



STREAMS OF HOPE

FINANCIAL STATEMENTS

With Independent Auditors' Report

December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Streams of Hope, which consist of the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Streams of Hope as of December 31, 2021 and 2020 and the changes in its net assets and its 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Streams of Hope and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Streams of Hope's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 GAAS 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 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.

In performing an audit in accordance with GAAS, 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

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INDEPENDENT AUDITORS' REPORT, continued

- 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 Streams of Hope'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 raise substantial doubt about Streams of Hope'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.


Wyoming, Michigan
November 20, 2022

STREAMS OF HOPE

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS		
Cash	\$ 1,208,405	\$ 371,871
Contributions receivable	719,221	85,290
	1,927,626	457,161
Property and Equipment		
Land	45,000	45,000
Building	454,353	454,353
Furniture and fixtures	1,496	1,496
Vehicles	13,125	13,125
Construction-in-progress	51,726	-
Accumulated depreciation	(154,267)	(134,149)
	411,433	379,825
Total Assets	2,339,059	836,986
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 14,275	\$ 21,445
Accrued payroll and related liabilities	35,250	33,784
Total Liabilities	49,525	55,229
Net Assets		
Without donor restrictions		
Undesignated	185,818	259,906
Net investment in property and equipment	411,433	379,825
	597,251	639,731
With donor restrictions	1,692,283	142,026
Total Net Assets	2,289,534	781,757
Total Liabilities and Net Assets	\$ 2,339,059	\$ 836,986

See accompanying notes and independent auditors' report

STREAMS OF HOPE

Statements of Activities

	Years Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and grants	\$ 352,077	\$ 1,715,732	\$ 2,067,809	\$ 384,181	\$ 334,115	\$ 718,296
Small Business Administration grant	-	-	-	35,400	-	35,400
In-kind contributions	624,826	-	624,826	753,316	-	753,316
Other revenue	18,098	-	18,098	-	-	-
Total Support and Revenue	995,001	1,715,732	2,710,733	1,172,897	334,115	1,507,012
RECLASSIFICATIONS						
Net assets released for satisfaction of purpose restrictions	165,475	(165,475)	-	192,089	(192,089)	-
EXPENSES						
Program	949,306	-	949,306	1,019,212	-	1,019,212
Management and general	85,656	-	85,656	90,445	-	90,445
Fund-raising	167,994	-	167,994	182,068	-	182,068
Total Expenses	1,202,956	-	1,202,956	1,291,725	-	1,291,725
Change in Net Assets	(42,480)	1,550,257	1,507,777	73,261	142,026	215,287
Net Assets, Beginning of Year	639,731	142,026	781,757	566,470	-	566,470
Net Assets, End of Year	\$ 597,251	\$ 1,692,283	\$ 2,289,534	\$ 639,731	\$ 142,026	\$ 781,757

See accompanying notes and independent auditors' report

STREAMS OF HOPE

Statements of Functional Expenses

Years ended December 31,

	2021				2020			
	Program	Management and General	Fund-Raising	Total	Program	Management and General	Fund-Raising	Total
Salaries and wages	\$ 148,833	\$ 46,862	\$ 78,661	\$ 274,356	\$ 84,313	\$ 53,772	\$ 79,459	\$ 217,544
Payroll taxes	12,078	3,801	6,383	22,262	7,057	4,501	6,650	18,208
Professional services - accounting	-	6,200	-	6,200	-	9,000	-	9,000
Professional services - other	11,448	9,870	13,652	34,970	13,298	13,674	19,388	46,360
Advertising and promotion	21,327	4,430	63,477	89,234	17,751	-	71,217	88,968
Office	15,916	1,876	5,321	23,113	8,176	1,388	5,216	14,780
Information technology	2,557	4,781	500	7,838	4,722	1,722	138	6,582
Occupancy	39,198	4,355	-	43,553	35,136	3,904	-	39,040
Travel	6,909	11	-	6,920	1,936	7	-	1,943
Conferences, conventions and meetings	270	30	-	300	315	35	-	350
Interest	-	126	-	126	-	-	-	-
Depreciation	18,368	1,749	-	20,117	13,354	1,192	-	14,546
Insurance	14,087	1,565	-	15,652	11,249	1,250	-	12,499
Food and program supplies	658,315	-	-	658,315	821,905	-	-	821,905
Total Expenses	\$ 949,306	\$ 85,656	\$ 167,994	\$ 1,202,956	\$ 1,019,212	\$ 90,445	\$ 182,068	\$ 1,291,725

See accompanying notes and independent auditors' report

STREAMS OF HOPE

Statements of Cash Flows

	Years Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,507,777	\$ 215,287
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Contributions for long-term purposes	(1,435,257)	(79,526)
Forgiveness of loan payable	-	(35,400)
Contributions of capitalized assets	-	(12,976)
Depreciation	20,117	14,546
Change in:		
Contributions receivable	(633,931)	(79,040)
Accounts payable	(7,170)	10,649
Accrued payroll and related liabilities	1,466	21,490
Net Cash (Used) Provided by Operating Activities	<u>(546,998)</u>	<u>55,030</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(51,725)</u>	<u>(21,299)</u>
Net Cash Used By Investing Activities	<u>(51,725)</u>	<u>(21,299)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term purposes	1,435,257	79,526
Proceeds from loan payable	-	35,400
Net Cash Provided by Financing Activities	<u>1,435,257</u>	<u>114,926</u>
Change in Cash	836,534	148,657
Cash, Beginning of Year	<u>371,871</u>	<u>223,214</u>
Cash, End of Year	<u>\$ 1,208,405</u>	<u>\$ 371,871</u>

See accompanying notes and independent auditors' report

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Notes to Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020; there is, therefore, no allowance for doubtful promises to give.

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 \$20,117 and \$14,546 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020

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, 2021 and 2020, SOH received contributions of approximately 358,000 and 353,000 pounds of food, respectively, for which management estimates total values of \$608,184 and \$731,655, respectively. During the years ended December 31, 2021 and 2020, SOH received contributions of other items having an estimated value of \$11,279 and \$8,685, respectively.

CONTRIBUTED SERVICES

During the years ended December 31, 2021 and 2020, SOH received discounted services having an estimated value of \$5,363 and \$12,976, respectively.

During the years ended December 31, 2021 and 2020, 92 and 138 individuals provided approximately 3,700 and 3,800 hours of volunteer support to SOH, which management estimates to have a total value of approximately \$56,000 and \$57,000, 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, 2021 and 2020

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 \$4,000 and \$0- for the years ended December 31, 2021 and 2020, 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,	
	2021	2020
Cash	\$ 1,208,405	\$ 371,871
Contributions receivable expected to be received within one year	555,891	34,373
	<u>\$ 1,764,296</u>	<u>\$ 406,244</u>

SOH maintains bank checking and savings accounts for liquidity management.

3. CONTRIBUTIONS RECEIVABLE

At December 31, 2021 and 2020, SOH had \$719,221 and \$85,290 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 grants for operations from a corporation and capital campaign promises to give from individuals, businesses, and foundations at both December 31, 2021 and 2020. See Note 2 for a description of the accounting policy for contributions receivable.

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Notes to Financial Statements

December 31, 2021 and 2020

3. CONTRIBUTIONS RECEIVABLE, continued

Promises to give are expected to be received as follows:

	December 31,	
	2021	2020
Amounts due in:		
Less than one year	\$ 555,891	\$ 34,373
One year to five years	163,330	50,917
	\$ 719,221	\$ 85,290

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, 2021 and 2020 are as follows:

	December 31,		Released	December 31,	
	2019	Contributions	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	

	December 31,		Released	December 31,	
	2020	Contributions	From Restriction	2021	
Capital Campaign	\$ 79,526	\$ 1,435,257	\$ -	\$ 1,514,783	
Feeding America	-	8,145	8,145	-	
Food pantry	-	104,872	104,872	-	
Operations (time restricted)	62,500	140,000	25,000	177,500	
Simply Give	-	27,458	27,458	-	
	\$ 142,026	\$ 1,715,732	\$ 165,475	\$ 1,692,283	

5. CONCENTRATION

For both years ended December 31, 2021 and 2020, the top five donors provided approximately 37 and 29 percent of total contributions, respectively.

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Notes to Financial Statements

December 31, 2021 and 2020

6. LEASES

SOH is leasing a mobile office unit under an operating lease agreement effective October 2020 for a 24-month term, requiring monthly payments of \$570. Total lease expense for the years ended December 31, 2021 and 2020 was \$6,840 and \$1,170, respectively. The remaining minimum lease payments under this agreement are due during the year ending December 31, 2022 and total \$5,700.

Beginning January 2021, SOH is leasing office space to another entity on a three-year basis for \$1,500 per month. The lessee can terminate the lease with a 90-day notice and SOH can cancel the lease with a 180-day notice. Total revenues received during the year ended December 31, 2021 were \$18,000. Future minimum required lease payments expected to be received over the term of this lease are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 18,000
2023	<u>18,000</u>
	<u>\$ 36,000</u>

The following represents SOH's investment in rental property at December 31, 2021:

Building	\$ 45,000
Less: accumulated depreciation	<u>16,154</u>
	<u>\$ 61,154</u>

7. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through November 20, 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.