilities	<u>55,229</u>	<u>23,090</u>
Net Assets		
Without donor restrictions		
Undesignated	259,906	206,374
Net investment in furniture and equipment	379,825	360,096
	<u>639,731</u>	<u>566,470</u>
With donor restrictions	142,026	-
Total Net Assets	<u>781,757</u>	<u>566,470</u>
Total Liabilities and Net Assets	<u>\$ 836,986</u>	<u>\$ 589,560</u>

See accompanying notes and independent auditors' report

STREAMS OF HOPE

Statements of Activities

	Years Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and grants	\$ 384,181	\$ 334,115	\$ 718,296	\$ 276,460	\$ 209,306	\$ 485,766
Small Business Administration grant	35,400	-	35,400	-	-	-
In-kind contributions	753,316	-	753,316	824,613	-	824,613
Total Support and Revenue	1,172,897	334,115	1,507,012	1,101,073	209,306	1,310,379
RECLASSIFICATIONS						
Net assets released for satisfaction of purpose restrictions	192,089	(192,089)	-	209,306	(209,306)	-
EXPENSES						
Program	1,019,212	-	1,019,212	1,167,526	-	1,167,526
Management and general	90,445	-	90,445	23,806	-	23,806
Fund-raising	182,068	-	182,068	82,530	-	82,530
Total Expenses	1,291,725	-	1,291,725	1,273,862	-	1,273,862
Change in Net Assets	73,261	142,026	215,287	36,517	-	36,517
Net Assets, Beginning of Year	566,470	-	566,470	529,953	-	529,953
Net Assets, End of Year	\$ 639,731	\$ 142,026	\$ 781,757	\$ 566,470	\$ -	\$ 566,470

See accompanying notes and independent auditors' report

STREAMS OF HOPE

Statements of Functional Expenses

Years ended December 31,

	2020				2019			
	Program	Management and General	Fund-Raising	Total	Program	Management and General	Fund-Raising	Total
Salaries and wages	\$ 84,313	\$ 53,772	\$ 79,459	\$ 217,544	\$ 101,245	\$ -	\$ 15,149	\$ 116,394
Payroll taxes	7,057	4,501	6,650	18,208	9,761	-	1,461	11,222
Professional services - accounting	-	9,000	-	9,000	-	2,400	-	2,400
Professional services - other	13,298	13,674	19,388	46,360	52,788	13,316	43,357	109,461
Advertising and promotion	17,751	-	71,217	88,968	19,806	-	18,487	38,293
Office	8,176	1,388	5,216	14,780	4,409	851	3,939	9,199
Information technology	4,722	1,722	138	6,582	1,824	1,371	137	3,332
Occupancy	35,136	3,904	-	39,040	29,559	3,284	-	32,843
Travel	1,936	7	-	1,943	5,492	-	-	5,492
Conferences, conventions and meetings	315	35	-	350	-	-	-	-
Interest	-	-	-	-	-	166	-	166
Depreciation	13,354	1,192	-	14,546	13,317	1,187	-	14,504
Insurance	11,249	1,250	-	12,499	11,081	1,231	-	12,312
Food and program supplies	821,905	-	-	821,905	918,244	-	-	918,244
Total Expenses	\$ 1,019,212	\$ 90,445	\$ 182,068	\$ 1,291,725	\$ 1,167,526	\$ 23,806	\$ 82,530	\$ 1,273,862

See accompanying notes and independent auditors' report

STREAMS OF HOPE

Statements of Cash Flows

	Years Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 215,287	\$ 36,517
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions for long-term purposes	(79,526)	-
Forgiveness of loan payable	(35,400)	-
Contributions of capitalized assets	(12,976)	-
Depreciation	14,546	14,504
Change in:		
Contributions receivable	(79,040)	18,750
Accounts payable	10,649	(5,057)
Accrued payroll and related liabilities	21,490	(2,999)
Net Cash Provided by Operating Activities	55,030	61,715
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(21,299)	-
Net Cash Used By Investing Activities	(21,299)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term purposes	79,526	-
Proceeds from loan payable	35,400	-
Net Cash Provided by Financing Activities	114,926	-
Change in Cash	148,657	61,715
Cash, Beginning of Year	223,214	161,499
Cash, End of Year	\$ 371,871	\$ 223,214

See accompanying notes and independent auditors' report

STREAMS OF HOPE

Notes to Financial Statements

December 31, 2020 and 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.

CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are recognized as income when made and reported at fair value based upon estimated future cash flows. Unconditional promises to give expected to be collected within one year are reported at net realizable value because the present value of estimated cash flows approximates net realizable value. Unconditional promises to give expected to be collected in future years are reported at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are expected to be received. This discount rate is based on yields of U.S. treasury bills corresponding to the timing of the expected collection of contributions receivable. Amortization of the discount is included in contributions revenue in the statements of activities. Management believes all contributions receivable balances are fully collectible at both December 31, 2020 and 2019; there is, therefore, no allowance for doubtful promises to give. Contributions receivable consist of a three-year grant from a foundation and capital campaign pledges.

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 \$14,546 and \$14,504 for the years ended December 31, 2020 and 2019, respectively.

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:

STREAMS OF HOPE

Notes to Financial Statements

December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued

NET ASSETS, continued

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

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 years ended December 31, 2020 and 2019, SOH received contributions of approximately 353,000 and 393,000 pounds of food, respectively, for which management estimates total values of \$731,655 and \$824,613, respectively. During the year ended December 31, 2020, SOH received contributions of other items having an estimated value of \$8,685.

CONTRIBUTED SERVICES

During the year ended December 31, 2020, SOH received donated electrical services having an estimated value of \$12,976.

During the years ended December 31, 2020 and 2019, 138 and 142 individuals provided approximately 3,800 and 7,500 hours of volunteer support to SOH, which management estimates to have a total value of approximately \$57,000 and \$112,400, respectively. 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.

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Notes to Financial Statements

December 31, 2020 and 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 \$-0- and \$58 for the years ended December 31, 2020 and 2019, respectively.

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.

	December 31,	
	2020	2019
Cash	\$ 371,871	\$ 223,214
Contributions receivable expected to be received within one year	34,373	6,250
	<u>\$ 406,244</u>	<u>\$ 229,464</u>

SOH maintains bank checking and savings accounts for liquidity management.

3. CONTRIBUTIONS RECEIVABLE

At December 31, 2020 and 2019, SOH had \$85,290 and \$6,250 in unconditional promises to give, respectively. Contributions receivable are reported at their estimated net realizable value, which approximates the present value of estimated future cash flows. Contributions receivable consist of a grant for operations from a corporation at both December 31, 2020 and 2019 and ten capital campaign promises to give from individuals, businesses and foundations at December 31, 2020. See Note 2 for a description of the accounting policy for contributions receivable.

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Notes to Financial Statements

December 31, 2020 and 2019

3. CONTRIBUTIONS RECEIVABLE, continued

Promises to give are expected to be received as follows:

	December 31,	
	2020	2019
Amounts due in:		
Less than one year	\$ 34,373	\$ 6,250
One year to five years	50,917	-
	\$ 85,290	\$ 6,250

4. NET ASSETS WITH DONOR RESTRICTIONS

Changes in and year-end balances of net assets with donor restrictions as of and for the years ended December 31, 2020 and 2019 are as follows:

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

	December 31,	Contributions	Released	December 31,
	2019		From Restriction	2020
Capital Campaign	\$ -	\$ 79,526	\$ -	\$ 79,526
Feeding America	-	15,862	15,862	-
Food pantry	-	151,227	151,227	-
Operations (time restricted)	-	75,000	12,500	62,500
Simply Give	-	12,500	12,500	-
	\$ -	\$ 334,115	\$ 192,089	\$ 142,026

5. CONCENTRATIONS

For both years ended December 31, 2020 and 2019, the top five donors provided approximately 27 percent of total contributions.

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Notes to Financial Statements

December 31, 2020 and 2019

6. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through March 21, 2022 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.